

**Value Creation:
Russian and Chinese Oil Painting Markets
1980s–2018**

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A thesis submitted in fulfilment of the requirements
of the Royal College of Art for the Degree of
Doctor of Philosophy

Royal College of Art

- Zefram Cochran: Is that Earth?
- Geordi: That's it!
- Zefram Cochran: It's so small...
- Riker: It's about to get a whole lot bigger.

–*Star Trek: First Contact*, directed by Jonathan Frakes, Paramount Pictures, 1996

Abstract

The research focuses on the little-studied field of value creation within the contemporary art markets in Russia and China from their emergence in the late 1980s, through their marketisation in the 1990s to their maturation in the 2000s. Over the last three decades both Russian and Chinese art markets have undergone dramatic changes. Where there was previously a formal division between 'official' and 'unofficial' art, both have now become highly desirable commodities, with many Russian and Chinese artists becoming stars and fetching millions of dollars at worldwide auctions. The art value hierarchies have been in a constant state of flux ever since. Some of the artists from the early movements continue to enjoy institutional and commercial success. A few have already been forgotten, with the value of their artworks depreciating significantly.

A key question then arises: How was Russian and Chinese art value created through the system of relations among the positions of artists, collectors, curators, critics, auctioneers, dealers, experts and various art organisations? While there are art-historical texts and narratives that address elements of this question, the research draws upon a series of personal interviews with some of the key players within the fields that provide in-depth understanding and analysis of art value creation during different stages of art market development.

The research offers broader perspectives not only for professional art market participants and scholars, but also for a wider audience interested in the processes of valorisation, legitimisation and consecration of art in the emerging markets. Particular attention has been paid to the crucial role played by the USSR, China's 'big brother', in establishing the Chinese official art system and educating many Chinese realist artists who went on to become important actors within the official art establishment. The Soviet influence on several generations of Chinese artists remains an important under-studied aspect of art value creation in China which boasts the world's third largest art market today.

Building on the seminal concepts of habitus, field, capital and the theory of judgement devices, a unique relational database consisting of over 20,000,000 data points was developed to analyse selected artists' performance from 1986 until 2018, based on their auction sales (economic capital) and exhibition history (symbolic and social capital). By synthesising the results from the quantitative analysis with the qualitative data from 70+ interviews and extensive secondary research, the thesis contributes to the understanding of value creation paradigms and offers new viewpoints in contemporary economic sociology on the relations between economic phenomena and social networks in the emerging art markets in the era of cultural globalisation.

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Svetlana Burkardt

17 March 2021

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Introduction

Foreword

The position of the author's hometown determined the vector of this research. Located on Russia's periphery about 7,700 km away from Moscow, Blagoveshchensk is only 4 km away from China's Heihe and 1,400 km from Beijing. After the water border between the two countries reopened in 1989, Blagoveshchensk became an importer of cheap Chinese consumer goods and an exporter of valuable commodities such as metals, timber, energy, and, curiously, art.

'Official' oil paintings were not something ordinary Soviet citizens would hang on the walls in their homes. They either belonged to museums – the standardised images of the eternal Soviet leaders and 'heroes of labour', or were sold at the decorative arts and crafts shops – the dull landscapes, still lifes and portraits of pretty women popular with Chinese tourists.

In 1997 the author left for Beijing to improve her command of the Chinese language. The day before her departure, she was invited to the studio of the local 'unofficial' artist Alexander Tikhomirov.¹ In Russian, the word *neformal* had negative overtones – something forbidden, unauthorised and, at the same time, unrestricted, unconventional, full of promise. The visit was a disaster. Too much vodka was poured over the metaphysical conversations in the studio crammed with empty bottles, cigarette butts and artworks – icons painted on wooden shutters and door planks sawn out of old traditional Russian houses. The artist was asking between \$200 and \$500 apiece, depending on the size. What an outrageous evaluation, thought the author; her student's stipend barely came to \$50 a month. Where was the value in it? This was the first time the question surfaced.

In stark contrast to small, remote and insignificant Blagoveshchensk, Beijing seemed to command the attention of the whole world. The sheer volume of foreigners coming to China in the late 1990s was astonishing – expatriates, diplomats, businessmen. And money. A lot of it. A diplomat friend invited the author to dine at the then fashionable Ashanti restaurant (opened by businessman and art dealer Manfred Schoeni). There it was. Hung on the wall behind the bar, a large painting of a pioneer wearing a mask. The author was mesmerised. Zeng Fanzhi was the artist's name, one she had never heard before. The painting had a price on it too. Ten thousand US dollars. This was the new art from the new China.

¹ Tikhomirov, a graduate of the 'official' Moscow State Stroganov Academy of Design and Applied Arts who – throughout his career - continued working on state-commissioned projects, consciously chose his 'unofficial' status. As discussed in the following chapters, for many 'unofficial' artists this was an attitude, lifestyle or disposition.

It was not until 2011 that the author came across Zeng Fanzhi's name again. This time it was in an article in *Time Out Shanghai* magazine, discussing China's most successful contemporary artists. Sotheby's Hong Kong had just sold his *Masks Series 1998 No.5* for just under \$4,000,000 (Figure 0.1). No economic reasoning could explain a 40,000% increase in value for an almost identical 'Ashanti twin' that had cost \$10,000 a decade ago. What after all is the value of art? And who or what is the authority that decides it?

Figure 0.1. Zeng Fanzhi, *Mask Series 1998 No. 5*, Sotheby's Auction Record 2011²

999 | PROPERTY OF AN IMPORTANT EUROPEAN COLLECTION

Zeng Fanzhi
MASK SERIES 1998 NO. 5

Estimate 27,000,000 – 35,000,000 HKD **LOT SOLD: 30,900,000 HKD (3,967,251 USD)**
 3,466,530 - 4,493,650 USD

[JUMP TO LOT](#)



IMAGE ZOOM

DETAILS & CATALOGUING

Zeng Fanzhi
 B. 1964
MASK SERIES 1998 NO. 5

signed in Chinese and Pinyin and dated 98, framed
 oil on canvas
 196.2 by 168.2 cm.; 77 1/4 by 66 1/4 in.

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 ASIAN ART**
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 HONG KONG
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² <https://www.sothebys.com/en/auctions/ecatalogue/2011/contemporary-asian-art-hk0353/lot.999.html> (accessed 3 February 2021).

That year, along with hundreds of locals and foreigners, the author caught the 'art bug'. With funds from family and friends she bought several artworks as an investment. Her art market research and selection criteria were sound. Or so she thought. In 2012 the value of her portfolio decreased by 50%, as the Chinese art market entered a major downturn. As much as it hurt, it left the author determined to get to the bottom of it all.

A year later, she visited the Shanghai Contemporary Art Fair. Halfway through the booths, confused and undecided from too much choice, she was pulled aside by a local gallerist who whispered: *'You should buy this new young Chinese artist. He will be the next star.'* On the author's demanding evidence for such a bold claim, the gallerist responded in tones which admitted of no doubt: *'Uli Sigg bought his work'*. Uli who? This was the moment of revelation. There was some sort of game being played on a much larger scale and everybody seemed to know the rules. What are those rules? Who are the players? What does a Westerner like Uli Sigg know about the value of Chinese artists that other people don't know? How does he know it? Why on earth would one want to be dictated to by someone else's taste? And who – if not the artist himself – plays the most important role in the value creation of his art? The questions kept on coming.

Why 'Russia-China'?

This thesis therefore focuses on one key question: How was Russian and Chinese art value created through the system of relations among the positions of artists, collectors, curators, critics, auctioneers, dealers, experts and various art organisations? Russian and Chinese art fields serve as an excellent 'playground' for the analysis of value creation. Both art fields went through three stages of development: from a complete isolation lasting for decades during the pre-market stage; to marketisation as the fields began to open up, gaining autonomy from the state while embracing art market logic; and, finally, to maturation, during which they have become fully integrated into the global economic and cultural flows that contribute to their ongoing westernisation and homogenisation.

By bringing together the Russian and Chinese art fields that share a common past in the form of Socialist Realism, the research compares similarities and differences in art value creation influenced by distinct social, economic, political and cultural outcomes. Since Russia and China are also within close geographical proximity, the research examines the regional cross-border flows, while recognising the coexistence and mutual dependency of the local art sub-fields that remain resistant to the external constraints imposed by globalisation.

The originality of this comparative socio-economic study and its appeal not only to professional art market participants and scholars, but also to a wider audience with an interest in art, socioeconomics and cultural globalisation lies in the fact that it ‘unwraps a mystery inside an enigma’ of art value creation through the examples of the Russian and Chinese art markets and garners a better understanding of art’s economic, symbolic and social value.

There is a ‘false consciousness’ paradox in the global and national art fields that continues to support a fundamental misperception of the value of art, in its three forms. The economic value of art is either ‘stigmatised’ or ‘worshipped’. Its cultural/symbolic value is often misinterpreted and manipulated, while its social value is either underestimated or totally unrecognised. This leads to distortions and asymmetries in the art fields already plagued by polarisation, exclusiveness, partiality and an uneven distribution of resources. There is an abundance of examples. Many students leave art school unprepared to deal with the economics of the art market. The media’s obsession with top auction records in the tiny high-end segment distracts readers away from the historical and cultural importance of art, while promoting a false dichotomy that only expensive art is ‘good’ art. Discussions on aesthetics and connoisseurship seem to be abandoned by the auctioneers in pursuit of ‘the next hot thing’. Furthermore, ‘influencers’ with a vast number of ‘followers’ have replaced ‘serious collectors’ as judgement devices in the new millennium; and artists are no longer plugged into closely connected circuits of peers, patrons and home-grown gallerists that nourish and enrich their practice, as well as local communities.

This investigation is the author’s call for a ‘reset’ in the collective consciousness of the art field towards a more comprehensive recognition of art value in all three forms. One of the reasons for the existing biases is the lack of systematic studies dedicated entirely to art value, a gap the author intends to fill. To achieve this, the thesis takes a multidisciplinary approach that builds on a variety of studies from the fields of economics, art history and sociology. It also adopts a mixed-method approach utilising qualitative and quantitative data producing through primary and secondary research. Part 1 of this Introduction provides a brief overview of the most relevant scholarly literature and theories that form a solid foundation for the conceptual framework of this study and firmly position it within the context of existing knowledge. The section continues with a discussion on the primary research, highlighting sampling parameters and goals; it concludes with an overview of the mixed methods used to collect, analyse and present the data of this thesis.

Part 1: Conceptual Framework

Secondary Research – Literature Review

A systematic survey of the literature helped the author to gain a multifaceted perspective on the topic of art value creation. It also identified big gaps and asymmetries in current knowledge about the contemporary art markets in China and Russia in particular, and art value creation in general. For example, Chinese contemporary art has been subject to numerous surveys by local and international scholars, but in-depth systematic multidisciplinary studies remain scarce. Russian sources are comprised of many subjective individual accounts (e.g. artists' memoirs), but lack comprehensive publications that objectively reconstruct the historical events or conduct a systematic study of the Russian contemporary art field.

The reviewed literature could be divided into three main groups: 1) art market economics³, 2) sociological theories and 3) national sources. Some of the most relevant publications, especially national literature, are discussed and cross-referenced directly in the body of the thesis and, therefore, omitted here to avoid repetition.

1. Art Market Economics

Don Thompson's best-selling series⁴ and Georgina Adam's *Big Bucks* (2014) and *Dark Side of the Boom* (2017) serve as an excellent starting point for anyone wishing to know more about the art market. They cover a wide array of topics, presented in an 'easily digestible' journalistic storytelling form illustrated by anecdotes, often from market insiders, about the 'inner workings' of the art market. They focus on the 'headline-catching' top-end segment, the playground of the ultra-rich. China is frequently mentioned in relation to an 'incredible contemporary art market' and 'breathtaking' auction records (Thompson), while Russia is portrayed through the art-buying behaviour of Russian billionaires (Adam). The authors do not offer much explanation of the described phenomena and, when they do, it is usually oversimplified. For instance, Thompson explains market success (i.e. high auction prices) through the concept of branding, arguing that brand provides insecure buyers needed reassurance and 'has a huge effect on art pricing.'⁵ The latter is determined 'first by major dealers, later by branded auction houses, a bit by museum curators who stage special

³ This group could be further sub-divided into six loosely related categories such as 'contemporary art market books', 'generalist literature', 'market monitors', 'technical manuals', 'art and money' and 'professional studies'.

⁴ *The \$12 Million Stuffed Shark: The Curious Economics of Contemporary Art* (2008), *The Supermodel and the Brillo Box: Back Stories and Peculiar Economics from the World of Contemporary Art* (2014) and *The Orange Balloon Dog: Bubbles, Turmoil and Avarice in the Contemporary Art Market* (2017).

⁵ Thompson (2008), 12.

shows, very little by art critics, and hardly at all by buyers'; 'price becomes equated with value' and 'expensive work becomes meaningful in part because it is expensive.'⁶

The overemphasis of Thompson's and Adam's books on economic value of art and its high-end segment neither reflects complex social and cultural phenomena involved in creation of art canons nor explains the mechanisms behind the demand for a particular artist, style, or movement.⁷ Nevertheless, these books make for a very good read (especially Adam's books which are to be admired for their clarity and structure). In her own writing, the current author (consciously and unconsciously) followed Adam's journalistic style when recounting anecdotes from the primary research, but found it challenging to reconcile this with the actual analysis and sociological framework.

Perhaps among the best PhDs-turned-into-books on art value in its various forms are the widely cited Noah Horowitz's *The Art of the Deal* (2011)⁸ and Olaf Velthuis' *Talking Prices* (2005). The former uses a historical narrative to analyse how values and prices are created and maintained for such niche segments as video and experimental art. Horowitz views art as 'positional goods' (rather than commodity), distinguishing between 'commercial' and 'genuine' players, who, at the extremes, seek to generate either economic or symbolic capital. The hierarchical structure of the art market is replaced by Horowitz with 'interlocking circuits of commerce'. At the end, the book critically examines the naïve pre-2008 views that the art world was non-correlated with the financial markets and that globalisation was able to support art markets' price levels. Using Russia and China as examples, Horowitz explains that the misguided assumptions about the emerging worlds stem from a lack of understanding about differences between the architectures of the Western and developing art markets. Although the current author appreciates Horowitz's book for its erudite tone and the thoroughness of its research, she cannot agree with the non-hierarchical approach towards the art market structure, which contradicts her own empirical evidence that suggests the existence of economic and symbolic hierarchies that manifest through rankings, segmentations, categorisations and other systems of order.

⁶ Ibid., 67, 196.

⁷ In fact, Thompson admits that these are the hardest to predict: 'you have to guess what artworks other people are guessing that others are guessing will be in favor. Dealers or collectors who insist they know that particular artists (whom they represent) will be more valuable five years hence are guessing what collective wisdom will conclude in the future.' Thompson (2017), 206-7.

⁸ Horowitz's book was recommended to the author back in 2011 by an Italian curator whom she met during the aforementioned art fair. The author was greatly inspired by this book, which in the early stages of her own research became the 'manual' she consulted on many occasions.

The simultaneous functioning of two worlds (values and prices) is expertly unpacked by Velthuis⁹ in *Talking Prices*¹⁰ in which the sociologist argues that prices convey rich symbolic meanings, and that the price mechanism therefore constitutes a symbolic system akin to a language.¹¹ In another study, *The Contemporary Art Market between Stasis and Flux* (2013), Velthuis elaborates how the art market is also simultaneously in flux (because of the emergence of new institutions and changes in the power dynamic) and stasis (because key elements remain intact). Some of the Velthuis's theories are confirmed by the current investigation that shows that certain circuits have become deterritorialised, while others (e.g. in the 'official' domain) still remain 'localised', only partly linked to a global framework.

Of direct relevance to this thesis is another of Velthuis's projects, the large-scale comparative study that examines the emergence, development and integration of art markets in Brazil, Russia, India and China (BRIC) into the global art market.¹² The findings about Russia and China are presented in two articles: *Official Art Organizations [OAOs] in the Emerging Art Markets of China and Russia*¹³ and *An Evaluative Biography of Cynical Realism and Political Pop*.¹⁴ The former closely examines OAOs, differences in their status due to different local contexts.¹⁵ The resilience of these entities in both countries, 'in spite of pressures of cultural globalisation' is due to 'path dependency' and 'institutional complementarity'.¹⁶ In other words, these OAOs do not become extinct because many everyday banal processes continue to reproduce old institutional patterns, while institutional systems remain interlocked together, thus stabilising one another.

⁹ A former staff reporter on globalisation, Velthuis is now Associate Professor in the Department of Sociology and Anthropology of the University of Amsterdam. The author had an opportunity to talk to him after his lecture on the myths of globalisation at London's Courtauld Institute of Art in April 2014. Later that year, the author went to Amsterdam to meet one of the members of Velthuis's BRIC project, Svetlana Kharchenkova, now Assistant Professor at the Leiden University Institute for Area Studies, to discuss the BRIC project first-hand.

¹⁰ Based on 37 dealer interviews in New York and Amsterdam, *Talking Prices* first presented the concepts, models and approaches that underpin Velthuis' subsequent writings. The main aim of the book was to understand how art dealers determine prices for contemporary works of art.

¹¹ This concept was cross-referenced by the aforementioned Georgina Adam in *Dark Side*.

¹² The project is funded by the Netherlands Organization for Scientific Research (NWO). The results are presented in various publications including Olav Velthuis Olav and Stefano Curioni (eds.), *Cosmopolitan Canvases: The Globalization of Markets for Contemporary Art* (Oxford: Oxford University Press: 2015).

¹³ *Ibid.*, 78-101

¹⁴ Ariane Berthoin Antal (ed), *Moments of Valuation: Exploring Sites of Dissonance* (Oxford Scholarship Online: March 2015), 108-130.

<https://oxford.universitypressscholarship.com/view/10.1093/acprof:oso/9780198702504.001.0001/acprof-9780198702504-chapter-6> (accessed 20 July 2018).

¹⁵ OAOs in China enjoy high prestige due to proximity to a powerful state, while affiliation with OAOs can be equated with higher artistic and economic values. In Russia they are marginalised, although create a supportive environment for artists with otherwise poor market possibilities and thus survive. Velthuis and Curioni (2015), 78-101.

¹⁶ *Ibid.*, 97-8.

The latter, *Evaluative Biography*, reconstructs the spatio-temporal unfolding of valuations¹⁷ of Cynical Realism and Political Pop to understand what enabled the local and global success of some of those styles' artists. Their success is explained through (1) 'regime of inspiration' embraced by the artists, which made them 'personalised' (in terms of styles that later were turned into label, giving the artists branded identities) in the eyes of the foreign and Chinese audiences; and (2) 'dissonance' as different audiences with complex mixed identifies were able to apply their own orders of worth to the artworks (of those artists) and constituted them as different objects (e.g. status objects, investment vehicles, diplomacy instruments).¹⁸ The authors warn that the resulting success (and high prices for those artists) may not last because 'the productive effect of dissonance may turn out to be temporary.'¹⁹ Grounded in cultural and economic sociology, both articles break away from the current discourse about 'glamorous global art market' and warrant more attention to local 'varieties of capitalism'.²⁰ Among the shortcomings is the fact that both papers have a relatively narrow timeline (that excludes pre-market decades crucial for accumulation of symbolic capital for the older artists and entities) and no quantitative analysis to back and verify qualitative findings.

2. Sociological Theories

Alongside the books based on art market economics, the seminal studies by Lucien Karpik and Pierre Bourdieu are crucial for providing the theoretical framework and practical tools to analyse qualitative and quantitative data for this thesis. In *Valuing the Unique: The Economics of Singularities* (2010), Karpik highlights three aspects of singularities:²¹ multidimensionality (structured multiple dimensions), quality uncertainty and incommensurability. Of particular importance to this thesis is Karpik's concept of judgment device. Since the quality competition in the singularities market prevails the price competition, and the prices can no longer be explained by supply and demand alone, judgment devices – personal or impersonal²² – provide consumers with credible knowledge that enables them to make rational choices. The existence of judgement devices is crucial

¹⁷ Under 'valuations' the authors understand many opinions (in broader sense, judgments, rejections, assessments, often coherent, contradictory, some provoked by previous valuations, other independent etc) on the works' worth made by many people (laymen, experts, anonymous spectators, visitors during auctions, other artists etc). The idea of the evaluative biography is largely drawn on the work of Luc Boltanski and Laurent Thevenot.

¹⁸ Antal (2015), 112, 116-124.

¹⁹ Ibid., 127.

²⁰ Velthuis and Curioni (2015), 15.

²¹ Referring to unique products from art to fine wines, from luxury goods to movies, from haute cuisine to personalised professional services.

²² Personal judgment devices encompass interpersonal networks of family, friends, colleagues, and other trusted individuals, while impersonal consists of appellations, cicerones, rankings, critics, brands, awards, confluences, everything that provides impersonal knowledge about the product.

for the singularities market: 'The market should be equipped with them,' claims Karpruk, or 'it does not exist'.²³ Indeed, as empirical evidence suggest, the existence of 'hybrid'²⁴ judgement devices in the Russian and Chinese art fields was critical not only for creation of symbolic and economic values of art, but also for the functioning of those fields during the pre-market stage of their development.

Other seminal concepts that serve as the lenses through which the data are viewed are Bourdieu's notions of capital and field.²⁵ In *Distinction: A Social Critique of the Judgement of Taste* (1984) Bourdieu distinguishes four types of capital: economic, cultural, social, and symbolic, all of which are unequally distributed among social classes.²⁶ Cultural capital is defined as a form of knowledge (or code) and competences to decipher cultural artefacts. It can be inherited (from the early age, born into it) or acquired (belatedly, in the quasi-scholastic atmosphere of the museums). Social capital is accumulated via someone's social network and belongs to a certain social class. Symbolic capital is reflected in prestige, reputation and honor. The different forms of capital might be convertible -- for example, one can find a good job (economical capital) in using their education (cultural capital) and the connections in the industry (social capital),²⁷ however, possession of economic capital does not automatically imply possession of cultural or symbolic capital, and vice versa.²⁸

A concept of field, or a structured space or a system of belief (that could also be cultural, educational, political or economic), has its own agents, allocated according to their social position.²⁹ To enter the field as to play the game, one needs to know the rules. In each field certain interests are at stake; certain 'investments' of one's (academic, cultural or symbolic) capital are made; although these interests and investments can be analysed in terms of an

²³ Lucien Karpik, *Valuing the Unique: The Economics of Singularities* (Princeton University Press, 2010), 45.

²⁴ As elaborated in Chapter 1, 'hybrid' judgement devices are (non-)human entities that perform multiple tasks and functions, e.g. collector-dealer, collector-critic, state.

²⁵ The basic concepts of capital and field, only briefly reviewed here, serve as a bridge to more complex theories by Bourdieu, such as multiple-correspondence analysis, habitus and structuring structures which are discussed in depth in the main body of the thesis.

²⁶ Pierre Bourdieu, *Distinction a Social Critique of the Judgement of Taste* (Routledge: London, 1984), 3.

²⁷ This idea has received an unusual development in the most recent research by Georg Frank. He argues today that we live in the era of mental capitalism, with field of ideas being a main driving force. In the era of social capitalism attention becomes a currency. The field of celebrity is acting as a stock exchange of attention capital, measured in circulations, figures, ratings, visits and so on. In that circumstances Bourdieu's abstract concept of social capital received a measurable income in the form of likes, downloads views etc. The quantifications become part of the attention capital, as the number of followers on Instagram page increases the page's attention value. Just like money, attention capital is self-producing. Nothing seems to attract attention more than the accumulation of attention.

Georg Franck, 'The Economy of Attention,' *Journal of Sociology*, Vol. 55, No.1 (1 March 2019): 8-19.

²⁸ Randal Johnson, *Editor's Introduction: Pierre Bourdieu on Art, Literature and Culture* in Pierre Bourdieu, *The Field of Production. Essays on Art and Literature* (Polity Press, 1993), 8.

²⁹ Bourdieu (1984), 5.

economic logic without in any way reducing them to economics.³⁰ The cultural field is also subordinated by the two poles, the pole based on the symbolic capital, and the pole based on the demands of economic capital. Furthermore, fields can be situated within other fields. For example, the cultural (literary, artistic) field exists within dominated position of the field of power. Or, Bourdieu argues, that it is situated within the field of power because of its possession of a high degree of symbolic forms of capital (e.g. academic capital, cultural capital), but in a dominated position because of its relatively low degree of economic capital (when compared with the dominant fractions of the dominant classes).³¹

Finally, when discussing value of art, Bourdieu stresses that it is the whole system of multiple agents³² that creates it:

It is the field of production, understood as the system of objective relations between these agents or institutions and as the site of the struggles for the monopoly of the power to consecrate, in which the value of works of art and belief in that value are continuously generated.³³

In other words, creation of field-specific (economic, cultural, social or symbolic) capital – which, for the purpose of this study is understood as synonymous with value – is deeply dependent on the belief shared by the competing agents within the field. This thesis aims to add to critique of Bourdieu's field theory by applying it to the idiosyncratic Russian and Chinese art fields during the different stages of their development (pre-market, marketisation and maturation) and through analysing more thoroughly the core concept of capital, including the idea of convertibility among its various forms. It also challenges some of the Bourdieu's assumptions. Problematic is, for example, Bourdieu's model when it comes to the opposition and polarisation between the restricted production (high art) and the large-scale production (popular culture) or between the poles based on positively marked symbolic capital and negatively marked economic capital.³⁴ In the observed Russian and Chinese art fields, some of the most acclaimed contemporary living artists actually have widespread popularity and are also economic successes (e.g. Zeng Fanzhi, Ilya Kabakov). Similarly, the artist's position in the value hierarchy of the field, expressed through prices, auction records and rankings (e.g. 'top 10 most expensive living artists'), (more often than not) occupies a corresponding (homologous) position in the symbolic order of the field, manifested through

³⁰ Ibid., 8.

³¹ Pierre Bourdieu, *The Field of Production. Essays on Art and Literature* (Polity Press, 1993), 107.

³² Under agents Bourdieu understands 'obscure artists and writers as well as 'consecrated' masters, critics and publishers as well as authors, enthusiastic clients as well as convinced vendors'. In his system, critics collaborate with art dealers in the effort of consecration which makes the reputation and, at least in the long term, the monetary value of works. Ibid., 105.

³³ Ibid., 23.

³⁴ Bourdieu (1993), 124.

segmentations, categorisations, schools, movements, polemics, declarations, within which the value of art is created.³⁵ Finally, Bourdieu over-emphasises on the economic (field or capital) as determining factor. As observed on the 'official' subfields in both countries, an autonomous field of cultural (or academic) production could just as well have its value influence on other fields – in the same way as the economic field today influences all other fields – and be a counter force to the tendencies of global market domination.

The theoretical discussion would be incomplete without highlighting two contradictory logics prevalent in the socioeconomic field. The first, the so-called neo-classical reductive model, elaborated by William Grampp in *Pricing the Priceless: Art, Artists and Economics* (1989), suggests that aesthetic or artistic value is 'nothing but' a particular form of economic value. It also argues that artists produce artworks for monetary gain, collectors buy these artworks because of their investment potential, and dealers are essentially middlemen who match supply and demand. Grampp's 'nothing but' model does not explain how the value of art is actually created.³⁶

The second logic is expressed by the art exceptionalism theorists who argue that the economic model fails to explain the factors that determine which works appreciate and which do not, or why the value of artworks appreciates at all. Dave Beech in his *Arts and Value* (2015), for example, argues that the prices on the secondary market are 'determined by the changing circumstances of the artwork itself vis-à-vis the esteem it is held in by the art community' and 'due to the special conditions of artistic production in which the attempt to augment supply through labour is necessarily undermined by the unsubstitutability of the artist and the irreproducibility of the artwork'.³⁷ Specific conditions of artistic production help to explain buyers' preference for art from a particular artistic period (such as the 1960s for Soviet 'nonconformist' art or the 80s for academic painter Luo Zhongli).

3. National Art Archives

In addition to the large body of specific national literature in the original Russian and Chinese languages reviewed and cross-referenced in the respective chapters, the national art archives proved to be an invaluable source of (primary) historical documents. Extensive

³⁵ In-depth review of symbolic order of the field and its 'structuring structures' is provided in Chapter III.

³⁶ In fact, he has to rely on the system devised by a compiler of art statistics, Willi Bongard, who initiated the *Kunstkompass*, an annual listing of artist rankings, in 1971.
https://books.google.co.uk/books?id=ACMbY9yahNsC&pg=PA57&lpg=PA57&dq=dr+bongard+the+kunstkomp+ass&source=bl&ots=fSBghYSrrS&sig=ACfU3U1JIS-7qZIHnz_x-FTyweOFQVw7IQ&hl=en&sa=X&ved=2ahUKEwiD4qfc2KPmAhXORBUIHfrHBL0Q6AEwAHoECAoQAAQ#v=onepage&q=dr%20bongard%20the%20kunstkompass&f=false (p.57)

³⁷ Dave Beech, *Art and Value. Art's Economic Exceptionalism in Classical, Neoclassical and Marxist Economics* (Haymarket Books, 2015), 353–6.

research at RGALI (Russian State Archive of Literature and Art) revealed invaluable insights about the early Soviet infrastructure, specifically valuation mechanisms, functioning of the Purchase Commission and the Art Fund, as well as interesting facts about the internal bureaucratic processes within the Soviet/ Russian 'official' art establishment (for example, some memoranda of early meetings of the Artists Union; documents concerning the transfer of artworks from the Exhibition Fund of the USSR to the local branches of the Artists Union; and official memoranda about the acquisitions of artworks with detailed pricing). In parallel, a painstaking systematic review of major periodical publications was undertaken. The main objective was to fill the gap in the Russian art literature on the marketisation stage in the late 1980s until the end of the 1990s and to unpack discourses prevalent during that period. Among the reviewed periodicals were *Ogonyok* (all the editions published between 1988 and 1999), *Nashe Naslediye* (from 1988 to 1999), *Iskusstvo Leningrada* (from 1989 to 1992), *Khudozhestvennyi Zhurnal* (from 1993 onwards), *Nomy* (from 1998).³⁸ Finally, Garage Archive (on site and via the Russian Art Archive Network (RAAN)) is an excellent platform for accessing first-hand accounts, exhibition catalogues, monographs, publications on the private collections, auction catalogues as well as Garage's own recent publications regarding Russian contemporary art in the international context.³⁹

The China-related chapters of the thesis greatly benefited from the Asia Art Archive (AAA) in Hong Kong where the author spent several weeks browsing its impressive collection of over 50,000 records, including selected periodicals (e.g. *Meishu*, *Yishu Shichang*, *Zhongguo Meishu*), individual archives (Fei Dawei Archive, Hans van Dijk Archive, Francesca Dal Lago Archive, etc.), exhibition catalogues, monographs, auction catalogues, as well as several seminal studies.⁴⁰

³⁸ The review covered the editions from 1988 until 1999 or starting from the year when the publication was founded (e.g. *NOMY* was founded in 1998). In case of *Ogonyok*, for example, for the sake of this research, a systematic study of all *Ogonyok* issues produced from 1988 until 2000 has been undertaken. The quality (and the popularity) of the magazine declined significantly in the second half of the 1990s, largely due to a change of ownership (it was acquired by infamous businessman and politician Boris Berezovsky in the early 1990s).

³⁹ Among the most valuable sources for this thesis were Ruth Addison and Kate Fowle, eds. *Exhibit Russia: The New International Decade 1986-1996* (Germany: Artguide s.r.o., 2016); Ruth Addison and Kate Fowle, eds. *Access Moscow: The Art Life of a City Revealed 1990-2000* (Germany: Artguide s.r.o.), 2016; Personal Archive of L. Talochkin (with numerous articles about the early exhibitions, as well as debates about the emergence of the Russian art market – cited in the body of the thesis); documentary about E. Steinberg and his wife G. Manevich (1996); monograph by A. Epstein about Oscar Rabin (2015), numerous auction and exhibition catalogues (*Russian Avant-garde and Soviet Contemporary Art. Sotheby's Catalogue. Moscow* (1988), *Nonconformists. Second Avantgarde from the Bar-Gera Collection. 1955-1988* (1996)).

⁴⁰ Just to mention a few publications most widely used in the thesis: Wu Hung and Peggy Wang, eds., *Contemporary Chinese Art: Primary Documents* (MOMA, 2010); Wolfger Pöhlmann et al. *China Avant-garde. Exhibition Catalogue*. Heidelberg: Edition Braus, 1993.; Chang, Tsong-zung (ed.). *China's New Art, Post-89, with*

Overall, the archival research⁴¹ was essential for a deeper understanding of major trends, opinions, debates, aesthetic preferences and preoccupations within the context of the existing publications during the examined periods in the respective fields.

Primary Research – Field Interviews

The field research consists of 87 semi-structured (mostly) recorded interviews with market participants in Russia, China, Hong Kong, Taiwan and the UK.⁴² Most of the interviews were conducted face-to-face by the author. In some cases where the interviewees became available after the author had already left the field, the interviews were conducted by the author's proxy (these interviews are distinguished in the thesis as 'conducted on behalf of the author').⁴³ Sampling method was aimed at maximising generisability and transferability of the findings. A sampling frame was drawn with two 'axes'. A 'horizontal axis' identified individuals geographically, as well as based on their affiliations with various groups, circles and organisations across the field. Specifically, while the bulk of the interviews took place in the capitals of the respective countries (Beijing, Moscow, Taipei, London) because of their centrality and because they represent by far the largest concentration of art market activities, less central and even peripheral locations were also covered (Shanghai, St Petersburg, Qingdao, Kaohsiung, Blagoveshchensk). By the same token, selection of the interviewees was based on their affiliations that could broadly be divided into seven major categories – artists, dealers/gallerists, auctioneers, collectors, curators, critics and experts – closely mimicking the structure of the examined fields.

A 'vertical axis' enabled the author to select market players based on their positions in the value hierarchy and the symbolic order of the field. A particular attention was paid to achieve variety with regard to age, sex, economic success, cultural/ symbolic recognition, prestige, degree of experience in the field, size (if affiliated with an organisation), international exposure, and visibility in the field. The vertical approach allowed the inclusion of the diverse

a Retrospective from 1979–1989. Exhibition Catalogue. Hong Kong: Hanart TZ Gallery, 1993; Dawei, Fei (ed.). *'85 New Wave: The Birth of Chinese Contemporary Art*. Beijing: Ullens Center for Contemporary Art, 2007; Leng Lin (ed.). *Reality: Present and Future – '96 Chinese Contemporary Art and Dream of China: 1997 Chinese Contemporary Art*. Exhibition Catalogue (1996); Doretta Lau (ed.) *M+ Sigg Collection: Four Decades of Chinese Contemporary Art* (M+, 2016); Jane Debevoise, *Chinese Contemporary Art in the Post-Mao Era* (BRILL, 2014), and so on.

⁴¹ With all the material gathered and analysed in the first draft of the thesis, the total word count exceeded 150,000 words. A massive edit has been undertaken with a lot of the original anecdotes and case studies based on the archival data being excluded from the final version of the thesis.

⁴² For a detailed list please see Appendices A.8.

⁴³ In total 12 interviews in Moscow and St Petersburg were conducted by the author's proxy. Every interview followed a tailored questionnaire used for all other interviews and had the same structure and ethical guidance. The interviews were then transcribed and reviewed by the author. In some cases, where deemed necessary, further follow up questions were addressed to the interviewee in writing or via a phone call.

groups of players not only from the top (high-end/ high-visibility) segment of the field's hierarchies (e.g. 'leading' artists, 'prominent' collectors, 'important' critics, 'branded' auction employee), but also 'niche' players from specific circuits, domains and sub-fields in the mid-/low-segments (e.g. 'official' artists, low-/mid-end dealers, 'independent' critics, 'young artists', 'fu'er dai'⁴⁴ collectors', directors of the privately owned museums/ foundations).⁴⁵

The initial subjects were identified and approached through the author's personal and professional networks. Depending on the interviewee's occupation, the interviews took place in artist studios, museums, galleries, auction houses, office spaces and private residences, usually in an environment familiar to the interviewee, which also enabled the author to contextualise them, make additional observations and better understand their 'habitus'.⁴⁶

The overwhelming majority of the interviewees showed avid interest in the current research by not only enthusiastically sharing their experience and knowledge with the author (some of the interviews lasted for over 4 hours and rolled over into dinner), but also agreed to connect her with other members of their respective networks. This allowed snowball sampling through which the author gained access to otherwise closed circuits and sub-fields.⁴⁷ Some interviews were conducted out of convenience (e.g. London-based gallerists and artists were interviewed because of the author's residency in the UK). To help randomise otherwise nonprobabilistic sampling, the author recruited participants at art fairs, auctions, and exhibition openings, so that the overall sample population was large and varied, and yet sufficiently 'textured' and representational to provide a detailed account of the fields.

While the specific findings are discussed at length in the relevant chapters (primary quotes are given in *italics* to distinguish them from secondary research), some general observations should be made here about the extent to which their position in the field influenced the interviewee's *Weltanschauung*. Regardless of their geographical location, the fields relate

⁴⁴ Second-generation-rich.

⁴⁵ In fact, the author made a conscious choice not to pursue in-depth interviews with some players occupying high-end/ high-visibility positions, but rather to focus on the individuals affiliated with them. For example, although the author had had conversations with Uli Sigg (a prominent Swiss collector) and Johnson Chang (a leading gallerist in Hong Kong), she decided not to interview them. One reason was because these players have been 'over-interviewed' (with literally dozens of interviews available in various publications), to the point their answers become 'automated'; second reason is that the players occupying high hierarchical positions are prone to re-construct their own narratives, often distorting and overembellishing the past events. Interviewing their affiliates, in turn, allows a cross-reference of the known facts and obtainment of new insights about their behaviour, thoughts and motivations.

⁴⁶ In Bourdieu's words, habitus refers to 'a subjective but not individual system of internalised structures, schemes of perception, conception, and action common to all members of the same group or class.' Pierre Bourdieu, *Outline of a Theory of Practice* (Vol. 16) (Cambridge University Press, 1977), 86.

⁴⁷ For example, snowballing was invaluable for accessing 'official' artists, critics, and educators from Central Academy of Fine Art (CAFA) in Beijing. To avoid sample bias, at the end of the field research the author had to decline any further referrals from CAFA affiliated interviewees.

through the structural affinities between individuals occupying homologous positions in those fields. In other words, the interviewees occupying dominant positions in the respective Russian or Chinese art fields tended to relate to one another. The players in the low-end segment in both fields were more diverse and creative in the tactics and strategies they deployed to attract scarce resources and capital, while the top segment seemed to be more 'homogenised'.

There were several paradoxes. At the beginning of an interview, the artists would often deny the pursuit of any material (commercial) activities in their artistic practice. Towards the end of the interview, however, most of them would admit to following the auction records of their own works (or having someone from their immediate circuit who would keep them informed about the monetary value of their art or even manage it for them). This disguised approach allows the accumulation of symbolic (or 'denied') capital in the non-economic (disinterested) form of recognition or 'service of others' and helps the artists to present themselves as superior or elite.

A similar 'misrecognition paradox' was observed during the interviews with the collectors. At the beginning of an interview, the collectors would categorically deny having any interest in the monetary value of their collections. They would adduce superior motives that prompted them to collect (*'to reconstruct the history', 'to help artists', 'to preserve the present moment'*). By the end of the interview, every single one of them would admit to being acutely aware of the value of some (if not all) of their art holdings. The collectors would initially claim to be fully independent in their choice of artists they collect, but would later acknowledge having been influenced either by the gallerists (especially in the top-end segment dominated by the branded Western galleries), or by the critics and/or the (leading) artists (usually in the mid- or low-end segments).

Surprisingly, there is a lot of value uncertainty among the auctioneers. Not in the sense of 'how much' the artwork is worth, but rather whether this value is going to hold in the future. The auctions are trend followers rather than trend setters. Most of the time they *'anxiously try to predict the market'* (as one auctioneer put it) and the constantly changing tastes of their wealthy clients. In fact, several interviewed auctioneers seemed genuinely more interested in the symbolic value of art than in its economic value.

A shared characteristic of the interviewed dealers and gallerists is their acute awareness of the structure of the field. In fact, (self-)positioning, (self-)promotion and competition for more (economic) capital are the defining activities of this group, whose collective *Weltanschauung* is conditioned by the configurations of their local or regional fields. Such parochial views could be explained by the high degree of professionalisation and specialist knowledge

required to effectively perform the complex tasks of a commercial gallery, as well as 'big egos' which prevent some individuals from gaining wider perspectives.

One of the most valuable insights about art value creation came from the critics/curators (some affiliated to museums, some independent). Their strengths lie in their ability to observe the game from the viewpoint of interconnected and interrelated positions, circuits and fields diachronically. The author was surprised to learn that most critics possessed objective, balanced and reconciled views on art's economic, symbolic and social value. The Russian and Chinese critics were also aware of the different value scale of each other's art fields, commenting on the high correlation between art value and the artist's position in their respective field, which, in turn, is reliant on the position of the national field and its relative integration into the global field.

Drawing on and preserving oral history was an important aspect of the primary research. Inspired by the 'polyphonic writings'⁴⁸ by the Nobel prize winner Svetlana Alexievich, the author strove to convey 'the small, the personal and the specific.'⁴⁹ Only about 10% of the data collected during the primary research has been incorporated into the body of the thesis due to its relatively narrow scope and word limit. Nevertheless, thanks to the interviewees, the author was able to amass a wealth of rich and 'textured' original material that otherwise could not be found in written sources and that helped her to enhance the systematic investigation.

A Mixed-Method Approach

This study sought to build a deeper understanding of art value creation in the Russian and Chinese art markets through a mixed-method approach combining qualitative and quantitative analysis of the system of relations among the positions of artists, collectors, curators, critics, auctioneers, dealers, experts and various art organisations. The scope of the study is limited to oil paintings by 'official' (academic) and 'unofficial' (contemporary) Russian and Chinese artists. Since both countries' art fields are not uniform and consist of multiple interlaced domains and subfields organised and governed by different logics,⁵⁰ the focus on oil paintings enables the author to draw generalisations more effectively. The oil paintings segment also serves as a common denominator for the Russian and Chinese art

⁴⁸ The Nobel Prize in Literature 2015. <https://www.nobelprize.org/prizes/literature/2015/summary/> (accessed 10 December 2021).

⁴⁹ Caroline Moorehead, Last Witnesses by Svetlana Alexievich Review, *The Guardian* (11 July 2019) <https://www.theguardian.com/books/2019/jul/11/last-witnesses-by-svetlana-alexievich-review> (accessed 10 December 2021).

⁵⁰ This particularly applies to the Chinese art market comprised of traditional ink wash paintings, calligraphy scrolls, 'red art', antiques including furniture, jade and ceramics, that use very different evaluation criteria, sales and marketing channels, and are collected by different type of buyers.

markets that share the same roots of Socialist Realism. The segment was chosen for practical reasons too, as it is hard to calculate meaningful value metrics for the artworks in different medium (e.g. per unit value of an installation differs significantly from video art or sculpture).

The definitions of 'official' and 'unofficial' domains adopted here broadly refer to Russian and Chinese art produced either within (*tizhinei*) or outside (*tizhiwai*)⁵¹ the official art system comprised of a vast network of state run organisations including art academies, artist unions, publishing, museums, associations, institutes, and bureaus on national, provincial, municipal and local levels. The scholarly consensus on the precise definitions of the domains is yet to be formed, largely due to the fact that both 'official'/'tizhinei' and 'unofficial'/'tizhiwei' domains are neither monolithic nor static. For the purpose of this analysis, the timeline for the emergence of the 'unofficial' art in both countries starts within a decade following the deaths of their respective dictators (Joseph Stalin died in 1953 and Mao Zedong in 1976). The borders and the relations between the 'official'/'unofficial' domains change constantly as new values manifest in the fields. As ethnographic research demonstrates, some participants see the domains in polarised 'black and white' terms; some describe the domains' relations through overlapping circles (not unlike a Venn diagram); while others maintain they belong to both 'official' and 'unofficial' varieties of culture, indispensable for each other and for the preservation of the field of which they are part.

The thesis examines how value of Russian and Chinese art is created within the 'official' and 'unofficial' domains diachronically, as their boundaries are constantly redefined. While the examined time period covers approximately five decades, the main focus lies between the late 1980s and 2018. This is reflected in different weighting of the chapters, with the highest word count allocated to the maturation stage during the 2000s. The investigation of the earlier stages (pre-market and marketisation) is aimed primarily at defining the fields' structures and contextualising the relations between various positions in those fields. Different objectives set for each chapter also determine the methodology it employs. The section on the Sino-Russian art exchanges focuses on different value scale that reveals various paradoxes and asymmetries. Value creation of 'official'/'unofficial' art during the pre-market stage is analysed through hybrid judgement devices and valuation mechanisms; while focus on collective market agencing activities is central for the investigation of the marketisation stage during the 1990s. To address the increased complexities of value creation processes during the 2000s, the analysis is simultaneously carried out on four

⁵¹ Literal translation from English to Chinese is 'inside the system' (*tizhinei*) and 'outside the system' (*tizhiwei*).

different levels.⁵² This in addition to the relational analysis (based on the unique database consisting of over 870,000 rows of data⁵³ spread over 16 interlinked tables with a total of over 20,000,000 data points that took over 6 months to process) which is conducted at the end of the investigation.

Among other parameters set for this thesis is its focus on the 'inbound' activities, processes and entities. Specifically, the artists who emigrated abroad are excluded from the investigation. The only exceptions are made for the foreign-based artists who have continuously maintained close ties with the home market. The rationale for the exclusion is the fact that value creation for these artists is imbedded within their domicile markets, which lie outside of this investigation. Connections with foreign markets from within the fields are, on the other hand, crucial for understanding how the local markets emerge and become plugged into the global networks. The thesis pays much attention to the influence the (aged) foreign players exercise on the nascent Russian and Chinese art markets, their role in consecration and legitimisation of the indigenous art within the 'official'/'unofficial' domains, and transplantation of the Western models to the local fields.

Finally, throughout the study, the author adhered to the highest ethical standards. All participants were over 18 years of age, did not demonstrate any impaired mental capacity and were able to perform their jobs held in the workplace. No audio recording was taken without the interviewee's prior consent. The interviewees were also fully informed of the procedures and were free to end the interview at any time. Where requested, the interviewee's identity and any revealing data were concealed to ensure full confidentiality. There was no risk whatsoever to human subjects who participated in the study.

The final findings are presented in the form of a chronological narrative organised in five large sections:

Part 2 of the Introduction 'sets the scene' for the following chapters. It explores how value creation of 'official'/academic art depends on the Sino-Soviet/ Russia-China relations through a series of case studies with a number of artists and dealers from Russia, China and Taiwan. It examines a paradox in the valuation of Russian and Chinese art, due to the difference in scales of value in the fields. It concludes with a discussion of the recent milestone exchanges and ongoing interconnectedness and interdependency of their relatively autonomous 'official' (academic) sub-fields in the new millennium. It also

⁵² The 4-level analysis is elaborated in Chapter III and includes objectification of systems of relations, diachronic perspective, identification of constraints and mapping of symbolic order.

⁵³ The two major datasets are derived from Artprice and Artfacts (including custom-tailored data acquired specifically for this research).

formulates the working hypotheses that are tested further during various stages of the analysis.

Chapter I consists of two parts that examine pre-market conditions in the USSR 1953–1987 (Part 1) and the PRC 1976–1989 (Part 2). The first part analyses the shifting values in the Soviet art hierarchy, and the early milestone exhibitions and events that demonstrate how art became canonised. It concludes with a brief look at the Soviet pre-market art infrastructure and valuation mechanisms used to determine the economic values of art, still in use today. The second part focuses on the changes ‘inside’ and ‘outside’ of the Chinese art system, tracing the transformations within the two domains (academic vs avant-garde). It also examines the milestone exhibitions that have launched the careers of several Chinese artists and how the commodification of art occurred with support from the state.

Chapter II focuses on the value creation of Russian and Chinese art during the marketisation phase of the 1990s, from the perspective of the ‘agencing of markets’. It separately examines new developments with regard to the practices of auction houses and newly emerged galleries that became the driving force of the cultural, social and economic exchanges that configured both Russian and Chinese markets. It also explores the de-agencing of the state and the agencing of art fairs and biennales that would drive value creation processes in the following decades.

Chapter III analyses the Russian and Chinese art fields during their maturation stage between 2000 and 2018. It consists of three parts. Part 1 investigates the emergence of the new Russian and Chinese economic elites and the role they play in expanding the value scale of art. Part 2 is dedicated to the Russian art market from 2012 until 2018; it discusses the negative impact of economic decline and political isolation and the role of ‘multiform judgement devices’ on the value creation of Russian art. Part 3 investigates major shifts in the value creation of Chinese art during the market downturn and its subsequent recovery 2012–2018 caused by the reorganisation of demand and the internationalisation of supply that created tensions and new paradoxes in the maturing Chinese art field.

Relational Analysis was conducted as an additional investigation of quantitative data pertinent to economic, cultural and social capital, auxiliary to the previous chapters. By aggregating and synthesising its own unique relational indicators based on a sample of 184 Russian and Chinese artists, the analysis first identifies patterns in the accumulation and distribution of economic capital; it then examines the correlation between economic and cultural capital through the money memory model, while examining different forms of capital conversions; it concludes with a section on art as an investment that synthesises three

capitals and, finally, offers an outlook on the possible vectors of value creation of Russian and Chinese art to 2025.

In the **Conclusion**, the author summarises the overall findings of the study and brings the key elements of value creation in the Russian and Chinese fields closer together. The analysis finishes by highlighting areas of potential study for future researchers in the national and global art fields.

Part 2: Sino-Soviet Art Exchanges – The Beginning



USSR



China

- Death of Stalin
Khrushchev takes over

The exhibition of Soviet art shows in
Beijing, Shanghai, Guangzhou,
Hangzhou (participants: Y. Neprintsev, V.
Zagonek, V. Serov, B. Korneev,
A. Laktionov, I. Savenko, Y. Tulin,
and other artists)

XX Party Congress at which Khrushchev
officially denounces Stalin,
beginning of the Thaw

Cuban Missile Crisis

Khrushchev dies

1953

1954

1956

1962

1971

1950 — Mao Zedong travels to the USSR in order to sign the Sino-Soviet Treaty of Friendship
Officials from China Ministry of culture visit Russia

Exhibition of Soviet posters and cartoons in Beijing

1951 — Alexander Gerasimov visits China

USSR and China begin student exchanges

1955 — Konstantin Maksimov comes to teach at CAFA (1955-1957)

1960 — The relations between USSR and People's Republic of China start to worsen

Chinese government asks to withdraw Chinese students from Saint Petersburg Art Academy

1961 — Break of the diplomatic relationships between USSR and China

1966 — Cultural Revolution begins

1976 — Death of Mao

1978 — End of the Cultural Revolution, China opens its doors to the West

Deng Xiaoping's Economic Reforms

- 1979 — Beijing Spring and the Democracy Wall Movement
- Establishment of Special Economic Zones
- '85 Movement caught on nationwide
- Gorbachev becomes General Secretary of the Communist Party — 1985
- 1988 — Sotheby's auction of modern and contemporary Russian art is held in Moscow
- 1989 — First McDonald's opens in Moscow
- China/ Avant-Garde Art Exhibition at the National Art Gallery in Beijing
- Pro-democracy student demonstrations begin in April, followed by June 4 crackdown in Tiananmen Square
- 1991 — Dissolution of the USSR
- First McDonald's opens in Beijing



- 2001 — Treaty of friendship and cooperation between China and Russia is signed in Shanghai
- 2003 — A large travelling exhibition of Soviet art is organised by St Petersburg Artist Union, Repin Institute, Herzen University, China Artist Association and Beijing Art Exchange Society. The list of exhibited artists included O. Eremeev, E. Zubov, J. Kaliuta, E. Moiseenko, A. Mylnikov
- 2006 — Year 2006 proclaimed a year of Russia in China
- High-profile exhibition, *300 Years of Russian Art*, from State Tretyakov Gallery opens at NAMOC
- 2017 — Cai Guoqiang's solo exhibition at the Pushkin State Museum of the Fine Art
- Shanghai Museum and State Tretyakov Gallery co-organise *The Wanderers: Masterpieces from the State Tretyakov Gallery*

In Part 2 key theme of how value creation of 'official'/ academic art depends on Sino-Soviet/Russia-China relations is explored through a series of case studies and interviews, and is structured into six sections. The first section gives an idea of the scale of influence of exposure to Soviet art in China via high-profile exhibitions and publications. Using art as soft power, the Soviet Union disseminated Socialist Realism as the dominant artistic method, while its art-historical pedigree was legitimised within Sino-Soviet art circuits through proximity to the longstanding academic tradition of the *Peredvizhniki*.

Even greater influence was exerted through training classes and student art exchanges. Section two provides a detailed account of the first successful Sino-Soviet teaching experiment conducted by Soviet art educator Konstantin Maksimov, whose significance for the creation of the symbolic value of several generations of Chinese artists (e.g. Jin Shangyi, Cai Guoqiang, Wang Guangle) is undeniable. Of similar importance for the Chinese artists' careers was studying in the Soviet Union, as demonstrated through the case studies of the former students, now established painters and art educators, Su Gaoli and Ye Nan, in section three.

The cases of the artists Jin Shangyi, Su Gaoli and Ye Nan are exemplary of value creation through Sino-Soviet art exchanges that elevated the artists' status and prestige within the official art system. They also reveal a paradox. Although, initially, the Soviet artists who taught the younger Chinese artists had a much larger symbolic capital (as reflected in their professional status, position in the Soviet art hierarchy, and official art awards), their economic value never reached the top levels achieved by their Chinese students. For instance, the highest auction record for Jin Shangyi is almost 40 times higher than that of his esteemed Soviet teacher Konstantin Maksimov. Such a paradox, or asymmetry in values, where Chinese 'official' art commands higher prices but is perceived to be of lower artistic and/or symbolic value compared to Soviet/Russian academic art, created multiple market opportunities across different price segments.

Section four therefore goes on to examine scales of value, based on case studies of the well-known Taiwanese collector Lin Mingzhe, one of the earliest players to recognise this value asymmetry and to capitalise on it, as well as of the Taiwanese gallery owner with over 1,000 works by the Russian realist painters. The continuation of Russia-China relations in the new millennium is discussed briefly in section five, which provides an overview of recent milestone events and academic art school exchanges; while the final section shows how Chinese consumption now influences the creation of the economic values of Russian academic art across high-, mid- and low-end market segments, including exchanges on a regional level.

Early Exposure to Soviet Art in China

Ironically, the most influential period in Sino-Soviet art exchanges was also the shortest. It began with the signing of the Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance in 1950 and ended with the public demonstration of the Sino-Soviet split in 1960.⁵⁴ During that decade numerous cultural and educational activities on different levels took place. Socialist Realism was promoted through high-profile exhibitions, theoretical publications, training classes and student exchange programmes. To start with, in 1950 an exhibition of art from the PRC was held in Moscow.⁵⁵ Soon after, in 1951, the first major exhibition of Soviet art, featuring posters and cartoons, was organised in China by the Society of Sino-Soviet Friendship, Chinese Artists Association and the Central Academy of Art.⁵⁶ In 1954 a total of 280 Soviet artworks were on display at the inaugural exhibition of Soviet Achievements in Economic and Cultural Construction at the new Soviet Exhibition Hall in Beijing, accompanied by several dozen lectures by the director of the State Pushkin Art Museum, A. Zamoshkin, in Shanghai, Hangzhou, Guangzhou and Wuhan, attracting thousands of painters and fans of oil paintings from all over China.⁵⁷ The list continues with the exhibition of Russian art from the eighteenth and nineteenth centuries in 1957, the exhibition of Soviet art in 1958, among others.⁵⁸

The Chinese authorities also looked to the USSR for ideological and theoretical guidance. A vast number of publications on Soviet art and theory appeared during the 1950s. The East China Branch of the Central Academy of Fine Art in Hangzhou, for instance, translated and published over 80 Soviet books on art in the space of just 4 years (1952–56).⁵⁹ From its inauguration in 1954, *Fine Arts*, an important official magazine, regularly serialised

⁵⁴ Some researchers claim that the cultural exchange between Russia and China started with the establishment of the Russian Orthodox Mission in the seventeenth century. It became increasingly frequent only after the Treaty. Relations began to deteriorate after Joseph Stalin's death in 1953, followed by Nikita Khrushchev's 'de-Stalinisation' as well as the pursuit of 'peaceful coexistence' with the capitalist world, criticised by Mao Zedong. Cracks in the Sino-Soviet alliance began to show publicly in 1959 and hit the international news in 1960 at the Romanian Communist Party Congress meeting, where Mao and Khrushchev openly insulted one another in front of the assembled delegates. Relations were aggravated further after the Soviets backed India in the Sino-Indian War of 1962. J. Freeman, 'A New Source for Figures on Soviet Military Output,' *CIA Archives* (1959) https://www.cia.gov/library/center-for-the-study-of-intelligence/csi-publications/csi-studies/studies/winter98_99/art05.html; Kallie Szczepanski, 'The Sino-Soviet Split,' *ThoughtCo* (3 July 2019) <https://www.thoughtco.com/the-sino-soviet-split-195455> (accessed 18 December 2019).

⁵⁵ Michael Sullivan, *Art and Artists of Twentieth Century China* (University of California Press, 1996), 135.

⁵⁶ To give an idea of the scale of the exchange circuits, in 1949 the Society of Sino-Soviet Friendship had a country-wide network of 4,000 departments with 190,000 members, increasing to 1,700,000 members in 1951. Chen Wenhua, 'Exhibitions of Russian Fine Art in China: Past and Present' (PhD diss., Herzen University, 2008), 84.

⁵⁷ Lü Peng, *A History of Art in 20th-Century China* (Edizioni Charta, 2010), 502.

⁵⁸ *Ibid.*

⁵⁹ Maria B. Galikowski, 'Art and Politics in China, 1949–1986' (PhD diss., Department of East Asian Studies, University of Leeds), 41.

theoretical articles about Soviet art, its ideology, principles, methods and approaches. Some of these articles became classic documents studied and discussed even by painters in the traditional Chinese style (*guohua*).⁶⁰ Their countrywide reach was enormous.

One reason why Soviet official art had acquired significance within the Chinese art establishment after 1949 was China's increasing isolation from the 'bourgeois', 'capitalist' West. Even though some of the leading Chinese oil painters (such as Xu Beihong and Liu Kaiqu) were familiar with Western oil techniques through their studies in Europe in the 1920s and 30s, the overwhelming majority had acquired neither adequate training in nor art-historical knowledge about Western oil painting. Virtually no works by European masters were on permanent display in China's underdeveloped art museums. Artists had access only to a few poor-quality reproductions. The Soviet exhibitions and publications therefore presented a unique opportunity for young Chinese artists to gain some understanding of Western art, and they had a profound and lasting influence. 'I was so excited when I first saw Soviet originals in 1954,' says Jin Shangyi (b.1934), one of China's most successful official oil painters, recalling his visit that year to the exhibition of Soviet Achievements in Beijing, 'it was the first time I saw original European oil paintings.'⁶¹

In addition to established Soviet oil painters such as Boris Ioganson (1893–1973) and Yevsey Moiseyenko (1916–88), the Russian artists from the *Peredvizhniki* (the Wanderers) group were enthusiastically promoted within the Chinese art circuits. The *Peredvizhniki* were chosen not only for the aesthetic qualities of their works, the perceived *narodnost'* (feel for the spirit of the nation) or criticism of the tsarist regime and its social system, but also because of their status as leading academy-trained Russian realist artists whose authority had already been widely recognised within the artistic communities.⁶² In fact, Ilya Repin and Vasily Surikov were praised by Xu Beihong⁶³ as 'two of the greatest painters in the world'.⁶⁴ In the USSR in 1937, Repin, also a favourite of Stalin's, was elevated by the official art circuits to the status of Raphael and van Dyke.⁶⁵ Proximity to this sanctified national group with close ties to longstanding academic tradition lent a direct art-historical pedigree to

⁶⁰ Lü Peng, *A History of Art in 20th-Century China*, 501.

⁶¹ Among the displayed works were oil paintings by Boris Ioganson (*In an Old Urals Factory*, 1937) and Fedor Shurpin (*The Morning of Our Motherland*, 1948). Chang-Tai Hung, *Mao's New World: Political Culture in the Early People's Republic* (Cornell University Press, 2017), 131.

⁶² Stalinist art historians effectively falsified many facts surrounding the group, turning them from dissidents into the forefathers of Socialist Realism. For more details, please see Glossary (Appendices, A.9). Andrey Shabanov, *Art and Commerce in Late Imperial Russia* (Bloomsbury Visual Arts 2019), 2-8.

⁶³ Xu Beihong (1895–1953) is one of the most important Chinese masters proficient in both oils and ink. He was also the president of the Central Academy of Fine Arts and the chairman of the China Artists Association. He is also recognized by the art market, holding the highest hammer price of \$36.7m.

⁶⁴ *Ibid.*

⁶⁵ Matthew Bowen, *Socialist Realisms: Soviet Painting 1920–1970* (Skira, 2012), 129.

Socialist Realism, helping to solidify its symbolic values and legitimise it within Sino-Soviet art circuits.

The scale of influence of exposure to Soviet art via exhibitions and publications on several generations of Chinese artists is immense. Prominent Chinese contemporary artist Cai Guoqiang (b.1957) constantly emphasises this in interviews and talks, describing in 'One Boy's October' how he would spend hours studying Russian Imperial painter and art teacher Pavel Chistyakov's 'stepwise system of sketching' or copying reproductions of paintings by the *Peredvizhniki* such as Ivan Kramskoy and Isaac Levitan.⁶⁶

Maksimov's Legacy on Several Generations of Chinese Artists

An even greater influence was exerted through training classes and student exchange programmes. In 1954 a delegation representing the Chinese Ministry of Culture visited the Soviet Union to meet with Russian artists and study the Soviet critique of modernism.⁶⁷ Later that year, the president of the organising committee of the Soviet Artists Union, Alexander Gerasimov, visited Beijing, where an exhibition of his watercolours was also arranged. This was the signal to begin the 'exchange experience'.⁶⁸

A seminal event in the history of Sino-Soviet art exchanges was the arrival of Konstantin Maksimov (1913–93), the first Soviet government advisor in the teaching of art at the Central Academy of Fine Arts (CAFA) in Beijing. Professor of the Surikov Art Institute and a winner of the Stalin Prize, Maksimov taught advanced oil painting classes to a select group of 21 students from February 1955 to June 1957.⁶⁹ The students, who were chosen from a large pool of applicants across China, had already undergone professional training at local fine art institutes and colleges and had to sit an additional exam in order to be accepted into the group that famously became known as *maxunban* (Maksimov's training class).⁷⁰ Despite

⁶⁶ Cai Guoqiang, 'One Boy's October', *Art Guide*, 2017. <http://artguide.com/posts/1344> (accessed 21 December 2019). Several other interviewed artists (e.g. Li Shan, Yu Youhan) reported having been influenced by the images of the *Peredvizhniki* from their childhood years through numerous reproductions in magazines, textbooks, and posters.

⁶⁷ Lü Peng, *A History of Art in 20th-Century China*, 501.

⁶⁸ In his 'Letter of friendship to Chinese artists' Gerasimov called on Russian and Chinese artists to join hands in order to complete 'the historical tasks that lay before the two peoples, governments, and communist parties', but he also mentioned that 'Chinese artists have only just taken the first step in oil painting'. *Ibid.*, 502.

⁶⁹ The initial plan for the group was to study for four terms, but Maksimov asked to prolong it to five terms to allow more time to finish the graduation works. The exhibition of the class work was staged from 19 May to 9 June 1957. Maksimov's group included Hou Yimin, Jin Shangyi, Zhan Jianjun, Shang Husheng, Zhang Wenxin, Ren Mengzhang, Wang Liuqiu, Yu Yunjie, Qin Zheng, Wang Dewei, Gao Hong, He Kongde, Lu Guoying, Chen Beixin, Wei Chuanyi, Wu Dezu, Wang Chengyi, Yuan Hao, Wang Xuzhu, and Yu Changgong. The class monitor was Feng Fasi. *Ibid.*, 505.

⁷⁰ Among the Russian academic circles, the group is sometimes referred to as *kolybel'naya rektorov* (rectors' cradle), acknowledging the fact that many students later became deans or rectors of the leading schools in

their previous art education, many of these students lacked a systematic understanding of oil painting. As Jin Shangyi recalled many years later: 'I must admit that I have never painted prior to Maksimov's class. And my oil painting work was confined to sketching.'⁷¹

Maksimov's curriculum and methods helped to bring about the 'standardisation' (*zhengguihua*) of teaching across the major Chinese art schools and laid a long-lasting foundation for the official art system in China. In fact, Maksimov's article 'Oil Painting and Oil Painting Teaching' (*Youhua he youhua jiaoxue*), published in the January 1957 issue of *Fine Arts*, became a classic document repeatedly read and even recited by heart by many Chinese oil painting students and teachers.⁷² Maksimov's own drawing system was not limited to the Soviet model (based on Chistyakov's teaching method). Another *maxunban* painter, Chen Beixing, recalled that Maksimov also introduced individual students to a number of impressionists and post-impressionists, including Marc Chagall, Claude Monet and Alfred Sisley.⁷³ Maksimov's own style was also influenced through the exchange, as he started incorporating ink painting techniques into his own work.⁷⁴

The legacy of this first successful Sino-Soviet teaching experiment continues to bear fruit even six decades later. After Maksimov left China, the *maxunban* students went on to become important artists and educators, taking up key positions within the Chinese art establishment. Jin Shangyi, for instance, was appointed deputy dean of the oil painting department at CAFA, later becoming its president;⁷⁵ Jin's high social and symbolic capital is reflected in the market prices of his works (his highest auction record at \$12 million makes him the most expensive living 'official' Chinese painter).⁷⁶ Another of Maksimov's students, Feng Fasi, became dean of the painting department at CAFA; Zhan Jianjun, a famous 'official' oil painter whose works sold above the \$1 million benchmark, was appointed vice-chairman of the Chinese Artists Association and chairman of the China Oil Painting Society.

China. Chen Wenhua, 'Exhibitions of Russian Fine Art in China: Past and Present' (PhD diss., Herzen University, 2008), 124.

⁷¹ From *Meishu* (February 1956) as quoted in Lü Peng, *A History of Art in 20th-Century China*, 506.

⁷² *Ibid.*, 507.

⁷³ *Ibid.*, 507–8.

⁷⁴ In particular, Maksimov was influenced by Qi Baishi (1864–1957) whom the artist met during his China stay. Maksimov made several portraits and sketches of the master, also in ink, that clearly show Qi Baishi's influence on the Soviet painter.

⁷⁵ As well as honorary chairman of the Chinese Artists Association, vice president of the China Federation of Literary and Art Circles, and a standing committee member of the People's Political Consultative Conference, regularly serving on various art-related government committees.

⁷⁶ An oil painting, *Tajik Bride*, 1983, sold in 2013 at China Guardian. Jin's works are hung at NAMOC and other major Chinese art museums. His position being akin to that of a 'court painter', Jin also has links to China's ruling elite (his portrait of the young Peng Liyun (wife of current President Xi Jinping), now part of the CAFA Museum collection, is considered a masterpiece of the Chinese New Classicism movement and is sometimes referred to as the 'Chinese Mona Lisa').

Neither did Maksimov's influence end with his immediate students as they, in turn, trained several generations of Chinese artists, some of whom developed into China's most successful contemporary painters, recognised not only at home but also by international institutions and the art market. Liu Xiaodong (b.1963), for example, a figurative painter who earned his BA and MA at CAFA and was a student of a student of Maksimov, is now himself a professor at CAFA. Other students of Maksimov's students include Qiu Xiaofei (b.1977), a leading figure of the new generation painters, and Wang Guangle (b. 1976), a recognised pioneer of conceptual painting in China.

Some of the above examples were provided by Cai Guoqiang during a recent talk at Oxford's Ashmolean Museum that he dedicated entirely to Maksimov. During the talk Cai, who has collected about 260 of Maksimov's works and owns the largest archive of materials about the artist outside of Russia, shared his experience from the exhibition of Maksimov's works that he organised at CAFA Art Museum in 2002:

I used this opportunity to invite all the students from Maksimov's class from all over the country to attend the symposium. These people, now in their sixties, who had survived different political distress, and who had nevertheless made their careers, gathered together for the first time since their graduation. When I saw how they mourned their teacher, how they praised the achievements and legacy of Old Max, my eyes were filled with tears.⁷⁷

Ironically, the Chinese valorisation of Maksimov's works is not shared by his home market. During the Sino-Soviet split, Maksimov went out of favour within the official Soviet art system and towards the end of his career he was practically forgotten. Today his market is supported mainly by Chinese buyers who particularly appreciate his early works from the Chinese period. In fact, the artist's auction record to date is held by the impressionist canvas *Lotuses*, sold in 2015 for \$317,310 (hammer)⁷⁸ by London-based MacDougall's auction, known for its links with the Chinese clientele. The work, showing the influence of the ancient Chinese philosophical system on the artist's worldview, was painted in 1956 during Maksimov's stay in China.⁷⁹

⁷⁷ Author's notes from the conversation with Cai Guoqiang and from his discussion during the Symposium 'Cai Guoqiang: Gunpowder Art', Ashmolean Museum and University of Oxford, Oxford, 24 October 2019.

⁷⁸ Well above the estimate of \$150,000–230,000. Unless otherwise specified, all auction records are based on the Artprice Database.

⁷⁹ In comparison, another of Maksimov's oils on canvas from the same sale, *Night Roses*, executed by the artist almost 30 years later in 1984, fetched only \$22,380 (hammer), below the estimate of \$22,900–30,000.

Liuxue Dao Sulian (Studying in the Soviet Union)

1. Case Study: Su Gaoli

Of equal importance as Maksimov's training class in China for the creation of symbolic value of Chinese 'official' art during the early pre-market stage were the art student exchanges. The earliest participants were teachers from the Central Academy. From 1953 to 1961 a total of 7 groups, comprising 33 Chinese students, were sent to study at the Repin Institute of Arts in Leningrad.⁸⁰ One of the first exchange students, Su Gaoli (b.1937), a prominent oil painter and a professor at CAFA, who studied in the Mylnikov studio at the Repin Institute between 1960 and 1966, recalled:

During the class, there was usually a teacher who taught oil painting, and a teacher who taught sketches. These teachers had a great impact on me every day. We started sketches in the morning, oil painting was after 9:00am, then we had theoretical and cultural lessons in the afternoon, professional learning in addition to classroom sketches, oil paintings and material science. We also studied glass and mosaics. These technologies were not taught in China. [...] There was also a big gap in our understanding of Western [oil] painting, because it was very foreign to our Chinese tradition. They [Soviets] studied human anatomy very seriously, while China did not have such a deep knowledge of the field.⁸¹

A major influence on Su were the eminent Soviet painters A. Mylnikov (1919–2012), Su's direct teacher, and A. Plastov (1893–1972), whose everyday village life scenes Su particularly admired. Together with his fellow exchange students, Su Gaoli was also allowed to make copies of works by Repin, Surikov, Serov and Levitan, in addition to masterpieces by Titian and Rembrandt, from the Russian Museum and Hermitage Museum collections. These copies, later collected by CAFA, have often been the subject of countrywide exhibitions where they have been shown alongside the exchange students' original works.

Another transformative experience for Su Gaoli were the outdoor sessions during summer field trips to the Crimean Peninsula and Sochi where he developed his unique artistic style, recognised by his peers and supervisors upon his return home as 'new to China'. After the Chinese Cultural Revolution (1966–76) (which Su, shielded by his Soviet background, survived relatively painlessly in the Chinese countryside), he returned to CAFA to take up key teaching posts. He recalled that, towards the late 1970s, due to the long break (there had been no enrolments at the major art schools for almost a decade), CAFA was presented

⁸⁰ Sue Wang, "'The 20th China's Art Road – Studying in the Soviet Union" Inaugurated at National Art Museum of China,' *CAFA* (1 March 2013) <https://www.cafa.com.cn/en/news/details/8321923> (accessed 28 December 2019).

⁸¹ Interview with the author, Beijing, 24 September 2016.

with a large number of applicants and was therefore able to choose from among the most talented students. Many graduates from those early post-Cultural Revolution classes taught by Su or other Soviet-educated teachers became famous artists and leading figures within the Chinese art system. Su named a dozen renowned painters, including Yang Feiyun, Wang Yi Dong and internationally acclaimed Xu Bing.

Su Gaoli himself spends most of his time in a luxury state-owned villa complex, painting copies of his earlier works which he then donates to provincial museums.⁸² Content in his retirement and fully cared for by the state, Su is not directly involved in the art market, although he does not object to the idea of it. Nor is he unaware of the monetary value of his works. In fact, Su's approach towards economic capital presents the aforementioned 'misrecognition paradox' observed by the author during the interviews with other players. By refusing to recognise the 'objective' truth of the economic practices, the players use conversion (of one form of capital into another), which renders the efficacy of economic capital unrecognisable; symbolic capital is thus denied capital, recognised as legitimate, that is, misrecognised as capital. On Su's example, he admitted having received a 'reward' of one million RMB from NAMOC in exchange for his donation of 86 works, which – Su emphasises – '*does not represent my artistic value*'. He gave another example, a large oil painting *Taihang Mountains*, that Su painted in 1984 jointly with his colleagues Du Jian and Gao Yaguang. The work came up at the Beijing Hanhai Art Auction in 2010 and was bought by Long Museum owners for RMB2.8 million.⁸³ Su believed the auction price corresponded to the work's 'historical significance'. Otherwise, Su's auction market is practically non-existent, due to lack of supply (no major works come up for auction, while the few 'insignificant' works that do appear go unsold).

As with most of the interviewed 'official' artists, the absence of a public auction record does not seem to affect Su Gaoli's high symbolic status within the Chinese art system. Su maintains that he is indebted to the Soviet Union for elevating his and his fellow exchange students' position in China where most of them continue to enjoy long and successful careers. Indeed, the importance of the early Sino-Soviet art exchanges and the significant contribution of the participating artists towards the development of the Chinese 'official' art system was reaffirmed recently at the highest official level through a large-scale exhibition *Liuxue Dao Sulian (Studying in the Soviet Union)*. Organised by NAMOC in March 2013 to commemorate the 60th anniversary of the beginning of the student exchange programme, the exhibition featured more than 500 artworks and 600 documents, including photos,

⁸² For example, Shanxi Museum received a collection of about 700 pieces including smaller works from him. CAFA has also collected more than 100 of his works.

⁸³ Hammer price, on estimate RMB2.4–3.4 million.

manuscripts and other study materials related to the period. The exhibition was accompanied by a conference with high-profile speakers such as Shao Dazhen (CAFA professor), Quan Shanshi (CAA professor), Fan Di-an (director of NAMOC) and Liang Jiang (deputy director of NAMOC), all of whom studied in the Soviet Union in the mid-1950s.⁸⁴

2. Case Study: Ye Nan

After the Sino-Soviet split, the cultural exchange between the two countries was significantly reduced, albeit not entirely ended. Nor did the aggravated political situation diminish the tremendous symbolic capital created through the exchange. Another Chinese oil painter, CAFA professor Ye Nan, who studied at the Repin Institute from 1989 to 1996, followed in the footsteps of the previous generations of painters who returned to China to become a successful artist and art educator. Yet the value creation of her artworks had a slightly different trajectory as it developed against the emergence of the domestic art market. At the beginning of her career Ye Nan made and sold copies of masterpieces from the Hermitage Museum collection.⁸⁵ In 1999 she signed an exclusive contract with a now defunct Taiwanese gallery, but quit after three years, resisting the gallery's pressure to produce more works.⁸⁶ Ye Nan, who creates about ten oil paintings per year, considers herself a 'serious artist' who wants 'to paint serious pictures for museums' rather than 'to paint for the market' (her anti-market sentiment is in line with 'misrecognition paradox' explained in Su Gaoli's case). Her practice can broadly be divided into two parts. One comprises official state commissions,⁸⁷ while the other is creating works for private consumption.⁸⁸ Typically for 'official' artists, Ye Nan does not have a gallery representation and sells directly via her

⁸⁴ Present during the opening ceremony were other former students in the Soviet Union, now important members of the Chinese official art circuits: Qian Shaowu, Li Tianxiang, Chen Zunsan, Lin Gang, Zhou Zheng, Xiao Feng, Quan Shanshi, Shao Dazhen, Xi Jingzhi, Li Baonian, Guo Shaogang, Deng Shu, Wang Baokang, Zhou Benyi, Ma Yunhong, Ji Xiaoqiu, Dong Zuyi, Feng Zhen, Li Jun, Zhang Huaqing, Xu Minghua, Cao Chunsheng, Situ Zhaoguang, Su Gaoli, etc. In addition, some senior artists, also participants of the Soviet study programme, such as Jin Shangyi, Zhan Jianjun and Pang Dao, met each other at the museum, while the representatives of the related sponsors of the exhibition, including Liu Dawei, Chairman of the Chinese Artists Association, and Zhu Di, Deputy Secretary of the Art Department of China's Ministry of Culture, were present at the opening. Xiao Feng, the former Dean of the China Academy of Art, made a speech on behalf of the artists who had studied in the Soviet Union. Sue Wang, "'The 20th China's Art Road – Studying in the Soviet Union" Inaugurated at National Art Museum of China,' *CAFA* (1 March 2013) <https://www.cafa.com.cn/en/news/details/8321923> (accessed 28 December 2019).

⁸⁵ Here and later, all information is based on the interview with the author, Beijing, 12 May 2016.

⁸⁶ The gallery bought the works upfront wholesale for low 4-\$-digits.

⁸⁷ For example, from 2007 until 2011 jointly with Zhan Jianjun (the renowned student of Maksimov, mentioned earlier), Ye Nan painted a 12-metre-large war-themed triptic; moderately compensated, she considered the project a 'great honour'.

⁸⁸ Which does not necessarily mean for sale. Ye Nan explains that she paints the works to express her thoughts, her philosophy, in the hope her works will some day be exhibited in public museums.

private and professional network; the transactions are often based entirely upon trust.⁸⁹ Attached to her own creations ('my daughters'), Ye Nan only sells ('marries off') to vetted collectors with 'serious collections' between one and three works per year, just enough to maintain a comfortable standard of living and the 'freedom to paint' what she wants. The prices of her works (on average 100–200 cm in size) vary between RMB200,000 and 500,000 (a more senior official painter can charge upwards of RMB1,000,000) and are set subjectively, depending on the work's 'intrinsic value', which Ye Nan refers to as 'quality', 'whether I have accomplished my original idea'. Ye Nan's prices are fixed; she barely negotiates. She increases her prices gradually on a yearly basis, but never lowers them, believing that it would betray her collectors' confidence and trust ('I would rather not sell at all'). Ye Nan also loathes the idea of her works becoming a commodity or a stock, arguing that such commodification damages her art's long-term value and is harmful for collectors and artist alike. Only 12 of Ye Nan's oil paintings have been sold at auctions to date (hammer prices ranging between \$20,000 and a maximum of \$70,000 achieved in 2010), reflecting her buyers' loyalty and long-term commitment.

Value Scale Asymmetries across the Russian and Chinese Art Markets

As mentioned in the introduction to this chapter, the asymmetry in values whereby Chinese 'official' art commands higher prices but is perceived to be of lower artistic and/or symbolic value compared to Soviet/Russian academic art, created multiple market opportunities, with one of the first players to seize such opportunities being Lin Mingzhe, founder of Mountain Art Foundation that has boasted around 12,000 works, including 2,000 by recognised Russian and Soviet artists.⁹⁰ Lin's collection (which he actively promotes, including via his son's Beijing-based satellite the Frank Lin Art Center) is well-known within the Chinese and Taiwanese art circuits. So is his story: that between 1992 and 1994 he visited Moscow, St Petersburg and Kiev five times, once famously carrying \$200,000 in his suitcase, to buy Soviet realist art.⁹¹ Lin's choices were well informed, thanks to his advisors, the professors and art historians Shao Dazhen and Xi Jingzhi, who had studied in the Soviet Union and utilised their Russian connections to arrange Lin's trips. Back then, Lin, an already established collector of Chinese realist artists, wanted to put together a collection of Russian

⁸⁹ Ye Nan described a recent sale when she received the money from an unknown buyer introduced through her trusted friend. The buyer sent the money directly to Ye Nan. She sent the work directly to the stated address. Neither of the parties have met, nor have they entered into any formal sales agreement.

⁹⁰ Repin, Levitan, Petrov-Vodkin, Ioganson, Mylnikov, Yablonskaya, Korzhev, Gritsai, the Tkachev brothers, Salakhov, Ivanov, Maksimov, Ereemeev, Malysh, Logvinenko, Anikushin, to name a few. Many Chinese works have been sold, but most Russian/Soviet works are still with the foundation. Proportionally, out of 2,000 works, 'classical' Russian paintings account for about 40 pieces; the rest are Socialist Realist paintings.

⁹¹ All facts and figures are provided by Mr Lin himself, unless otherwise specified. Interview with the author, Taiwan, Kaohsiung, 19 November 2016.

and Soviet painters who ‘had the most influence on Chinese painters’ from ‘the perspective of art history’. With a personal invitation from the Artists Union, Lin was able to buy directly from the Russian artists and their families, including Tahir Salakhov (then the first secretary of the Artists Union who introduced Lin to many distinguished ‘official’ artists), Andrey Mylnikov, the Tkachev brothers, Gely Korzhev, Aleksei Gritsai, Konstantin Maksimov, Tatiana Yablonskaya and Victor Ivanov, to name just a few. Lin recalled that the prices of the works were set according to the work’s size and averaged about \$200. Maksimov’s works were even cheaper, reflecting the artist’s diminished status and impoverished conditions towards his demise. The most expensive artists were Mylnikov, Salakhov and Korzhev, asking a low \$5-digits per painting; Lin called them the Soviet ‘nobility’, commenting on their high social and material status, factored into their prices. The most expensive work Lin bought was an almost 3-metre large oil on canvas by Korzhev at \$40,000. In total, Lin claims to have spent around \$3 million on his Soviet/Russian collection (or about \$1,500 per work).⁹² Perhaps even more interesting is how Lin evaluates his collection (which is for sale as a whole):

My pricing is simple. I’m using Chinese, not Western, painters, such as Jin Shangyi, Luo Zhongli, He Duoling, Chen Danqing as benchmarks. From the [art-historical] significance I believe the Russian painters are definitely more important than these Chinese artists. But economically, I think their value is only about one third. For example, my Mylnikov [nude] would be around \$400,000, which is about one third of the average price of Jin Shangyi. Similarly, I would compare Korzhev with Luo Zhongli, because the latter also admitted to having been influenced by the former. And Salakhov would be slightly cheaper than Mylnikov.

Lin’s valuation reveals another paradox observed by the author in similar collections of Russian works owned by Chinese and Taiwanese collectors who tend to ascribe relatively high monetary values to their holdings. In fact, a Russian dealer familiar with Lin’s collection called his prices ‘totally crazy’. To give another example, a Taiwanese gallery (TWG)⁹³ that owns about a thousand works by Russian realist artists (bought by the owner, the Taiwanese businessman and investor, formerly CAFA-trained painter, in the early 2000s for an average price of \$100–200 per work) has provided a sample of six paintings from their stock by Andronov, Yablonskaya and Korzhev with a total price of \$488,000.⁹⁴ Two

⁹² He made 5 trips, spending about \$300,000 per trip, or about \$1.5 million for the Soviet realist pieces. The remaining \$1.5 million he spent buying the works, especially those from the *Peredvizhniki*, at auctions.

⁹³ To protect the gallery, their real name has been anonymised.

⁹⁴ The price of three of Yablonskaya’s landscapes, around 40x50 cm, ranged between \$70,000 and \$90,000; Andronov’s female portrait from 1964, 82x159cm, was estimated at \$28,000; while the price of Korzhev’s figurative oil painting, 38x46 cm, was set at \$120,000 and a slightly smaller canvas depicting a bust at

subsequent independent valuations of the sample obtained by the author from a Russian dealer focusing on realist art and Sotheby's Russian art specialist revealed a huge gap. The Russian dealer estimated the sample's total market value at around \$70,000 (or 85% less than the gallery's price), commenting that the gallery's pricing was 'out of space'. Even more conservative was the feedback from the auction specialist who remarked that only two of Korzhev's works had a potential at auction⁹⁵ because Korzhev 'is an important artist'; in the case of Yablonskaya, although 'a good name', the relatively 'minor landscapes' would have been below the auction's GBP5,000 threshold.⁹⁶ The same applied in the case of Andronov.

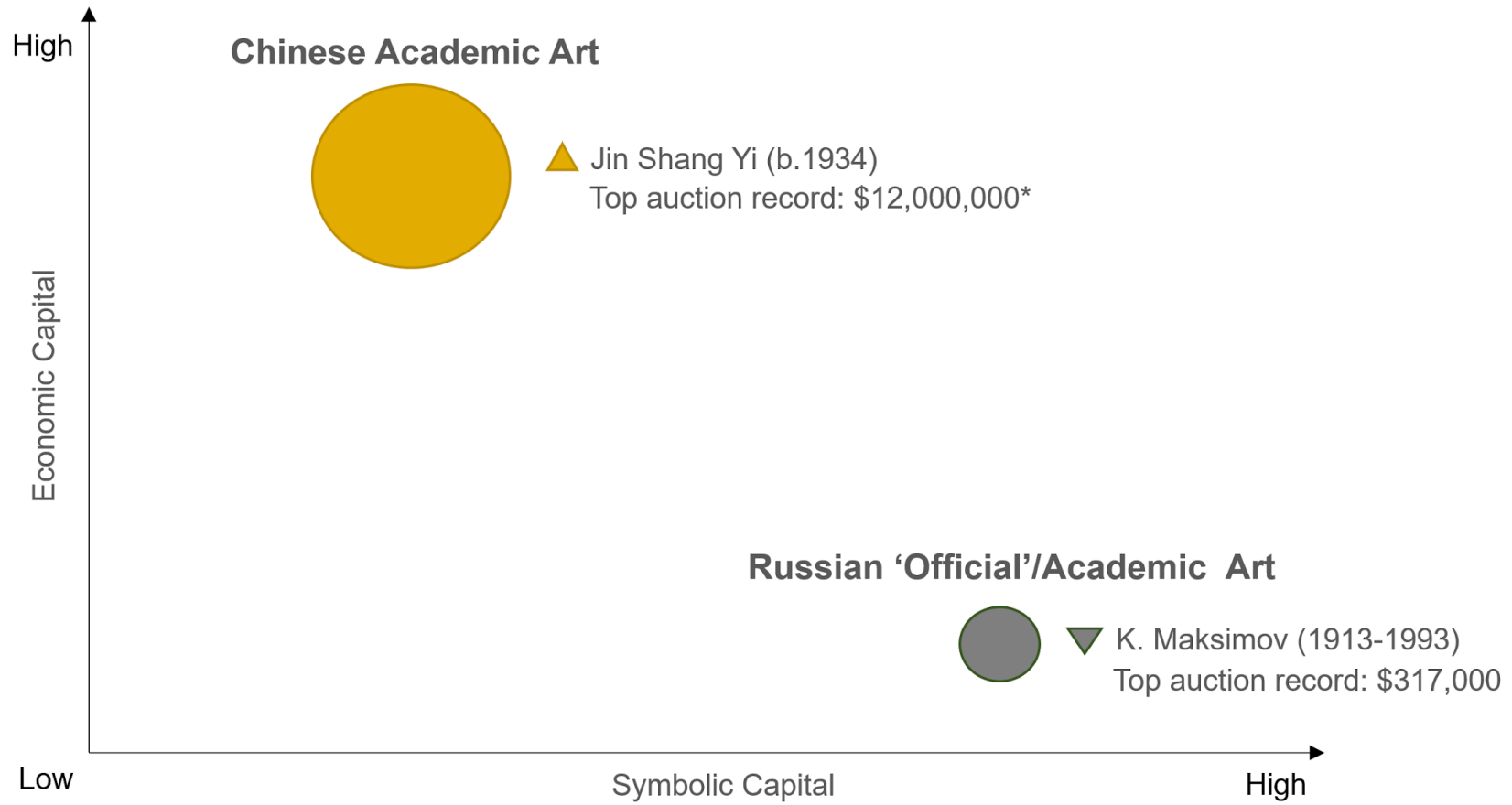
Lin Mingzhe and the TWG owner, both astute, successful businessmen and investors, are neither naïve nor unaware of the present market situation. The observed value asymmetry may be explained by the fact that players from different art circuits use different scales to measure art's symbolic and economic capital (see Figure 0.2).

\$100,000; based on the price list sample provided in January 2016. The interview with the author took place in Taiwan, on 15 November 2015.

⁹⁵ The auctioneer estimated them at around \$10,000 to \$25,000 each.

⁹⁶ Sotheby's used to have an unwritten policy not to take low-value consignments (below approximately \$6,500). In other words, it was a polite way of saying Yablonskaya's and Andronov's works from the sample had no resale value.

Figure 0.2. Russia-China Value Scale Paradox



* Hammer price

In the case of the Chinese collectors, they measure the symbolic capital of Russian realist art through the prism of 'art-historical significance', defined by the influence exerted by the Russian painters on several generations of Chinese artists; while the monetary value is set against the relevant price benchmarks existing in the Chinese art market. As TWG's owner put it, *'if the Russian economy was as strong as the Chinese, the prices of the Russian art would be similar. [...] Take Mylnikov, for example. He is comparable with China's Xu Beihong. He was an important art educator. His paintings are very distinct. His price will go up in the future. Same goes for Korzhev and Salakhov.'*⁹⁷ This sentiment, based on projected economic value in the future and perceived symbolic value created in the past, underlies the valuation process of the market actors and creates the value asymmetries across the Russian and Chinese art markets.

Sino-Russian Art Exchanges in the New Millennium

With the opening and reforms launched in the late 1980s, both Russia and China experienced an important cultural shift, gradually turning towards the West and aligning their values with it (as will be demonstrated in the following chapters). This new alignment led to an inevitable 'reboot' in the Sino-Soviet art exchanges. It took a whole decade (following the collapse of the USSR in 1991) before China and Russia could again look at each other as strategic partners. In 2001 a treaty of friendship and cooperation was signed in Shanghai between the two countries, marking a new chapter for cultural relations. An increased number of art exhibitions followed. In 2003 a large travelling exhibition of Russian art was co-organised by the St Petersburg branch of the Artists Union, the Repin Institute, Herzen University, the China Artists Association and the Beijing Art Exchange Society. The list of artists represented in the exhibition included many recognised painters from the Leningrad School such as O. Eremeev, E. Zubov, J. Kaliuta, E. Moiseyenko and A. Mylnikov.⁹⁸ The exhibition was a great success and travelled to 12 cities across China, accompanied in each city by seminars and masterclasses conducted by the exhibiting painters. In the following year, there were at least five exhibitions of Russian realist paintings in China.⁹⁹

The year 2006 was proclaimed a year of Russia in China, marked by the opening of another high-profile exhibition, *300 Years of Russian Art*, at NAMOC in Beijing, featuring over 110 paintings from the State Tretyakov Gallery by the Peridvizhniki already familiar to the Chinese audience such as Ivan Kramskoy, Ilya Repin, Ivan Shishkin and Isaac Levitan, alongside 'Soviet

⁹⁷ Interview with the author, Taiwan, 15 November 2015.

⁹⁸ Chen Wenhua, 'Exhibitions of Russian Fine Art in China: Past and Present' (PhD diss., Herzen University, 2008), 222.

⁹⁹ Ibid.

Realist classics' including Alexander Deineka, Andrei Mylnikov, Gely Korzhev, Victor Popkov and Salakhov.¹⁰⁰ Over recent years Sino-Russian cultural exchanges have intensified even further, signalling the changes in political interests between the two countries. Perhaps the most significant exhibition in 2017–18 was *The Wanderers: Masterpieces from the State Tretyakov Gallery* organised by two of the most influential institutions in the respective countries, the Shanghai Museum and the Tretyakov Gallery. The show displayed 68 oil masterpieces and attracted 458,035 visitors (or 6,666 per day).¹⁰¹ Furthermore, in 2017 the State Hermitage Museum and Red 19 TV Limited (the major importer of movies into China) announced plans to open a multimedia branch of the Hermitage in China that will host exhibitions from the Hermitage collection and promote other content aimed at strengthening cultural ties between the two countries.¹⁰² According to Shanghai Museum director Yang Zhigang: 'the Russian influence is widely present in China's modern and contemporary artworks, and the Wanderers have had the foremost impact'.¹⁰³ In parallel, the number of Chinese tourists visiting Russian museums is growing by 20% per year.¹⁰⁴

Russian academic art education also continues to attract a large number of Chinese students.¹⁰⁵ In 2019 about 380 Chinese were enrolled at the Repin Institute alone (even its website is available in Chinese, but not in English).¹⁰⁶ The institute is also being courted by delegations from Chinese provincial art institutions proposing to create branches in China, although the

¹⁰⁰ http://www.namoc.org/en/exhibitions/201305/t20130508_247519.htm (accessed 5 January 2020).

¹⁰¹ During the same year, the Shanghai Museum hosted another important show *Masterpieces from Tate Britain 1700–1980* co-organised with London's Tate Britain. It attracted 7,126 visitors a day (around 618,000 in total) whereas *Art and China after 1989: Theatre of the World* at the Guggenheim attracted 619,411 people (5,307 a day). Emily Sharpe, 'Art's Most Popular: Here are 2018's Most Visited Shows and Museums', *The Art Newspaper*, 24 March 2019. <https://www.theartnewspaper.com/analysis/fashion-provides-winning-formula> (accessed 5 January 2020).

¹⁰² 'Hermitage in Beijing is to Use Symbolics of the Famous Russian museum,' *Russkiy Mir* (27 December 2018) <https://russkiymir.ru/en/news/250832/> (accessed 5 January 2020).

¹⁰³ Zhang Kun, 'Art Treat from Russia', *China Daily Europe*, 5 January 2018. http://europe.chinadaily.com.cn/epaper/2018-01/05/content_35443836.htm (accessed 5 January 2020).

¹⁰⁴ St Petersburg estimated the total number of Chinese tourists to amount to 1.3 million in 2019, compared to 800,000 Chinese tourists who visited Moscow in 2018. To compare, Paris counted 1.1 million visitors from China in 2017. Sophia Kishkovsky, 'Influx of Millions of Chinese Tourists Wreaks Havoc for Russian Museums,' *The Art Newspaper* (9 December 2019) <https://www.theartnewspaper.com/news/chinese-tourist-influx-rattles-russian-museums> (accessed 5 January 2020).

¹⁰⁵ In 2018 about 70,000 Chinese students were attending Russian colleges and universities. Moscow and Beijing plan to raise the total number to 100,000 by 2020. <https://www.themoscowtimes.com/2014/10/13/russia-and-china-boost-student-exchange-programs-a40341>; <https://rg.ru/2019/09/02/chislo-kitajcev-studentov-rossijskih-vuzov-rastet-s-kazhdym-godom.html> (accessed 5 January 2020).

¹⁰⁶ 'A Branch of Academic Institute of Fine Arts in St Petersburg May be Opened in Hainan Province,' *Russkiy Mir* (8 June 2019) <https://russkiymir.ru/news/258068/> (accessed 5 January 2020).

official invitation from a major art academy is yet to come.¹⁰⁷ Russian artists and professors are continually invited to China to give masterclasses, to teach art history, literature and other disciplines.

China's Influence on Value Creation of Russian Academic Art

While Russia continues to contribute to the creation of the symbolic capital of Chinese artists through art exchanges and educational programmes, China remains a major driver behind the creation of the economic values of Russian academic art, especially in the mid- and low-end market segments that rely heavily on personal networks, rather than official channels. Ji Ming, another Repin alumnus who first studied in the Mylnikov studio and then opened his own small private studio in St Petersburg where academy-trained Russian artists teach painting to Chinese students at cheaper rates than the academy, started dealing with Russian art in the early 2000s.¹⁰⁸ *'During my studies I made contact with a lot of artists from the academy. I was taking a lot of photographs of their works and on my visit to China I used my personal connections to find collectors who were interested in buying those works,'* Ji Ming recalled. *'In 2005 the prices for [comparable] Chinese art were already very high, but the average price for a Russian painting was still around \$2,000.'*¹⁰⁹ In the low-end segment, Ji Ming offered to his Chinese clientele works by, for example, such artists as Anatoly Nechev (b.1949) (also a Repin alumnus), whose 60x70 cm landscapes were priced between \$3,000 and \$5,000 and his larger canvases at \$6,000. For a more established decorated 'official' artist such as Aleksei Gritsai (1914–98) (a former professor at the Surikov Institute, People's Artist of the USSR, a State prize winner and a Stalin prize winner), Ji Ming would charge his Chinese clients around \$60,000 for a 50x70 cm oil on canvas, while the 'difficult to find' works by A. Mylnikov, who famously taught a masterclass in China in 1991 and educated several generations of Russian and Chinese painters in his studio at the Repin Institute, were priced in mid-\$6-digits.

¹⁰⁷ Sophia Kishkovsky, 'St Petersburg Art School Explores Tie-up with China,' *The Art Newspaper* (13 November 2019) <https://www.theartnewspaper.com/news/st-petersburg-art-school-explores-tie-up-with-china> (accessed 5 January 2020).

¹⁰⁸ The Repin Academic Institute of Fine Arts (often referred to as the Academy or Repin Academy) charges about €8,000 in annual fees (according to Ji Ming). His studio, which had 10 to 12 students enrolled at the time of the interview, charged around \$5,000 per student per annum. According to him, before enrolling with the Repin Institute, he briefly considered the UK ('the fees were way too high') and Italy ('not cheap and art education not so strong anymore').

¹⁰⁹ Interview with the author, St Petersburg, 25 October 2016.

Chinese consumption of Russian academic art has fluctuated over recent decades, directly affecting its economic value. Another market participant, St Petersburg painter, Repin alumnus and member of the Artists Union, Andrei Kugayevsky (b.1958) recalled:

The 1990s were 'dead years' for us [realist artists]; the market started in the early 2000s. The best years were 2010–2012 when I ran a small gallery shop in Perinnye Ryady [in St Petersburg], selling [my and my fellow artists'] landscapes for tourists and locals from the Russian provinces at an average \$2,000 per painting, maximum \$10,000. [...] This was when I also got 20–30 permanent Chinese customers. They loved our realist art. A small Mylnikov I could sell for \$25,000. A tiny portrait by Oreshnikov for \$34,000. They particularly favoured 'the first names' [...] and were ready to pay crazy prices. I bought my son a flat.¹¹⁰

From 2014, however, the situation changed due to deteriorating socio-economic and political circumstances in both fields. Russia was hit by US sanctions; China launched another round of the anti-corruption campaign. According to Kugayevsky, in 2015–16 the Russians practically stopped buying, while Chinese acquisitions were reduced significantly. So were the prices. In 2015 Kugayevsky travelled to China to deliver a painting to a Chinese official, since *'they are now afraid to do customs themselves, instead they give me a deposit, pay all my expenses and I bring the work over'*.¹¹¹ During his trip he also made contact with other Chinese officials who later, to his great surprise, organised an exhibition of his works and invited him to the opening. Since 2016 Kugayevsky has visited China several times to give masterclasses and to paint in situ: *'I like their attitude towards painters. They treat them with great respect. Not like here in Russia [...] During my trips they usually order 5 to 7 paintings, I get \$1,000 per work. All my expenses are covered. I guess my paintings are used as official presents to the government officials. [...] there is no big business in China that exists outside of the system.'*¹¹² Kugayevsky has now 'a mountain of commissions' from China that he takes together with his daughter, also a Repin alumna. Among his most curious orders is a request to paint a sofa allegedly sat on by Mao Zedong.

A significant drop in the value of Russian academic art was discussed by another established artist, professor in the Painting and Composition Department at the Repin Institute, Andrey Bliok (b. 1946), who has been touring China extensively. Bliok pointed out that the artist's title, the

¹¹⁰ Interview on behalf of the author, St Petersburg, 3 July 2019.

¹¹¹ Ibid.

¹¹² Ibid.

academy he studied or taught at, official awards and his general status within the Russian hierarchy were important factors that influenced his economic value. He provided examples:

After 2012, China started to buy fewer paintings, therefore the prices on the primary market dropped significantly. [...] a 1-metre canvas by a senior first rank artist, such as my father, was approximately \$50,000–60,000 apiece. We used to sell directly from the selling exhibitions – if we brought 15 works, all of them were sold out within a day or so. [...] We also used to attend conferences and seminars; we would come for 15 days, have 2 days of plein air sessions, 4 days for trips and excursions with lavish dinners and 5-star hotels. [...] No longer! Now it is just 3 to 4 days, no trips, modest hotels. They also switched to buying less-known names. Why? Because the cost is much less. Now the price of a painting varies from \$1,000 to \$2,000. You come to paint plein air, make 3 to 4 pictures and that is it.¹¹³

If the high- and mid-end oil painting segments are experiencing decline, the low-end continues to thrive, especially in Russia's Far East that shares a 4,300 km-long border with China's north-eastern provinces of Jilin, Liaoning, Heilongjiang and Inner Mongolia. Harbin, the capital of Heilongjiang province that hosted many Russian emigrants in the early twentieth century, is also a notorious centre for trade in Russian oil paintings. In 2015 the Heilongjiang Art Museum alone held three exhibitions dedicated to Russian academic art,¹¹⁴ and the city also boasts an art district with 26 galleries specialising in Russian oil paintings.¹¹⁵ The titles of the Russian artists, an 'official' signifier of their symbolic value, remain an important yardstick to determine the economic value of their art. The city even has its own Museum of People's Artists of Russia (named after one of the highest official Russian artist awards) featuring the works of many Far Eastern artists, including Novosibirsk painters V. Chebanov and A. Nikolsky, in the permanent collection.¹¹⁶ In 2016 the Sino-Russian Academy of Fine Art was inaugurated in Harbin, with Vadim Ivankin (Merited Artist of the Russian Federation) as its honoured chairman. According to Ivankin: 'The government supports Chinese artists – this is wise and right. Artworks by Russian artists sell at much lower prices than those by the Chinese. Even so, these prices are much higher than in Russia. Our art is popular in China, it is a big business. [...] They used to welcome only realist art from the St Petersburg School, but now the market "devours" hyperrealism, even abstractionism. This is not limited to Harbin.'¹¹⁷

¹¹³ Interview on behalf of the author, St Petersburg, 19 July 2019.

¹¹⁴ http://russian.china.org.cn/exclusive/txt/2015-04/20/content_35369445_2.htm (accessed 7 January 2020).

¹¹⁵ Anton Veselov, 'Druzhbu Maslom ne Isportish' [Friendship cannot be ruined by butter], *Kontinent Sibir Online* (11 November 2016). <https://ksonline.ru/247856/druzhbu-maslom-ne-isportish> (accessed 7 January 2020).

¹¹⁶ *Ibid.*

¹¹⁷ *Ibid.*

To give a final example of Sino-Russian exchanges on a regional level, in 2019 Heihe, a prefecture-level city of the Heilongjiang province located across the river from Blagoveshchensk (the author's hometown), hosted the 10th annual Sino-Russian Art and Culture Fair. Among the 39 joint events was a Heihe-based art auction that featured 640 lots of paintings by Russian artists with a total estimated value of RMB10 million (approximately \$ 1.4 million or \$2,200 per lot).¹¹⁸ During the same year in May, Heihe inaugurated its first art museum, dedicated to People's Artist of the Russian Federation Alexander Tikhomirov (1956–2017).¹¹⁹ This idiosyncratic museum is based entirely on the private collection of Tikhomirov's works gathered over 22 years by Lü Mingxu, a Chinese collector, who is also a director of the Russian Art Museum in Harbin.¹²⁰

Several interviewees observed that the high-volume low-value trade that dominates the regional exchange, although undoubtedly beneficial for supporting the Russian artists economically, may undermine the 'value' of Russian oil painting in the long term. Both Kugayevsky and Bliok commented that the quality of many of the artworks exported to China is very low and has nothing to do with high academic standards. Several serious Chinese collectors, including Lin Mingzhe and his son Frank Lin, are not optimistic about the future of Russian realist art in China (although they continue to organise about three exhibitions of Russian art per year to keep promoting their own collection). Lin senior remarked that *'the value of Russian art is ambiguous', 'it is poorly represented in the international museums and the new generation of Chinese artists don't care about Russian artists anymore. Now both Russia and China are influenced directly by the West'*.¹²¹ Echoing his father's words, Frank added that big Chinese collectors would rather buy impressionism or other Western art, because it is a good investment. They don't have confidence that Russian art value will appreciate over time. *'The Russian art market in China levelled out. The galleries who sell Russian art are not doing too well. People who want to buy, buy it directly from Russia. [...] There are also a lot of fakes, but the buyers don't care because the price is very cheap'*.¹²²

¹¹⁸ The actual sale results are not available. <https://www.amur.info/news/2019/06/07/155214> (accessed 7 January 2020).

¹¹⁹ The same artist whose studio the author visited in 1997 (see Introduction).

¹²⁰ <https://www.ampravda.ru/2019/05/17/088573.html> (accessed 7 January 2020).

¹²¹ Interview with the author, Taiwan, Kaohsiung, 19 November 2016.

¹²² Interview with the author, Beijing, 24 November 2016.

Dr Chen Wenhua¹²³ explained that there are at least ten wealthy Chinese collectors he knows who ‘would pay millions for a Repin, but the problem is authenticity. Lots of fakes around. Collectors are not sure.’¹²⁴ Chen Wenhua’s own collection consists of about 500 pieces (about 200 by most recognised names from the *Peredvizhniki* to the Soviet period and 300 by ‘contemporary’ Russian academic artists).¹²⁵ Some of them may be available for sale but the prices (as with TWG’s and Lin’s collections) are set far above present market value (e.g. the asking price of a large Mylnikov nude was around \$600,000). Dr Chen, who has organised several high-profile exhibitions such as *Contemporary Russian Oil Painting* (which opened in 2013 at NAMOC and travelled to almost every major provincial capital in China),¹²⁶ also tried to promote Russian art through major Chinese auctions, such as China Guardian and Beijing Poly, but with less success:

*We consigned [Russian art from our collection] twice. The results were OK but not great [...] The main problem is the [Chinese] auctions do not have their own expertise, they can’t distinguish original works [by Russian artists] from copies and fakes. [...] Besides, they don’t want to mix [Chinese and Russian] artists together on the same platform. When a Chinese artist easily fetches [\$] millions, but a great Russian master hardly sells in tens of thousands, isn’t it a joke?*¹²⁷

The observations by Dr Chen, Lin Mingzhe, Frank Lin, Ji Ming and TWG’s owner point out at the existence of two different hierarchies – ‘value hierarchy’ and ‘symbolic order’¹²⁸ – that function in both Russian and Chinese fields on a different value scale. One could hypothesise that difference in scale is determined by different socio-economic and political contexts and is responsible for creation of paradoxes and value asymmetries across the compared fields. As demonstrated earlier, Russian art in the Chinese collections is evaluated by their owners ten times higher than by the players from the outside circuits (because the Chinese value hierarchy

¹²³ A Repin-trained painter, Dr Chen, who received his PhD from Herzen State Pedagogical University of St Petersburg, is also a founder of the Beijing-based Sino-Russian International Gallery, president of the Sino-Russian Exchange Association, collector and active promoter of Russian and Chinese academic art.

¹²⁴ Interview with the author, Beijing, 24 September 2016.

¹²⁵ Chen’s original plans were ambitious. He wanted to set up an international academy of Russian art with branches worldwide. The collection was gathered for a future museum affiliated with the academy. At the time of the interviews, these plans had been cancelled/put on hold. Chen was also shutting down his Beijing gallery.

¹²⁶ The exhibition featured 300 works (200 oil paintings and 100 sketches) by 24 artists and travelled to 10 cities across China, bringing a total revenue of RMB10 million. At NAMOC alone it gathered between 10,000 and 20,000 visitors per day.

¹²⁷ Interview with the author, Beijing, 24 September 2016.

¹²⁸ As defined in the Introduction, the value hierarchy of the field is expressed through prices, auction records and rankings (e.g. ‘top 10 most expensive living artists’), while the symbolic order of the field, manifested through segmentations, categorisations, schools, movements, polemics, declarations, within which the value of art is created. The terms are explored in depth in Chapter III.

is measured on a much larger scale in comparison with the value hierarchy in the Russian art field). By the same token, the Chinese players use their own domestic scale to measure the symbolic capital of Russian art through its 'art-historical significance', the influence it exerted on Chinese artists and the official status of the painters, and then assign monetary values based on the local auction benchmarks. This also explains why Russian masters sell in tens of thousands of US dollars (if they sell at all), while their former Chinese students fetch millions at auction.

Another hypothesis that could be drawn from the discussion about the Sino-Soviet art exchanges is that the influence of one field on the symbolic order of the other field may have long lasting effects. This is supported by the analysis of the Russian legacy on the symbolic value of Chinese official art that continues to manifest itself today, via the generations of artists (within and outside the official domain) influenced through the Sino-Soviet art exchanges, even though the Soviet monopoly on value creation has long gone. This also brings forward the hypothesis tested in the following chapters that Western¹²⁹ influence, increased significantly during the marketisation and maturation stages, becomes central to value creation of the Russian and Chinese art, but also may be responsible for rising tensions and paradoxes due to difference in scale of value hierarchy and symbolic order of these fields.

¹²⁹ The term 'the West' (as contrasted with 'the Orient') refers to the contemporary cultural meaning and includes Europe, countries of European colonial origin with substantial European ancestral populations in the Americas and Oceania. Since it has little geographic relevance, Russia that expands to Northern Asia is not included.

Chapter I: Pre-Market Condition



USSR



China

Death of Stalin	1953	
Khrushchev takes over		
Travelling exhibition of Soviet art in China	1954	Exhibition of Soviet Achievements in Economic and Cultural Construction showing 280 Soviet artworks in Beijing
XX Party Congress. Khrushchev officially denounces Stalin. Beginning of the Thaw	1956	
The Russian pavilion re-opens at the Venice Biennale for the first times since 1934. Group exhibition includes Deineka, Grabar, Ioganson, Nissky, Pimenov, Chuikov, Labas		
The International Festival of Youth is held in Moscow	1957	Qi Baishi dies
Lianozovo group is formed	1958	
American National Exhibition featuring works by Pollock and Rauschenberg is staged in Moscow	1959	
	1960	The relations between USSR and People's Republic of China start to worsen
Gagarin becomes the first man to orbit the Earth	1961	Sino-Soviet Split
Cuban Missile Crisis	1962	
	1966	Cultural Revolution begins
Collector/dealer Alexander Glezer organises <i>Exhibition by Twelve</i> nonconformists artists at the Druzhba Workers' Club in Moscow	1967	
Francisco Infante creates Suprematist Games	1968	
Khrushchev dies	1971	
Komar & Melamid found the Sots-Art movement	1972	President Nixon visits China
Dina Vierny presents an exhibition of Soviet unofficial artists <i>Avant-Garde Russe</i> in Paris		
Bulldozer Exhibition is forcefully shut down. The first-ever officially sanctioned contemporary art show at Izmaylovo Park takes place shortly after	1974	
Ilya Kabakov and Victor Pivovarov create a new artistic genre, the album	1975	
Komar & Melamid hold their first international exhibition at the Ronald Feldman Gallery, NY	1976	Death of Mao End of Cultural Revolution
Artistic group "Collective Actions" is founded		
Biennale of Dissent showed over 300 works by Soviet unofficial artists in Venice	1977	

Collector George Costakis, following pressure from the KGB, emigrates to Greece	1978	China opens its doors to the West
Oscar Rabin is stripped of his Soviet citizenship while on his trip to Paris		French 19thC landscape painting exhibition at the National Gallery Beijing, first show of foreign art since the beginning of the Cultural Revolution
"Mukhomor" (Toadstools) group is founded		Deng Xiaoping's Economic Reforms
Viktor Skersis and Vadim Zakharov begin collaboration under 'SZ'	1979	Beijing Spring and the Democracy Wall Movement
		Establishment of Special Economic Zones
		Scar Painting and the Star group emerge
		1st Stars exhibition outside of the NAMOC and
	1980	2nd Stars exhibition inside the NAMOC create a major cultural impact
		Scar Art and Native Soil movements become prominent
Margarita Tupitsyn curates the New Wave exhibition, NY	1981	
Brezhnev dies	1982	
ART exhibition in Nikita Alexeev's Moscow apartment	1983	Exhibitions of Italian Renaissance art, Picasso and Munch, French contemporary oil paintings are held in Beijing
Mitki (artistic and literary group) is founded	1984	6th National Art Exhibition
Gorbachev becomes General Secretary of the Communist Party	1985	'85 Movement caught on nationwide
Ilya Kabakov exhibits in Switzerland (Kunsthalle Bern and Galerie Dina Vierny)		National Art Museum of China held International Youth Art Exhibition
Necrorealism invented by Evgeny Yufit	1986	Students demonstration across Chinese cities. Authorities respond with a campaign against 'bourgeois liberalism'
Sots Art exhibition at the New Museum New York		
Group AES is formed	1987	'85 Movement is weakening
	1989	China/ Avant-Garde Art Exhibition at the National Art Gallery in Beijing
		Pro-democracy student demonstrations begin in April, followed by June 4 crackdown in Tiananmen Square

The notions 'official', 'inside the system' (*tizhinei*), 'salon', 'academic', 'sots-realist' and 'realist' on the one hand, and 'unofficial', 'outside the system' (*tizhiwai*), 'contemporary', 'avant-garde' (*qianwei*), 'new', 'nonconformist' and 'underground' on the other, continue to be used today by artists, critics, curators, dealers and collectors to describe Russian and Chinese art of the second half of the twentieth century. Such a 'division' into seemingly polarised domains was a result of complex multifaceted and often conflicted socioeconomic, political and cultural processes that had taken place in the USSR and the PRC over the course of several decades preceding the emergence of the art market in the 1990s.

To understand how the early symbolic and economic values of 'official'/'tizhinei' and 'unofficial'/'tizhiwai' art were created, this chapter investigates how the 'division' had arisen in the first place within the Russian and Chinese art systems that, since their respective inceptions, enjoyed complete monopolies on the production, exhibition, distribution, evaluation and canonisation of art. The first part of this chapter examines the Soviet art hierarchy after Stalin's death in 1953 and its shifting values during the 1970s and 80s that enabled the emergence of the 'free' artists and the so-called 'underground'; it then focuses on the milestone exhibitions and events that demonstrate, using specific case studies of artists from the Severe Style and the Lianozovo group, how art became canonised; an overview of major judgement devices further highlights the importance of peer to peer evaluation as well as local and foreign collectors in the early stages of the value creation process; it concludes with a brief look at the Soviet pre-market art infrastructure and provides several examples of valuation mechanisms used to determine economic values of 'official' and 'unofficial' art, some of which are still in use today.

Part 1: The Union of Soviet Socialist Republics (USSR) 1953–1987

Soviet Art Hierarchy, Shifting Values and the Emergence of the 'Free' Artists

The control of fine art in the USSR was uneven and depended on factors such as the official position of the artist, the importance and ranking of the exhibition venue and the main purpose of the event. The regime had to create a sophisticated art hierarchy that could regulate the career advancement of reliable and supportive citizens who adhered to its values, while filtering out any 'disloyal' elements.

At the beginning of the Khrushchev Thaw in 1954, the rigid three-tier hierarchy formed during the Stalinist years – comprised of the Departments of the Central Committee of the Communist Party of the Soviet Union (CPSU) at the top, the Ministry of Culture (MinCult), the Board of Creative Unions of Soviet Artists (CUSA) and the Academy of Arts in the middle, and the

remaining members and candidate-members of CUSA at the bottom – continued to reign. The leading artists occupied important positions (usually within the second-tier bodies) and enjoyed high social status along with attractive benefits. Affiliation with an Official Art Organisation (OAO) – for example, voluntary membership of the Artists Union – was highly desirable, especially for artists at the bottom of the hierarchy, as it provided various forms of socioeconomic support including a guaranteed income, access to artistic materials and studios, opportunities to exhibit, commissions and contracts from the state-run enterprises.

During the mid-1960s and early 1970s the Soviet art world was riven with political, professional and financial struggles. Soviet cultural values began to shift, becoming far less monolithic and more diverse, with ‘doublethinking’ (acting and speaking in public differently from how one thinks in private) permeating all levels of the art hierarchy. The main difference between public and private, or ‘official’ and ‘unofficial’, was the proximity to the Party, position of power and extent of public freedom the artists chose to have. As a result, new artistic circuits and sub-circuits emerged within the Soviet art hierarchy. A model suggested by M. Zolotonosov divided the artist community of the 60s and 70s into (1) a professional elite, mainly represented by the members of the Academy, order-bearers and prizewinners; (2) artists enjoying high social status and significant commercial success; (3) artists of low social status and little commercial success; (4) ‘potboilers’ who produced mediocre works merely to win the left-over commissions; (5) ‘bohemians’ – artists not attached to the state and its institutions.¹³⁰

While the top of the hierarchy continued to be monopolised by the Party-loyal elite, the bottom of the hierarchy was comprised of many artists who never joined the Party and were relatively free from direct ideological pressure and any public commitments. Being much lower paid, however, they had to take on various (often parallel) jobs and projects in the decorative and applied arts, publishing and design. As the Khrushchev and Brezhnev modernisation and urbanisation reforms drove Soviet society towards consumerism, the overall status of the decorative arts and design rose, allowing even more freedom and opportunities for ‘potboilers’ and ‘bohemians’ to produce, show and sell their artworks. It was precisely this diverse ‘low status’ stratum of ‘free’ artists that gave birth to so-called ‘unofficial’, ‘nonconformist’, ‘left’, ‘other’, ‘underground’, ‘independent’, ‘new’, ‘forbidden’ or ‘second avant-garde’ art, which later developed into a ‘brand’ of its own.

¹³⁰ M. Zolotonosov, “Na Kiselykh Beregakh Sotsiolizma: Mekhanizmy Kazeonnogo Manipulirovaniya Khudozhestvennym Tvorchestvom v 1960–1980,” [On the shores of Socialism: Mechanisms of State Manipulation of Art in 1960–1980] *New Art World*, no. 3 (1998): 7.

The circumstances surrounding the emergence of the 'free' artists in the Soviet Union were, of course, more complex. E. Bobrinskyaya in her book, *Others?*, dedicated entirely to unofficial art, provides more nuances: 'unofficial, private, underground life has always been present in Soviet culture. [...] But only in the mid-1950s and particularly in the 1960s did a new generation of artists emerge who *consciously chose* "underground" [as their] status.'¹³¹ The reasons for such a choice were plentiful – the greater freedom enjoyed by the 'marginals' on the periphery of Soviet society, the romantic aura of the 'bohemian underground' (often linked with alcohol, drugs, sex, 'mystical' experiments, even crime), psychological escapism, 'individual intolerance' towards the regime, a lack of competitiveness, of ambition, sometimes of talent.¹³²

The 'conscious choice' made by certain players to join the 'unofficial' circuits could also be construed as the very act of value creation. Although lacking a common platform, a manifesto or even shared stylistic objectives, the artists differentiated themselves from their 'official' colleagues and their art value system. Through this apolitical act, later (mis)interpreted as dissident by various local and foreign actors, the 'free' artists demarcated their own boundaries, filtered out any unsuited elements, built networks and relationships outside the 'official' circuits and chose new values to endorse, thus breaking away from the ideologically controlled mass-produced mainstream art.

Erik Bulatov (b.1933), currently the second most expensive living Russian artist, next only to Ilya Kabakov (b.1933), serves as a good example of an artist whose value was created through the 'conscious choice' of joining idiosyncratic 'unofficial' circuits. His early career as an 'officially' trained and employed painter, an illustrator at the OAOs, draws attention to another important aspect of value creation during the pre-market stage. Despite the 'division' into seemingly polarised domains, the borders between 'official' and 'unofficial' remained blurred and often overlapped, since they both essentially belonged to the same motion vector and were indispensable for each other and for the preservation of the Soviet art system of which they were part. In fact, the value of both 'official' and 'unofficial' art was created not only through opposition but also through close interaction between these domains. For example, Alexander Deineka had a strong impact on the young members of the Severe Style movement¹³³ – Nikolai Andronov, Pavel Nikonov, Andrei Vasnetsov, Georgy Nissky, Tair Salakhov, Viktor Ivanov and Viktor Popkov – who, despite harsh attacks from the members of their own 'official' circuits at

¹³¹ Ekaterina Bobrynskaya, *Chuzhye? Neofitsialnoye Isskustvo: Mify, Strategii, Konsepsii* [Others? Unofficial Art: Myths, Strategies, Concepts] (BREUS: 2012), 47.

¹³² Ibid.

¹³³ Please see Appendices A.9 for more information about the Severe Style movement.

the start of their careers, later became ‘the Grand Old Men of official Soviet art’.¹³⁴ Severe Style was admired by the ‘unofficial’ artists from the Lianozovo group (Lidiya Masterkova, Vladimir Nemukhin) as well as by another ‘nonconformist’ artist Oleg Tselkov. Some of the Severe Style members (Nikonov, Ivanov, Andronov) went on to form a so-called Group 9 which also included the ‘unofficial’ artist, Vladimir Weisberg. All these artists occupied prominent positions in their corresponding circuits, were respected by their peers and, in the case of the ‘official’ artists, acknowledged through various titles, awards and prizes. They enjoyed more artistic freedom and catered to more liberal burgeoning audiences, which also translated into handsome financial rewards. The high symbolic status they once occupied within their respective circuits in the Soviet art hierarchy is reflected in their perceived value today. Deineka, for instance, was canonised by the ‘official’ system through multiple awards;¹³⁵ he is also in the highest category ‘1A – a world famous artist’ according to the United Artists Rating, and occupies the top of the art market pyramid, holding the highest auction record of \$3.2 million (hammer) ever achieved by a Soviet painter to date.¹³⁶

During an interview Pavel Nikonov (b.1930), one of the leading ‘official’ Soviet painters and a founder of Severe Style, who also knew and admired such ‘unofficial’ artists as Kabakov, Bulatov, Tselkov, Rabin and Nemukhin, gave a specific example of how artistic value could be created through both opposition and interaction between the ‘official’ and ‘unofficial’ circuits. Rabin, he related, could easily have become a member of the Artists Union,¹³⁷ but he realised that it would be more advantageous to him, in the long run, to be ‘rejected’. This is how the ‘opposition’ came into being, averred Nikonov – *‘they created it’*. And the image thus created – of an ‘oppressed victim’ – became lucrative during the 1970s and 80s *‘when the unofficial market took off, when foreigners were buying’*.¹³⁸

Nikonov added: *‘They chose a different path. [...] when Dina Vierny [a French art dealer who supported “nonconformists” in the West] began promoting them in Paris, they had to play politics. It was great advertising. Everybody started talking about them.’*¹³⁹ In other words, by

¹³⁴ Matthew Cullerne Bown, *Art under Stalin* (Oxford: Phaidon, 1991), 20.

¹³⁵ Hero of Socialist Labour, People’s Artist of the USSR, Order of Lenin, Order of the Red Banner of Labour to name just a few.

¹³⁶ At the time of writing, the highest record was set by MacDougall’s Auction in London on 29 November 2017 for Deineka’s *Heroes of the First Five-Year Plan* (135 x 199 cm). Source: Artprice Database.

¹³⁷ According to Nikonov, Rabin missed being accepted at his first attempt by one vote and his Union friends and admirers were keen to help him succeed at a second attempt. Interview on behalf of the author, Moscow, 28 December 2018.

¹³⁸ Interview on behalf of the author, Moscow, 28 December 2018.

¹³⁹ Ibid.

choosing to operate under the 'unofficial' 'banner', thereby distancing and differentiating themselves from the state-imposed values, certain Soviet artists elevated their social status, gaining visibility and success both inside and outside the Soviet art hierarchy. At the same time, despite the artificially created 'division', 'official' and 'unofficial' circuits remained interlocked. Furthermore, their close (sometimes conflicting) interaction, investigated through the following milestone events, was in itself a crucial aspect of the processes that led (and still lead) to some artists being included in the canon and entering history and others being excluded from it.

Art Canonisation through Milestone Exhibitions and Events

The (in)famous exhibition *30 Years of MOSKh* was perhaps the most important art value creation event of the Khrushchev Thaw. Held at the Manege on 1 December 1962, it featured several hundred works by a diverse group of artists, including not only conservative sots-realists (Alexander Gerasimov, Dmitry Nabaldyan) but also the older recently rehabilitated generation (Robert Falk, David Shterenberg), 'semi-official' students from Ely Bielutin's studio (Leonid Rabichev, Vera Preobrazhenskaya), the 'unofficial' (or non-members of the Union like Ülo Sooster and Vladimir Yankilevsky) and the younger generation of 'official' artists (including Nikonov, Andronov, Vasnetsov), whose 'formalist' works famously attracted severe criticism from General Secretary Khrushchev. A carefully orchestrated affair by conservative members of the Artists Union and Academy, the exhibition triggered a subsequent crackdown on 'left-wing' art, ending the liberalisation processes of 'the thaw' and driving many artists away from public display into the 'underground'. Ironically, the very scandal and publicity it generated created lasting values for several participating artists and their artworks.

A good example is Nikonov's large canvas *Geologists* (185 x 225 cm, 1962). Shown at the Manege exhibition, it evoked public controversy, not least from Khrushchev himself, and became a key target for harsh criticism, forcing Nikonov to write a statement denouncing the work as a 'creative failure'.¹⁴⁰ Just as Nikonov was about to pour boiling water over the work to remove the paint and reuse the canvas, his friend Tair Salakhov rescued it by presenting it as a gift to Pyotr Yelistratov (an art patron and also the Second Secretary of the Central Committee in Baku). For many years, *Geologists* was hung 'for rehabilitation' at Yelistratov's dacha, which was visited by many artists, officials and guests of honour. In 1982 it was lent to another Manege exhibition, *50 Years of MOSKh*, where the work was celebrated as the very icon of the Severe Style. After the exhibition, Salakhov, who by then had risen to power as the First

¹⁴⁰ This was also a pragmatic gesture that allowed him to keep a down payment from the total commission of RUB3,000 he would have received had the work been accepted.

Secretary of the Artists Union, facilitated the sale of *Geologists* to the Tretyakov Gallery¹⁴¹ for RUB15,000 (one third of which Yelistratov shared with Nikonov) and on condition that the work would be hung on permanent display at the Tretyakov.¹⁴² In 2020 the Tretyakov Gallery awarded Nikonov with a retrospective exhibition with *Geologists* chosen as the cover work.¹⁴³ In addition to the recognition by one of the country's leading art institutions, Nikonov, once severely criticised, has been decorated with several prestigious official awards and prizes¹⁴⁴ including the Order of Honour (2001) and People's Artist of Russia (2002), while *Severe Style* (which, ironically, Nikonov himself dismisses as 'the last agony of sots-realism') has been a subject of numerous scholarly surveys and exhibitions.¹⁴⁵

Nikonov's canonisation path is not unique. Korzhev, Salakhov and Popkov followed a similar value creation trajectory that started with the artists gaining visibility and traction through an important exhibition (which often attracted criticism from conservative members of the 'official' circuits, but also support and admiration from like-minded peers and intelligentsia), then to being gradually accepted and validated by a wider audience, the art institutions, and, eventually, the art market that, together, form a consensus and allow the artists to be admitted to the 'canon' – a yardstick against which all other artworks are judged – as expressed in important public and private art collections, textbooks, and auction prices.

It would be a mistake to think that canonisation processes are static. As observed in the example of the 'official' painting *Geologists*, turned from 'creative failure' into 'an icon', the values of art are in a constant state of flux. This applies without exception to the 'underground' art that has been ascribed various layers of meaning by local and foreign actors over several decades. It is through this interaction among various circuits that another distinct 'unofficial canon' was formed.

¹⁴¹ Then the gallery's director Y. Korolev was Salakhov's personal acquaintance.

¹⁴² The sales figures contradict slightly. According to Salakhov, the purchase price was RUB9,000.

<https://artguide.com/posts/488-tair-salakhov-moie-otnoshieniie-k-dietiam-i-uchienikam-v-piervuiu-ochieried-zavisielo-ot-ikh-talanta> (accessed 29 January 2020).

¹⁴³ The exhibition, scheduled for 1 May to 2 August but postponed due to the COVID-19 pandemic, is in celebration of the artist's 90th birthday and includes his family members (brother and daughter).

<https://www.tretyakovgallery.ru/en/exhibitions/?type=budushchie-vystavki&places=museum,new,tg> (accessed 29 January 2020).

¹⁴⁴ <http://www.kremlin.ru/acts/bank/17119> (accessed 15 November 2021).

¹⁴⁵ A. Kamensky, *Romantic Montage* (Sovetsky Khudozhnik, 1989); A. Bobrikov, 'Severe Style: Mobilisation and Cultural Revolution,' *Khudozhestvennyj Zhurnal* No. 51/52 (2003); Ed. M. Bown, *Socialist Realisms: Soviet Painting 1920-1970* (Skira Editore, 2012).

A shining example of the canonisation of ‘unofficial’ art was the Lianozovo group (or ‘gallery’ as it was informally called by its members and visitors), opened in the barracks near the Northern pipeline station in Lianozovo by Oscar Rabin under the influence of his ‘teacher’ and father-in-law, Evgeny Kropivnitsky. This circuit, dubbed by the official establishment ‘priests of the garbage dump’,¹⁴⁶ successfully functioned from about 1958 to 1964, attracting a flow of ‘well over 1,000 people’ including a highly diverse crowd of intellectuals, officials, academics, scientists, writers, and foreigners, as well as other sympathetic artists.¹⁴⁷ It had opening hours and free admission. Its activities included regular art exhibitions of the circuit artists (including Kropivnitsky, Masterkova, Nemukhin, Vechtomov and Elskaya) as well as artist friends (Rukhin) and poetry readings, alongside its main mission – that of selling the artworks, bypassing the restrictions of the official channels. Kabakov, who visited the barracks, recalled that the ‘dominant’ Lianozovo circuit was ‘a bundle of tensions of artistic life’ headed by the ‘methodical accountant-like’¹⁴⁸ Rabin; self-reliant and well-organised, it possessed all the attributes and characteristics of the ‘official world’: its own audience, critics, fans and lovers.

Lianozovo was also a successful commercial venture that relied on its own circuit of buyers, promoters and distributors.¹⁴⁹ Through Victor Louis (1928–92) alone, a Soviet journalist working for Western media outlets and connected with the KGB, Rabin was able to sell his works wholesale to the West, at an average price of around RUB100 per work.¹⁵⁰ By 1965 Louis had smuggled out over 140 of Rabin’s works, selling them to foreign buyers.¹⁵¹ Among his largest purchasers was Eric Estorick (1913–93) who in 1965 organised Rabin’s first solo show at London’s Grosvenor gallery, featuring 70 works created between 1956 and 1965.¹⁵² The selling prices at the Grosvenor gallery for Soviet artists were set between £200 and £1,000 (the highest

¹⁴⁶ Alek Epstein, *Khudozhnik Oscar Rabin: Zapechatlennaya Sud’ba* [Artist Oscar Rabin: Recorded Life] (Moscow: Novoe Literaturnoe Obozrenie, 2015), 62.

¹⁴⁷ The ‘gallery’ continued to function well after the closure of the barracks. From the interview with the author and the artist A. Rabichev, Moscow, 15 March, 2015.

¹⁴⁸ Ilya Kabakov, *60-70-e. Zapiski o Neofitsial’noi Zhizni v Moskve* [60s-70s. Notes about unofficial life in Moscow] (Wiener Slawistischer Almanack Sonderband 47: Wein, 1999) (e-book).

¹⁴⁹ By the mid-60s Rabin admitted he was financially well off and was able to buy a 2-bedroom flat in Moscow for RUB5,600 (average monthly Soviet salary was around RUB150). Interview with the author and collector and Rabin’s close friend M. Ivasilevitch, Paris, 14 December 2018.

¹⁵⁰ From the interview with the author and the artist A. Rabichev, Moscow, 15 March, 2015.

¹⁵¹ Ibid.

¹⁵² Prior to Rabin, the Grosvenor also showed the ‘unofficial’ artist A. Zverev and ‘semi-official’ artist I. Glazunov. Estorick’s exhibitions were not limited to ‘unofficial’ Soviet artists but also included ‘official’ painters (such as Nikonov, Andronov, Ossovsky, Saryan and Nabaldyan) and Russian modernists. Estorick’s wholesale purchases were officially sanctioned by the Soviet government (the fact once again confirms that the division into ‘official’ and ‘unofficial’ domains was artificial). In fact, Estorick visited Nikonov’s studio and bought several canvases from him. Nikonov explained that Estorick was ‘forced’ to buy ‘official’ artists (including Nabaldyan) as part of the deal he had made with the Soviet government, so he could buy other ‘unofficial’ artists of his choosing.

for Deineka), and for modernists between £100 and £9,000 (Malevich and Kandinsky being in the top range).¹⁵³

The existence of foreign buyers for Soviet art did not imply unanimous acceptance by Western judgement devices, the reviews from the 60s showing a rather critical valuation. Among the earliest observers, Paul Sjeklocha and Igor Mead found the 'unofficial' art derivative and of low aesthetic value; the artists seemed artistically naïve, lacking in professional training and knowledge of Western contemporary art.¹⁵⁴ Similarly, they dismissed Socialist Realism as an art form incompatible with Western values, reducing it to 'an effective political instrument'.¹⁵⁵ Soviet art was also criticised as backward in the *Financial Times's* review of the 1964 Grosvenor exhibition, *Aspects of Contemporary Soviet Art*, because it showed 'none of the movements that could be compared with Bacon's expressionism or Rauschenberg's urban meditations'.¹⁵⁶ Dismissive judgements by Western critics persisted through the late 60s. The *International Herald Tribune* called the sots-realist works shown at the Manege in 1967 'talentless' and 'frankly bad', declaring they would be laughed at in Paris, London and New York; in the same year the *Baltimore Sun* described the works from an exhibition of 'forbidden art' that included Oscar Rabin, Dmitry Plavinsky and Anatoly Zverev, from the collection of Edmund and Nina Stevens, as 'primitive', '1890' and 'impersonal', referring to the artists' unoriginal eclectic styles that imitated old trends and movements.¹⁵⁷

At home too, the 'unofficial' art, particularly from the commercially successful Lianozovo circuit, was the subject of scornful remarks. In the article 'High Price of Lentil Soup' published in *Soviet Culture* on 14 June 1966, Rabin was called a pawn in a political game of the capitalists; the anonymous author demanded: 'Do you really think those speculators value you as artists? They spit on you, artists. You are only needed as political commodity – so they can raise the stakes of their capitalist propaganda. This is your only value in the West, you have no other value.'¹⁵⁸

The reversal of negative judgements towards the 'unofficial' art occurred after another milestone event of the pre-market era, the open-air Bulldozer exhibition orchestrated by Rabin and

¹⁵³ Georgy Kizelvater, *Vremya Nadezhd, Vremya Illiuzii. Problemy Istorii Sovetskogo Neofitsial'nogo Iskusstva. 1950–1960* [Time of hope, time of illusions. Problems in history of the Soviet unofficial art] (Novoe Literaturnoe Obozrenie, 1 February 2018), 117.

¹⁵⁴ Paul Sjeklocha and Igor Mead, *Unofficial Art in the Soviet Union* (University of California Press, 1967), 147–96.

¹⁵⁵ *Ibid.*, 33–5.

¹⁵⁶ Kizelvater provided an extensive review of domestic and foreign publications dedicated to Soviet art during the 60s. Georgy Kizelvater, *Vremya Nadezhd, Vremya Illiuzii*, 156.

¹⁵⁷ *Ibid.*, 169–70.

¹⁵⁸ Alek Epstein, *Khudozhnik Oscar Rabin*, 80.

Alexander Glezer (his collector-dealer friend) on 15 September 1974. Famously broken up by bulldozers, dumper trucks and off-duty policemen, this event that featured about 30 artists¹⁵⁹ and attracted several dozen spectators (including Western journalists) could be viewed as a masterstroke of value creation. Literally overnight, the Soviet 'underground' came under the spotlight of the Western media,¹⁶⁰ achieving unprecedented visibility at home and abroad. As a result of the Bulldozer exhibition, 'underground' or 'nonconformist' became key characteristics of the new Soviet art 'brand' that was gradually accepted by the Western judgement devices. Several career-boosting exhibitions abroad followed.¹⁶¹ As artist and essayist Georgy Kizelvater put it: 'hardly anyone [from the 'underground' artists] was truly avant-garde or original. All it took was to strike the pose of a leftist or an adversary of the official art, joining other fighters of the regime – and there you were, noticed and bought by foreigners, your works taken to exhibitions in Europe. Confrontation itself became a commodity.'¹⁶² To reinforce the point, after Rabin emigrated to Paris in 1978 (thereby losing his status of an 'artist oppressed by the regime'), neither Estorick, nor Norton Dodge (another 'wholesale' foreign buyer and supporter of 'nonconformist' art), nor Dina Vierny bought a single post-emigration work from him.¹⁶³ Today's market seems to have inherited a valuation of 'nonconformist' art that highlights its sociohistorical conditions and regards the early works as most valuable.¹⁶⁴ For example, only Rabin's early oils from the Lianozovo period fetch the highest prices at auctions (*City with Moon*, 1959, holds the record at \$280,000 hammer set by Sotheby's US at the market peak in 2008), while his later works from the Paris period barely exceed \$20,000.

Acceptance by the West concurrently strengthened the agency of the 'unofficial' art at home, contributing to its legitimisation within the 'official' art establishment. For instance, just two weeks after the Bulldozer exhibition, the authorities allowed a similar 4-hour-long open-air exhibition in the Izmailovo that featured approximately 40 artists and was visited by several

¹⁵⁹ Among the participating artists were V. Komar, A. Melamid, L. Masterkova, V. Nemukhin, A. Rabin, E. Ruskhin, V. Tupitsyn and Y. Zharkikh. Caly Tarica, *Primary Documents: A Sourcebook for Eastern and Central European Art Since the 1950s* (The Museum of Modern Art, 2002), 66.

¹⁶⁰ *Ibid.*, 66–77.

¹⁶¹ For example, Komar and Melamid's first solo show at the Ronald Feldman Gallery in 1976, the Venice Biennale of Dissent in 1977, and a series of shows including Russian New Way curated by M. Tupitsyna at the Contemporary Russian Art Center in New York from 1981 to 1983.

¹⁶² Georgy Kizelvater, *Vremya Nadezhd, Vremya Illiuzi*, 234.

¹⁶³ Alek Epstein, *Kudozhnik Oscar Rabin*, 153.

¹⁶⁴ It is a widespread international tendency of art market players to prefer a certain period by an artist and consider the output produced during that particular period 'of better quality'.

thousand people. Shortly afterwards the ‘free’ artists were *insistently* invited to join the OAOs, becoming absorbed into the ‘official’ domain.¹⁶⁵

By the mid-1970s the low level of the Soviet art hierarchy had formed its own ‘canon’, referred to by Kizelwater as ‘the unofficial world’s elite’, with the Lianozovo circuit at its core and an additional 20–30 artists mainly from Moscow and Leningrad.¹⁶⁶ Not only were they given *carte blanche* for exhibitions abroad, contacts with and sales to foreigners, they also dictated their values within and outside their immediate circuits, acquiring new positions within the Soviet art hierarchy and winning a new audience.

Early Judgement Devices

To further uncover the processes of value creation and canonisation, one must take a brief look at the early judgement devices that determined the assessment of art and helped to form artistic tastes. To clarify, unlike OAOs that passed ‘proscriptions and prescriptions’ through the chain of command from top to bottom of the official art hierarchy, the judgement devices discussed here aided producers, consumers and other actors to make their own choices with a diversified range of practices that combined education, circulation, promotion, guidance, persuasion, inspiration, validation and authorisation.¹⁶⁷ Built by a handful of actors – primarily collectors-dealers and artists – early judgement devices relied almost entirely on personal networks¹⁶⁸ and operated by word-of-mouth.

One of the best examples of a pre-market judgement device was the private circuit built by USSR-based Greek collector George Costakis. Sjeklocha and Mead recalled:

¹⁶⁵ The system prudently allowed the ‘unofficial’ artists to use its exhibition outlets (e.g. Gorkom’s space on Malaya Gruzinskaya street soon became a popular venue among the so-called ‘formalists’). The next officially permitted major exhibition took place in 1975 at the Bee-Keeping Pavilion attached to the Exhibition of Achievements of the People’s Economy (ironically, as if to symbolise Gorkom’s efforts to keep bees together). Of the 20 exhibiting artists (including Masterkova, Krasnopevtsev, Zverev, Nemukhin, Plavinsky, Rabin, Tselkov, Steinberg, Yakovlev and Yankilevsky) many were known to have extensive connections with foreign diplomats and journalists, as well as sales abroad. The Bee-Keeping was followed by a chain of such ‘assimilated’ exhibitions: in 1975 at the House of Culture (145 artists showing 522 works), in 1976 at the MOSSKh hall on Begovaya street (12 artists) and so on.

¹⁶⁶ Georgy Kizelwater, *Vremya Nadezhd, Vremya Illiuzii*, 221.

¹⁶⁷ The concept of judgement devices is borrowed from Karpik’s theory of the economics of singularities. Lucien Karpik, *Valuing the Unique: The Economics of Singularities* (Princeton University Press, 2010), 44.

¹⁶⁸ Personal networks among the artists were usually made up of the set of social ties with ‘likeminded’ people linked via occupation, shared ideas, close neighbourhood. A good example is the Stretensky Boulevard Group, an informal association of artists which was formed in the 1960s by the artist Yuri Sobolev-Nolev. The circuit consisted of several artists including Kabakov, Bulatov and Pivovarov who also occupied several studios in the vicinity of Stretensky Boulevard.

*In a country where open exhibits of modern art do not exist, with criticism from both viewers and critics freely stated, Costakis performs a unique function: he is the public, the critic, and the collector wrapped into one. The path to recognition for an unofficial artist is to have his work acquired by George Costakis, who is for many Moscow and Leningrad circles the final arbiter in Soviet modern art.*¹⁶⁹

Well-connected, Costakis was among the first to introduce the 'underground' artists such as Zverev, Plavinsky, Krasnopevtsev and Sveshnikov to diplomatic circuits. Most of the 'unofficial' artworks in his collection were given to him as gifts (being in the Costakis collection was considered a privilege); he occasionally bought the works (often for \$100 or less) to support the artist financially. In 1977 he left the USSR, donating more than half of his collection to the Tretyakov Gallery, so that he could take the remainder with him.¹⁷⁰ Even after Costakis' death, his aesthetic judgement, expressed in the collections of prominent art museums, continued to influence the tastes and choices of subsequent generations of market actors. For instance, at auctions the lots with provenance from the Costakis family collection are perceived as 'safe' and of higher value, often selling above high estimates.¹⁷¹

Compensating for the deficiencies of the 'official' infrastructure that lacked independent art institutions, private foundations, a gallery system, critique, non-state media and auction houses, early judgement devices, such as Costakis, often had to take on multiple tasks such as financing, marketing, promotion, dealing, preserving, exhibiting, cataloguing, PR and networking on behalf of the artists. Among other prominent 'hybrid' judgement devices were A. Glezer, the aforementioned collector-dealer who, between 1975 and 1985 alone, organised over 50 exhibitions in Europe and the USA, making an important contribution to the promotion of Soviet art abroad (both 'official' and 'unofficial'); E. Nutovich, an early supporter of the Lianozovo

¹⁶⁹ Paul Sjeklocha and Igor Mead, *Unofficial Art in the Soviet Union*, 110.

¹⁷⁰ Costakis was also a seller. He often consigned his works to auctions. Towards the 1980s, courted by museums who wanted to exhibit his collection, and collectors and dealers who tried to buy from him, Costakis began having inflated ideas about the value of his remaining collection. Shortly before his death in 1990, Sotheby's London organised an auction of 22 works from his collection that was expected to raise \$8 million. However, the sale on 4 April was a failure since many potential buyers were put off by Costakis's greedy and inflated ideas of prices. In 1997 the Greek state acquired the remaining works from Costakis's daughter for the Thessaloniki Museum of Contemporary Arts. Michel Strauss, *Pictures, Passions and Eye: A Life at Sotheby's* (Halban, 2013). In 2013 Costakis's daughter donated over 600 works by Zverev (whom Costakis himself considered 'the Russian Van Gogh') to the Anatoly Zverev Museum (AZ Museum); inaugurated in Moscow in May 2015, this became the first Russian private art museum dedicated entirely to 'unofficial' art (<https://museum-az.com/en/az/> (accessed 9 May 2020)).

¹⁷¹ There are numerous auction records of works with Costakis provenance. For instance, Sotheby's London Russian Paintings Day Sale conducted on 7 June 2011 that included several works from the Costakis family. Zverev's Portrait of Aliko Costakis sold at £18,750 (on estimate £10,000–15,000). <https://www.sothebys.com/en/auctions/ecatalogue/2011/russian-paintings-day-sale-l11112/lot.280.html> (accessed 9 May 2020).

group, who not only put together over 750 works (about half from the 1960s which makes them one of the most valuable collections of the period) but also helped the artists make photographic slides of their works; L. Talochkin, a trusted keeper and archivist of the Soviet 'underground' whose 1,500-piece collection was formed mainly by donations and whose invaluable archive is now part of the Garage Museum; and N. Stevens, the well-connected Russian wife of an American journalist, who also collected 'underground' art, preferring Zverev, Krasnopevtsev, Nemukhin, Plavinsky and Sitnikov whom she actively promoted among the diplomatic circuits through her famous house parties.¹⁷² In 1967 she exhibited her collection in New York's MoMA and Metropolitan Museum, later selling some of the best 'underground' works to them. In 1978 she capitalised on her collection again by selling it to N. Dodge, another prominent collector – an American economist – who, inspired by Costakis, built his encyclopaedic collection of over 20,000 works by more than 1,000 artists from 1962 to 1989 at a total cost of \$3 million; donated to the Zimmerli Art Museum in 1991, it is now the largest collection of Soviet nonconformist art in the world.

Last but not least, another important sub-category among early judgement devices was peer to peer evaluation. Based on empiric evidence, artists themselves are generally the first to recognise exceptional talent and, in any group of artists, some stand out and develop into judgement devices. 'Nemukhin's cohort', built by charismatic 'unofficial' artist, collector and skilful dealer Vladimir Nemukhin (1925–2016) offers one such example. Like Rabin, Nemukhin not only collected works by other artists (which were often entrusted to him to keep), he also 'strategically placed' the works within various circuits; for instance, he 'seduced' the cardiothoracic surgeon Mikhail Alshibaya, then not a collector, with a gift of two artworks. According to the interviewed collectors (N. Shmelkova and Alshibaya), Nemukhin acted as an art critic and advisor to young collectors, his opinions about artists' works being highly respected within wider circuits.¹⁷³

Affiliation with established judgement devices helped artists to achieve and maintain artistic validation. The following section will demonstrate that it also had a major impact on the formation of economic values of art. The early judgement devices built around such outstanding personalities as Costakis, Dodge, Glezer, Stevens, Rabin and Nemukhin acted as important

¹⁷² Aiding in the promotion of the 'underground' artists were so-called 'diplomatic lists' (mentioned during interviews by several collectors and artists), circulated among foreign guests during their visits to Moscow. Allegedly, the lists included names, addresses and contact numbers of 'the top artists', a remote equivalent of today's artist ranking. According to collector M. Alshibaya, an artist sometimes got hold of these lists; he would become very upset if he saw his name appearing lower than the name of an artist he deemed to be inferior.

¹⁷³ Interview with the author, Moscow, 8 April 2015.

'guideposts for individual and collective actions', reducing the 'cognitive deficit' (of local and foreign consumers) and removing uncertainties¹⁷⁴ in a state-controlled society where unbiased public and institutional valuation (both symbolic and economic) of artworks produced outside the official consecration channels was hardly possible.

Pre-market Art Infrastructure and Valuation Mechanisms

In the early 1960s, the Soviet art industry was still largely decommodified – that is, protected from the supply–demand relations of the free market. The state was the ultimate producer, consumer and distributor of cultural goods. It acted through its operational vehicle, the Art Fund of the USSR (AF), that performed a wide variety of functions.¹⁷⁵ The AF was authorised to make art purchases for state museums, picture galleries and educational organisations, and it was not uncommon for the AF to acquire artworks directly from public exhibitions.¹⁷⁶ Together with the Purchase Commission of the Ministry of Culture, the AF was the ultimate vehicle in charge of valuation of all 'official' artworks produced in the USSR.

Nikonov commented on how tedious and bureaucratic the 'official' valuation system was, involving repeated submissions for approval during the course of producing an artwork for an exhibition, with some artists developing the knack of meeting the valuation criteria by concealing 'their true [aesthetic] face'. The result was official exhibitions that became 'more and more predictable, standardised'.¹⁷⁷

The 'official' artists also had little freedom over the pricing of their works. In fact, several older artists commented during the interviews that they still felt 'awkward' and 'uncomfortable' attaching economic values to their works (to which they often referred as their 'children').

Nikonov summed it up:

Never ever has my generation done it. We were not used to pricing our own works, it had always been done for us. The Commission told us what they would buy and what they would not buy. All we did was to bring the works to

¹⁷⁴ Lucien Karpik, *Valuing the Unique*, 44.

¹⁷⁵ The AF was an old complex umbrella structure established in 1940 and reorganised in 1957. It was put under CUSA (the executive arm of the Departments, a semblance of 'CEO') to take care of major operational functions (as 'COO') that included organisation of artistic output, promotion of art culture to the masses, provision of suitable conditions for artistic productions, provision of general welfare and social security for the artists and so on. The AF was also solely responsible for the execution of all public (art) orders, as well as for the decoration of all public exhibitions, structures and spaces.

¹⁷⁶ Depending on the level (importance) of the exhibitions, there were organized by the relevant authority at a corresponding level. E.g. Artists Union, Academy, MOSKh. Effectively, the state was the producer, the distributor, and the buyer.

¹⁷⁷ Interview on behalf of the author, Moscow, 28 December 2018.

*them and [if not purchased] take them back. [...] That is why when today someone asks me: 'How much do you want for it?' – we all stutter. We do not know.*¹⁷⁸

Towards the mid-60s, the Soviet art industry was beginning to succumb to economic pressure and, in order to survive, the AF had to allow a freer exchange of cultural goods, which inevitably loosened its grip on valuation processes. A chain of 'specialised art salon-shops' was set up first in Moscow and Leningrad, then in every major city across the USSR.¹⁷⁹ The main function of these salons was to sell 'original art'.¹⁸⁰ The artists (CUSA members and candidates only) were allowed to consign their works directly to the salons, but with a total value of no more than RUB2,500 per artist per year. Censorship, quality control and appraisal of the consigned works was delegated to the salons that quickly became popular among the population. A Leningrad collector recalled:

*The 'Artist Store' opened at 8 Nevsky Prospekt in 1965. It soon became a popular cultural sightseeing spot in the city. There one could browse and buy nice paintings and drawings, free from the ideological load and clichés of mainstream art. For example, works by V. Wilner, V. Matjukh, G. Nemenova and other left-wing members of the LOSKh.¹⁸¹ From the end of the 1970s even the works of 'nonconformists' (A. Gennadiev, Y. Lukshin, A. Sysoev), selected by the LOSKh for 'domestication'. Prints and drawings were very popular. Many people moved into new-built flats and wanted to decorate them. The prices were not cheap, but acceptable: RUB30 to 80 for a drawing (depending on the artist), RUB200 for an oil painting, a month's wage in those days.*¹⁸²

The expanding network of state-run salons later became adapted by the population to serve their private needs, another collector recalling how one of the Moscow salons dealt in second-hand paintings consigned by 'ordinary people' – with everyone knowing this to be the case, despite its not being officially sanctioned.

The prices for the 'official' artworks sold through the state-controlled channels were highly regulated and standardised according to the artist categories. To take as an example the Moscow Fine Art Complex that employed artists to produce large-scale works: an artwork produced by a third-category artist was priced at around RUB200 (a monthly salary ranged from

¹⁷⁸ Ibid.

¹⁷⁹ In 1985 the number of salon outlets across the Soviet Union reached 140 units, generating a total turnover of 40 million rubles. RGALI f.2941, op.6, ed. khr. 169 a, Memorandum of Meetings, CUSA, 21 December 1985 (accessed 8 September 2016).

¹⁸⁰ Including oil paintings, drawings, table sculpture, decorative and applied arts.

¹⁸¹ LOSKh – Leningrad Artists Union, founded in 1932, it still exists today, renamed St Petersburg Artists Union.

¹⁸² Interview with the author, St Petersburg, 21 October 2016.

RUB130 to 250, excluding commissions and bonuses); a work by a first-category artist cost RUB500 to 700;¹⁸³ while the most successful 'official' 'court painters', such as D. Nabaldyan, could command several thousand roubles.¹⁸⁴ Economic success for the 'official' artists equated with access to symbolic power firmly held in the hands of the state.

As for the 'unofficial' artists, their price levels were closely aligned with those of their 'official' counterparts, although their pricing strategies were far more creative, varied and dependent on the medium, the type of customers, the location, the purpose of the transaction and so on.¹⁸⁵ A watercolour by an 'average' artist sold for RUB30, an oil painting for RUB100. If sold to a foreigner, the price was easily tripled. If placing a work with a particular seller could potentially bring some other benefits (such as free medical consultation if the collector was a doctor), the work could be given for free or sold at the lowest price (depending on the immediate needs of the seller). One artist admitted to having sold a painting to a well-heeled apparatchik for RUB400 because he did not like the buyer, but also because that particular painting was 'difficult' (it had taken two months to finish). The 'branded' artists affiliated with an influential judgement device (Nemukhin, Costakis) demanded a premium for their works. Oil paintings by Zverev, Yankilevsky, Krasnopevtsev, Steinberg and Weisberg went for RUB500, while Plavinsky and other 'stars' such as Kabakov could command a price equivalent to that of a first-category artist, from RUB700 to 1,000 (or 5 monthly salaries, which some collectors and artists found outrageous). Success of the 'unofficial' artists, thus, depended on their ability to convert their social capital into economic winnings.

Another paradox was that not only did the members of the 'unofficial' circuits align their economic value scale with the 'official' art establishment whose symbolic values they chose to repudiate, they also tried to mimic its modus operandi and 'official' art infrastructure, access to which they were denied. As recounted in numerous examples from the interviews, towards the end of the 1970s the 'unofficial' infrastructure featured educational institutions, publishing and advertising mechanisms, an expansive well-functioning network of semi-official and residential

¹⁸³ RGALI, F. 2083, op.2, ed. khr. 2730, excerpts from the inventory protocol, 18 September 1967 (accessed 8 September 2016).

¹⁸⁴ The contract for Nabaldyan's *Lenin and Krupskaya in Kashino Village* was RUB10,000. By the time the artist had finally completed the work in 1988, after 2 years, to his great dismay, the price was decreased, as the financing of the art industry continued to deteriorate. D. Nabaldyan, 'Unforgettable Encounters', *Ogonyok*, No.41 (1989): 16.

¹⁸⁵ The price levels of the unofficial art were obtained from the interviews (with artists A. Rabichev, A. Belkin, P. Nikonov, S. Bleze, D. Zhirov and collectors M. Alshibaya, N. Shmelkova, B. Faizulin) and memoirs (Kabakov (1999), Manevich (2009)). Usually, the unofficial artists were well informed about the level of salaries and official art prices due to the fact that most of them occupied official positions themselves.

exhibition spaces, regular and well-organised exhibitions and promotional events as well as efficient intermediaries and sponsors.

To underscore, during the pre-market era when capital was not allowed to move freely between financial and cultural realms, the state, through its vehicles – the AF, the Purchase Commission and other OAOs – employed standardised valuation mechanisms that helped to determine economic and symbolic values of art produced and consumed within the ‘official’ domain. These early valuation mechanisms were relatively visible and transparent and were therefore used as benchmarks by actors operating within the ‘unofficial’ circuits in order to help them overcome value uncertainty. In parallel, the infrastructure formed during the pre-market decades with its extensive network of multifunctional art organisations as well as judgement devices developed into an indispensable foundation that, as the following chapters show, became a complementary part of the future art market.

Part 2: The People’s Republic of China (PRC) 1976–1989

The second part of this chapter focuses on the changes inside and outside the Chinese art system in the aftermath of Mao Zedong’s death in 1976 until the crackdown following the Tiananmen incident in 1989. The first section traces the transformation within two distinct domains – academic and avant-garde – with the strengthening position of the art academies and the emergence of the iconoclastic generation; there follows a discussion of four milestone exhibitions (5th NAE, NYAE, the Stars, *China/Avant-Garde*) that launched several Chinese artists onto the global art market; the final section looks more closely at the pre-market infrastructure and at how the commodification of art inside and outside the system occurred with support and encouragement from the state.

The System: Changes Inside/Outside

If in the Soviet art hierarchy the shifts that led to the emergence of the art market and commodification of art occurred from the bottom, in the far more tightly controlled Chinese art system the changes began at the top about two decades later, in the aftermath of Mao Zedong’s death and the end of the Cultural Revolution in 1976. The strongly centralised two-tier art system was divided into two parallel organisations: one responsible for ideology and the other for administration. The Ministry of Culture (MOC) controlled the ideological direction of artistic production in the PRC and was responsible for developing cultural policy, promoting cultural exchange and supervising the management of key museums. Meanwhile, the All-China Federation of Literary and Arts Circles, with its key branches such as the Chinese Artists

Association (CAA)¹⁸⁶ exercised direct control over all practical matters related to art publishing, art education, art making and exhibiting. To give an example, the country's most important institution (Beijing National Art Museum of China (NAMOC)), the key art event (National Art Exhibitions conducted five-yearly at NAMOC) and the leading art publications (*Meishu*, *Zhongguo Meishu*) were all controlled by the CAA; while the arts academies (with CAFA being a model institution) were the Chinese Communist Party's (CCP) arm in the art world.¹⁸⁷ In other words, the CAA, MOC and NAMOC – supported by the art academies and state media – were the fundamental judgement devices of the art system that controlled production, exhibition distribution, valuation and consecration of art in the PRC.

However, from the late 1970s, the Party's ability to dictate and shape cultural and artistic values started to diminish, triggering massive shifts in the official art establishment. These new developments were caused by the effects of Deng Xiaoping's pragmatic policy of economic 'Reform and Opening' that allowed a gradual introduction of the free market, entrepreneurial support, the encouragement of foreign trade and tourism, and the establishment of Special Economic Zones.¹⁸⁸ The state's loosening grip over the economy led to a gradual erosion of the Party's authority in the cultural arena. As the ideological bodies were being devalued, while the administrative ones were gaining more power, 'niches' within the official system (*tizhinei*) emerged in the form of 'semi-official' and 'unofficial' art groups, exhibitions and independent regional art magazines. For example, while before 1976 every exhibition had to be organised with the approval of the CAA, in the late 70s and 80s artists and artists' groups were allowed to organise shows without going through the CAA. Moreover, MOC took over the administration of NAMOC, formerly controlled by the CAA. Publishers and the press, still officially under the supervision of the CAA, could now publish artworks and reviews without its agreement, which would have previously been impossible.¹⁸⁹

Most importantly, three closely interlocked artistic domains emerged: official propagandistic socialist-realist art that continued to dominate the cultural mainstream; academic art, sub-divided into new socially engaged genres (Scar art, Contemplative art, Native Soil art originating from the Sichuan Academy) as well as apolitical 'formalistic' styles (including traditional *guohua* paintings); and a new independent ('alternative' or 'avant-garde') art, emerging on the borderline

¹⁸⁶ CAA is a Chinese equivalent of the Russian Artists Union. Both organisations still exist today.

¹⁸⁷ Martina Koeppel-Yang, *Semiotic Warfare: A Semiotic Analysis of the Chinese Avant-Garde, 1979-1989* (Hong Kong: Timezone 8 Limited, 2003), 49

¹⁸⁸ Jane DeBevoise, *Between State and Market: Chinese Contemporary Art in the Post-Mao Era* (Brill, 2014), 73.

¹⁸⁹ Yang, 47.

of the official system.¹⁹⁰ The value creation of oil paintings in the latter two domains is the focal point of the following investigation.

Perhaps the greatest contributor to the creation of the symbolic value of academic art were the academies themselves. The seven major art academies were located in Beijing, Hangzhou, Nanjing, Chongqing, Xi'an, Guangzhou and Shenyang respectively, of which those in Beijing (known as CAFA), Hangzhou and Chongqing were considered among the most prestigious 'brands'. In 1977 when the academic entrance examination system was finally reinstated after an interruption of over ten years, a huge number of applications poured in, but only around 5% of applicants were admitted.¹⁹¹ Benefitting from being taught by some sympathetic professors (many were reinstated rehabilitated 'rightists'), these students enjoyed an atmosphere of avant-garde experimentation and critical reflection.¹⁹² Several of them became China's most recognised contemporary artists whose works sell above the \$1-million benchmark, such as Sichuan Fine Arts Institute (SFAI) graduates Zhang Xiaogang (highest auction record \$10.7m), Zhou Chunya (\$5.8m) and Luo Zhongli (\$6.3m), and CAFA graduate Xu Bing (\$1.6m).¹⁹³

As the Party's authority gradually diminished, the influence of the art academies as judgement devices increased. The academies frequently staged their own exhibitions, some even publishing their own magazines (e.g. CAFA's magazine *New Art (Xin meishu)*). They also served as platforms for national and regional forums, spreading their values to a wider audience across the entire country and, thus, strengthening their brands. This is evident in the strong position they occupy within the Chinese art establishment today, as demonstrated by the comment of a Beijing-based gallerist:

*It's always easier to sell someone with 'CAFA provenance' than someone who comes from outside [the system] (tizhiwai). CAFA is a top brand. It signals a better quality. I know it's not always true, but that's how my buyers see it.*¹⁹⁴

The last pre-market decade (loosely defined as running from the beginning of the reforms in 1978 through to the conservative crackdown in June 1989) was also very important for the accumulation of symbolic capital for the 'new' 'avant-garde' artists who (not unlike their Soviet

¹⁹⁰ Wu Hung (ed), *Contemporary Chinese Art: Primary Documents* (MoMA Primary Documents, Duke University Press Books, 2010), 39

¹⁹¹ CAFA alone received over 2,000 applications but accepted only 54 undergraduate students and 55 as postgraduates, showing high selectiveness of the branded institutions. Ibid.

¹⁹² Wu Hung, 40.

¹⁹³ Based on hammer prices.

¹⁹⁴ Interview with the author, Beijing, 21 September 2016.

'unofficial' counterparts) chose to organise themselves into groups (*qunti*) and associations outside the official system (*tizhiwai*).¹⁹⁵ On the one hand, this allowed the artists to support one another and to share their ideas; on the other hand, such '*yundong*'¹⁹⁶ mentality' was characteristic of the so-called 'Red Guard generation' of artists born around 1950s and 60s (e.g. Wang Guangyi, Fang Lijun), whose rebellious attitudes and innovative approaches later invited (mis)readings by some foreign critics and promoters of this 'new' art as 'dissident' and 'anti-authoritarian'.

The majority of the 'semi-official' and 'unofficial' groups later became associated with the '85 Art New Wave (*85 Meishu xinchao*), the collective movement that underpinned the Chinese avant-garde that entered the Western art market in the early 1990s. From a value creation perspective, the most important phenomenon of the pre-market period was not this movement in itself, but the emergence of a number of strong innovative and controversial artists, who, towards the late 1980s, created the first group of seminal works that would later command premium prices on the art market. Often these artists were the founders and/or leaders in their respective circuits, recognised and respected by their peers (who, as in the case with the 'unofficial' Soviet artists, also acted as the earliest judgement devices). For example, the Pond Society (*Chi she*) was founded by Zhejiang Academy of Fine Arts graduates Zhang Peili (b.1958) and Geng Jianyi (1962–2017), now widely recognised conceptual artists; Xiamen Dada was spearheaded by another pivotal avant-garde artist Huang Youngping (1954–2019); while Wang Guangyi (b.1957), previously a Red Guard, a Zhejiang Academy graduate and a former art market champion and now a millionaire, was one of the founders of the Northern Art Group (*Beifang yishu qunti*).¹⁹⁷

¹⁹⁵ During this time there were perhaps as many as 100 of these groups formed across China. Gladston, 119. They included about 50% of a total of approximately 5,000 avant-garde artists participating from 1982 to 1986. Over 90% of the artists were under 35 years old, the vast majority having graduated from the renowned academies in the early 1980s. The groups emerged in 23 of the 25 provinces, with a higher concentration in the urban and economically developed areas of Guangdong, Hubei and Shandong. Yang, 58.

¹⁹⁶ They had shared the experience of the Cultural Revolution and had a deep connection with *yundong*, large-scale collective campaign used by the propaganda machine.

¹⁹⁷ Among the groups formed early in the 1970s were No Name (*Wuming*), Grass Society (*Caocaoshe*), Spring Tide Painting Society, Beijing Oil Painting Research Association (*Youhua yanjiuhui*) and Stars (Xingxing). Unfortunately for these groups, a short period of political relaxation ('art spring') came to an abrupt end in 1981, when Deng, having secured his leadership, went on to reassert the Party's control over the arts and literature in the form of a mini-campaign against 'bourgeois liberalism'. M. Galikowski, *Art and Politics in China, 1949-1986* (Thesis, Department of East Asian Studies, The University of Leeds): 181. The MOC tightened its regulation of all non-governmental groups and associations, requiring them to be registered and approved by higher authorities. With a few exceptions, most of the unofficial groups were eliminated. Gao Minglu, *Total Modernity and the Avant-Garde in Twentieth-Century Chinese Art* (Cambridge, MA: MIT Press, 2011): 32.

The high visibility of these early *tizhiwai* circuits and their impact on a large population were also significant, with public interest in and rapidly growing acceptance of 'new art' soon surpassing the interest in academic and official art.¹⁹⁸ The early group activities also attracted the high-profile foreign attention needed for the Chinese artists to launch their careers abroad, which would in turn strengthen their positions at home (a phenomenon observed earlier in the case of the 'unofficial' Soviet artists). Finally, the emergence of the 'avant-garde' domain, in essence apolitical (despite later misreading of it as anti-authoritarian), signified a departure from a non-autonomous Party-dominated socialist-realist mainstream and helped to clear a space for entrepreneurial activities within and beyond the official art system.

Consecration of Art Inside/Outside the System Through Milestone Exhibitions – Local Critics as Key Early Judgement Devices

A dramatic explosion of exhibition activity also characterised the official domain. According to the meticulous research on the pre-market period by Debevoise, between 1979 and 1989 NAMOC alone presented 1,031 exhibitions (or about 100 shows per year).¹⁹⁹ Four of those exhibitions, discussed in this section, were pivotal for producing iconic works and/or setting about a dozen participating artists on the path of international recognition and commercial success.

Both the Fifth National Art Exhibition (5th NAE) and the National Youth Art Exhibition (NYAE) were held at NAMOC, the country's most prestigious national-level art venue, and reviewed by *Meishu*, one of the most influential nationally circulated media platforms, devoted almost exclusively to art. As with all high-profile official exhibitions, approval and endorsement from the CAA in conjunction with MOC were compulsory. In other words, the Party controlled and coordinated the entire value creation process from selection, visibility and exposure, to judgement and consecration of official academic art.

The 5th NAE (conducted from 10 February to 10 March 1980) presented 417 orthodox works, of which about 41% depicted political leaders or events, 24% ethnic minorities or farmers, 17% landscape and bird-and-flower themes, and 10% beautiful girls or cherubic children.²⁰⁰ Among the most celebrated works were the first-prize winning portrait of Zhou Enlai, *The People and the Premier*, by Zhou Sicong (1930–96), and the second-prize winner, a large-scale oil painting

¹⁹⁸ Gao Minglu, 78.

¹⁹⁹ Debevoise, 17–18.

²⁰⁰ Debevoise, 27. Sullivan gives a different number of 615 pieces that were selected for the exhibition (Sullivan, 227). As he does not state his original source, there is no possibility of cross-checking his figures, so therefore Debevoise's exhibition statistics are used, unless otherwise specified.

entitled *Snow on X Day X Month, 1968*, by the young-generation artist Cheng Conglin (b.1954), a graduate of the SFAI. This painting was quickly and unanimously consecrated by the official art circuits, becoming an icon of the historically significant Scar Art movement that focused on the individual suffering, meaningless sacrifices and general ignorance concerning the victims of the Cultural Revolution. A seminal work, now part of the NAMOC collection, it also solidified Cheng's position within the official art establishment. After graduation in 1982, Cheng was offered a teaching job at SFAI, followed by another teaching and training position at CAFA. In 1984 he won an Excellence Award for his historical series presented at the 6th National Art Exhibition; other official honours and titles followed.²⁰¹ Three decades later, the high sociohistorical value of Cheng's works created during the 1980s would be converted by the market into high economic value, when one of his prizewinning historical paintings *Pier Steps*, created in 1984, fetched \$4 million (hammer) at Poly Auction, beating the artist's previous record of \$2.7 million for a similar work.²⁰²

The NYAE (held at NAMOC from 21 December 1980 to 20 January 1981) that exhibited 544 artworks produced another national icon, *Father*, 1980, and propelled its author, Luo Zhongli, also SFAI alumnus, to institutional recognition and success. A first-prize winner, illustrated on the cover of *Meishu* and acquired by NAMOC, this gigantic photorealist portrait of a weather-beaten deeply wrinkled peasant provoked fierce public debates for years, as it challenged the

²⁰¹ He is also a member of the Chinese Artists' Association, a jury member of the Chinese Oil Painting Exhibition, a distinguished professor and a senior tutor at SFAI.

²⁰² These two multimillion records aside, Cheng's later works depicting Tibetan life scenes, pale nudes or landscapes are not considered as valuable and usually sell in low 6-\$-digits, indicating an uneven accumulation of symbolic capital during the course of Cheng's career and the importance of exposure through the top-level exhibitions during the pre-market period. In fact, towards the end of the 90s, Cheng's ascendance within the official art circuits seemed to have reached a ceiling. Among the reasons may have been the artist's decision to permanently settle in Germany in 1987, devoting himself entirely to his art. One could argue that such a loss of proximity to the supporting home circuits proved detrimental for the artist's career and, consequently, for the accumulation of symbolic capital of his later works. This observation is supported by a quick analysis of Cheng Conglin's exhibitions conducted between 2000 and 2018. Out of 14 identified entries, 13 were domestic group shows with a strong historical focus, most of which were organised by official or semi-official art institutions. To name a few, *The Official Opening of Minsheng Art Museum – Thirty Years of Chinese Contemporary Art 1979–2009* (April–July 2010, Minsheng Art Museum), *Reshaping History: Chinart from 2000 to 2009* (April–May 2010, China National Convention Center), *Portrait of the Times – 30 Years of Chinese Contemporary Art* (August–November 2013, Shanghai Contemporary Art Museum), *The Rural, the Scar, the Southwestern Soul – Works of Sichuan Fine Arts Institute* (July–August 2014, National Museum of History) and, finally, *Journey to the Southwest: The Exhibition of Chinese Southwestern Contemporary Art from the Long Museum Collection* (November–March 2018, Long Museum Chongqing). All these high-profile exhibitions featured only Cheng Conglin's early works, bringing to the fore their sociohistorical value. No single solo show or retrospective showcasing the artist's entire oeuvre has been organised by a major institution to date. The only solo show, *The Works of Cheng Conglin*, was organised in October–November 2007 by Mountain Art in Beijing, based on the stock from Mr Lin's Foundation that featured the same early works lent to the institutions for the historic group shows.

old values, aesthetics and authenticity of the official Socialist Realism of the Mao era.²⁰³ Eventually, through the joint efforts of the official art circuits including the National Art Exhibition jury, SFAI, CAFA, CAA, NAMOC and the *Meishu* editorial board, *Father* 'was sanctioned as the standard-bearer of socially responsible realism'.²⁰⁴ Extremely influential, Luo's work had many followers in all media throughout the 1980s and was turned into the icon of the new national style of the post-Mao period. *Father* continues to be one of the most recognisable images in modern Chinese art history, canonised along with the portraits of Chairman Mao, and the works from Luo's 'golden period' of the early 80s are among the market's most coveted trophies.

Slightly different value creation trajectories can be observed in the cases of the avant-garde artists who accessed the system from outside – with surprising help from the system itself. In fact, neither of the seminal avant-garde exhibitions of the pre-market period that launched several Chinese artists onto the global art market – the Stars exhibitions of 1979–80 and *China/Avant-Garde* of 1989 – would have been possible without the blessing and support of the sympathetic Party officials and prominent critics (judgement devices) who were central to the interpretation, promotion and validation of the 'new' art.

The Stars group, formed by two students at the Beijing Workers' Cultural Centre, Ma Desheng (b.1952) and Huang Rui (b.1952), initially consisted of 23 largely self-taught artists, including Wang Keping (b.1949), Qu Leilei (b.1951), Yan Li (b.1948), Li Shuang (b.1957), Yang Yiping (b.1947) and Ai Weiwei (b.1957). Some of them were labourers or even unemployed, while others enjoyed a relatively privileged social standing as children of intellectuals, army officers and high-ranking government cadres, which gave them direct access to official circles.²⁰⁵ Initially, Huang and Ma tried to secure an exhibition space by approaching Liu Xun (1923–2007), a sympathetic official and former 'rightist' who had recently been promoted to the post of general secretary of the National Artists Association. Liu agreed to sponsor the exhibition, but not until the following year. Impatient, on 27 September 1979 the young artists proceeded to hang 150 of their works on the iron fence surrounding NAMOC, 'thereby proclaiming their self-identity as "outsiders" to official art'.²⁰⁶ The timing was significant, the Stars' unofficial outdoor exhibition being juxtaposed with the official *National Art Exhibition in Celebrating the Thirtieth Anniversary of the Founding of the PRC*. It attracted a huge crowd (some 33,000 visitors),

²⁰³ A detailed account of the debates surrounding the appearance of *Father* is provided by Jane Debevoise who dedicated an entire chapter to the work. Jane Debevoise, *Chinese Contemporary Art in the Post-Mao Era* (BRILL, 2014), 47–69.

²⁰⁴ *Ibid.*, 63.

²⁰⁵ Gladston, 99.

²⁰⁶ Wu Hung, 33.

including artists, students, foreigners and officials.²⁰⁷ Despite garnering praise even from a vice-chairman of NAMOC, the exhibition was soon closed down, although the authorities promised to provide a proper gallery space. Nevertheless, the Stars decided to protest, deliberately timing their demonstration with the National Day celebrations on 1 October. This provocative act, somewhat reminiscent of the ‘unofficial’ Soviet artists’ Bulldozer exhibition in 1974, attracted much interest from locals, students, diplomats, expatriates and foreign journalists, the latter being quick to interpret the Stars’ actions as radically anti-authoritarian.²⁰⁸

Soon after the October demonstration, the Stars were allowed to exhibit twice: first at the Huafang Studio in Beihai Park from 23 November to 2 December, and then again at NAMOC from 24 August to 7 September 1980. Both exhibitions attracted a huge audience, the number of visitors for the second one reportedly reaching 200,000, and favourable reviews.²⁰⁹ For the first time an article about art by ‘outsiders’ appeared in *Meishu*, an official Chinese periodical.²¹⁰

Once absorbed by the system, the Stars (registered as an official ‘painting club’ prior to the NAMOC exhibition) lost their edge. Reported on even in the *People’s Daily*, the group became a product of its time, soon to be marginalised by other avant-garde trends. In 1983 the Stars ceased to exist, but its main purpose had been achieved, the members having gained visibility and acceptance within domestic and international art circuits. As with the Soviet artists, the ‘dissident’ title ensured their relatively easy passage to the Western world. By 1988 nine former Stars were settled abroad.²¹¹ Some of them were able to capitalise on their ‘dissident Star’ identities to build recognisable brands for themselves.

No single exhibition had more impact on the value creation of Chinese avant-garde art during the pre-market era than the *China/Avant-Garde* exhibition of 1989. Held at NAMOC from 5 to 19 February, it was the first large-scale officially sanctioned but privately funded, de facto selling, art exhibition in post-Mao China. Carefully planned by a group of artists, art editors and critics,

²⁰⁷ Galikowski, 185.

²⁰⁸ Gladston, 28. The authorities, although annoyed that the demonstration was diverting people’s (and foreign journalists’) attention away from the national celebrations, did not perceive the Stars’ demonstration as political. None of the Star members who took part in the protest were detained or imprisoned. Galikowski, 217.

²⁰⁹ Galikowski, 217.

²¹⁰ Li Xianting, then the editor of *Meishu*, who would soon become one of the most prominent critics and promoters of avant-garde art in China, commented that the Stars’ exhibition ‘became an important topic of conversation amongst the public and the art world [...] opinion was not unanimous, but the reaction to it was very strong’. One Western observer made another critical remark: ‘cut off from their ancestral roots by the Cultural Revolution they looked to the West and in a few months re-invented everything: fauvism, cubism, impressionism, Dada’. Ibid.

²¹¹ Wang Keping, Ma Desheng and Li Shuang in France, Huang Rui in Japan, Ai Weiwei, Yan Li, Zhong Ahcheng and Shao Fei in the USA, and Qu Leilei in the UK.

the exhibition comprised 293 artworks by 186 artists designed to show a comprehensive representation of the '85 Art New Wave movement of the previous 5 years. It included not only painting, sculpture, photography, video and installations, but also unanticipated performances such as shrimp selling, foot washing and pistol shooting. The show was shut down twice during its run and resulted in much tension among the exhibition organisers, participating artists, the authorities and the public. The show was officially supported by NAMOC and the CAA with additional sponsorship from *Meishu* and five other publications.²¹² Official censorship of the exhibition was moderate, owing to the protective power of its influential nine-member advisory committee.²¹³ The exhibitors included mainly young 'avant-garde' artists²¹⁴ many of whom were recognised members of the New Wave art groups, who already passed initial peer to peer validation. For the first time, the National Art Exhibition was organised by professional art critics/curators, rather than by cultural apparatchiks or even the artists themselves.²¹⁵

In addition to institutional restrictions, political challenges and internal arguments, the biggest problem was financial.²¹⁶ The organisers asked the participating artists to pay a fee of RMB100 each. They also decided to sell the works from the show, with the intention that part of the proceeds would be used to cover the costs and part would go to the artists.²¹⁷ The prices were stipulated by the artists themselves. Kong Chang'an, a member of the organising committee, was supposed to manage the sales.²¹⁸ According to Kong's price list, the most expensive value was assigned by Xu Bing for his scrolls from *Book from the Sky* at RMB50,000, followed by Wang Guangyi who asked RMB10,000 for his *Frozen North Pole*, with Yang Jiechang pricing

²¹² Debevoise, 196.

²¹³ To name a few: NAMOC director Liu Kaiqu, chief editor of *Meishu* Shao Dazhen, chairman of the CAA and respected ink-painter Wu Zuoren.

²¹⁴ To name a few: Gu Wenda (b.1955), Huang Yongping (b.1954), Li Shan (b.1942), Wang Guangyi (b.1957), Wei Guangqing (b.1963), Wu Shanzhuan (b.1960), Xu Bing (b.1955), Zhang Peili (b.1957), Gao Zhen (b.1956), Gu Xiong (b.1953), Xiao Lu (b.1962), Tang Song (b.1960), Geng Jianyi (b.1962) and Zhang Nian (b.1964).

²¹⁵ The organisational committee included a dozen art critics/curators with specific responsibilities: Gao Minglu (then editor of *Meishu*), the critics Li Xianting (in charge of the exhibition's design and construction), Fei Dawei ('PR'), Fan Di'an ('secretary'), Kong Chang'an ('sales'). The organisers were by no means of one mind about the objectives of the show. Gao Minglu wanted to present the 'retrospective' trends of modern Chinese art of the 1980s, willing to compromise an avant-garde perspective in order to gain acceptance into the system; while Li Xianting wanted to 'pound society' and to convey 'the shock value of the avant-garde', post-factum criticising the exhibition for showing 'no sign of any forward-thinking spirit'. It was Li who ignored the prohibition on performances and, in secret from the other members of the committee, allowed three happenings on the opening day. Wu Hung, 83-4. Sullivan, 274.

²¹⁶ A total of RMB150,000 was needed to mount the show, about a third of which was the fee for renting the exhibition space from NAMOC. Debevoise, 198.

²¹⁷ Ibid.

²¹⁸ Kong, a graduate of CAFA, was then working for the Beijing International Art Palace (BIAP). The sales made during *China/Avant-Garde* were officially channelled through BIAP.

his work for RMB6,000, Yu Youhan for RMB4,000–4,500, Wang Yi for RMB2,000 – extraordinary sums of money, given the fact that per capita annual income in China in 1990 was only RMB1,266.²¹⁹ The sales were few, chaotic and disappointing. Not only the values of contemporary art were not understood or accepted by the audience (as one visitor wrote in the comments book: '[the exhibition is] incomprehensible, a confused hodgepodge [...] disgusting, naked filth!');²²⁰ the artists themselves had little understanding of the market practice (trying to circumvent Kong by selling the works on their own). Among the first buyers were Tokyo Gallery (who bought several works via Kong for their own exhibition in Tokyo), a few foreigners and a couple of domestic buyers, including the wealthy collector, art investor and private patron, Song Wei.²²¹

Despite its failure to generate any meaningful economic returns, the *China/Avant-Garde* exhibition created great symbolic value for its participants. Even though the avant-garde art had not received unanimous public and institutional acceptance, the 'outside' art allowed 'inside' the system that granted them access and visibility.²²² It also marked the emergence of a new judgement device in the Chinese art scene – the independent critic-curator-dealer (*duli cezhanren*) – who combined several functions, such as identification, selection, interpretation, presentation, negotiation, promotion and validation, while serving as cultural mediator between the system and various circuits of artists, public, foreign buyers and patrons. The system lost its monopoly on legitimation and consecration of art.

The 'victory', however, was short-lived. Several months after the exhibition's closure came the cultural crackdown following the June Tiananmen Square demonstrations, suppressing the critics, publications and exhibition spaces that gave the avant-garde circuits their visibility and validation. The dissolution of the movement re-centred artistic activities around the individual (switching from the *yundong* mentality), which was later accompanied by the emergence of new diverse actors, circuits and domains, discussed in the following chapters. At the same time, there was a big international breakthrough for several of the participating artists. As with the

²¹⁹ Debevoise, 198, 239.

²²⁰ Sullivan, 276.

²²¹ Song had enjoyed a rapid but allegedly brief success by selling fast food from trucks. He founded a short-lived Great Wall Museum with the idea of investing early in paintings by important young artists, of which he particularly favoured Wang Guangyi. He even donated RMB20,000 to support *China/Avant-Garde*. Unfortunately, his business suffered badly during the Tiananmen incident. Later, he sold or donated his collection to acquaintances in the USA. Nevertheless, Song is still remembered as China's first significant private domestic patron of contemporary art. Debevoise, 200. MKY, 61.

²²² Wang Guangyi summed it up: 'In February 1989, the painting of Mao Zedong, which was shown at the *China/Avant-Garde* exhibition, brought me great fame. Internationally important newspapers and magazines published and reported on this work, so at once I became a mythical figure in people's mind.' Debevoise, 242.

'unofficial' art from the Soviet Union, many foreign critics were too quick to politicise the Chinese avant-garde, Wang Guangyi's Mao portrait, for instance, being described in the March 1989 issue of *Time* magazine as 'an allegorical reminder of Communist persecution during the Great Proletarian Cultural Revolution'.²²³ The consequences of such (mis)interpretation for the formation of symbolic and economic capital of the avant-garde art became evident during the subsequent stages of the marketisation and maturation of the art industry.

Pre-Market Infrastructure and Commodification of Art

The majority of the interviewed artists identified the early 1990s as the beginning of the art market in China and the late 1980s as the starting point for their own pursuit of sales prospects. However, some recalled making a private sale as early as 1980. A former Star artist, Qu Leilei, sold one of his oils 'to a Frenchman for RMB 400' (back then his salary as an art designer and illustrator was RMB50 a month; he paid RMB7 for his housing and received an additional RMB10 for each published illustration). A Shanghai-based artist, Li Shan, remembered selling 'about 3 or 4 works to Mrs Cohen, an American banker, through the local Art Museum for a total of RMB 600' (while receiving a salary of around RMB70 per month). These small private deals, neither of which would have been possible without the support and encouragement of the Party that had become aware of the profit-making potential of selling art as early as 1971, are the earliest examples of entrepreneurial activities by the artists before, as Wu Shanzhuan put it, 'big business [*da shengyi*] would become the affair of all Chinese citizens'.²²⁴

According to extensive research by Debevoise, the infrastructure for selling art on the domestic market expanded rapidly in the early 1980s, with commercial outlets starting to emerge in state-run hotels, 'friendship stores', restaurants and other major tourist locations across China. By 1989 in Beijing alone there were over 250 outlets, including Rongbaozhai, the Art Gallery in the Beijing Hotel, the Beijing Huadian in Wangfujing, the Art Gallery at CAFA and the Art Gallery at NAMOC itself.²²⁵ Most sold ink paintings and calligraphy while only a few sold oil paintings. Meanwhile, NAMOC and other state-run institutions began to feel pressure to generate profits in order to cover at least a proportion of their running costs. In 1988, Barne remarked satirically of NAMOC: 'the proletarian palace of socialist art makes its halls available to virtually any self-styled avant-garde artist who can afford the rental fee [...] The end result of Reform may well be

²²³ Debevoise, 243.

²²⁴ Debevoise, 209.

²²⁵ The following statistics and facts, unless otherwise stated, come from Debevoise's research. This is the only in-depth systematic study of the Chinese art market from 1978 to 1993 published to date.

the creation of a new avant-garde art-to-order: dissent on tap.²²⁶ Indeed, as the CAA's support shrank, a growing number of all sorts of exhibitions at NAMOC were sponsored by various commercial enterprises, including carpet factories (tapestry exhibitions), kilns (ceramic exhibitions) and selling outlets, such as Rongbaozhai, the Chinese International Exhibition Agency and the Beijing International Art Palace (BIAP). The latter was a Sino-Japanese joint venture co-founded by Liu Xun (the liberal art administrator who had supported the Stars) to build a Holiday Inn Crown Plaza hotel and to promote art-related activities. The state controlled 51% of the shares of the company. Between 1986 and 1989, BIAP sponsored 15 exhibitions at NAMOC, many of which, not by coincidence, were dedicated to the same young Beijing-based artists who were presented at Robert A. Hefner III's gallery in New York.

Hefner, then chairman of the GHK oil and gas exploration company, was one of the first businessmen to explore trade opportunities with China, moving from the examination of gas fields to the acquisition of 'another petroleum product: contemporary oil paintings'²²⁷ after his visit to the 6th NAE at NAMOC. In 1987, after two years of purchasing paintings, he organised an exhibition in New York of 200 oils by 73 Chinese artists, entitled *Contemporary Oil Paintings from the PRC*. Co-sponsored by the CAA and endorsed by Henry Kissinger (former US secretary of state), the exhibition mainly featured works by young-generation academic artists (the majority being CAFA-trained) such as Ai Xuan, Luo Zhongli, Wang Yidong and Yang Feiyun, but also included modernists like Wu Guanzhong and Soviet-trained realists like Zhan Jianjun. The show was a success. The foreign observer's reviews were rather 'politically correct', praising China for its 'new spirit of freedom', while cautiously remarking that the Chinese artists skilfully 'adopted' the styles of great Western masters such as Corbet, Millet and Repin.²²⁸ Perceived lack of originality notwithstanding, nearly half of the works sold, the price for each averaging between \$8,000 and \$14,000, with the highest at \$30,000. The proceeds were split with the artists at 70:30 in Hefner's favour.

Another early example of a successful commodification of art through close interaction between government officials, foreign buyers and academic circuits is the case of Chen Yifei (1946–2005). Despite being a 'classical' realist painter, already well-known for painting grand Mao portraits during the Cultural Revolution, Chen did not follow the 'Soviet route'. Instead, he was one of the first Chinese art students allowed to study in the USA. In 1983 he was taken up by

²²⁶ Barme, *Artful Marketing*, 61.

²²⁷ Debevoise, 100.

²²⁸ <https://www.washingtonpost.com/archive/lifestyle/1987/01/16/revolution-on-canvas/ae1ae976-a804-456b-ab9e-ee6940eed102/> (accessed 16 January 2021).

New York's Hammer Galleries, founded by Armand Hammer, another oil and gas baron seeking trade ties with China. Unsurprisingly, Chen's first solo show at Hammer, attended by high-ranking Chinese officials and ambassadors (as well as the famous architect I. M. Pei), was a huge success, with 37 out of the 40 paintings sold. Afterwards his career was meteoric and was widely reported on in the Chinese press.²²⁹ Despite having earned the cold shoulder from his (often jealous) colleagues and critics, the millionaire painter remained popular even after his sudden death in 2005, holding the highest auction record among the official realist painters.²³⁰

The early involvement of the state in the commodification of art inevitably gave rise to various contradictions and challenges. Starting at the top and running through all levels of the official hierarchy, art had increasingly been used as gifts to launder bribes. For example, Deng Xiaoping's daughter Deng Lin, an oil painter whose works sold for as much as \$10,000 back in 1987 and were in the collections of shipping magnates, foreign politicians and in the Great Hall of the People, was known to be selling influence along with her art.²³¹ This association of official art with corruption would plague the Chinese market for decades to come, tainting its symbolic capital and undermining its true economic valuation.

For mainstream artists, the transformation of art into a commodity presented as many challenges as opportunities. While the artists within the system still received a basic salary (averaging around RMB100 per month in 1980), housing, access to a studio, free medical care and other social benefits, there were also increasing opportunities for additional sources of income, such as consigning artworks to state-run outlets. Many calligraphers were at first shocked to see their unique artworks being priced per square *chi*.²³² Another frustration was over brokerage fees. For example, even if the work was sold abroad for as much as \$2,000, the sponsors retained almost all the net profit, while the artist received as little as RMB40 per square *chi*. Circumventing the state-sponsored outlets soon became customary among the artists. Many preferred to sell directly to foreigners who paid with 'waihuizhuan' (foreign-

²²⁹ In 1985 the Corcoran Gallery of Art in Washington D.C. gave Chen another show attended by Han Xu, the Chinese ambassador to the US, 'who shortly thereafter in another example of the symbolic role that art played in business negotiations between American industrialists and Chinese government officials, presented one of Chen's paintings, *Memory of Homeland-Double Bridge*, to Deng Xiaoping'. Debevoise, 100.

²³⁰ Chen's *Warm Spring in the Jade Pavilion*, 1993 (discussed in a later chapter) was hammered at \$19.7m at China Guardian on 19 December 2017.

²³¹ Kraus, 190.

²³² RMB150–200 per square *chi* for the highest-ranking painters and RMB40–80 for the middle-ranking ones – this discriminatory pricing system is still widely in use today. The *chi* or 'Chinese foot' is approximately 33 cm.

exchange certificates) that were used to acquire imported goods exclusively sold in 'friendship stores'.

More commercial opportunities were also created outside the system. Another parallel can be drawn between the Soviet 'free' artists and the Chinese 'mangliu' (vagabond) artists (often academy graduates) who consciously chose to walk away from their guaranteed positions and take paths of their own.²³³ By the end of the 1980s, a large shifting population of 'vagabond' painters, poets and rock musicians had begun to live and engage in art in the vicinity of the Yuanmingyuan site in Beijing, relying heavily on support from foreign tourists, diplomats and other residents. The artists, often with their foreign patrons and friends, frequently organised exhibitions in rented venues in parks, museums, hotels and apartments. Although the art produced during this period had low value (being known as 'embassy art'), the social capital accumulated by the artists through the social networks consisted of interpersonal connections proved crucial for capital conversion in the later stages (as discussed in the following chapters). For example, among the earliest foreigners who later become active promoters of the avant-garde art were Brian Wallace, who came to China to study in 1984 and later became the first foreigner to open a commercial gallery (the Red Gate Gallery) and Francesca De Lago, who also came as a student and later worked at the Italian embassy. The latter helped to organise exhibitions for Fang Lijun, Liu Wei, Zhang Peili and Geng Jianyi, and her support was essential for the inclusion of 14 Chinese artists in the 1993 Venice Biennale, which in turn helped the integration of the Chinese avant-garde into the international art market.

Conclusions

Comparison between the value creation processes of Soviet and Chinese art during the pre-market decades reveals many differences, but also striking similarities. To begin with, the Party in both countries had a complete monopoly on the production, selection, presentation, distribution, evaluation and canonisation of art (although in the PRC the level of control over fine art was much stronger and more centralised than in the USSR). Both systems began to open up after the deaths of their respective dictators. Cultural values in the Soviet Union started to shift, from the bottom levels of the pyramid, triggered by political liberalisation, while in China the economic reforms that loosened the Party's ideological grip over the cultural arena began from the top. Perhaps the most important phenomenon of the pre-market period was the emergence

²³³ The personal choices were also determined by the socioeconomic conditions that saw the disintegration of the so-called 'danwei' (work unit), a fixed structure that was meant to bind a person to a certain allocated space within the system that wanted to control the mobility of its population.

of several (semi-)autonomous and yet interlocked domains ('official'/'unofficial' in the USSR and tizhinei/tizhiwai in the PRC), as a result of conscious choices by the artists that could also be interpreted as value creation acts that differentiated them from their peers, elevated their status and, later, brought some of them recognition and success.

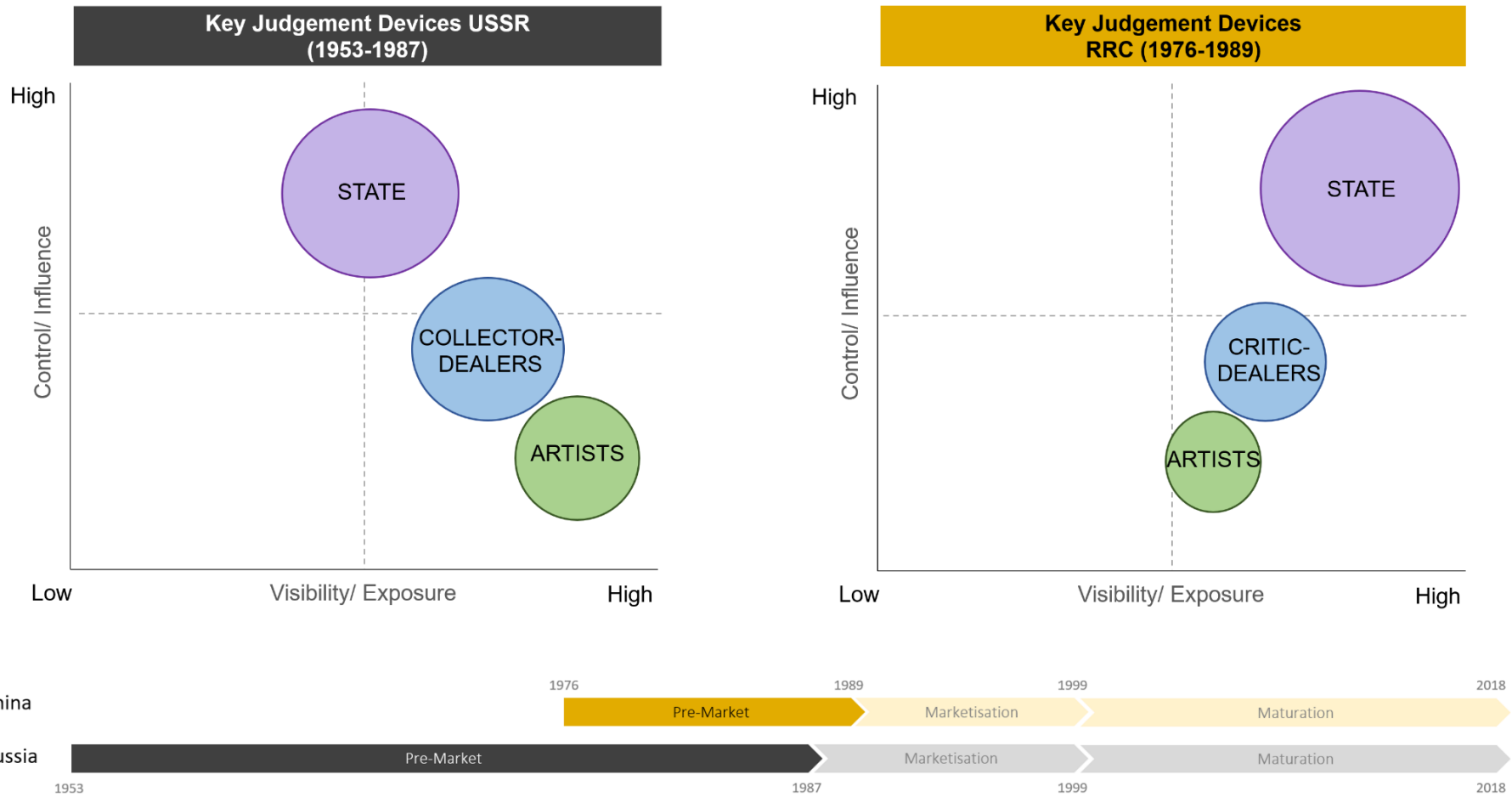
A brief analysis of the early milestone exhibitions in both the Soviet Union and China revealed the simultaneous formation of multiple canons. It also showed that canonisation processes are not static. In fact, the values of art are in a constant state of flux. Regardless of whether artworks had been created within or outside of the systems, crucial 'components' of the canonisation 'formula' were access to high-profile venues and circuits, influential patrons and sponsors, high visibility and exposure (via national-level platforms and foreign media). Neither Soviet 'unofficial' nor Chinese avant-garde art was fully accepted by the public or validated by the respective art establishments during their initial public appearances. Similarly, early foreign observers found this art derivative, amateurish and naïve. Foreign critics were also quick to (mis)interpret 'unofficial'/avant-garde art as 'dissident', while continuing to politicise major events surrounding its presentation. And yet, thanks to foreign attention, the artists operating within and outside the systems were able to achieve big international breakthroughs, which further strengthened their 'brands' and social positions at home. There was also an interesting divergence in reception of the 'official' art by foreign buyers. Whereas the Soviet 'official' art was dismissed by Western critics and had only a limited exposure, the more 'exotic' Chinese realist art, used by the government as political currency, was heavily promoted by high-profile US businessmen and quickly became commercially successful.

Another important aspect of the value creation of art during the pre-market period resided in the influential judgement devices that helped artists, especially those operating outside the system, to achieve early validation. Figure 1.2 shows a schematic diagram that loosely positions the judgment devices according to the degree of control/ influence and visibility/ exposure they have, which highlights several differences between two markets. In the Soviet Union domestic and foreign 'hybrid' collector-dealers, as well as artists themselves, were paramount in reducing cognitive deficit in the state-controlled society where unbiased public and institutional evaluation of art was not yet possible. Although state continued to exercise a high degree of control, especially within the 'official' domain, it was the collector-dealers and the artists themselves who exposed Russian art to international circuits. In China, where domestic collecting activity remained weak, the functions of judgement devices were monopolised by the state (schematically positioned high on the control and visibility scales, Figure 1.2), until the

emergence towards the end of the 1980s of independent critic-curator-dealers who were critical for validation and commercialisation of Chinese art.

Finally, the commodification of art in the Soviet Union and China started when each system began to succumb to political and economic pressures, with the respective states quickly realising the profit-making potential of selling art. For the 'official' art, the systems relied on standardised valuation mechanisms (e.g. pricing based on size, artist ranking rather than individual qualities of the artwork) which helped to achieve relative visibility and transparency in an otherwise opaque industry, while artists operating outside the 'official' circuits often used the 'official' prices as benchmarks for determining prices for their own work. Most importantly, in both countries the state-run infrastructure formed during the pre-market decades, coupled with extensive personal networks across multiple domestic and international circuits, laid solid foundations for the future art market and commercialisation of art.

Figure 1.2. Russia-China Value Creation Pre-Market



Chapter II: Marketisation

Russia

China

<p>Sotheby's holds 'Russian Avant-Garde and Soviet Contemporary Art' auction in Moscow</p> <p>Independence for Latvia, Lithuania and Estonia</p>	<p>1988</p>	<p>Xu Bing's <i>Book from the Sky</i> exhibited at NAMOC for the first time</p>
<p>New Academy of Fine Arts founded by Novikov Curator Andrei Erofeev starts a collection of Russian contemporary unofficial art at the Tsaritsino Museum</p> <p>Anatoly Osmolovsky starts 'Expropriation of the Territory of Art' group</p> <p>Privately owned Pervaya Galereya headed by Aidan Salakhova opens in Moscow</p>	<p>1989</p>	<p>China/ Avant-Garde Art Exhibition at the National Art Gallery in Beijing</p> <p>Pro-democracy student demonstrations begin in April, followed by June 4 crackdown in Tiananmen Square</p> <p>Gorbachev visits China</p> <p>Three Chinese artists Gu Dexin, Huang Yong Ping and Yang Jiechang are invited to participate at <i>Magiciens de la Terre</i>, a landmark exhibition at the Centre Georges Pompidou in Paris</p>
<p>Ilya Kabakov and Erik Bulatov exhibit at the ICA, London</p> <p>Moscow-Vienna-New York takes place as part of Vienna festival (Roiter, Zakharov and Zvezdochetov among others participate from Russian side)</p>	<p>1990</p>	<p>Liu Xiaodong holds a solo exhibition in Beijing Birth of Cynical Realism</p>
<p>First Art Fair "Art Myth" opens (1990-1993)</p> <p>Vladimir Ovcharenko opens Regina gallery Dissolution of the USSR</p> <p>Collector Norton Dodge donates part of his collection to Jane Voorhees Zimmerli Art Museum</p> <p>Institute of Contemporary Art, Moscow, opened by Joseph Backstein</p> <p>Bulatov emigrates to Paris</p>	<p>1991</p>	<p><i>I Don't Want to Play Cards with Cézanne</i> the second seminal exhibition of Chinese avant-garde art takes place in the United States</p>
<p>Ilya and Emilia Kabakov settle in NY</p> <p>Konstantin Zvezdochetov exhibits at Documenta exhibition in Kassel</p>	<p>1992</p>	<p>The First 1990s Biennial Art Fair (the Guangzhou Biennale) is held in Guangzhou</p>

Kabakov represents Russia at the 45th Venice Biennale	1993	<i>China's New Art, Post-1989</i> opens in Hong Kong Arts Centre, then travels to Taiwan, Australia, UK, Canada and USA
First issue of Moscow Art Magazine is published Boris Groys book "The Art of Stalinism" available in German, French, English, Russian and Italian		China participates at the Venice Biennale for the first time (14 Chinese contemporary artists are included into the section 'Passage to the East')
Elena Selina and Sergio Khirpun found XL Gallery National Centre for Contemporary Art (NCCA) is found in Moscow	1994	<i>Silent Energy: The New Art from China</i> exhibition at the Museum of Modern Art in Oxford Six Chinese artists promoted by Johnson Chang participate at the Sao Paulo Biennale
Stockholm hosts "Interpol" exhibition (curators Jan Aman and Viktor Misiano)	1995	Liu Wei, Zhang Xiaogang enjoy a big success at the Venice Biennale
Kabakov exhibits at Centre Georges Pompidou Art Moskva and Art Manege are founded	1996	<i>Reality, Today and Tomorrow: An Exhibition of Contemporary Chinese Art</i> is held in Beijing
Olga Sviblova opens the Moscow House of Photography (future Multimedia Art Museum) Avdey Ter-Oganyan establishes School of Contemporary Art	1997	Guardian Beijing sets a new record for Chen Yifei (<i>Four Graces</i> sells for RMB2.3 mio)
Maxim Kantor represents Russia at the 47th Venice Biennale Avdei Ter-Oganyan and his students perform Pop Art	1998	Shanghai Art Fair attracted Western attention Cai Guoqiang participates at the 46th Venice Biennale Uli Sigg launches the annual Chinese Contemporary Art Award
First issue of ArtChronika is published	1999	Twenty Chinese artists participate at the 48th Venice Biennale curated by Harald Szeemann
Sergey Bugaev, Komar & Melamid participate at the Venice Biennale		
Moscow Museum of Modern Art is founded		
National Centre for Contemporary Art (NCCA) opens Yekaterinburg branch		
The Soros centre for Contemporary art together with the Institute of Contemporary Art initiates education program New Artistic Strategies		

Introduction – Agencing of Markets²³⁴

During the 1990s the values of Russian and Chinese art were created through the processes set in motion by collective market agencing activities. First and foremost, the unprecedented involvement of branded international auction houses broke down the intimate local circuits and small-scale exchange structures, enabling the development of much larger cross-border networks. The new (Western) auction-centric model replaced the old state-centric model of the pre-market period, bringing together diverse assemblages of agencies, such as foreign and local judgement devices, local and international circuits, increased circulation, auction prices, evaluation tools, marketing and promotional vehicles, visibility, flow of goods and judgements, and large economic powers, which collectively helped to animate, shape and stabilise the emerging Russian and Chinese art markets. The ideology of the state gradually yielded to the logic of the market. The latter acquired agencement and the capacity to enact the values of Russian and Chinese art. The (auction) prices became a new yardstick for measuring ‘good art’.

Alongside auctions, the second important force that helped the creation of cultural, social, symbolic and economic values of Russian and Chinese art were galleries. Unlike agenced branded international auctions, the newly emerged local Russian and Chinese galleries did not possess the agencing power to create art value. In order to survive, they had to use adaptive innovative strategies, expanding and modifying the conventional ‘Western gallery model’ to fit the local context. Locally run Russian ‘nonprofit hybrids’ focused on creating the cultural and symbolic capital of the artists they promoted; while foreign-run Chinese galleries, catering to the international buyers, were more successful commercially. For both Russia and China, the collective activities of the galleries were also pivotal for the integration of contemporary art from these emerging markets into the international context.

The third phenomenon that contributed to the value creation of Russian and Chinese contemporary art during the marketisation stage was the de-agencing of the state. On one hand, it supported commodification that led to the depreciation of the economic and symbolic value of ‘official’ (academic) art (which further diminished the state’s capacity to legitimise and

²³⁴ The term ‘agencing of markets’ goes beyond Michel Callon’s notion of ‘agencement’ (its etymology connects it to words like ‘agent’, ‘agency’ and the French verb ‘agencer’ which means to arrange, set, dispose or articulate), as it not only describes the processes by which particular configurations of interdependent human and non-human entities are produced that possess a capacity to act (‘give agency’), but also places emphasis on ‘the collective and open procedures of market agencing activities and the processes they set in motion’. Franck Cochoy, Pascale Trompette & Luis Araujo, ‘From Market Agencements to Market Agencing: An Introduction’, *Consumption Markets & Culture*, 2016, Vol.19, No.1, 3–16. <http://dx.doi.org/10.1080/10253866.2015.1096066> (accessed 6 June 2020).

consecrate art); on the other hand, it allowed the admission of contemporary art into 'official' art institutions, thus contributing to its agencing.

Finally, the art fairs and biennales – effective platforms that facilitated the circulation of collective judgements and interaction among various circuits of actors and entities – became agencement and, simultaneously, helped the agencing of those platforms that would drive value creation processes during the 2000s.

The following two parts investigate art value creation in the emerging Russian and Chinese art markets as they gradually become integrated into the global art field. Part 1 examines the Sotheby's Moscow auction sale of 1988, its aftermath, and the impact of commercialisation on the post-Soviet art value system. It then explores the emergence of the nascent art market infrastructure consisting of 'nonprofit hybrids', new 'westernised' cultural institutions merged with the old Soviet structures, and the early value creation 'experiments', such as Art MIF.

Part 2 investigates the emergence of the Chinese art market through the new auction-centric model that shifted the 'nucleus' of value creation towards economic capital, then through the agencing activities of the early foreign-run galleries and regional dealers who played a pivotal role in bringing the Chinese avant-garde artists to global attention. A dedicated section analyses the individual and collective initiatives to establish the local value system in order to counter 'Western hegemony' over the value creation of Chinese contemporary art.

The chapter concludes with synthesised findings that help in understanding how the different marketisation paths taken during the 1990s by the world's two largest Communist regimes affected the value creation of their respective art.

Part 1: Russia 1988–1999 – Change of the System

Sotheby's Moscow Sale and its Aftermath

The year 1988 proved to be a watershed year in the development of the post-Soviet art market. With the proclamation of glasnost and perestroika, the Ministry of Culture (MinCult) was now willing to lift many taboos and make concessions in the official cultural sphere. Soviet museums experienced a new flood of foreign exhibitions of works by established Western artists Francis Bacon, Pablo Picasso and Robert Rauschenberg. State-run museums organised large solo shows of (now rehabilitated) Russian modern and avant-garde masters Wassily Kandinsky, Aristarkh Lentulov, and Marc Chagall. Kazemir Malevich, barely mentioned in art publications of

the past, became an official Russian genius.²³⁵ The most significant concession made by the Ministry was its endorsement of the Sotheby's auction, the first international art auction ever conducted on Soviet soil. Supported by powerful players at the highest level of the social, political and business hierarchies, the event was bound to succeed. Simon de Pury, then Chairman of Sotheby's Switzerland and an advisor to Baron Thyssen-Bornemisza, and who claimed to have had the idea for the auction, managed to convince his bosses Al Taubman, a billionaire owner of Sotheby's, and Michael Ainslee, CEO of Sotheby's worldwide, to provide 'a green light to [my] red scheme'.²³⁶ Lord Gowrie, previously Margaret Thatcher's Minister of Cultural Affairs and, at the time of the auction, president of Sotheby's Great Britain, negotiated the terms with Vasily Zakharov, Soviet Minister of Cultural Affairs. The Sotheby's team was also supported by Raisa Gorbachev, the USSR's first lady, whom de Pury had met with the baron during one of his earlier trips to Moscow.²³⁷ While the auctioneers saw 'the enormous publicity value of having Sotheby's be "first in Russia, first in the world"' which would put them ahead of their arch-rival Christie's, the Soviets were eager to project to the West a new image of a more open liberalised society, as well as to earn much-needed hard currency.²³⁸

The eclectic sale, originally called 'Russian Avant-Garde and Soviet Contemporary Art', was comprised of a total of 120 works²³⁹ by 34 artists. The selection of artists in the sale had to accommodate both the commercial interests of Sotheby's and the ideological preferences of MinCult. For the first time, avant-garde, 'official' and 'unofficial' art was put back to back on the auction block. Through another friend, 'global art hound' and wealthy influential diplomat, Paul Jolles, who used to be the Secretary of State for Commerce in the Swiss government and the worldwide chairman of Nestlé, de Pury already knew several 'unofficial' artists, including Erik Bulatov, Ilya Kabakov and Oleg Vassiliev.²⁴⁰ He wanted 'to focus on the artists who already had a market in the West. Some were in collections in Europe, America and Japan. Others have shown their work in galleries or in international art fairs in Paris and Chicago.'²⁴¹ As de Pury recalled in his memoirs, 'this was a kind of underground railway of art, [produced in] primitive peasant housing on the outskirts of Moscow, sprawling slums reminiscent of Bombay or

²³⁵ Adreeva, Ekaterina. *Angle of Incompatibility. Schools of Nonconformism. Moscow-Leningrad 1946-1991*. Moscow: Iskusstvo-XXI C, 2012, 113.

²³⁶ De Pury, Simon. *The Auctioneer* (NY: St. Martin's Press, 2016), 153.

²³⁷ http://articles.chicagotribune.com/1988-07-08/news/8801130743_1_grisha-bruskin-soviet-artists-record-price (accessed 25 April 2017).

²³⁸ De Pury, 152.

²³⁹ The sale catalogue ends with lot 119; however, an additional lot in the avant-garde sale is labelled as 4a (by Udaltsova).

²⁴⁰ *Ibid.*, 151.

²⁴¹ http://articles.latimes.com/1988-05-30/entertainment/ca-2453_1_soviet-art (accessed 25 April 2017).

Calcutta. [...] This was [...] real art [...] not the stuff that got you in the Artists Union [...] It would sell'.²⁴² In order 'to provide a historical context for the new kids, like Ilya Kabakov, an oppressed Jewish artist forced to support himself doing illustrations of "official" children's books', 19 works by 5 avant-garde artists were chosen for the first, avant-garde, section of the sale.²⁴³ The larger, Soviet contemporary art, section was comprised of 101 works by 29 living Soviet artists, mostly from Moscow with a few exceptions from Leningrad, Tallinn, Tbilisi and Lviv.²⁴⁴

The ground-breaking auction, which Andrew Solomon in his controversial book *The Irony Tower* compared with the glorious signing of the Treaty of Versailles, was massively advertised.²⁴⁵ A three-day invitation-only sale preview was visited by about 11,000 people; around 1,700 guests were present during the sale itself, but 'no Soviet museum workers were invited' and the bidding was in hard currency – 'neither museums nor collectors had it [...] the auction was in our country, but not for us'.²⁴⁶ According to de Pury 'we rounded up seventy-five high rollers, major players from Europe and America, and more press than at a Hollywood wedding'.²⁴⁷ Unsurprisingly, the hype paid off: the evening sale conducted at Sovincetr in the Mezhdunarodnaya Hotel on 7 July brought in a staggering revenue of £2,085,050 million (with buyer's premium), almost tripling the low estimate of £796,800.²⁴⁸ Out of 120 lots, only 7 went

²⁴² De Pury, 151.

²⁴³ Ibid.

²⁴⁴ Almost half of the artists were associated with either Moscow conceptualism or sots-art; the other half with 'left MOSKh', although these two groups sometimes overlapped. According to de Pury, Sotheby's team worked mainly with Sergei Popov and Pavel Khoroshilov ('people from MinCult'); 'we put together a list, and they got works from the artists, assembling them in a church in Moscow. We selected from this group and also made studio visits with people like Vladimir Nemukhin and Vladimir Yankilevsky, Dmitry Krasnopevtsev, and Vadim Zakharov, who was the youngest artist in the auction'. From the excerpts of the interview with Simon de Pury by Kate Fowle, April 8, 2015. Ruth Addison and Kate Fowle, eds. *Exhibit Russia: The New International Decade 1986-1996* (Germany: Artguide s.r.o., 2016), 53. Other artists were also invited but either had nothing available – for instance, Erik Bulatov, whose studio had been emptied in preparation for his solo exhibition at the Centre Pompidou – or mistrustfully chose not to participate, having been scammed by unscrupulous intermediaries in the past. Several interviewed artists reported incidents of their works taken 'on consignments' based fully on trust by foreign and/or local intermediaries and have never received them back, nor got any financial compensation.

²⁴⁵ Solomon, 26.

²⁴⁶ 'Sotheby's Auction in Moscow', *Our Heritage*, no. 5 (1988): 153–4.

²⁴⁷ De Pury, 152. A luxury eight-day tourist package, offered by Sotheby's to its top clients for a lofty fee of \$3,975 (excluding airfare), involved diplomatic entertainments, performing gypsies, seats at the sale, visits to artist studios and churches, cases of champagne imported specially for the occasion and exquisite caviar previously reserved for the tsar. Solomon, 20.

²⁴⁸ Solomon, 31. Under the arrangements worked out between Sotheby's and the Soviet government, the Ministry retained 30% of the sale (approx. \$1 million), Sotheby's received \$288,000 and \$72,000 went to the Soviet Cultural Foundation. The artists could keep 60% of the sale price (of that only 10% was allowed to be paid in hard currency, the rest paid in rubles due to foreign currency exchange restrictions for Soviet citizens).

http://articles.chicagotribune.com/1988-07-08/news/8801130743_1_grisha-bruskin-soviet-artists-record-price (accessed 3 May 2017). However, the artists did not get paid by the Ministry. It took Margaret Thatcher to alert

unsold.²⁴⁹ In the Soviet contemporary art section,²⁵⁰ the highest price of £242,000 (17 times its low estimate) was paid after rapid-fire bidding by an anonymous West German collector for Grisha Bruskin's *Fundamental Lexicon*.²⁵¹ The *Lexicon*, auctioned as lot 24, was the sixth and largest lot by Bruskin, a peripheral figure in the Moscow unofficial art scene, who was listed as the first Soviet artist in the contemporary art section as it was arranged in Latin alphabetical order. Bruskin's works, beautiful, political, Jewish and explicitly Soviet, instantly caught the eye of the foreign buyers. To the dissatisfaction of the MinCult people, the *Lexicon* was chosen to decorate the cover of the Sotheby's catalogue, the most important page usually reserved for the best lot in the sale. Such 'preferential treatment', undoubtedly, influenced the perceived value of Bruskin's other six paintings in the sale that by far surpassed the low estimates, generating a total of £503,800, an astronomical sum the artist himself found hard to believe.²⁵²

Bruskin was not the only star of the evening. The second and third largest revenues in the Soviet contemporary art section were brought in by the combined works by Igor Kopystiansky, 'an absolutely unknown ceramicist from Lvov'²⁵³ and his wife Svetlana Kopystianskaya (£106,700 and £102,630 respectively).²⁵⁴ These were followed by Eduard Steinberg and Ilya Kabakov,²⁵⁵ whose auction prices significantly exceeded the conservative pre-sale estimates (for the detailed analysis of the sale results see Figures 2.1-4). Among the worst performers was an official artist, 'a Union big wheel whose work had been absurdly highly priced: Ilya Glazunov, virulent anti-Semite and people's hero; [...] at once the most popular and the most hated artist in the USSR'.²⁵⁶ None of his four works, estimated between £15,000 and £35,000,

Gorbachev to the Russian bad behaviour. Shortly after, Sotheby's was informed that every artist had been paid. De Pury, 153. However, the Russian-language issue of the *Art Newspaper* wrote that a year after the auction the artists, who were supposed to receive only 10% due to MinCult prohibitions, deductions and restrictions, had not been paid. <http://www.theartnewspaper.ru/posts/2314/> (accessed 8 May 2017).

²⁴⁹ Including 2 works by Chuikov, one of which was previously damaged by the fire in his studio, and 5 minor works by Nesterova, Petrov, Shutov, Slepyshev and I. Tabenkin. Sotheby's. *Russian Avant-Garde and Soviet Contemporary Art. Moscow. Thursday 7th July 1988*. London: Sotheby's, 1988. Sales catalogue.

²⁵⁰ The overall highest price of the auction – £330,000 – was paid by David Juda, son of London gallery owner Annely Juda, for an abstract oil painting by Alexander Rodchenko.

²⁵¹ The prices include the 10% buyer's premium.

²⁵² Grisha Bruskin. *318 Episodes from the Life of a Russian Artist*. NY: Syracuse University Press, 2008, XXII.

²⁵³ <https://www.questia.com/magazine/1G1-185051317/the-russian-art-boom> (accessed 3 May 2017).

²⁵⁴ The most expensive lots 51 and 56 by the Kopystiansky were purchased by Elton John for £44,000 each. Source: Sotheby's press release. https://artinvestment.ru/news/exhibitions/20180228_sothebys_moscow_1988.html (accessed 3 May 2017).

²⁵⁵ The most expensive lot 48 by Kabakov was purchase by Sotheby's Chairman Alfred Taubman for £22,000 (est. £10,000-15,000) and donated to MinCult for the future museum of contemporary art (that has never been built).

²⁵⁶ Solomon, 30.

had come even close to the high estimate, with one lot not reaching its low reserve.²⁵⁷ Even such a lacklustre sale performance had, nevertheless, an immediate impact on the commercial value of Glazunov's works internationally. According to one anecdote, a week after Glazunov's oil painting sold for £30,800 (ca. \$52,700) at Sotheby's, Elena Kornetchuk, the founder of the International Images gallery in Pennsylvania that dealt mainly with 'left-wing' official art,²⁵⁸ was offered \$50,000 for a Glazunov she had priced at \$3,000 before the auction.²⁵⁹

²⁵⁷ Solomon records that 'Glazunov didn't sell'; however, Sotheby's sales catalogue shows sale prices for all 4 of Glazunov's lots, including lot 45 which appeared to be sold for £28,600 (including buyer's premium), below its low estimate of £30,000.

²⁵⁸ Kornetchuk, who had a PhD from Georgetown University in the politics of Soviet art and spoke fluent Russian, began buying Russian art in 1976 while doing research in the Soviet Union for her doctoral dissertation. In 1978 she signed an exclusive agreement with the Soviet Ministry of Trade and until 1986 was the only American gallery to export Soviet Art through official channels. Amei Wallach, 'Marketing Perestroika', *Art in America*, (April 1989): 57.

²⁵⁹ John McPhee. *The Ransom of Russian Art*. US: Macfarlane Walter & Ross, 1994, 175.

Figure 2.1. Russian Avant-Garde – Auction Results (19 Lots)

Artist	Price Paid	Lot	Low Estimate	High Estimate	% Increase from Low Est.
Rodchenko	£330,000	12	£90,000	£120,000	267%
Rodchenko	£198,000	7	£60,000	£80,000	230%
Stepanova	£82,500	14	£40,000	£60,000	106%
Drevin	£33,000	6	£6,000	£9,000	450%
Rodchenko	£30,800	13	£18,000	£25,000	71%
Drevin	£22,000	5	£5,000	£8,000	340%
Udaltsova	£17,600	2	£12,000	£18,000	47%
	£15,400	4a	n/a	n/a	n/a
Udaltsova	£13,200	1	£7,000	£10,000	89%
Udaltsova	£11,000	3	£8,000	£10,000	38%
Udaltsova	£11,000	4	£8,000	£10,000	38%
Rodchenko	£8,800	8	£3,000	£4,000	193%
Stepanova	£8,800	17	£2,000	£3,000	340%
Rodchenko	£8,250	9	£3,000	£4,000	175%
Stepanova	£7,150	16	£3,000	£5,000	138%
Rodchenko	£6,050	10	£2,000	£3,000	203%
Stepanova	£4,950	15	£3,000	£5,000	65%
Ender	£4,950	18	£1,500	£200	230%
Rodchenko	£4,180	11	£2,000	£3,000	109%

Figure 2.2. Soviet Contemporary Art – Auction Results (101 Lots)

Artist	Price Paid	Lot	Low Estimate	High Estimate	% Increase from Low Est.
Bruskin	£242,000	24	£14,000	£18,000	1629%
Bruskin	£93,500	22	£10,000	£12,000	835%
Bruskin	£82,500	23	£6,000	£8,000	1275%
Kopystianskaya	£44,000	51	£2,000	£2,500	2100%
Kopystiansky	£44,000	56	£5,000	£8,000	780%
Bruskin	£35,200	19	£5,000	£7,000	604%
Bruskin	£35,200	20	£6,000	£8,000	487%
Glazunov	£30,800	42	£30,000	£35,000	3%
Glazunov	£28,600	45	£30,000	£35,000	-5%
Kopystianskaya	£28,600	52	£2,000	£2,500	1330%
Glazunov	£26,400	43	£25,000	£30,000	6%
Kopystiansky	£24,200	57	£5,000	£8,000	384%
Steinberg	£24,200	95	£3,000	£5,000	707%
Kabakov	£22,000	48	£10,000	£15,000	120%
Kabakov	£17,600	46	£10,000	£15,000	76%
Bruskin	£15,400	21	£5,000	£7,000	208%
Glazunov	£15,400	44	£15,000	£18,000	3%
Chuikov	£13,200	27	£12,000	£18,000	10%
Kabakov	£13,200	47	£10,000	£15,000	32%
Kabakov	£13,200	49	£2,000	£3,000	560%
Kopystiansky	£13,200	59	£5,000	£8,000	164%
Yankilevsky	£13,200	111	£12,000	£15,000	10%
Filatov	£12,100	40	£3,000	£4,000	303%
Kopystiansky	£12,100	58	£5,000	£8,000	142%
Chuikov	£11,000	26	£10,000	£15,000	10%
Filatov	£9,900	41	£5,000	£6,000	98%
Slepyshev	£9,900	91	£6,000	£8,000	65%
Volkov	£9,900	107	£4,000	£6,000	148%
Kopystianskaya	£9,350	53	£3,000	£4,000	212%
Steinberg	£9,350	98	£3,000	£5,000	212%
Volkov	£9,350	108	£4,000	£6,000	134%
Kopystianskaya	£8,800	54	£3,000	£4,000	193%
Kopystiansky	£8,800	61	£5,000	£8,000	76%

Artist	Price Paid	Lot	Low Estimate	High Estimate	% Increase from Low Est.
Plavinsky	£8,580	82	£4,000	£6,000	115%
Krasnopevtsev	£8,250	63	£2,500	£3,500	230%
Sitnikov	£8,250	89	£4,000	£5,000	106%
Tabenkin, Tev	£8,250	105	£3,000	£5,000	175%
Kopystianskaya	£7,700	55	£2,000	£3,000	285%
Nesterova	£7,700	76	£7,000	£10,000	10%
Steinberg	£7,700	96	£3,000	£5,000	157%
Nesterova	£7,150	77	£7,000	£10,000	2%
Steinberg	£7,150	97	£3,000	£5,000	138%
Shutov	£6,600	88	£5,000	£7,000	32%
Zakharov	£6,600	117	£4,000	£5,000	65%
Zakharov	£6,600	118	£4,000	£5,000	65%
Tabenkin, Tev	£6,050	104	£2,000	£3,000	203%
Volkov	£6,050	109	£4,000	£6,000	51%
Dybsky	£5,720	29	£3,000	£5,000	91%
Tabenkin, Tev	£5,720	103	£3,000	£4,000	91%
Edzgeradze	£5,500	39	£2,000	£3,000	175%
Purygin	£5,500	84	£3,000	£5,000	83%
Nakhova	£5,280	70	£2,500	£3,500	111%
Nakhova	£5,280	72	£2,500	£3,500	111%
Volkov	£5,280	110	£3,000	£4,000	76%
Zakharov	£4,950	112	£4,000	£6,000	24%
Nazarenko	£4,620	73	£5,000	£8,000	-8%
Volkov	£4,620	106	£4,000	£6,000	16%
Zakharov	£4,620	116	£4,000	£6,000	16%
Kopystiansky	£4,400	60	£4,000	£6,000	10%
Krasnopevtsev	£4,400	62	£2,500	£3,500	76%
Nemukhin	£4,400	74	£3,000	£4,000	47%
Nemukhin	£4,400	75	£3,000	£4,000	47%
Petrov	£4,400	79	£2,000	£3,000	120%
Dybsky	£4,180	32	£2,000	£4,000	109%
Kopystianskaya	£4,180	50	£1,000	£1,500	318%
Shutov	£4,180	87	£2,000	£3,000	109%

Artist	Price Paid	Lot	Low Estimate	High Estimate	% Increase from Low Est.
Sitnikov	£4,180	90	£3,000	£4,000	39%
Tabenkin, Ilya	£4,180	99	£2,000	£3,000	109%
Zakharov	£4,180	113	£3,000	£4,000	39%
Purygin	£3,850	83	£2,000	£3,000	93%
Slepyshev	£3,850	92	£2,000	£3,000	93%
Dyshlenko	£3,520	33	£3,000	£5,000	17%
Edzgveradze	£3,520	37	£3,000	£4,000	17%
Krasnopevtsev	£3,520	64	£1,800	£2,400	96%
Dybsky	£3,300	30	£3,000	£5,000	10%
Dybsky	£3,300	31	£3,000	£5,000	10%
Petrov	£3,300	81	£3,000	£4,000	10%
Shutov	£3,300	85	£3,000	£5,000	10%
Zakharov	£3,300	114	£3,000	£4,000	10%
Zakharov	£3,300	115	£3,000	£4,000	10%
Zakharov	£3,300	119	£3,000	£4,000	10%
Edzgveradze	£3,080	38	£2,000	£3,000	54%
Leis	£3,080	66	£2,500	£3,500	23%
Slepyshev	£2,860	93	£2,000	£3,000	43%
Leis	£2,750	65	£2,500	£3,500	10%
Levikova	£2,750	68	£2,000	£3,000	38%
Nakhova	£2,750	71	£2,500	£3,500	10%
Levikova	£2,640	69	£2,000	£3,000	32%
Dyshlenko	£2,200	34	£3,000	£5,000	-27%
Dyshlenko	£2,200	35	£3,000	£5,000	-27%
Dyshlenko	£2,200	36	£3,000	£5,000	-27%
Levikova	£2,200	67	£2,000	£3,000	10%
Tabenkin, Ilya	£2,200	101	£2,000	£3,000	10%
Tabenkin, Ilya	£2,200	102	£2,000	£3,000	10%
Chuikov	NOT SOLD	25	£8,000	£12,000	
Chuikov	NOT SOLD	28	£12,000	£18,000	
Nesterova	NOT SOLD	78	£7,000	£10,000	
Petrov	NOT SOLD	80	£3,000	£4,000	
Shutov	NOT SOLD	86	£2,000	£3,000	
Slepyshev	NOT SOLD	94	£6,000	£8,000	
Tabenkin, Ilya	NOT SOLD	100	£2,000	£3,000	

Figure 2.3. Russian Avant-Garde – Artist Turnover

	Total Turnover	No of Lots Sold	Average Price Per Lot
Rodchenko	£586,080	7	£83,726
Stepanova	£103,400	4	£25,850
Udaltsova	£68,200	5	£13,640
Drevin	£55,000	2	£27,500
Ender	£4,950	1	£4,950
Grand Total	£817,630	19	£43,033

Figure 2.4. Soviet Contemporary Art – Artist Turnover

	Total Turnover	No of Lots Sold	Average Price Per Lot
Bruskin	£503,800	6	£83,967
Kopystiansky	£106,700	6	£17,783
Kopystianskaya	£102,630	6	£17,105
Glazunov	£101,200	4	£25,300
Kabakov	£66,000	4	£16,500
Steinberg	£48,400	4	£12,100
Zakharov	£36,850	8	£4,606
Volkov	£35,200	5	£7,040
Chuikov	£24,200	4	£12,100
Filatov	£22,000	2	£11,000
Tabenkin, Lev	£20,020	3	£6,673
Slepyshev	£16,610	4	£5,537
Dybsky	£16,500	4	£4,125
Krasnopevtsev	£16,170	3	£5,390
Nesterova	£14,850	3	£7,425
Shutov	£14,080	4	£4,693
Nakhova	£13,310	3	£4,437
Yankilevsky	£13,200	1	£13,200
Sitnikov	£12,430	2	£6,215
Edzgeradze	£12,100	3	£4,033
Dyshlenko	£10,120	4	£2,530
Purygin	£9,350	2	£4,675
Nemukhin	£8,800	2	£4,400
Plavinsky	£8,580	1	£8,580
Tabenkin, Ilya	£8,580	4	£2,860
Petrov	£7,700	3	£3,850
Levikova	£7,590	3	£2,530
Leis	£5,830	2	£2,915
Nazarenko	£4,620	1	£4,620
Grand Total	£1,267,420	101	£13,483

The outcome of the seminal sale at Sotheby's Moscow auction had long-lasting effects on value creation of Russian art during the following decade. The Western art market forced its own valuation on the local 'official' and 'unofficial' art domains, ignoring both the ideological preferences and hierarchies of the former and the delicate pecking order of the latter, causing the fundamental transformation of their value systems. As Solomon recalled: 'After the sale, the artists would repeat and repeat themselves in a sort of misinformed drone. "That painting realized £40,000," they would say in hurt tones of voice. "Does that mean that people from the West think Sveta Kopystianskaya is a better painter than Chuikov? Than Kabakov?"'²⁶⁰ In an article dedicated to the second anniversary of the auction, *Ogonyok*, one of the oldest and previously most popular Russian art magazines that has written extensively about the emerging domestic art market, summarised the effects of the auction sale: 'Sotheby's equated [Bruskin and other dashing avant-gardists] with Glazunov. No ideology! [...] There is no more official art. No unofficial. Only the market.'²⁶¹

In the aftermath of the Sotheby's sale, the market – not the state – acquired *agencement* and the capacity to enact the values of Russian art. The auction records became active 'agentive entities' (rather than static backdrop devices) that possessed their own capacity to partake in value creation (a phenomenon that becomes even more significant during the new millennium). Some of the Russian artists experienced a 'commercial awakening': 'With Sotheby's, [...] artists entered the international market. [...] Suddenly, everybody in Russia thought they could get at least [\$] fifty-five thousand. [...] And why not? Such a thought [...] seemed modest.'²⁶² Grisha Bruskin, the star of the Moscow sale who was 'snapped up' by London's Marlborough Gallery right after the auction, was allegedly advised that 'one painting does not a market make' and that his prices should start at around \$40,000 – to which he responded: 'Absurd.'²⁶³ Bruskin and his fellow artists had little previous experience with Western concepts of professional career management and gallery pricing strategies.²⁶⁴ Chicago dealer William Struve, who started to show Soviet artists from 1987, tried to explain to them how 'serious prices' were set to increase step by step in a way that reflected gradual market development: 'I was successful with my explanations until the Sotheby's auction – and then all my arguments went for nothing.'²⁶⁵

²⁶⁰ Solomon, 30.

²⁶¹ 'Interval', *Ogonyok*, no.26 (1990): 24–5.

²⁶² McPhee, 175–6.

²⁶³ Wallach in *Art in America*, 63.

²⁶⁴ Grisha Bruskin. *318 Episodes from the Life of a Russian Artist*. NY: Syracuse University Press, 2008, XXII.

²⁶⁵ Wallach in *Art in America*, 63.

Therein lay a great irony of the Sotheby's Moscow sale. The inflated auction prices, subsequently used by the actors as price benchmarks, were a result of the ignorance of many (novelty-seeking) Western buyers²⁶⁶ and their inability to assess the cultural value of the works. The economic values generated by the auction were not 'backed' by the artists' symbolic capital. Nor did they reflect the valuation of the local judgement devices.

The distortion caused by the foreign actors on the domestic value system had negative implications for the Russian artists who naively interpreted the exaggerated prices at face value and were quick to form unrealistic expectations in relation to the Western art market. The emigration of Russian artists that started in 1988–89 and continued through the first years of the 90s had double-edged effects on the value creation of Russian art. On the one hand, international exposure and recognition abroad had launched some of the artists' careers, which, in turn, strengthened their positions at home. Ultimately, the support of the international market legitimised contemporary Russian art in the eyes of the authorities and official art institutions, leading to its agencing. On the other hand, the post-Sotheby's emigration created oversupply and a subsequent decrease in the value of Russian contemporary art. By 1993 around 100 formerly 'underground' artists were living in the United States alone – for the most part, in tight and overcrowded apartments; only a few of them flourished economically in the West. The vogue for 'perestroika art' having come to an end, the Russian artists had to face competition from their Western colleagues, play by the Western market rules or accept being forgotten or marginalised.

De-agencing of State – Commercialisation of the OAOs

In the early 90s, the number of governmental and semi-governmental organisations dealing with art exploded. In Moscow alone about 100 cooperatives with the right to export artworks abroad were created.²⁶⁷ One high-profile example was a three-way joint venture between the MinCult, the Artists Union and New York-based dealer Eduard Nakhamkin. Inaugurated in 1989, this joint venture aimed to exhibit, promote and distribute Soviet art in America. It primarily served as a

²⁶⁶ Solomon called them 'souvenir-hunters' on their 'neocolonial art safari' 'who knew shockingly little about [art they were bidding for] and generally exhibited little curiosity to know more'. As recounted by Solomon Andrew and *Art in America's* Moscow correspondent Jamey Gambrell in Jackson, 237.

²⁶⁷ Olga Sviblova, 'Vsyo na Prodazhu!?', [All for sale!?] *Tvorchestvo*, no. 5 (1995): 24.

conduit for the conservative art of the Artists Union, but also attempted to include 'unofficial' artists.²⁶⁸

The influx of large-volume wholesalers created an oversupply of 'official' art on the market, which had negative effects on its value. Rivkind, a Vice General Manager of the Salon, which acted as an intermediary between foreign galleries and artists, and counted Galerie de France and Deutsche Bank among its wholesale buyers, recalled:

Everything sells: good and bad. There is no [united] policy coordinating various segments of the market. Damping of goods happens rapidly, without necessary preparation of the market, which has a negative impact on the prices that, after a sharp jump, start to fall. In the end, the artists suffer.²⁶⁹

It is ironic that the economic values generated by a capitalist institution (Sotheby's auction) were also used by the ex-Soviet 'official' artists to price their own artworks.²⁷⁰ Furthermore, the sudden commercial success of 'unofficial' art at Sotheby's attracted the attention of the state apparatchiks,²⁷¹ who immediately saw potential profit avenues from this new attractive export commodity (along with timber, gas and coal).

As early as 1987, the All-Union Artistic Manufacturing Association known as Vuchtetich (better known for its ancillary export salon on Polyanka) added 'unofficial' art to its 'ideologically approved products' suitable for export.²⁷² The Salon, then headed by the ambitious Pavel Khoroshilov, tried to take advantage of the 'patriarchs of the Moscow underground', including Kabakov, Bulatov, Yankilevsky and Steinberg.²⁷³ In her memoirs the wife of the latter, Galina Manevich, recalled receiving a phone call from the Salon requesting a studio visit by the Salon's Director Irina Efimovich for the purpose of selecting about 30 works on behalf of the Paris-based

²⁶⁸ Although many 'unofficial' artists were reluctant to deal through Nakhamkin due to his 'bad reputation' in the 'unofficial' art circles. Komar and Melamid, who were among his critics, allegedly called the art he showed 'sentimental kitsch'. Amei Wallach, 'Marketing Perestroika', *Art in America* (April 1989): 65.

²⁶⁹ Sviblova, 'All for sale!?', 24.

²⁷⁰ A good example was a massive sale of over 800 lots titled *Artwork of the Soviet Union* organized by Manhattan-based Guernsey's Auction; the prices were set by the artists themselves after the Sotheby's auction; most of the lots went unsold. Ibid.

²⁷¹ From the early perestroika years, the OAOs, no longer supported by the impoverished state, were forced to transfer to *khozraschyot* (self-financing) and *samookupaemost'* (self-repayment).

²⁷² Export of art remained in the control of the state and was subject to numerous curbs and restrictions. At the beginning of the decade the artist was allowed to export duty free 5 oils and 10 drawings. For any excess, a customs duty was to be paid on the approximate value of the work, which posed significant problems due to the absence of reliable value appraising procedures. To add further complexities, the export system was undergoing rapid change, with new restrictions and freedoms appearing sometimes on a daily basis. The easiest/quickest way for foreign galleries to deal with Russian artists was to go via a state-run intermediary. Sviblova, 'All for sale!?', 24.

²⁷³ Ibid., 23.

Claude Bernard Gallery; surprised, Manevich reminded the caller that until recently the Salon had not even acknowledged the existence of Steinberg as a Moscow artist, to which the representative replied: 'He exists now.'²⁷⁴ The Salon paid the Steinbergs a total of 25,000 roubles and \$2,000 (for 28 or 29 works), a seemingly huge sum for the impoverished artists in the early 1990s but representing only a fraction of the total commission retained by the Salon.²⁷⁵ Before the deal was finalised, Khoroshilov himself visited Steinberg and urged him to sell to Galerie de France instead of to Claude Bernard. The Salon also offered to buy Steinberg's entire output, which the latter declined. Several artists, however, including Bulatov, fell for such 'deals'. These dubious economic practices, along with the lack of modernising cultural policies, led to the state's failure to establish itself as a credible platform for international art exchange, which further undermined its agency as a mediator in the emerging domestic art market.

Russian Galleries as 'Nonprofit Hybrids' – Accumulation of Symbolic Capital

Unlike in China where the first galleries were mainly owned by foreigners, the early galleries in Russia – about 80% of which were concentrated in Moscow and St Petersburg – were founded (and/or run) by local artists (M'ARS, Aidan Gallery, Shkola Gallery, Yakut Gallery, 1.0 Gallery, Pervaya Galereya), art historians (L Gallery, XL Gallery, Pan-Dan) and/or businessmen-turned-art-lovers (Guelman Gallery, Regina Gallery, Anna Gallery). Another key distinction of the early Russian galleries was the fact that they were essentially 'nonprofit hybrids'.²⁷⁶ In a highly fragmented cultural space among the disintegrating structures of the Soviet regime, only a handful of galleries were able to support themselves solely from the direct sales of artworks, due to the absence of a market. Most galleries had to rely on private and corporate sponsorship and functioned as idealistic small-scale foundations, promoting a disproportionately large share of non-commercial art, taking care of the social and economic welfare of their artists, collaborating with non-commercial Western institutions and curators on various experimental projects and – given the absence of state support and contemporary art museums – even performing some museological functions by conducting academic research and developing their own art collections. From the value creation point of view, the main focus of the activities of the 'nonprofit hybrids' throughout the 90s was on the creation of art's cultural, symbolic, artistic and social (rather than economic) capital.

²⁷⁴ Galina Manevich. *Opyt Blagodarenija* [Thanksgiving experience] (Moscow: AGRAF, 2009), 347.

²⁷⁵ Bernard would later pay Steinberg \$2,000 for just one mid-size watercolor. Ibid, 353.

²⁷⁶ A well-known art critic, Alexander Borovsky, in the interview called them '*fundamentally non-commercial galleries*'.

M'ARS Gallery, registered as an 'advertising and artistic cooperative', became the first and only private gallery for contemporary art in Moscow in 1988.²⁷⁷ It was founded by a group of formerly unofficial artists, including Konstantin Khudyakov, Sergei Sharov, Vyacheslav Koleychuk and Alexander Rukavishnikov, who used to exhibit jointly on Malaya Gruzinka from the late 1970s. Selling artworks was not the primary objective of this comradely venture. 'M'ARS is governed by idea, conviction and service. [...] M'ARS is permeated with creative pathos. It creates ideas, art, trade, galleries, exhibitions. It organises charities and works towards the creation of its own Museum of Contemporary Art.'²⁷⁸ The M'ARS Gallery personnel lacked not only marketing and public relations skills but also a sales mindset, often highlighting the aesthetic value of the work while neglecting its commercial value.²⁷⁹

Nevertheless, the first half of the 1990s saw some positive signs.²⁸⁰ M'ARS's director, Nataliya Kosolapova, recalled:

If in the beginning the buyers were mainly foreigners and our [Russian] young nouveau riche in bright suits and with strange manners, in the early 90s, to our great joy, new ordinary Russians emerged – university professors, doctors, who just wanted to buy a painting for their house. The country saw the emergence of the middle class and we [art galleries], as a sensitive membrane of society, were the first to feel it.²⁸¹

Such optimism, however, was short-lived. During the financial crises that beset Russia in the mid to late 1990s, the immature art market began to collapse, with many private and corporate sponsors disappearing, along with hundreds of galleries that depended on them. These processes were set within the context of Russia's rapidly changing socio-economic and political environment. The abrupt collapse of the Soviet system followed by Boris Yeltsin's shock therapy programme unleashed hyperinflation causing enormous hardship and social inequalities.²⁸² The

²⁷⁷ Some sources refer to Pervaya Galereya (First Gallery) as the first private gallery in Moscow. In the early interviews Salakhova refers to 1989 as the year of founding her First Gallery. <https://snob.ru/profile/6366> (accessed 10 April 2018).

²⁷⁸ 'M'ARS is Not Interested in Theory but Practice,' *Kommersant* (5 November 1993) <https://www.kommersant.ru/doc/63921> (accessed 14 December 2017).

²⁷⁹ Andrei Vasilevich Pilljuk, 'Art Rynok I Sredstva Massovoi Informatsii v Rossii: Problemy Vzaimodeistviya' [Art market and mass media in Russia: problems of interaction] (PhD diss., Russian State University, Moscow, 2005), 95.

²⁸⁰ Primarily due to the economic reforms including price liberalisation and mass privatization that enabled uneven accumulation of wealth among the population.

²⁸¹ Olga Dokuchaeva, 'High Math of Art Business: Russian Galleries Learn the Art of Survival,' *Yabloko* (February 1998) <http://www.yabloko.ru/Themes/Business/magazin/2/14.htm> (accessed 20 April 2017).

²⁸² Christopher Marsh, *Unparalleled Reforms. China's Rise, Russia's Fall and the Interdependence of Transition* (Lanham, MD: Lexington Books, 2005), 43-54.

Russian economy became hugely criminalised, while weak and corrupted government could no longer provide protection and social securities for the working population.

One of a handful of survivors from the 1990s, M'ARS still exists today under a slightly modified name – M'ARS Centre for Multimedia Arts – and functions as an innovative multimedia art institution.²⁸³ It has accumulated a large collection of artworks which, however, is kept in storage and is available for viewing only on special request.²⁸⁴ M'ARS' own projected art museum has never been built.

Another good example of the artist-led gallery business was Regina Gallery, inaugurated in 1990 with an exhibition devoted to the 'official' artist Natalya Turnova.²⁸⁵ Together with his wife Regina, Vladimir Ovcharenko, a former banker, entrepreneur and from 2013 also the owner of Moscow-based art auction Vladey, set up Regina Gallery, 'riding the perestroika wave'.²⁸⁶ Under the management of Oleg Kulik, a performance artist, Regina organised several shocking exhibitions and performances that found a strong resonance with the Russian audience.²⁸⁷ Thanks to Regina, artists such as Boris Orlov, Andrei Monastyrsky, Semeon Faybisovich, Ivan Chuikov, Pavel Pepperstein, Franciso Infante and even 'official' artist Gely Korzhev were able to mount personal shows in Russia. Ovcharenko provided the artists with materials – a scarce commodity then – to produce installations that otherwise would not have been possible to make.

Regina invested heavily in promotional activities. They reportedly 'bought' and 'guest-edited' an entire issue of the magazine *Dekorativnoe Iskusstvo*, devoting it to profiles of the gallery and its sponsors, art business articles and favourite art critics, including Viktor Misiano, Evgeny

²⁸³ Pavel Seldemirov, 'M'ARS Centre for Multimedia Arts in Abrau-Durso,' *Arch Daily* (May 2016) <https://www.archdaily.com/801371/mars-centre-for-multimedia-arts-in-abrau-durso-nowadays-office> (accessed 14 December 2017).

²⁸⁴ According to an interviewed curator, the value of the collection is questionable since the most important works have been appropriated by one of the founders. Liza Savina, interview with the author, St Petersburg, 26 October 2016.

²⁸⁵ Lydmila Novikova, 'Natalya Turnova: 'In Order to be Free, You Need to Be Unwanted',' *Art Chronika Archive* (1 January 2011) <http://artchronika.ru/gorod/%D0%BD%D0%B0%D1%82%D0%B0%D0%BB%D0%B8%D1%8F-%D1%82%D1%83%D1%80%D0%BD%D0%BE%D0%B2%D0%B0-%D1%87%D1%82%D0%BE%D0%B1%D1%8B-%D0%B1%D1%8B%D1%82%D1%8C-%D1%81%D0%B2%D0%BE%D0%B1%D0%BE%D0%B4%D0%BD%D1%8B%D0%BC/> (accessed 15 December 2017).

²⁸⁶ Olga Kabanova, 'A Former Banker,' *Art Chronika Archive* (1 May 2011) <http://artchronika.ru/gorod/%D0%B1%D1%8B%D0%B2%D1%88%D0%B8%D0%B9-%D0%B1%D0%B0%D0%BD%D0%BA%D0%B8%D1%80/> (accessed 15 December 2017).

²⁸⁷ Ibid.

Barabanov and Alexander Yakimovich (who were allegedly even given some cash rewards).²⁸⁸ The gallery organised exclusive banquets and vernissages frequented by wealthy businessmen and the local political elite, including Eduard Limonov and Vladimir Zhirinovskiy.²⁸⁹ In the early 1990s Regina enjoyed resounding success, owing not only to the provocative shows staged by Kulik, but also to the generous sponsorship of Ovcharenko himself.²⁹⁰ During the financial crisis of the late 1990s, Regina's management decided to shut the gallery down. It reopened in 2000 with an exhibition by Oleg Kulik and since then has continued to promote both its old and new artists.

The need to survive prompted many galleries to adapt and innovate, expanding and modifying the conventional 'Western gallery model' to fit the local context. Those who were unable to secure sponsorship from wealthy individuals or commercial organisations rented out their premises or set up daughter companies in related industries. A good example is the still existing Borej Art Centre that, through the 1990s, relied heavily on the income from its design studio, photographic studio, publishing house, bookshop, decorative arts and souvenir shop, art salon and café.

There were hardly any sales. The majority of the exhibitions organised during the 1990s, even those of a high quality, were merely social events.²⁹¹ Artist, curator and writer Valery Valran pointed out another value paradox created by this lack of correlation between symbolic and economic capital: 'what could be exhibited, could not be sold to the domestic buyer, and what could be sold, could not be exhibited – it was either kitsch or "salon".'²⁹² Generally, the galleries' activities remained highly amateurish, overly naïve and economically unsustainable. Their 'inadequate' practices opened new spaces for controversies and (political) disputes over the governance of the Russian art market, the role of commercialisation and commodification on art

²⁸⁸ Ruth Addison and Kate Fowle, eds. *Access Moscow: The Art Life of a City Revealed 1990-2000* (Germany: Artguide s.r.o., 2016), 135.

²⁸⁹ Olga Kabanova, 'A Former Banker,' *Art Chronika Archive* (1 May 2011)

<http://artchronika.ru/gorod/%D0%B1%D1%8B%D0%B2%D1%88%D0%B8%D0%B9-%D0%B1%D0%B0%D0%BD%D0%BA%D0%B8%D1%80/> (accessed 15 December 2017).

²⁹⁰ The gallery management clearly understood the importance of international exposure and collaboration. Since its first debut at Art Cologne in 1994, the gallery has regularly participated at Frieze, Art Basel, the Armory Show, Artissima, the Vienna Art Fair and the Venice Biennale. Regina has also collaborated with international curators such as Dan Cameron, head of the New Museum in New York from 1995 to 2006, who in 1996 curated an exhibition *On Beauty* at Regina, featuring several foreign artists. <http://www.reginagallery.com/gallery/> (accessed 15 December 2017).

²⁹¹ The phenomenon described in length by art critic V. Misiano as 'tusovka'. Viktor Misiano, 'Kul'turnyje Protivorechija Tusovki,' [Cultural contradictions of the Tusovka] *Khudozhestvennyj Zhurnal* (May 1999).

²⁹² Sergey Mironenko, 'How to Equip Art,' *Khudozhestvennyj Zhurnal*, no. 4 (1994): 40.

value, and the non-correlation of the symbolic and economic values of Russian art (some of which are still ongoing).

Integration of Russian Art into International Value System

The integration of Russian art into the international value system was another important aspect of the agencing activities of the early Russian galleries who made a lot of efforts promoting their stable artists through international art fairs, biennales and exhibitions. In 1990, the Soviet Pavilion at the 44th Venice Biennale was for the first time handed over de facto by the MinCult to a privately owned gallery,²⁹³ Pervaya Galereya (First Gallery), to organise a joint exhibition with Rauschenberg and six young Russian artists, *Rauschenberg to Us, We to Rauschenberg*.²⁹⁴ The original exhibition had been created in response to Rauschenberg's painting, a personal gift to Aidan Salakhova,²⁹⁵ shown at First Gallery in 1989 along with American-art-inspired works by 22 Russian artists. The commissioner of the Soviet Pavilion, Vladimir Goryainov, liked the exhibition and saw it as a unique sociopolitical opportunity to attract international viewers. In addition, the young artists of the Soviet art elite were ideally positioned to represent the new face of the perestroika-era national art (a role that could no longer be assumed by 'official' Soviet artists nor by not-yet-fully-rehabilitated 'unofficial' artists).

In her interview for *Ogonyok*, Salakhova recalled various challenges faced by the Russian participants in the Biennale. The entire preparation system, including the artist selection process, was official in nature. The MinCult provided a minimum of financial support.²⁹⁶ The show was essentially a hastily prepared low-budget production.²⁹⁷ Despite the enormous

²⁹³ Its private ownership, and the fact that it was non-government venture, was proudly advertised by the affiliated market players in various publications (e.g. *Ogonyok*).

²⁹⁴ The participating Russian artists were Aidan Salakhova, Evgeny Mitta, Alexander Yakut (these three were also the founders of the gallery), Sergei Volkov, Andrei Yakhnin and Giya Abramishvili (the latter two quit the art scene shortly after the Venice Biennale show).

²⁹⁵ Aidan Salakhova, daughter of the established official artist Tair Salakhov, formerly the First Secretary of the Artists Union, who represented the USSR at the 1962 Venice Biennale. Salakhova met Rauschenberg at Zurab Tsereteli's studio, where he painted a picture for her, during his Moscow visit to organise a show *Rauschenberg to Us, We to Rauschenberg* at the Central House of Artists in 1989. Salakhova used the same title for the exhibition in her gallery, and later, for the exhibition in the Soviet Pavilion at the Venice Biennale.

²⁹⁶ 'They paid only for painting of the walls in the pavilion and for the transport of the artworks'; First Gallery's sponsor, the chairman of Strastnoy-7 cooperative, gave \$300 to cover the travel costs; another \$300 were provided by the Rauschenberg Foundation – 'we could not ask for more, he [Rauschenberg] did not suspect that we had no money at all'. Vladimir Glotov, 'Nashi v Venecii', *Ogonyok*, no.46 (1990): 24.

²⁹⁷ Salakhova likes to recall a story about the improvised reception they organised for the opening of the Pavilion, which was attended by the foreign press and important guests including Robert Rauschenberg, Yoko Ono, Leo Castelli and many diplomats. The usual cost of the reception was around \$2,000, which the Russian organisers did not have. Instead, they served the guests Stolichnaya vodka and pickled cucumbers bought up from the shops in

enthusiasm of the participants and the award of an Honourable Mention, it attracted a cautious critical response. Rauschenberg was seen as a patronising elder brother, who had churned out yet another commercial painting in an attempt to recapture his glorious past of the 1960s; the Russian works were seen as unoriginal and downright imitative of fashionable Western trends.²⁹⁸ Neither did the exhibition gain much resonance at home, as the Russian audience was largely unfamiliar with the Venice Biennale and, unlike today, an artist's participation in it did not have immediate commercial implications for the artist market.²⁹⁹

Nevertheless, First Gallery's exhibition at the Soviet Pavilion was significant in many ways. For the first time, the state showed some acceptance – if not full support – of the private commercial gallery model as an alternative to the official *modus operandi* and state ideology. The show also 'constituted the first serious breakthrough' for the Russian art scene on the international stage.³⁰⁰ It also set a precedent for other Russian galleries to follow. For Salakhova, the Biennale participation not only cemented her reputation as the first female curator of the Soviet Pavilion, but also strengthened her position as an artist ('bold avantgardist'³⁰¹) and a gallerist.³⁰²

Another individual who, from early on, was able to utilise the agencing power of international recognition to create value for himself was a controversial engineer-turned-curator Marat Guelman, whose Guelman Gallery, founded in 1990, developed into one of the few commercially viable galleries in Moscow. In fact, his promotional activities at home and abroad

Venice: 'It looked nice, everybody liked it'. Salakhova also compared the Russian Pavilion with the one from the USA, then represented by Jenny Holzer: 'We faced our problems alone. No canvases, no frames, looking for the materials. [...] In the USA Holzer had two years to prepare [her show]'; 'American government invested \$1 million into her show'; [...] we [only had] five months, even less.' Ibid.

²⁹⁸ Ruth Addison and Kate Fowle, eds. *Exhibit Russia: The New International Decade 1986-1996* (Germany: Artguide s.r.o., 2016), 137–9.

²⁹⁹ In the interview with Kate Fowle, Aidan mentions that on the day the Soviet Pavilion received the award, 'the Italian gallery Paolo Sproveri [Sprovieri] came with a pile of cash to the Pavilion, with the aim of buying works, but we weren't there'. Ibid., 135.

³⁰⁰ Ruth Addison and Kate Fowle, eds. *Access Moscow: The Art Life of a City Revealed 1990-2000* (Germany: Artguide s.r.o., 2016), 61.

³⁰¹ 'krutaya avangardistka', as dubbed by the official artist Ilya Glazunov. Vladimir Glotov, 'Nashi v Venetsii', *Ogonyok*, no.46 (1990): 23.

³⁰² Salakhova's secondary market of her own works is rather small. Out of a total of 31 lots that have appeared at auctions from 1993 to date, 55% (or 17 lots) have gone unsold. (Artinvestment.ru lists 33 lots, including an additional 2 unsold lots.) Her highest auction record of \$46,877 was set outside of Russia by Sotheby's London in 2016 for a small marble sculpture *Without Words # 14* (2015), exhibited just a few months earlier at the Saatchi Gallery in London. It remains to be seen whether Salakhova's brand outlives that of her celebrated father. In contrast, an oil painting of 3-years-old Aidan, wearing a white fur coat and rocking on the wooden horse, painted by her father Tair Salakhov for his 1980 solo exhibition at Gekko Gallery in Tokyo, was sold for \$406,109 by Sotheby's London in 2015. This very painting, considered by some experts as an iconic image of Soviet childhood, was hammered for only \$56,440 a year earlier by Mainichi Auction Tokyo, making it also a remarkable example of existing asymmetries in knowledge and prices in the art market. Artprice.com.

became so successful that the right-wing newspaper *Zavtra* began to refer to all modern artists as ‘Guelmanoids’.³⁰³

Self-proclaimed as ‘one of the earliest art dealers in the USSR’, Guelman quite early became aware of art value creation mechanisms, recalling in 1997:

In the beginning, I was visiting artists’ studios and buying their works. However, after having seen the Artists Union’s directory containing 80,000 artist names, I realised I would never be able to visit them all. I was at loss. Then I realised, I must seek not the artists, but the people who will write the art history; I understood, art is not [merely] an aggregate of persons engaged in the production of art, rather, it is a system of social agents and institutions, a system, which needs to be [...] created. [...] Whoever creates criterion apparatus, has the power. And if today marketing defines our activity, then, we are the power, we shape the framework of the art [market].³⁰⁴

Guelman quickly realised that to be ‘bestowed with the power of selection’, he must gain weight by penetrating the networks of the people who already wielded authority. After a successful exhibition, *South Russian Wave*, in 1992 which featured his collection of Ukrainian artists, Guelman attracted the attention of the public and of some prominent players, including ‘a fantastic authority’, ‘a window to Europe’, art critic Leonid Bazhanov.³⁰⁵ Throughout his gallerist career Guelman remained ambitious and highly innovative. He was among the first Russian gallerists (if not *the* first) to set up a web presence, at a time when the internet in Russia was still regarded with considerable scepticism.

Like Aidan and Regina, the Guelman Gallery made efforts ‘to return’ post-Soviet art to the international context. The gallery established contacts with the leading international galleries, striving to expose the gallery’s stable of artists to a wider international art community. In 1996

³⁰³ According to Guelman, until its closure in 2012 the gallery worked with almost every prominent artist of the respective period, from the classics of Moscow conceptualism (Yuri Albert, Igor Makarevich, Vadim Zakharov, Dmitry Prigov), Sots-Art (Vitaly Komar & Alexander Melamid, Boris Orlov, Leonid Sokov) and postmodernism (Pavel Pepperstein, Georgy Ostretsov) to St. Petersburg ‘New Academy’ artists (Timur Novikov), to the legendary Mitki group, and Moscow action Art (Oleg Kulik, Anatoly Osmolovsky, Alexander Brener, Oleg Mavromati, Avdey Ter-Oganyan, RADEK group), to South Russian Wave (Alexander Sigutin, Arsen Savadov, Alexander Roitburd, Oleg Golosiy), to the pioneers of media art (Blue Soup group, AES+F, Olga Chernysheva, Vladislav Efimov & Aristarkh Chernyshev); and from painters (Yury Shabelnikov, Valery Koshlyakov, Alexander Vinogradov & Vladimir Dubosarsky, Dmitry Vrubel) to photographers (Boris Mikhailov, Vladislav Mamyshev-Monroe), architects (Alexander Brodsky, Alexey Belyaev-Gintovt, sculptors (Dmitry Gutov, Grisha Bruskin, Martynchik couple) and artists who work with installations and new media (Irina Nakhova, Vladimir Arkhipov, Blue Noses group and others). <http://www.guelman.ru/artists/mg/hudozhnik/> (accessed 16 January 2018).

³⁰⁴ Marat Guelman, ‘Supermarket: Otdel Sovremennogo Iskusstva’, [Supermarket: department of contemporary art] *Khudozhestvennyj Zhurnal* no.15 (1997): 52.

³⁰⁵ *Ibid.*; <https://vz.ru/culture/2006/3/29/27915.html> (accessed 18 December 2017).

the gallery represented Russia at the first 'Art Forum' art fair in Berlin.³⁰⁶ In parallel, the gallery worked on bringing international artists to Russia.³⁰⁷

Despite early success, the gallery business remained challenging. Guelman recalled that as early as 1992–93 much of what he and his colleagues had imagined about the art market after the Sotheby's auction had turned out to be illusory:

Having relatively easily destroyed the Soviet art system, we discovered that the Moscow situation was turning into a European appendage. All the artists wanted to go abroad. The collectors were primarily foreigners. And even a new hierarchy of value system for Russian art was established not in Moscow, but in Cologne and New York. During the 1990s several galleries in Moscow had to play the role of museums, galleries and not-for-profit organisations.³⁰⁸

The growing dependence of the emerging Russian art market on the economic field was a result of its integration into the global art system. And yet, the agencing power of the Western art market alone was not sufficient to create lasting value of art by Russian (and Chinese) artists without their previous or parallel agencing within their domestic circuits. According to Guelman, 'an artist's integration in the domestic cultural milieu had become a paramount condition for [his/her] success in the West'.³⁰⁹ This observation proved to be valid for the Russian and Chinese artists who lost their connections with the home circuits after emigration and eventually became marginalised in the West while being forgotten at home.

³⁰⁶ <http://museumstudiesabroad.org/marat-gelman/> (accessed 15 December 2017).

³⁰⁷ Guelman is credited with hosting major personal exhibitions by Andy Warhol and Joseph Beuys in 1994 in Moscow and organising several major non-commercial exhibiting events. Ibid.

³⁰⁸ Igor Shevelev, 'Gallerist in the Galleys,' *Vzglyad Business Newspaper* (29 March 2006) <https://vz.ru/culture/2006/3/29/27915.html> (accessed 18 December 2017).

³⁰⁹ In 1995 Guelman published his controversial 'Guelman Plan' to rescue contemporary Russian art, in which he also compiled his infamous and highly criticised 'Guelman List' that (based on the 'repressive' censorship system that filtered out artists 'undeserving' of limited financial resources) consisted of 76 artists who, in Guelman's opinion, were worthy of 'implantation into public consciousness'. Among the selected artists were Albert, Brener, Bruskin, Bulatov, Vasiliev, Dubossarsky & Vinogradov, the Zvezdocheotovs, Infante, Kabakov, Monastyrsky, Novikov, Osmolovsky, Peppershtein, Prigov and Chuikov, as well as artist groups such as AES, Mit'ki and Medgermenevtika. Ironically, most of these artists formed the core of the high-profile donation of Russian works to the Centre Pompidou in 2016, discussed in the next chapter. http://www.compromat.ru/page_21810.htm (accessed 16 January 2018).

Institutionalisation of Russian Contemporary Art and the Rise of Individual Agencements

Despite acknowledgement by Western judgement devices, within the domestic art field Russian contemporary art remained a relatively marginalised isolated segment, 'cut off from the mechanisms of resource distribution'.³¹⁰ The MinCult, along with other OAOs, failed to build a functioning art market and continued to operate according to policies of discrimination and favouritism.³¹¹ In order to fill this 'institutional vacuum', several ambitious individuals attempted to organise an alternative 'holistic art system', utilising surviving official structures.³¹² They went on establishing several art institutions that became pivotal for institutionalisation of Russian contemporary art at home, its integration into the international art circuits, 'westernisation' of the art market, and diversification of still homogeneous post-soviet cultural space. Ironically, and, perhaps, inevitably, rather than achieving 'institutional integrity',³¹³ these new entities renewed polarisation of the Russian art value system.

In 1992 Leonid Bazhanov³¹⁴ founded the National Centre for Contemporary Art (NCCA). Bazhanov, who was disillusioned with the fragility of private sponsorship structures, was convinced that even though 'unofficial' structures were more effective, 'you need a developed society for [those] kind[s] of organization[s]' and that 'it is in any case more effective to place the responsibility for culture with the state'.³¹⁵ One of Bazhanov's main tasks was to coordinate various organisations and initiatives, including the Artists Union, the Academy and numerous private entities. NCCA, the first contemporary art institution to enjoy the constant support of the MinCult, began in 1995 to curate the Russian pavilion at the Venice Biennale. Utilising the state exhibition and museum network, NCCA (which is still functioning today) was able to establish several branches, creating an expansive network domestically and internationally, and has played a vital role in consolidating and reorganising artistic activities and popularising³¹⁶ contemporary Russian art.

³¹⁰ http://www.compromat.ru/page_21810.htm (accessed 16 January 2018).

³¹¹ Ibid.

³¹² The vast Soviet legacy consisted of country-wide network of various OAOs including the art fund, museums, exhibition halls, art associations with hundreds of thousands of members and so on.

³¹³ Quoting Viktor Misiano in Irina Basileva, 'Kak Nam Obustroit' Rossiiskoye Iskusstvo,' [How we can equip Russian art] *Khudozhestvennyi Zhurnal*, no.25 (1999): 30.

³¹⁴ Then Director of the Contemporary Art Department at the MinCult.

³¹⁵ Ruth Addison and Kate Fowle, eds, *Access Moscow: The Art Life of a City Revealed 1990-2000* (Germany: Artguide s.r.o., 2016), 26.

³¹⁶ Interview with Alisa Prudnikova, Director of Regional Development of NCCA, by the author, Moscow, 6 April 2015.

Two other interlinked organisations that attempted a merger with the state structures were the Institute of Contemporary Art (ICA),³¹⁷ founded in 1992 by well-connected art critic and curator Joseph Backstein, and the (unrealised) Museum of Contemporary Art, spearheaded by the controversial curator and son of once high-positioned Soviet diplomats, Andrey Erofeev.

Modelled after a Western art institution, the main purpose of the ICA has been 'to reintegrate Russian art into the international art world's structures'.³¹⁸ It functioned primarily as a platform for intellectual discussions, organising masterclasses for artists, curators and art managers, supporting exhibitions and small projects, and introducing works by foreign artists. It remains one of the few 'Western-oriented' educational institutions in Russia, maintaining a 'cultural corridor' with the international circuits;³¹⁹ to date, over 650 artists have graduated from the Institute.³²⁰

Erofeev began building a collection for his planned Museum of Contemporary Art in the 1980s by visiting the 'unofficial' artist studios and primarily receiving works as donations.³²¹ However, after his visionary museum concept was finally approved by the MinCult, it was 'hijacked' by Zurab Tseretelli.³²² In 2001 the 'Erofeev collection' was handed over to the State Tretyakov Gallery, where Erofeev joined its newly formed 'department of the newest trends' and continued to expand the collection of 'nonconformist' art until 2008, when he was fired on account of his 'weak administration skills'.³²³ By then, the Tretyakov's collection of 'independent' art had grown

³¹⁷ https://www.transartists.org/air/ica_moscow.6640.html (accessed 19 January 2021).

³¹⁸ <http://icamoscow.ru/en/ipma/istoriia/> (accessed 9 May 2018).

³¹⁹ In 2013 Goldsmiths, University of London became the ICA's main partner. Ibid.

³²⁰ Ibid.

³²¹ Later he was criticised for failing to attract 'Russian money' to build a museum, becoming the de facto proprietor of the collection which he allegedly mishandled, by organising poorly curated exhibitions and keeping it in storage, away from public view. According to the criticism by Oleg Kulik who wrote an open letter addressed to Erofeev, Bakstein, Misiano and Bazhanov, Erofeev failed to set up a fully functioning museum, treated the collection as if it was his own private property, took it on the wrong tours (e.g. to Tokyo where it was allegedly poorly curated). Kulik called Erofeev a parasite and his museum 'a mythical institution'. Oleg Kulik, 'Oleg Kulik – Andrey Erofeevu, Iosifu Markovichu Baksteinu, Viktoru Misiano, Leonidu Bazhanovu', *Khudozhestvennyi Zhurnal* no.1 (1993): 26.

³²² Four years later, a well-connected 'official' artist, then the President of the Russian Academy of Arts, Tseretelli received a neoclassical mansion on Petrovka street from his friend the Mayor of Moscow, Yury Luzhkov, to house what is today known as MMOMA (Moscow Museum of Modern Art). Ibid.

³²³ The real cause for the decision to fire him was likely political and not unrelated to Erofeev's curating of two controversial exhibitions, *Sots Art: Political Art from Russia* (2007–2008, Paris) and *Forbidden Art 2006* (2007, Moscow). For the latter, which featured works that had been banned from museums for their strong language and ironic treatment of Russian Orthodox symbols and themes, Erofeev was put under criminal investigation, charged with 'fomenting ethnic and religious hatred' and 'insulting human dignity', found guilty and sentenced to a fine of RUB150,000 in 2010. <http://www.blouinartinfo.com/news/story/27995/controversial-russian-curator-fired-from-tretyakov-gallery> (accessed 15 May 2018).

to over 5,000 pieces, the largest collection of contemporary art held by a state institution in Russia.³²⁴ For the first time, the 'unofficial' art was officially included in the permanent exposition of a major state institution that finally acknowledged its cultural and historical value.³²⁵

Towards the end of the 90s, the institutional wave was over. Prominent art critic and curator Viktor Misiano, who in 1993 also founded Russia's first independent contemporary art magazine, *Khudozhestvennyi Zhurnal*,³²⁶ and curated several important international exhibitions including the Russian section at the 46th Venice Biennale in 1995, recalled: 'there was a new cultural community [that wanted to be] integrated into the world's contexts. It felt as though we were creating institutional integrity. All my efforts were directed towards the creation of a model for a not-for-profit art institution. [However, in 1999] it became clear, [...] solidarity, institutional integrity did not exist. [It all] was narrowed down to a very small circle of people, [...] to individual projects.'³²⁷ Far from achieving a reconciliation between the 'official' and the 'unofficial', the state and private domains, the new institutions reinforced the polarisation³²⁸ within the Russian art value system.

Art MIF, Art Moskva and Art Manege

The early Russian art fairs were probably the most interesting value creation experiment of the post-socialist decade. Art MIF (Moscow International Fair), though short-lived, was the first and

³²⁴ 2,000 of pieces are on permanent and 3,000 on temporary loan. <https://artprotest.org/cgi-bin/news.pl?id=1855> (accessed 15 May 2018).

³²⁵ At the time of writing, the New Tretyakov Gallery on Krymsky Val, reformed and reorganised 'to present the art of the 20th century in all its diversity', has 6 dedicated rooms for 'underground' art, 4 rooms for 'new art trends' and 7 rooms for socialist realism and 'austere style' art, along with about 16 rooms for the early 20th-century avant-garde. The 'underground and some new art trends' are represented by Yu. Zlotnikov, D. Plavinsky, B. Turetsky, M. Roginsky, O. Rabin, L. Masterkova, V. Nemukhin, L. Kropivnistky, V. Yakovlev, D. Krasnopevtsev, V. Veysberg, N. Vechtomov, E. Bulatov, O. Vassiliev, F. Infante-Arana, I. Kabakov, L. Sokov, A. Kosolapov, D. Prigov, V. Mironenko, A. Shaburov, V. Mizin, O. Kulik; while socialist realism and 'austere style' are represented by A. Deyneka, Yu. Pimenov, D. Shterenberg, P. Williams, S. Luchishkin, V. Mukhina, I. Frikh-Khar, S. Lebedeva, K. Redko, A. Samokhvalov, A. Pakhomov, A. Labas, A. Tyshler, B. Golopolosov, K. Istominm, A. Gerasimov, V. Yefanov, V. Mukhina, S. Gerasimov, T. Yablonskaya, P. Nikonov, T. Salakhov, N. Andronov, D. Zhilinsky, V. Popkov, B. Ugarov, V. Ivanov, O. Komov, T. Nazarenko, N. Nesterova, I. Starzhenetskaya, D. Shakhovskoy, A. Pologova, M. Kantor. <https://www.tretyakovgallery.ru/en/for-visitors/museums/novaya-tretyakovka/> (accessed 15 May 2018)

³²⁶ *Khudozhestvennyi Zhurnal* (Moscow Art Magazine) is printed in 1,000 copies released quarterly. Since its inception, the magazine has discussed pressing topics about various aspects of artistic life and processes. <http://moscowartmagazine.com/en/about> (accessed 9 May 2018).

³²⁷ Irina Basileva, 'Kak Nam Obustroit' Rossiiskoye Iskusstvo,'[How we can equip Russian contemporary art] *Khudozhestvennyi Zhurnal*, no.25 (1999): 30.

³²⁸ The collapse of the Soviet Union was a traumatic event that fractured the Russian art field. Antagonistic attitudes, fueled by personal ambition, internal politics and power struggle, prevailed throughout the decade. For instance, both Backstein and Erofeev were anti-official. The former publicly condemned such 'official' artists as Nikonov and Andronov; the latter compared the 'official' art with Nazi art in Germany. Irina Kulik, 'Lichnoye Delo: Zapretnyi Kurator,' [Private matter: Forbidden curator] *Artkhronika* (September 2010).

most important art fair during the early 1990s. The organisers – private individuals, predominantly art historians and curators with little or no art business experience – conceived the fair as an annual art-cum-business event, but only three fairs in total took place, all between 1990 and 1993.³²⁹ The pun in the fair's name (the Russian 'mif' meaning 'myth') was intentional and meant to indicate the organisers' awareness of the fact that a fully functioning art market remained a fantasy. Ironically, even though one of the fair's ambitious objectives was a radical reorganisation of art away from the monopoly of the state,³³⁰ in many ways the new capitalist venture still mimicked the old Soviet modus operandi. Not only did it rent its premises from the House of Artists,³³¹ it was also governed by an 'org-committee', consisting of several influential critics, art historians, gallerists and curators, including such familiar names as L. Bazhanov, I. Backstein, M. Guelman, D. Dondurey and V. Meiland.

The first Art MIF-90 hosted only 20 independent commercial and non-commercial, cooperative and private galleries from Moscow, Leningrad, Tallinn, Simferopol and Kemerovo.³³² During the fair, the org-committee organised a conference dedicated to the problems of the art market (its topics summarised in two brochures) and even issued a catalogue listing all participating galleries. The reception of this first private Soviet art fair was positive, though not without a degree of awkwardness:

The buyers were reserved – Soviet people were unaccustomed to the prices [of the artworks]. Even the gallerists were somewhat ashamed, hesitant to disclose them [the prices]. [Despite this] the seal of suppression on the very act of buying and selling art has been broken, and with it the stamp of criminality of the [art] 'exchange'. The market emerged from the underground, declaring itself an equal participant in the life and functioning of culture.³³³

From the very beginning, the fair organisers understood that the success of their venture was tied to its ability to bring together various circuits and to facilitate their close interaction. As Dondurey emphasised:

³²⁹ Art-MIF 90 in October 1990, Art-MIF 2 in October 1991 and Art MIF 3 in October 1993. The company was started by T. Danchakova, I. Krymova, G. Nikich, L. Yureneva and I. Tsentsiper. Ruth Addison and Kate Fowle, eds. *Access Moscow: The Art Life of a City Revealed 1990-2000* (Germany: Artguide s.r.o., 2016), 131.

³³⁰ The fair even had a slogan, 'ideal project for the Soviet art market'; its other objectives included expansion of art market relations, attraction of new players and funds, and research of cultural economies. 'Novye nezavisimyye obshchestvenno-khudozhestvennyye organizatsii Moskvyy', [New independent public art organisations in Moscow] *Art Media*, no. 12 (1993): 59–60.

³³¹ The House of Artists is an old Soviet platform formerly used by the Artists Union for the annual exhibitions of their own stable of official artists.

³³² 'Khudozhestvennyi Rynok,' [Art market] *Dekorativnoye Iskusstvo SSSR*, no. 12 (1990): 36.

³³³ *Ibid.*

The art fair is the first experience of [...] creating the art market [...] – a long-term process [...] that requires] an economic, social, cultural, psychological, and finally, creative environment involving collectors, public funds, state museums, companies, banks and a great number of intermediaries.³³⁴

In an attempt to create the ideal art market model, for the second edition the organisers went the extra mile to attract new capital and art patrons. Art MIF-91, widely advertised in the media, sponsored by nearly a dozen Russian firms and joint ventures and, most importantly, recognised and supported by the Moscow municipal government, boasted 64 galleries (more than tripling its first edition) including 5 new galleries from overseas.³³⁵ And if MIF-90 had been 'market-shy', MIF-91 achieved a commercial breakthrough, generating nearly 10 million roubles (ca. \$250,000) in total sales,³³⁶ with ambitious prices ranging from \$10,000 to \$25,000 per artwork.³³⁷ Half of the sales were generated by private buyers, with 50% of the galleries selling at least one work while several sold out entirely; another half came from the newly emerged art patrons – Russian banks, including Inkombank, Moskovia Bank, Stolichny and Imperial.³³⁸ The story of how the Art MIF organisers sold the myth of 'art as investment' to the Russian banks³³⁹ reflects a naïve confidence, as well as profound ignorance (on the part of both buyers and sellers) of how the value of art is created.

According to the fair's co-founder L. Yureneva, the organisers solicited the banks' participation well in advance, patiently communicating to them the importance of art collecting and the benefits they would receive from it (positive publicity, brand recognition and investment potential). Yureneva recalled:

They [banks], of course, had heard that banks in the West for whatever reason collect art, publish catalogues, exhibit their collection. But actually, they knew little about this type of investment. We created a special expert committee consisting of famous art historians (E. Dyogot, V. Turchin, I. Tsentsiper), who at

³³⁴ 'Khudozhestvennyi Rynok,' [Art market] *Dekorativnoye Iskusstvo SSSR*, no. 12 (1990): 36.

³³⁵ Ruth Addison and Kate Fowle, eds. *Access Moscow: The Art Life of a City Revealed 1990-2000* (Germany: Artguide s.r.o., 2016), 131.

³³⁶ The fair itself lost money – 5% commission charged on the galleries' sales was not enough to cover the high organisational and advertising costs. 'Khronika Khudozhestvennogo Rynka Moskvyy za 1992', [Chronicles of art market in Moscow during 1992] *Art Media*, no. 12 (1993): 18.

³³⁷ For example, S. Sidur's sculpture was priced \$25,000, the price for A. Sitnikov's oil was set at \$10,000, T. Nazarenko's oil at \$12,000. Some of the works found the buyers: O. Tselkov's oil sold for ca. \$15,000, N. Nesterova \$10,000. Ibid.

³³⁸ Ibid.

³³⁹ Early Russian private banks were notorious for irresponsible investments and lavish spending. Bank Imperial serves as a good example. Still remembered by many (including the author) due to its noisy pro-Slavic series of advertisements called 'Worldwide history', the bank became bankrupt in 1999, defaulting on all its debts; as a result, thousands of deposit holders lost their entire savings.

the banks' request selected the artworks and explained to the future owners what is good in art and what prices are normal. The expert committee guaranteed imperishable (sic!) monetary value (sic!) of these works. In other words, if the work was estimated, for example, at a hundred thousand, the expert committee guaranteed that, if a bank decided in a year or two to sell this work, the price would be at least the same amount. And that in the future it would not lose its value.³⁴⁰

The committee selected only those contemporary artists who already had established auction prices and gallery exhibitions in the West. Y. Nikich also recalled that they recommended art which was 'of [good] quality and understandable – for those who pay for it. Artworks should not be too problematic, complex or too gloomy.'³⁴¹ The advisors tried to appeal to the potential buyers by drawing parallels with the contemporary collections put together by IBM, Deutsche Bank and Lufthansa along with Tretyakov, Schukin, Morozov or even the Medici. Following the personal preferences of the owners, Moskovia Bank opted for figurative art and landscapes, while Inkombank chose 'unofficial' Soviet art.³⁴² The committee (who also charged the banks 5% commission on the purchased value) promised the banks to support the purchase prices and to organise exhibitions from the banks' collections at home and abroad.³⁴³ By the end of the fair, the committee had managed to spend only half of the total of 10 million roubles allotted by the banks for art acquisitions; for, according to co-founder Ilya Tsentsiper, 'we discovered that there is quite a lot of money around, and not enough good art'.³⁴⁴

The last Art MIF-93 was further refined; 'it became more civilised, even remotely resembled a typical European art fair. [...] The level of simulation was even higher. [...] It was a life-size mock-up of the art market.'³⁴⁵ Among the participating galleries were Guelman, Shkola, L

³⁴⁰ Evgeny Barabanov, 'Iskusstvo na Rynke ili – Rynok Iskusstva?', [Art on the market or – Art market?] *Khudozhestvennyi Zhurnal*, no.46 (2002): 32.

³⁴¹ <http://artguide.com/posts/536-kratkaia-istoriia-kollietsionirovaniia-v-sovriemiennirossii-ot-korporativnoi-kollietsii-k-chastnomu-sobraniiu-chast-piervaia?page=77> (accessed 3 June 2018).

³⁴² Some of the bank collections expanded over the next years to include antiques, 19th- and 20th-century art, even some Western art. The quality was uneven, due to the lack of professional expertise and collecting strategy.

³⁴³ Inkombank's collection was shown during Art MIF in 1993 and a year later in Bonn, as part of the exhibition *Europe, Europe. Hundred Years of Avantgarde in Central and Eastern Europe*. Later that year the collection also travelled across Russia under *Contemporary Art from the Collection of Inkombank*. From the report on the corporate collections of the 1990s by art historian and chief editor Marya Kravtsova, published in 2014. <http://artguide.com/posts/536-kratkaia-istoriia-kollietsionirovaniia-v-sovriemiennirossii-ot-korporativnoi-kollietsii-k-chastnomu-sobraniiu-chast-piervaia?page=77> (accessed 3 June 2018).

³⁴⁴ Ruth Addison and Kate Fowle, eds. *Access Moscow: The Art Life of a City Revealed 1990-2000* (Germany: Artguide s.r.o., 2016), 132.

³⁴⁵ A detailed review of Art MIF-93 was published by a popular commercial newspaper *Kommersant* right after the fair in 1993. The original version is still accessible online. <https://www.kommersant.ru/doc/63452> (accessed 30 May 2018).

Gallery, 1.0, Roza Azora, Eval Poll, Yakut Gallery and Katalog. The number of visitors was estimated at 'up to six thousand per day'; however, many foreign galleries and buyers from the previous edition did not return (a fact attributed by the organisers to an alarming increase in criminal activity in Moscow).³⁴⁶

The crowning event of Art MIF-93 was the charity auction conducted on the last evening of the fair. Broadly advertised as a 'joint venture' between Sotheby's and Art MIF, the auction was yet another myth created by the organisers in an attempt to simulate the real art market.³⁴⁷ The auction (and its results) were pre-planned and carefully orchestrated. In total, 50 out of 63 lots sold for an alleged amount of 40 million roubles,³⁴⁸ with prices ranging from \$5,000 to \$9,000, but only two lots exceeded their low estimates,³⁴⁹ pointing to the fact that most prices had been pre-arranged. On some lots the bidding was entirely staged by the consignors – that is, the gallerists – who were very eager 'to fix the prices for their nurslings at the auction [conducted] under Sotheby's brand'.³⁵⁰ The MIF-maker Ilya Tsentsiper made a direct reference to the legendary auction when he commented that the top lot in the sale, Alexander Yakut's *Sleeping Beauty* bought by Imperial Bank at \$250,000,³⁵¹ was 'destined to become a symbol of a new stage of the art market development, similar to *Fundamental Lexicon* by Grisha Bruskin at the first Sotheby's auction'.³⁵²

³⁴⁶ *Kommersant* during the mid-1990s was full of alarming headlines, such as 'Shooting in Moscow', 'The Killer of the Brothers Udaltsov Has Never Been Found'. Criminal activity spread into the art world too, as a number of artists and collectors reported being harassed or robbed by racketeers.

³⁴⁷ There was no joint venture with Sotheby's. In fact, Peter Batkin, Sotheby's CEO, who was specifically invited to conduct the auction, had been kept in blissful ignorance about its 'joint' nature.

³⁴⁸ This figure was reported to *Kommersant* in 1993 by Ilya Tsentsiper, one of the myth-makers, and should therefore be taken with caution. <https://www.kommersant.ru/doc/63452> (accessed 2 June 2018).

³⁴⁹ In a later report by *Kommersant*, the auction's sell-through rate was reported to be much lower, 34% (or approximately 22 lots), confirming the fact that most of the lots were 'bought-in' by the consignors (gallerists) themselves. Another fact mentioned in the late report is that a few 'unplanned' anonymous bidders, who unexpectedly joined the sale and won some of the lots, at the end failed to pay and just disappeared.

'Korporativnye Kollektzii Nachinayut Pryamo Vliyat' na Khudozhestvennyi Rynok,' [Corporate collections begin influencing art market] *Kommersant*, no. 214 (1993). From *Kommersant.ru* online archive <https://www.kommersant.ru/doc/64127> (accessed 3 June 2018).

³⁵⁰ *Ibid.*

³⁵¹ This work, featuring Brezhnev's giant black reanimation limo and a white porcelain sculpture of a life-size 'sleeping' female, was bought by Igor Peshkov, a representative of Imperial Bank; the latter made a slip of the tongue by commenting that the work was intended to be shown in France and Switzerland and resold once its value had increased. E. Dyogot, "'Spyashchaya krasavitsa" Budet Spat' v Banke "Imperial"', [Sleeping beauty will sleep at Imperial bank] *Kommersant*, no. 207 (1993): 11.

³⁵² *Ibid.* To recall, the *Lexicon* was sold for \$ 416,000 in 1988. It is now dubbed by the media as a Russian icon of the 20th century.

The bullishness of the organisers did not prevent the project from being a scandalous fiasco. Art MIF was criticised for imitating the old Soviet practice of state purchases (*goszakupki*) during the compulsory Artists Union exhibitions. The fair's committee was accused of elitism and favouritism (particularly by the envious 'official' artists who did not have any gallery representation and whose works did not end up in the banks' collections). Some critics and gallerists were accused of having a conflict of interest as they were promoting their own artists while serving on corporate and museum acquisitions committees. The final blow, however, came from the banks, who quickly realised that most of their contemporary art purchases based on the org-committee's 'expert' recommendation had lost almost their entire economic value, turning into unsellable commodities.³⁵³ The myth was over.

It was not until 1996 that the art fair activities resumed and soon became part of the annual routine. The art fair scene was now divided between two competing platforms: the 'radical' Art Moskva and the 'liberal' Art Manege, indicating a renewed polarisation of the art value system. Both fairs enjoyed 'international status' that allowed them to receive visitors (galleries) from abroad. Art Moskva – a de facto subsidised platform for 'correct galleries with quality art. No salon. No marginals'³⁵⁴ – was organised by ambitious 'gallerists for the gallerists' with 'an orientation towards the western context'.³⁵⁵ The selection committee, or 'the Mighty Handful', which unsurprisingly included Salakhova, Guelman, Selina (XL Gallery), Yakut and Ovcharenko (Regina), applied 'the strictest aesthetic censorship' that favoured 'kindred spirits'.³⁵⁶ While the first fair in 1996 boasted 39 participating galleries, in 1997 only 17 galleries (including 5 foreign

³⁵³ The biggest failure was probably the sale of the collection by Inkombank, which was declared bankrupt in 1997. The auction house Helos was chosen to disperse its entire collection in 2002. The most expensive lots – a total of 183 artworks – were grouped under 'part I' with 107 lots sold for \$1,346,420. 'Part II' consisted of 850 lots called 'bulk goods' and included all contemporary art sold in batches at estimates as low as \$5–100 per lot (e.g. a work on silk by Timur Novikov was estimated at \$5); only 48% of the lots were sold. The hastily prepared sale was conducted in a highly unprofessional manner and resulted in a big disaster which shattered the buyers' confidence in contemporary art for many years to follow. Some critics commented that the selection of the contemporary art in the Inkombank collection was extremely poor. Maria Kravtsova, 'Short History of Collection in Contemporary Russia,' *ArtGuide* (20 February 2014) <http://artguide.com/posts/536-kratkaia-istoriia-kolliieksionirovaniia-v-sovriemiennoi-rossii-ot-korporativnoi-kolliieksii-k-chastnomu-sobraniiu-chast-piervaia?page=77> (accessed 3 June 2018).

³⁵⁴ It was perched on top of the Antiquarian Salon, its sister fair through a shared co-organiser, the Expo-Park company, on the third floor of the Central House of Artists. Nikolai Udaltsov, 'Art-Moskva. Radikal'nyi Mirazh Art-Rynka i Verolomstvo Radikalov,' [Art-Moscow. Radical illusion of art market and treachery of radicals] *Khudozhestvennyi Zhurnal*, no. 16 (1997): 82.

³⁵⁵ <http://azbuka.gif.ru/critics/artmarket/> (accessed 4 June 2018).

³⁵⁶ At the end, Yakut and Rigina switched camps and started to exhibit at Art Manege.

<http://azbuka.gif.ru/critics/artmarket/> (accessed 4 June 2018) 'The Mighty Handful' ironically refers to a group of five prominent 19th-century Russian composers who tried to create distinct Russian classical music but ended up composing many quintessentially 'Russian' works in orientalist style.

ones) were selected out of a pool of 200 applicants.³⁵⁷ The discriminating selection process, however, did not bring any improvements to the fair's sales. Compared with the MIF sales in the early 90s, the economic value of Russian contemporary art towards the end of the decade saw a dramatic fall. In 1996 around 70 artworks were sold for a total of \$50,000 (80% less than MIF-90); the average price per artwork was \$700 (as opposed to tens of thousands during the MIF fairs).³⁵⁸ In the following years the sales were negligible, with over 60% of purchases being made by gallerists from one another.³⁵⁹ As the sales continued to shrink, the not-for-profit section expanded; in 1997 the fair included such non-commercial self-promotional shows as *Open Museum* by the Soros Center and *Collection* by Stolichny Bank. In 1999 Art Moskva did not take place.³⁶⁰

In contrast with the self-censored 'elitist' Art Moskva, its main (and only) competitor Art Manege resembled a 'motley caravanserai', 'an art-bazaar [that paraded] out-of-date, kitschy and deeply provincial art'.³⁶¹ Art Manege, which – as the name suggests – rented premises at the Manege Exhibition Hall, was organised as an art salon (rather than a Western-styled art fair) and featured not only galleries but also individual artists without gallery representation. Despite scornful criticism from the 'progressive gallerists and curators' of Art Moskva, Manege was moderately popular, especially among the 'still Soviet' artist unions and their habitual audience, and attracted, on average, 60 to 70 galleries and over 300 participating artists.³⁶² The art mix was eclectic, from the 'veterans of nonconformism' (Roginsky, Orlov, Prigov, Gorokhovskiy, Kabakov, Nemukhin, Yakovlev) and 'post-conceptualists' (Dubossarsky, Vinogradov, Ter-Oganyan) to 'retail kitsch', which *Kommersant* warned was 'potentially harmful for undeveloped

³⁵⁷ Udaltsov, 'Art-Moskva,' 83.

³⁵⁸ For instance, the artist M. Shemyakin purchased *Bird* by fellow artist Igor Makarevich from XL Gallery 'for a few hundred dollars', according to a very brief report (compared with the detailed accounts of the MIF fairs) by *Kommersant* in its 20th issue dated 9 June 1996. <https://www.kommersant.ru/doc/19772?query=%D0%B0%D1%80%D1%82-%D0%BC%D0%BE%D1%81%D0%BA%D0%B2%D0%B0%201996> (accessed 4 June 2018).

³⁵⁹ Among most popular (read sellable) artists were O. Kulik, I. Makarevich, S. Shutov, T. Liberman, I. Nakhova, F. Infante. Udaltsov, 'Art-Moskva,' 83.

³⁶⁰ The fair was resumed in the 2000s and operated until its final closure in 2013. Except for 2007 when the fair made a small profit of RUB200,000, the project operated at a loss since its inception in 1996. Vasily 'Vasily Bychkov about Closure of Art-Moskva,' *Kommersant* (18 July 2013) <https://www.kommersant.ru/doc/2235680> (accessed 4 June 2018)

³⁶¹ Wrote *Kommersant* in 1997. The newspaper clearly favoured Art Moskva and remained highly sceptical towards Art Manege which it continued to criticise until 1999. <https://www.kommersant.ru/doc/2235680> (accessed 4 June 2018)

³⁶² <http://azbuka.gif.ru/critics/artmarket/> (accessed 4 June 2018)

taste'.³⁶³ Similarly to Art Moskva, more than half of Manege's space during the late 90s' editions was given to non-commercial projects. The sales were equally negligible and barely reported.

Despite the lack of commercial success, the early Russian art fairs – experimental ventures that merged old Soviet practices with Western marketing strategies and endorsed polarised value systems – represented a great leap towards the commercialisation of art. They gradually developed into efficient platforms for the creation, dissemination and legitimisation of art values by facilitating exchanges, flows and circulation among multiple circuits of collectors, dealers, agents, curators, critics, museums, businessmen and the general public. Most importantly, the economic value of art, now publicly acknowledged and openly discussed, debated and even advertised, also became a judge of its artistic value.

³⁶³ According to *Kommersant* review of Manege-97 Mikhail Bode, 'Art Second-hand in Moscow's Manege,' *Kommersant* (10 December 1997) <https://www.kommersant.ru/doc/189345> (accessed 4 June 2018).

Part 2: China 1990–1999 – Change *in* the System

Value Creation of Chinese Art through the New Auction-centric Model – Shift towards Economic Capital

Similarly to what was observed in the Russian art market, the economic values of Chinese contemporary art³⁶⁴ established by the top branded (agenced) international auction houses were the first important public markers that enabled the creation of a reference system which would orient the local and foreign market players during the following decades. During the 1990s, however, the role played by the foreign auctions remained limited. For one thing, neither Sotheby's nor Christie's were able to enter the mainland during the 1990s.³⁶⁵ It was not until 1993 that China broke the state monopoly over auction sales by allowing China Guardian Auctions, the first national private house which led the domestic auction market until the emergence of Beijing Poly in the mid-2000s, to stage an auction of calligraphy and oil paintings (a small segment comprised primarily of academic realist works).³⁶⁶ The auctions of Chinese contemporary art (an even smaller segment) were not held until the late 90s;³⁶⁷ however, the auction results were unremarkable – with one noteworthy exception.

Robert Bernel, a Beijing-based American collector, dealer and art publisher, recalled that it was actually the Chinese curator, critic and art dealer Leng Lin, later a founder of the Beijing Commune and an influential director of Pace Beijing, who organised what appeared to have been the first ever art auctions of Chinese contemporary art in mainland China in 1996 and 1997.³⁶⁸ Unlike other auction sales that focused on academic art, Leng Lin's auctions included avant-garde artworks that 'displayed the pluralistic situation and multipolar trends in artistic

³⁶⁴ The term 'contemporary art' (*dangdai* or *xiandai yishu*) gradually replaced 'avant-garde art' towards the mid-1990s.

³⁶⁵ China's 'reform and opening-up' policies stimulated direct foreign investment and encouraged the arrival of hundreds of thousands of foreigners but kept the doors of the art industry tightly closed. Prohibitive laws and regulations prevented foreign houses not only from operating under joint ventures but also from conducting auctions within China. An exception was made only for Taiwanese auction houses who could form a JV in the mainland.

³⁶⁶ Chen Dongsheng, the founder and president of the auction, is now also chairman and CEO of Taikang Life Insurance which has an active stake of 13.52% in Sotheby's. <https://www.bloomberg.com/news/articles/2016-07-27/sotheby-s-attracts-yet-another-activist-in-china-s-taikang-life> (accessed 13 May 2017)

³⁶⁷ Specifically, in 1996–97 by the Sungari Auction company, in 1999–2000 by Hanhai Auctions, and in 1998–early 2000s by Christie's and Sotheby's. Lü Peng. *Fragmented Reality. Contemporary Art in 21st-Century China* (Milan: Edizioni Charta, 2012), 139.

³⁶⁸ According to the catalogue notes written by Leng Lin. Each auction was preceded by a short, curated group exhibition: *Reality: Present and Future – '96 Chinese Contemporary Art* and *Dream of China: 1997 Chinese Contemporary Art*, accompanied by illustrated catalogues. <http://www.aaa.org.hk/en/collection/search/library/reality-present-and-future-96-chinese-contemporary-art-96> (accessed 13 May 2013).

circles in China in the 1990s'.³⁶⁹ Many major (locally based) foreign collectors, diplomats and dealers were invited to participate in the auctions, including Uli Sigg, then the Swiss ambassador and now a renowned collector whose famous Chinese art collection forms the core of the M+ Museum in Hong Kong.

Bernell, who had been collecting since 1991 and by the late 90s already owned an extensive collection of about 120 (mainly figurative) works by Chinese avant-garde artists including Yue Minjun, Wang Guangyi, Qiu Zhijie, Ding Yi and Zhou Tiehai, bought several works from Leng Lin's auctions. One of them was a large (200x180 cm) iconic mask painting by Zeng Fanzhi for which he paid around \$10,000. He recalled how he had bought his first 'avant-garde' painting, by Liu Xiaodong, from Sotheby's Hong Kong around 1991 for \$5,000 (with '*not much bidding*')³⁷⁰ and that he had been very nervous to pay that much money. Although he regularly frequented exhibitions, he decided to purchase his first works not from a gallery, but from the branded international auction houses '*because it was safer. If they sold it then it had a market in case I wanted to resell it.*'³⁷¹ When he later met Liu Xiaodong in person, he bought another painting directly from him, also for \$5,000, commenting that the artist's price was not set by accident: '*Liu knew what it [his works] sold for at Sotheby's so that became his price.*' To mitigate his own 'value uncertainty' about the art he was collecting, Bernell hired an art critic from CAFA (introduced to him by Liu Xiaodong) who would '*guide me through all of this*' (by writing short essays with supporting photographs of works for Bernell to consider purchasing). Later, he would also follow the recommendations of other local critics and curators including Ji Nan, Leng Lin, Li Xianting and Hou Hanru, through whom he would be introduced to the artists from their circuits, including Yu Youhan, Ding Yi and Li Shan.

Bernell's auction-safe and local-critic-influenced collecting strategy paid off. In 2002 he sold his entire collection, including Zeng's mask from Leng Lin's auction to a well-connected Belgium collector-dealer, Frank Uytterhagen.³⁷² Bernell was very pleased with the sale price, which was '*probably three times what I bought it for. For me it was a big number and three times was a*

³⁶⁹ Ibid.

³⁷⁰ There may be a slight recollection error on the part of the interviewee. The painting *Young Girl and Grapes* by Liu Xiaodong, that Bernell refers to as *The Girl Eating Grapes*, was actually painted in 1991 but sold by Christie's (not Sotheby's) on 1 May 1994 for \$5,820 hammer on \$6,466 - \$9,053 estimate.

³⁷¹ Interview with the author, Beijing, 22 September 2016.

³⁷² Just to show how interlinked and interdependent the relatively small contemporary art scene was in the 1990s, Frank Uytterhagen, together with artist Ai Weiwei and gallerist Hans van Dijk, also co-founded the influential China Art Archives and Warehouse (CAAW) in 1999; now defunct, it was an influential gallery that supported and launched the careers of a number of contemporary Chinese artists, also by placing them within the broader international art circuits.

good investment.' According to Bernell, Uytterhagen's wife inherited the collection after her husband's death in 2012. At the time of the interview, it was being kept intact at a warehouse in Ghent. Since the mid-1990s the value of Bernell's former collection has increased about 200-fold.³⁷³

The case of Bernell/Liu Xiaodong demonstrates that from the early on the auction records had the capacity to actively create value. The market players actively used the auction prices not only as a passive reference device but as a 'non-human agent' that partook in their exchange (Christie's record became the actual economic value of Liu Xiaodong's work). Some of the players would take the agencing capacity of the auction records even further to 'fix the prices' in order to boost the overall value of the artists they had vested interest in, as examined in the following case studies of the Chinese realist oil painters. More importantly, the involvement of the branded international auction houses as market *agencement* marked the beginning of a new phase in the value creation of Chinese (and Russian) art. The small-scale intimate circuits and exchange structures of the pre-market era quickly broke down, yielding to a much broader actor-network³⁷⁴ made up of diverse actors, agents, devices and a huge array of other entities, associated with the branded auctions, which subsequently attracted large economic power and enacted different economic calculations.

Among the prominent mainland oil painters, whose works had begun to appear regularly at Sotheby's and Christie's auctions since 1991, were Chen Yifei, Yang Feiyun, Wang Yidong, Luo Zhongli, Ai Xuan and He Duo Ling. Behind the increased demand for their works were the big foreign galleries,³⁷⁵ such as Hammer Galleries, Hefner Gallery, Hawk Gallery and Marlborough Gallery, which promoted academic realist oil paintings from China, in particular, Native Soil art depicting ethnic minorities, Tibetan culture and landscapes 'that catered to Western exoticism' and fetched good prices in the American and European markets.³⁷⁶

Chen Yifei's market development during the 1990s offers a good example of value creation through the collective agencing activities of powerful galleries and art auctions. To recap, Chen Yifei's career was launched in the early 80s by the Hammer Galleries that 'placed' the artist into

³⁷³ In other words, a similarly sized mask from the late 1990s by Zeng Fanzhi would, alone, fetch over \$2,000,000 at today's auctions (which would have brought a 19,900% return on Bernell's investment, or 26% annualised, if he had kept it).

³⁷⁴ Franck Cochoy, Pascale Trompette & Luis Araujo, 'From Market Agencements to Market Agencing: An Introduction', *Consumption Markets & Culture*, 2016, Vol.19, No.1, 5.

³⁷⁵ This is not to underestimate the support that came from the regional actors from Southeast Asia and Greater China, especially Taiwan and Hong Kong which will be discussed in later sections.

³⁷⁶ Lü Peng, 2012, 124.

the high-profile official American and Chinese circuits. After retreating back home in 1990, after almost 20 years in an America that was now being hit by the recession, Chen became increasingly commercial. His aesthetically pleasing oil paintings, with their blend of realism and romanticism, appealed to many wealthy foreign, regional and, later, burgeoning domestic collectors. A former revolutionary socialist painter and favourite of Communist Party officials, Chen leveraged his rich social and symbolic capital to transform himself into a one-man aesthetic brand, creating fashion labels, decorating hotels, selling high-end clothing and chic home furnishings, even running a modelling agency. In 2003 the Yifei empire turned over \$25m.³⁷⁷ His art market grew in parallel, greatly owing to Marlborough (the very gallery which had signed Bruskin right after the Sotheby's Moscow sale) who 'acquired' Chen in 1994 from Hammer Galleries and continued to promote him heavily all over the world through their network of galleries in New York, London, Tokyo and Hong Kong.³⁷⁸ Chen's impressionist landscapes of Tibet and his native Zhejiang province, solitary melancholic women in traditional dresses, some playing flutes, in dense, dark, rich colours, regularly appeared throughout the early 1990s in auctions, especially in China (Guardian), Taiwan and Hong Kong (Christie's and Sotheby's), with hammer prices ranging from \$50,000 to \$200,000. Several of Chen's works set auction records. *Lingering Melodies from the Xunyang River* was hammered by Christie's Hong Kong in 1991 for \$171,283 to become the most expensive painting by a living Chinese artist.³⁷⁹ In 1999 the same painting almost doubled in price, fetching \$357,831, but this time through Beijing-based Guardian Auction.³⁸⁰ In 1997 another record was set by Chen's *Four Graces* that went for \$278,985 at Guardian Beijing.³⁸¹ Rumour had it that Marlborough itself was bidding up the price and bought back the work in order to protect their stable artist's market.³⁸² Michael Goedhuis, another British dealer who frequented China in the 1990s, believed that 'Chen Yifei's market has been fixed, it's a totally artificial market'.³⁸³ The subsequent price bubble burst supports this speculation. In 1997 an oil painting, *Poppy*, depicting another melancholic Asian beauty, was

³⁷⁷ <http://www.independent.co.uk/news/obituaries/chen-yifei-489446.html> (accessed 16 May 2017).

³⁷⁸ Gilbert Lloyd, Marlborough's chief executive and Chen's long-time dealer, secured several high-profile shows for Chen at the 47th Venice Biennale and at France's Musée Granet in 1997. Chen's works were also exhibited at the Art Asia Fair in Hong Kong in 1992, at the solo show *The Homecoming of Chen Yifei* at the Shanghai Museum in 1996, at the Taipei Art Fair in 1997 and 1998 – where, according to Lloyd, Chen Yifei was 'a great hero' – and at the Contemporary Art Fair in London. Robertson 2000; http://www.nytimes.com/2005/04/14/arts/design/chen-yifei-59-painter-and-entrepreneur-dies.html?_r=0 (accessed May 16, 2017).

³⁷⁹ Unless otherwise specified, all auction prices are taken from the Artprice database and are based on hammer prices.

³⁸⁰ Robertson 2000, Appendix, 1.

³⁸¹ Ibid.

³⁸² Ibid.

³⁸³ Robertson 2000, 78.

hammered by Christie's Hong Kong for \$503,100, breaking all Chen's records previously achieved at auction. However, when in 2000 the very same work was offered by the same auction, it failed to sell.³⁸⁴ Over the next few years Chen's market remained deflated, but not for long. In 2006, shortly after the artist's unexpected death, his market bounced back, gathering momentum for a spectacular recovery in 2011 when *Wind of Mountain Village*, painted by Chen at the height of his commercial success in 1994, was sold by Guardian Beijing for \$10.9 million (which remains Chen's second highest auction record to date, while he continues to hold the title of the most expensive Chinese realist oil painter).

Chen Yifei's auction price dynamic was an exemplar for the Chinese academic oil painting market. After a successful debut at Christie's first oil painting auction in Hong Kong in September 1991, 'a core of young and middle-aged Chinese oil painters attracted the most conspicuous attention' [...] Domestic media coverage even took the high prices fetched at the overseas auction houses as a sign of "hope for Chinese oil painting". However, in terms of the intrinsic quality, these works rarely impressed one with a high level of sophistication, the lack of which, of course did not affect their continued commercial success at auction.³⁸⁵

Another example is Ai Xuan, a CAFA graduate who, along with Wang Yidong, Wang Huaqing and Luo Zhongli, among others, was collected and promoted by Hefner Galleries. Ai's *The Song is Fading Away*, depicting a melancholy Tibetan girl sitting beside a window, made a strong entry, fetching \$41,108 at Christie's first oil painting auction in 1991. Through the early 1990s his auction prices fluctuated between \$10,000 and \$40,000, with hammers often exceeding high estimates. Ai's market, too, was safeguarded by dealers who used the auction houses to bolster their stable artists' market prices and establish their presence in the market.³⁸⁶ These manipulation tactics became apparent when several of Ai's lots during Sotheby's first auction in Taiwan in March 1992 received no bids, as 'no agent would serve as a protective escort for their biddings'.³⁸⁷ When Ai Xuan's *The Song* appeared again at auction in 2003, estimated at \$25,660–\$32,075, it fetched only \$24,377, an almost 50% loss from its debut price in 1991.

The economic values generated through market manipulation were not sustainable. The withdrawal of the foreign agents' support, primarily caused by the Asian financial crisis of 1997–98 that put pressure on the world's economies, had a negative effect on the auction prices of

³⁸⁴ In fact, out of 6 oil paintings that came to auction that year only one sold at \$35,952. The rest did not find buyers.

³⁸⁵ Wang Lin and Ye Yongqing 1996, 4.

³⁸⁶ Ibid.

³⁸⁷ Ibid.

the Chinese oil painting market, that throughout the 1990s had continued to rely on international and regional actors. It was not until 2005–06 that the market recovered, this time driven by the tastes and wealth of the Chinese mainlanders. Nevertheless, the agencing power of the early public auction records is significant. In fact, value creation through the internal manipulation of the market by the market players is indicative of an important stage of development of the Chinese art market whereby the old state-centric modal relying on small-scale circuits was replaced by the new (Western) auction-centric model characterised by a much broader network. Economic value of art, expressed through the auction records, was brought to the foreground of value creation owing to high visibility of the branded auctions and became a ‘non-human agent’, an active reference device that oriented the market players during the following decades.

Foreign-run Chinese Galleries – Accumulation of Economic Capital

While the agencing activities of Russian galleries were centred around the accumulation of symbolic and cultural capital, the early Chinese galleries – most of them run by foreign nationals – managed to generate reasonable economic values of the art they promoted and establish more efficient social connections within wider international and regional circuits; commercially sound, they also served as buttresses and stabilisers for the small contemporary Chinese art market.

Among the most influential private ventures which promoted a number of Chinese artists who later gained commercial and/or institutional recognition were the artists’ café Ashanti and the Courtyard Gallery. The former was opened in 1998 by a Hong Kong-based dealer, hotelier and entrepreneur Manfred Schoeni, who, from as early as 1992, has been running one of the most successful galleries in Hong Kong, specialising predominantly in figurative contemporary Chinese oil paintings (priced from \$3,000 to \$40,000) by now famous artists such as Zeng Fanzhi, Zhang Xiaogang, Yue Minjun, Wang Guangyi, Liu Wei and Liu Ye. The buyers were mainly diplomats, expatriates and overseas tourists; the sales to local collectors were almost non-existent.³⁸⁸

The Courtyard Gallery was set up by foreign private investors, mostly high-profile lawyers spearheaded by ‘attorney-turned-impresario’ Handel Lee who, ‘seduced by the sweet sirens of opportunity’, wanted ‘to give contemporary art a public face’ and ‘to create an elegant space for

³⁸⁸ According to Schoeni’s former Beijing representative, Guo Fan, the indigenous market was still very weak even towards the end of the 1990s: ‘Sometimes I think the Chinese will never be interested in art. They will spend RMB1 million [ca. \$125,000] on an apartment, and then put a poster on the wall’. Robertson 2000, 89.

high-end consumption' in Beijing.³⁸⁹ Founded in 1996, the gallery occupied the basement level of the 150-year-old courtyard house immediately adjacent to the Forbidden City. As part of a comprehensive business plan, the Courtyard also featured a 'cigar divan' on the top and an haute cuisine restaurant on the ground floor. According to Karen Smith, then the gallery's manager: 'We hoped that given the Courtyard's location, and its dual function as a "fine dining" restaurant, that we would be able to promote the art in a more "normal" fashion, by which I mean to the kind of audiences one anticipates for art in any nation's capital: the wealthy elite.'³⁹⁰ The gallery represented about 15 artists under exclusive contracts and displayed works on loan from friends, private collectors, dealers and even embassies.³⁹¹ Later, Uli Sigg displayed works from his private collection, including a major Liu Ye piece. During the gallery's 'glory days', big celebrities, such as Mick Jagger, Bill Clinton and Arnold Schwarzenegger, would dine upstairs and take a look at the art below.³⁹² In collaboration with the CAFA Gallery director Weng Ling (also Handel Lee's long-term business partner), the Courtyard mounted the first solo show of Zeng Fanzhi; seminal exhibitions were also organised for Qiu Zhijie, Liu Xiaodong, Cao Fei, Yue Minjun, Zhang Dali among others.³⁹³ Despite the fact that the Courtyard's promotion was minimal, limited to word of mouth, owing to the extensive personal, business and political connections of the ten-person board, their well-connected friends, patrons and partners, the gallery produced 'top³⁹⁴ artist after top artist'.³⁹⁵

If Ashanti and the Courtyard Gallery were responsible for the successful commercialisation of Chinese artists, it was the New Amsterdam Art Consultancy (NAAC),³⁹⁶ founded in 1994 by Dutch-born researcher, art historian and curator Hans van Dijk, that played a pivotal role in bringing the Chinese avant-garde artists to global attention. Van Dijk did not see himself as a

³⁸⁹ <http://www.leapleapleap.com/2011/06/whatever-happened-to-the-courtyard-gallery/> (accessed 24 May 2017).

³⁹⁰ <http://www.leapleapleap.com/2011/06/whatever-happened-to-the-courtyard-gallery/> (accessed 24 May 2017).

³⁹¹ There were works by Fang Lijun, Zhan Wang, Cai Jin, Xu Bing, Geng Jianyi and Liu Wei, and even by foreign artists like Kenneth Noland, Morris Louis and Robert Rauschenberg, loaned by the US Embassy Robertson 2000, 89.

³⁹² <http://www.leapleapleap.com/2011/06/whatever-happened-to-the-courtyard-gallery/> (accessed 24 May 2017).

³⁹³ Ibid.

³⁹⁴ For several (although not for all) artists, initial commercial success was matched by institutional recognition.

³⁹⁵ Robertson 2000. Furthermore, those who helped launch the careers of several successful Chinese contemporary artists did quite well for themselves. Lee went on to develop high-end properties, including the luxury complex Three on the Bund in Shanghai; Smith became one of the most influential and possibly wealthiest foreign art critics and curators still residing in China, and is currently a director of OCAT Xi'an; her then assistant Pi Li is now a senior curator at M+, managing the Sigg Collection donated to the Hong Kong museum by the aforementioned power collector Uli Sigg; former manager Ingrid Dudek became Christie's first New York specialist in Asian Contemporary, while Marion Bertagna worked as Assistant Vice President of Chinese Contemporary at Sotheby's. <http://www.leapleapleap.com/2011/06/whatever-happened-to-the-courtyard-gallery/> (accessed 24 May 2017); Joy & Sherry; primary research.

³⁹⁶ NAAC was the precursor to China Art Archive and Warehouse (CAAW), another important conceptual and experimental venture, headed by Ai Weiwei, that shaped the Chinese art scene.

commercial dealer, hence NAAC was positioned as 'a mini-museum that (dealt) in contemporary art.'³⁹⁷ The gallery had no commercial success, but van Dijk's personal connections were invaluable for introducing many Chinese artists to influential Western curators, journalists, collectors and sinologists.

Ironically, despite the curators' efforts to show a wide variety of Chinese avant-garde art, including a complex video by Zhang Peili and conceptual works by Geng Jianyi, the Western media attention was 'shallow' and focused predominantly on 'the colorful, realistically painted, and figurative artworks [especially Political Pop and Cynical Realism] because they were supposedly "easier" to understand'.³⁹⁸ Similarly to the early reception of Soviet art, Western criticism of the Berlin exhibition was plagued by misconceptions and misreadings. According to John Taylor's review for the *Times*: 'There are signs, similar to those in recent Russian art, that younger [Chinese] painters have only just discovered Western Pop Art, so for Westerners there is a déjà vu quality about the work of such as [...] Wang Guangyi or Yu Youhan.'³⁹⁹

International audiences' perception of the inferior value of Chinese contemporary art, rooted in the existing economic inequality between China and the West, and post-colonial views of it as derivative of Western styles persisted through the 1990s and positioned Chinese art awkwardly within the international art value system. Hans van Dijk was among the first few foreign curators to see Chinese artists 'in a larger context, both as a continuation of Chinese art history and as a part of international contemporary art practice'.⁴⁰⁰

The early commercial success of Chinese art was indebted, on the one hand, to foreign buying power and, on the other, to the domestic real estate boom. Sales exhibitions, essential for real estate development companies, soon become a natural extension in promoting Chinese contemporary art. Interconnecting various circuits of artists, curators and investors, such hybrid exhibitions played an important role in attracting media attention and exposing art to larger local and regional audiences. To give one example, in 1998 the real estate mogul Chen Jiagang, of Chengdu House Management Co. Ltd., invested in an art museum set in his Shanghecheng Sales Office and the Upriver (Shanghe) Gallery, which promoted several contemporary Chinese artists such as Zhou Chunya, Ye Yongqing and Zhang Xiaogang and worked with the renowned

³⁹⁷ Joy & Sherry, 331.

³⁹⁸ http://post.at.moma.org/content_items/612-new-audiences-new-energy-producing-and-exhibiting-contemporary-chinese-art-in-1993 (accessed 26 May 2017).

³⁹⁹ As quoted by Peggy Wang, http://post.at.moma.org/content_items/612-new-audiences-new-energy-producing-and-exhibiting-contemporary-chinese-art-in-1993 (accessed 26 May 2017).

⁴⁰⁰ <http://ucca.org.cn/en/exhibition/hans-van-dijk-5000-names/> (accessed 31 May 2017).

critics Huang Zhuan and Zhu Qi.⁴⁰¹ The merger between Chinese contemporary art and real estate continued through the end of the 90s and gained unprecedented strength in the 2000s (as will be examined in the following chapter). Significantly, it placed contemporary Chinese art within the investment category, which gave it financial credibility, facilitated access to economically powerful circuits and triggered its rapid commodification.

De-agencing of State and Institutionalisation of Chinese Contemporary Art

In China, de-agencing of the state occurred against the backdrop of development of 'socialist market economy' that saw a gradual transformation of the economic power from state to private hands, while political power firmly remained in the hands of the CCP. As the private sector exploded, the state also became less pragmatic. Measured political liberalisation took place. The Chinese society (and its culture) continued to gain more autonomy and independence from the state.

As with Russia, the Chinese state became increasingly commercialised. The country was transformed into the world's largest manufacturing hub that produced goods cheaply and exported them all over the world. Art became an attractive commodity that could be exported to international and regional markets in exchange for foreign currency. To facilitate the high-volume low-value art trade, the state created several official outlets, such as the large-scale state-run Beijing International Art Salon and the Oriental Oil Painting Gallery that frequently organised large exhibitions of oil paintings but also allowed the actual sale of the artworks to international art dealers and/or their agents inside China.⁴⁰² The official channel expanded rapidly from Beijing to the coastal cities, the inner provinces and Hong Kong.

Originally, the professional paintings (*hanghua*) were of poor artistic quality but did require certain painting skills. Of no 'collecting value',⁴⁰³ they were decorative in nature and usually consisted of non-controversial still lifes, romantic landscapes, portraiture and classical nudes. The artworks were also painted to satisfy internationally accepted standards, which in fact

⁴⁰¹ The art museum held a number of successful exhibitions, including *The First Upriver Gallery Collectors' Exhibition, Visual Strengths: Upriver Gallery's 99 Academic Invitational Exhibition*; 'investors in the name of the art museum collected many works by such contemporary artists as Wang Guangyi, Zhang Xiaogang, Fang Lijun, Liu Xiaodong, Zhou Chunya, Yue Minjun, and Ye Yongqing'. Lü Peng 2012, 92.

⁴⁰² Wang Lin and Ye Yongqing, 'Chinese Art and the Market in the 1990s' (1996), https://www.moma.org/momaorg/shared/pdfs/docs/learn/intnlprograms/3.%20CCA_Web_Chinese%20Art%20and%20Market.pdf (accessed 15 May 2017).

⁴⁰³ Wang Lin and Ye Yongqing, 'Chinese Art and the Market in the 1990s' (1996), https://www.moma.org/momaorg/shared/pdfs/docs/learn/intnlprograms/3.%20CCA_Web_Chinese%20Art%20and%20Market.pdf (accessed 15 May 2017).

became the official 'academic yardstick' by which to measure their artistic quality. The oversupply of Chinese oil paintings of low symbolic, cultural and artistic value by the state-run outlets had a detrimental effect on its perception both at home and abroad. The rapid state-supported commodification of the Chinese 'official' art stigmatised its image and depreciated its perceived value, while the state's active involvement in commercialisation led to de-agencing of the state.⁴⁰⁴

Regarding the art produced 'outside' of the official art system, its full-scale institutionalisation did not start until the 2000s, although the first initiatives began in the mid-1990s. One example of an official institution that allowed the entry of 'avant-garde' art into its domain was the CAFA Gallery.⁴⁰⁵ Established in 1996, this was China's earliest exclusively contemporary official art gallery presided over by influential CAFA graduate, art historian and curator Weng Ling.⁴⁰⁶ From 1996 to 2000, the CAFA Gallery curated and held almost 40 domestic and overseas contemporary art exhibitions and exchange activities, featuring the first solo (domestic) shows of such 'avant-garde' artists as Wang Guangyi, Zhang Xiaogang, Zhou Chunya and Zeng Fanzhi.⁴⁰⁷

In 2001, shortly after leaving the gallery, Weng Ling, 'a manager who made art history',⁴⁰⁸ co-organised a large breakthrough travelling show, *Towards a New Image: Twenty Years of Chinese Contemporary Painting – 1981–2001*.⁴⁰⁹ Featuring a controversial group of 20 contemporary painters, the exhibition was shown at high-profile state-level museums.⁴¹⁰ Weng Ling had to use her authority and connections to lobby for the affected artists. The key argument she used in her defence of the artists' value for the exhibition was their institutional legitimisation abroad:

⁴⁰⁴ As will be examined in the following chapter, commercial (interested) activities tend to devalue symbolic (disinterested) capital. In other words, state's 'sacral' power to consecrate art was undermined by its involvement in the market.

⁴⁰⁵ According to Robertson, it was funded by the Hainan, Hong Kong Macao International Trust and Investment Co. Ltd. and Hainan Hong Kong Macao Assets Management Company which have joined forces with the Central Academy of Fine Art (Robertson, 2000, 86).

⁴⁰⁶ Lü Peng, 2012, 123.

⁴⁰⁷ Ibid.

⁴⁰⁸ Ibid.

⁴⁰⁹ Funding and support for the exhibition came from an enterprise under the State Sports Commission, the China Olympic Sports Industry Company, as well as from three real estate projects. The academic team comprised Liu Ji (Academy of Social Sciences of China), Fan Di'an (deputy-director of CAFA), and independent curator/critic Li Xianting. Ibid, 36.

⁴¹⁰ Starting with NAMOC in Beijing, then Shanghai Art Museum in Shanghai, Guangdong Museum of Art in Guangzhou and Sichuan Modern Art Museum in Chengdu. Lü Peng, 2012, 37.

While the twenty selected artists might not be regarded in Chinese society as the elite, they [...] have all attracted a high level of attention in the international art world. In the history of the development of Chinese contemporary art they have played an irreplaceable role and have been profoundly influential in promoting Chinese contemporary art internationally. At the same time word is already out about this unprecedented exhibition of contemporary Chinese art, and it has won enthusiastic support from those diplomats, media personnel, and other foreigners in Beijing who have for a long time paid great attention to Chinese contemporary art. In this situation, it behooves all those responsible for this event to do their utmost to ensure that all official and private channels are activated to negotiate this situation with the Ministry of Culture.⁴¹¹

Weng Ling's strategy paid off. The government that was pursuing its application to stage the Olympic Games needed to project 'an open image' and allowed the exhibition to open as scheduled, although official press about the show was kept to a minimum.⁴¹² Chinese contemporary art was far from being fully legitimised⁴¹³ at home, but the exhibition was an important step towards its agencing.⁴¹⁴

First 1990s' Biennial Art Fair and Shanghai Biennale

After the Tiananmen Square 'incident' of 1989, the state-run art platforms were off limits to most contemporary artists. Several entrepreneurial Chinese art critics, including Lü Peng, felt it was their duty to find alternative ways to gain exposure, validation and recognition for Chinese contemporary art within the domestic circuits. Growing (nationalistic) concerns about the corrupting influence of the foreign art value system on Chinese contemporary art, and discrepancies between the prices of Chinese art at home and in overseas markets, alongside the Chinese art critics' fears that foreign art authorities would make them irrelevant while misinterpreting and devaluing Chinese contemporary art, prompted them to build an alternative platform to evaluate Chinese art and to develop the domestic art market.

⁴¹¹ Lü Peng, 2012, 36–7.

⁴¹² There was no press release about the show in Beijing, and only a small volume publication. Lü Peng, 2012, 37.

⁴¹³ To give another quick example, it was not until 2009 when Luo Zhongli, Xu Bing, Cai Guo-Qiang, Zhang Xiaogang, Zeng Fanzhi, Fang Lijun and Yue Minjun, among others, joined the China Contemporary Art Academy, a division of the government-backed Chinese National Academy of Arts. <https://www.e-flux.com/journal/80/102559/the-missing-front-line/> (accessed 10 June 2018).

⁴¹⁴ As for Weng Ling, she continued to work on bringing official/academic, avant-garde and international circuits closer together (e.g. one of her shows, featuring 26 artists, was even called *Transcending Boundaries*). She also went on to develop agencement of her own, becoming a director of the Shanghai Gallery of Art, then a founder of Beijing Centre for Arts, and even having her own television show, *Art China*; in 2015 Artnet named her one of the seven most influential women in the contemporary Chinese art scene. <https://news.artnet.com/art-world/7-women-in-contemporary-chinese-art-you-need-to-know-280297> (accessed 17 June 2018).

The First 1990s' Biennial Art Fair (Oil Painting Section) (also known as the Guangzhou Biennale) was held from 23 to 31 October 1992 at the Central Hotel in Guangzhou.⁴¹⁵ Spearheaded by Lü Peng,⁴¹⁶ the fair showcased about 600 oil paintings by approximately 350 artists.⁴¹⁷ The fair was widely publicised as 'the first art fair held in China.'⁴¹⁸

Most importantly, the fair set out to develop its own art 'evaluation mechanism' or, as Lü stated: 'Chinese art should have its own Chinese standards of evaluation.'⁴¹⁹ The Biennale had two committees (an evaluation and an accreditation committee) presided over by an 'art manager' who coordinated the judging panel and was the final arbitrator in deciding the award-winning nominations. The evaluation principle was expressed as 'taking academic⁴²⁰ standards as the core and commercial standards as subsidiary', alongside clearly defined evaluation criteria:

(1) the direct visual effects of the artistic language; (2) the cultural relevance of the artistic inner meaning; (3) the degree of efficacy of what the art conveys; (4) the excellence of the material texture and the level of skill; and (5) all the above items must proceed from the actual level of Chinese oil painting and not be a transposition or copy of Euro-American standards.⁴²¹

To set these criteria in a wider context, until now the selection of Chinese artists and their artworks had invariably been carried out by international curators and dealers in accordance with their own criteria and personal, political, economic or cultural agendas, which, in turn, influenced the choices and buying behaviour of the international collectors, institutions and art organisations.⁴²² Thus, from the outset, the Guangzhou Biennale proclaimed⁴²³ its key emphasis on 'Chinese criteria': the fair was organised by Chinese critics, invested in by Chinese entrepreneurs and promoted by Chinese media.

⁴¹⁵ Guangzhou was chosen strategically for its economic prosperity and entrepreneurial spirit, as well as proximity to Hong Kong and its international art market. In fact, right after the biennale's closure, Lü Peng shipped many works to Hong Kong for inclusion in the Art Asia fair. Debevoise, 227.

⁴¹⁶ He also co-founded the magazine *Yishu shichang* (Art Market) which debuted in 1991.

⁴¹⁷ The commercial objectives of the fair were communicated to the artists from the start. They had to pay an application fee of RMB300. The organisers also had the right to sell any exhibited works for a period of approximately six months, with 30% of proceeds retained by the fair and 70% going to the artist. Debevoise, 223.

⁴¹⁸ *Ibid.*

⁴¹⁹ *Ibid.*

⁴²⁰ The term 'academic' (*xueshuxing*) is often used by Chinese critics and curators and could be translated as 'intellectual'. It does not refer to the official academy.

⁴²¹ Peggy Wang, 'Art Critics as Middlemen: Navigating State and Market in Contemporary Chinese Art, 1980s-1990s,' *Art Journal* 72, no.1 (Spring 2013): 13.

⁴²² Lü Peng (2010), 1004.

⁴²³ The Guangzhou Biennale was not the first 'all Chinese' exhibition (i.e. so was China/Avant-Garde in 1989), but this was the narrative promoted by the organisers.

The critics' counteroffensive against the West notwithstanding, an even larger objective of the fair was to establish the domestic art market for contemporary art and, by doing so, to raise domestic prices for it. Lü Peng believed that high prices for the Chinese art at the Biennale would elevate its position internationally. Using money as a highly familiar and universally accepted currency to translate the 'academic value' of art to the public would also help to communicate more clearly the artworks' worth and would give the still marginalised small contemporary art segment the attention it deserved.⁴²⁴ The fair's determination to align academic value with price was reflected in the biennale's award-based evaluation system and sophisticated sponsorship format.

Like the MIF-makers who sold the myth of art investing to the Russian banks, the Chinese art critics lured in corporate sponsorship by the promises of investment returns similar to real estate or stocks and an instant boost to corporate image. With naïve confidence, the critics guaranteed that, if the acquired artwork did not increase its value by 300% within two years, it could be returned in exchange for the original 'investment' amount.⁴²⁵ Similarly, highlighting the high symbolic value of art, the organisers assured investors that the art acquisitions would 'show that your business has the financial power [...] to express internal cultural quality' which, in turn, would 'strengthen a business's reputation, increase its competitive power, and allow it to establish an invincible position in the market.'⁴²⁶

The top level of sponsorship (based on a sliding scale proportionate to the size of the 'donation') included the right to purchase all 27 award-winning works, in exchange for RMB1.5 million (by comparison, the lowest-level sponsor, at RMB10,000, could buy only one work from the 'recommended' category).⁴²⁷ The total award money set aside for the prizewinning works was an unprecedented amount of RMB450,000.⁴²⁸ Each award was pre-set by the critics, based on 'reasonable sales prices in accordance with artistic quality'.⁴²⁹ The artists who received a cash prize from the committee were required to transfer ownership title to it. In other words, the cash prize effectively became the payment amount for the acquisition of the work, or 'academic value' was 'amalgamated' with the work's economic value. For instance, the cash amount for the first prize was RMB50,000, and RMB30,000 and RMB10,000 for the second and the third prizes respectively. The fair also had its headline-grabbing sale for a record-breaking RMB1 million for

⁴²⁴ Lü Peng (2010), 998–1004.

⁴²⁵ Debevoise, 224.

⁴²⁶ Peggy Wang (2013), 13.

⁴²⁷ Debevoise, 222.

⁴²⁸ Ibid.

⁴²⁹ Peggy Wang (2013), 13.

all 27 prizewinning works acquired by Donghui Industrial Holdings (or RMB37,000 per work). Ironically, the company soon cashed in on these works by selling them a few weeks later during Art Asia Hong Kong, some allegedly for several hundred thousand yuan, suggesting that investment in Chinese contemporary art (unlike its Russian counterpart) could indeed be a profitable venture.⁴³⁰

The second edition of the Biennale never took place, on account of financial troubles and internal feuding among the participating parties. Despite its failure, the fair was the first major privately sponsored initiative to establish a local value system for contemporary Chinese art. The questions raised by the critics about 'foreign standards', 'Chinese art values', 'Chinese art for Chinese people', 'art as investment', 'legitimacy of contemporary art' and 'role of local critics in valuation of contemporary art' resonated throughout the decade across various platforms and venues. Alongside the local critics' persistent concerns that Western curators used dubious standards and biased criteria to evaluate Chinese art (e.g. the foreigner's penchant for oriental exoticism, Cold War sentiment, political propaganda), the inclusion of Chinese artists in the international context continued, owing to recognition and promotion on the part of selected Western individuals. For example, for the 1993 Venice Biennale, the curator Achille Bonito Oliva included 14 Chinese artists, narrowing his selection to Political Pop and Cynical Realism. Although a much larger initial selection was made by local critic Li Xianting,⁴³¹ it was Oliva who made the final choice, which caused many disputes over authority and the ownership of the right to judge the value of Chinese contemporary art.⁴³² Oliva was criticised for being opportunistic and for 'concealing Eurocentrism in his standards of evaluation', while the selected artists were accused of pursuing material gains (associated with success in the West), as well as failing to address 'the real predicaments in Chinese people's lives'.⁴³³

Six years later twenty Chinese artists appeared in the 48th Venice Biennale, curated by Harald Szeemann. This time the key person behind the selection was the afore-mentioned collector Uli Sigg. In 1997, assisted by Karen Smith and Pi Li (from the Courtyard Gallery), Sigg set up the Contemporary Chinese Art Award (the CCAA) that, on the one hand, aimed to financially support young Chinese artists and critics and, on the other, enabled Sigg to identify and evaluate artists more efficiently for his own collection. In fact, almost every artist awarded the

⁴³⁰ Debevoise, 227.

⁴³¹ Li Xianting is quoted as saying: 'we have no choice, we need to adapt to their rules because this is a Western exhibition'. Wang Ling, 'Oliva is Not the Savior of Chinese Art' (1993) published in Wu Hung and Peggy Wang, eds., *Contemporary Chinese Art: Primary Documents* (MOMA, 2010), 366.

⁴³² Ibid.

⁴³³ Ibid., 366–7.

CCAA between 1998 and 2013 ended up in the Sigg Collection.⁴³⁴ In addition, the jury, often comprised of influential international museum curators (and almost always including Sigg himself), served as an effective networking device that enabled the ‘placement’ of Chinese artists within the high-profile international circuits.⁴³⁵ The value creation cycle does not end here. The authority of the CCAA jurors, their acclaimed projects and their connections helped to legitimise not only the selected artists, but also the CCAA itself. The latter went on to act as agencement, with the capacity to create value for its associated entities, which, in turn, elevated Sigg’s position, increased his cultural and social capital, as well as the economic value of his personal collection. In 2012 the bulk of the Sigg Collection (1,463 works valued at \$163 million), that now determines the canon of Chinese contemporary art of the last four decades, became the foundation of Hong Kong’s M+ museum, instantly legitimising and securing the status of the new barely known institution (which Sigg asserts ‘will be bigger than MoMA’).⁴³⁶ As for Sigg, his agencement as one of the world’s famous collectors and cultural entrepreneurs is undeniable (he himself is now a member of several boards and councils of national-level institutions, including New York’s MoMA and London’s Tate).

Throughout the 1990s, the foreign judgement devices, including curators, critics, dealers, gallerists, collectors, auctioneers and cultural mediators, controlled the selection, valuation, promotion and exhibition of Chinese contemporary art that continued to be marginalised by the official art system, unrecognised by domestic institutions and undervalued by the emerging local art market. At the same time, the erosion of the CCP’s monopoly on legitimation and consecration of Chinese art and waning of its validation system further polarised ‘official’ and ‘unofficial’ domains. The avant-garde artists were prompted to form the new art scene with

⁴³⁴ Franz Kraehenbuehl, ‘CAS Contemporary Chinese Art 1’, Zurich University of the Arts, 2015. <https://michaelschindhelm.com/wp-content/uploads/2015/04/reader-cca1.pdf> (accessed 19 June 2020).

⁴³⁵ For example, a year before Szeeman brought 20 artists into the Venice Biennale, he was the juror of the first CCAA in 1998; the works by CCAA award-winning artist Zhou Tiehai entered both the Venice Biennale and the Sigg Collection.

⁴³⁶ <https://www.tretyakovgallerymagazine.com/news/uli-sigg-collector-who-made-ai-weiwei> (accessed 18 June 2018). In 2018 the CCAA was relaunched by M+ as the Sigg Prize, ‘poised to become a global influencer’. <https://www.westkowloon.hk/en/the-authority/newsroom/m-announces-the-establishment-of-the-sigg-prize> (accessed 18 June 2020). To provide more context, M+ is a long-anticipated museum of visual art, design, architecture and the moving image of the 20th and 21st centuries in the West Kowloon Cultural District of Hong Kong. Meant to open in 2017, the museum was unveiled on 12 November 2021. With the lack of high-profile art institutions in Hong Kong (‘imbalanced ecology’ according to its former director Lars Nittve), M+ aspires to establish itself to rival the Tate Modern or as ‘Asia’s MoMa’. <https://edition.cnn.com/2015/03/20/china/m-plus-hong-kong-permanent-contemporary-art-museum/index.html> (accessed 18 June 2018). The acquisition (partially donated and partially purchased) of the Sigg Collection, reportedly the largest and most comprehensive collection of contemporary Chinese art in the world, by M+ was an important step towards realising its ambition of becoming a world-class cultural establishment. This, however, also created tensions with the Chinese government against the backdrop of broader suppression of Hong Kong’s arts sector by pro-Beijing political entities.

alternative platforms and venues, to take control over their own narrative, to gain exposure and achieve institutional validation and commercial success abroad. As a result of these developments, the asymmetry in valuation became even more pronounced, revealing tensions and contradictions in foreign and domestic value systems, along with several paradoxes (for more discussion about the critical discourse of the late 1990s and the establishment of the Shanghai Biennale, please see Appendix A.2).

Conclusions

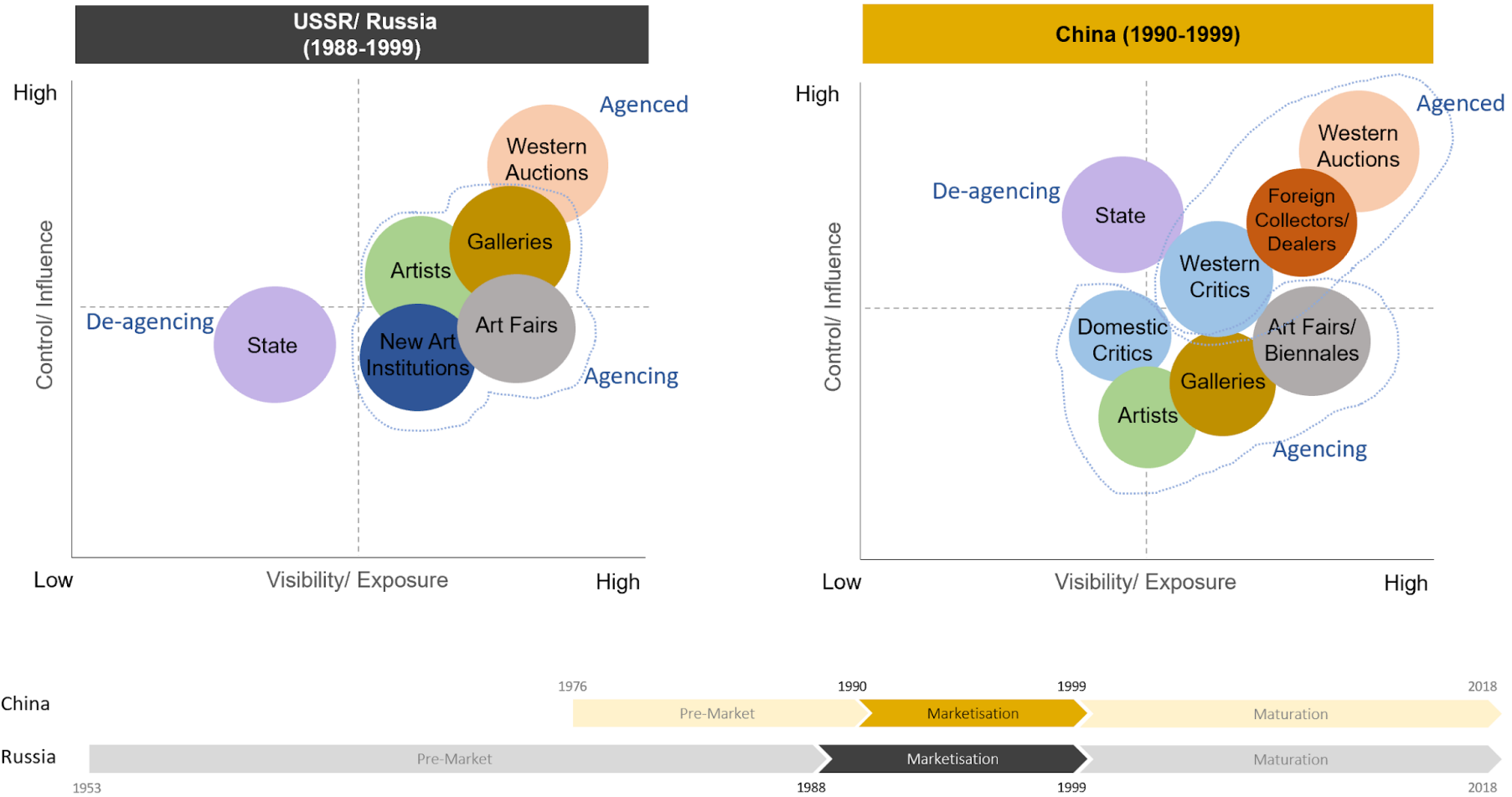
The analysis presented in this chapter, supported by multiple case studies, has revealed that value creation of Russian and Chinese art during the marketisation stage in the 1990s was caught between the often-conflicting collective activities of old (de-agencing) state structures, established (agenced) foreign judgement devices and young (agencing) local entities (Figure 2.5). Deepening depoliticisation of cultural processes, disintegration of the socialist value system and a growing ideological vacuum resulted in the adoption of a new cultural logic, the ideology of the market, which led to both countries' integration into the global economy. Commercialisation of the state accelerated its de-agencing and circumcised its monopoly over legitimisation and consecration of art. Agenced foreign judgement devices played a pivotal role in creating economic and symbolic values of Russian and Chinese art and integrating it into the international value system. In parallel, agencing local entities adopted numerous institutional features and cultural traits that originated in the West.

The analysis also demonstrated the extent to which agencing processes led to value asymmetries, paradoxes and tensions, as well as opportunities for innovative actions and creative readjustments reflecting unique socio-economic and political contexts. Specifically, Russia's path of marketisation through the change *of* the system caused by the abrupt dissolution of the USSR and painful transition towards democracy, led to the creation of a weak art infrastructure and a small unstable art market. Shortage of resources and uneven distribution of economic capital forced the early market actors to establish indigenised hybrids and mergers with the old institutional structures. Ironically, the relative autonomy from the (global) economic field strengthened symbolic and cultural values of the Russian art in the long term.

Whereas China's path of marketisation through the change *in* the system, underpinned by the rapidly and successfully developing 'socialist market economy' within a relatively stable political environment, resulted in a comparatively higher dependency of the emerging Chinese art market from the economic field and foreign judgement devices, while at the same time, the relative autonomy of the state structures was preserved. Consequently, values created by

foreign judgement devices have not been fully validated by the local entities, causing misalignments and distortions in the local value system for decades to come.

Figure 2.5. Russia-China Value Creation – Marketisation



Chapter III: Maturation

Russia



China

- Putin wins the elections — 2000 — *The Shanghai Spirit* becomes the first 'internationalised' Biennale held in China
- The Soros Center closes all its offices in Russia. Its archive will later form the basis of Garage Archive Collection
- Ai Weiwei and Feng Boyi co-organised controversial *Fuck Off* exhibition as a satellite event
- The Other Art Museum is established within the Russian State University on the basis of Leonid Talochkin collection of unofficial art
- Pro Arte Institute opens in St Petersburg and in many ways becomes the successor of the Soros Center
- The publisher of ArtChronika Magazine, Yevgeny Zyablov takes over as a head of the ROSIZO
- Nikolai Molok becomes editor-in-chief working with Joseph Bakstein and Viktor Misiano — 2001 — China Admitted to the World Trade Organization
- Treaty of friendship and cooperation between China and Russia is signed in Shanghai
- The first issue of World Art Museum is published — 2002 — Guangzhou Triennial and China Fine Arts Triennial
- Stella Art gallery opens up with the exhibition of works by Andy Warhol and Jean-Michel Basquiat
- Today Art Museum (TAM) was founded by Zhang Baoquan
- Art Strelka Art Center opens in Moscow — 2003 — First edition of the Beijing International Art Biennale for international contemporary art is hosted in Beijing featuring 577 works from 45 countries
- The first large exhibition in Russia by the Kabakovs is co-organized by the State Hermitage, Guggenheim Museum and Stella Art Gallery with support from MinCult — 2004 — Contemporary Art Exhibition from China at Irish Museum of Modern Art
- First Moscow Biennale of Contemporary Art causes great response in Russian and abroad — 2005 — Museum of Contemporary Art Shanghai was founded by Samuel Kung
- Innovation Prize founded by NCCA with the support from MinCult
- Kunstmuseum Bern hosts a seminal exhibition *Mahjong: Contemporary Chinese Art from the Sigg Collection*
- Russia!*, the most comprehensive and significant exhibition of Russian art outside Russia since the end of the Cold War, opens at the Guggenheim New York — 2006

The Kandinsky Prize is awarded for the first time. The main prize goes to Anatoly Osmolovsky	2007	Guy and Myriam Ullens, the Belgian collectors, open UCCA
Igor Markin opens private museum ART4RU		<i>The Real Thing: Contemporary Art from China</i> exhibited at Tate Liverpool
Ilya and Emila Kabakov exhibition at Garage Center for Contemporary Culture	2008	Beijing hosts the Olympic Games
Kabakov's <i>Beetle</i> sells at \$5.8m, becoming the most expensive work by a living Russian artist		Third Guangzhou Triennial continues arguments about liberation of artistic discourse from Western models
Stella Art Foundation brings the works of non-conformist artists and sots-realism painters to Kunsthistorisches Museum, Vienna		
The art markets are hit by the global financial crisis. The Mei Moses All Art Index registered a 23.5% decline, the largest since 1991		China's auction revenue from contemporary art is down 63% (to €95m in June 2009)
A burst of the Russian contemporary art bubble (several leading artists loose more than 80% of their auction revenues)	2009	<i>A Gift to Marco Polo: Contemporary Art from China</i> at the 53rd Venice Biennale shows 9 prominent Chinese Contemporary artists (Zhang Xiaogang, Zhou Chunya, He Duoling, Wang Guangyi, Fang Lijun, Yue Minjun, etc)
The V-A-C Foundation establishes grant for young Russian artists in cooperation with the Courtauld Institute of Art, London	2010	<i>Forty Years Retrospective Review of Zhou Chunya</i> is held at Shanghai Art Museum
Russia's position in the global art market deteriorates		
Stella Kesaeva is appointed as a commissioner of the Russian Pavilion at the Venice Biennial		China overtakes US and UK as the largest art market in the world
Andrey Monastyrski and Collective Actions represent Russia at the 54th Venice Biennale curated by Boris Groys	2011	Chen Yifei and Zhang Xiaogang set new auction records (at \$12.6 and \$10.2 million premium accordingly)
Russian contemporary art market revenues fall to €5.9 million (a decrease of 79% by value from its peak in 2008)		Ai Wei Wei is arrested by Chinese authorities and released three months later
Stella Art Gallery brings several Russian artists to participate at the 9th Contemporary Art Biennale in Shanghai	2012	Chinese art market experiences a major downturn triggered by internal restructuring and anti-graft campaign
Pussy Riot stages a controversial performance inside Moscow's Cathedral of Christ the Saviour		'Young/'emerging artists' develop as a new trading category
Three of the oldest Russian galleries announce their closure (Aidan, Guelman, XL); Art Manege shuts down		
ArtChronika magazine shuts down	2013	The Long Museum Pudong opens its first branch; Uli Sigg part-donates/ part-sells his collection to HK M+
Vladimir Ovcharenko closes London's branch of Regina gallery and opens Vladey auction in Moscow		Zeng Fanzhi's <i>The Last Supper</i> , sold at \$23 million by Sotheby's HK, becomes the most expensive work by a living Chinese artist and one of the Top 50 bids worldwide
Vadim Zakharov represents Russia at the Venice Biennale		In the 'official' art segment, Jin Shangyi takes up the leading position as the most expensive Chinese realist painter with <i>Tajik Bride</i> selling at \$13.9 million by China Guardian BJ
Roman Abramovich buys a collection of 40 paintings by Kabakov from John Steward (estimated between \$30-60 million)		

The annexation of Crimea by Russia. West imposes political and economic sanction	2014	The Long Museum in Shanghai adds another branch
Art Moscow shuts down		The Yuz Museum opens in Shanghai
Margarita Pushkina re-launches Cosmocosw Art Fair	2015	<i>Post Pop: East Meets West</i> exhibition opens at the Saatchi Gallery, bringing together 250 works by 110 artists from China, Russia, Taiwan, UK, USA
AZ Museum dedicated to 'unofficial' artist Anatoly Zverev is opened in Moscow		Lin Mingzhe's sale of 11 seminal works by 'official' artists by Poly BJ brings \$14.7 million and sets several new records (e.g. Luo Zhongli at \$7 million)
Irina Nakhova represents Russia at the Venice Biennale		Second downturn hits the mainland's art sales, with the sell-through rate falling below 70%
<i>Kolleksia!</i> - a major donation of 357 works by 65 Russia artists to the Centre Pompidou	2016	Major shifts in art value hierarchy continue
NCCA merges with ROSIZO		Jia Aili sets the highest auction record in the 'young contemporary Chinese artists' category at \$1.7 million by Sotheby's HK
Boris Mintz opens the Museum of Russian Impressionism in Moscow	2017	M Woods opens in 798 Art District in BJ
'The Bar-Gera Sale' generates £1.4 million at Sotheby's London		Chinese art market recovers due to the rise of new consumers and institutional buyers
Garage Museum launches the First Triennial of Russian Contemporary Art	2018	UCCA hosts Zeng Fanzhi's first ever retrospective
'The Art of the Soviet Union' generates £2 million at Sotheby's London		K11 continues to expand its 'ecosystem' with the central industrial hub in Wuhan
A large-scale travelling retrospective exhibition by the Kabakovs is organised by and shown at the Tate Modern London, the State Hermitage Museum St Petersburg and the State Tretyakov Gallery Moscow		UCCA is sold to a group of mainland Chinese investors
		China becomes one of the 'global entrepôts' for the art trade, together with USA and UK
		The number of museums in China hits 5,100
		Chen Yifei's seminal <i>Beauties on Promenade</i> becomes his fourth work to sell above \$10 million
		China's Poly Group and Guardian become the 3rd and the 5th largest auctions worldwide respectively
		Local Chinese art fairs (Art Beijing, JingArt, Art021, West Bund Art and Design) attract an increasing number of (local and foreign) exhibitors and visitors

Introduction

During an interview with the author, Alisa Prudnikova, an influential Russian curator and director for Regional Development of NCCA,⁴³⁷ described the mechanism of the value creation of art as follows:

[Value creation] is a developmental logic, like an institutional cartridge clip, some manage to get inside, some don't. It involves a formation of a certain system of museums, galleries, foundations, persons of interest and so on. Inside this system there is an 'inner mafia' that essentially consists of very important individuals who dispose of everything. Artists either get inside this narrow circuit, acquiring recognition from these people who see the value of their art, or they don't. Obviously, these emerging institutions are directly responsible for who will enter the history of art. And yet in the end, it is the museums who write it. Now it is the Tretyakov Gallery, in the future hopefully it will be us, NCCA. All those private collectors and their collections acquire legitimisation only after [their collected] artist has entered a prestigious museum. Without museums it will not work. How does the market write art history? I think there are various processes in the market and in the museum space, all equally important. But either way, even if it was a Rockefeller's collection, unless it becomes Rockefeller's museum, it won't be history.⁴³⁸

Prudnikova's words offer an excellent illustration of Pierre Bourdieu's theory of fields as it connects this empirical research with its theoretical bases. More precisely, her value creation mechanism provides five key elements of the concept of the contemporary art 'field'⁴³⁹ and its pertinence: (1) the existence of the relatively autonomous space centred around a specific activity; (2) the structured network of interdependent and interrelated (human and non-human) entities (or agents) that occupy certain positions within it; (3) the set of rules of functioning that defines the relations among those entities; (4) the elites (or 'the dominant'⁴⁴⁰)

⁴³⁷ To recall, the National Center of Contemporary Arts was founded in 1992 as a museum, exhibition and research organisation that aimed at the development and popularisation of Russian contemporary art at home and its integration in the global art context. It is a network institution with several branches across major cultural centres in Russia, driving decentralisation of Russian contemporary art. It also runs the Ural Industrial Biennial of Contemporary Art and bestows its own prestigious national Innovation Prize. In 2020 NCCA was merged with the Pushkin State Museum of Fine Arts.

⁴³⁸ Interview with the author, Moscow, 6 April 2015.

⁴³⁹ Here and subsequently the discussion of the field is based on Pierre Bourdieu's seminal concepts of field, habitus and capital, as well as their modern critical interpretation and implementation by Hilgers and Mangez. Pierre Bourdieu, *Distinction: A Social Critique of the Judgement of Taste* (London: Routledge; Cambridge, 1984), 97-250; -----, *The Rules of Art: Genesis and Structure of the Literary Field* (Cambridge: Polity, 1996); Mathieu Hilgers & Eric Mangez, *Introduction to Pierre Bourdieu's Social Fields* (Routledge: 2014), 1-37, 165-78.

⁴⁴⁰ In Bourdieu's terms, the 'field of power' is 'the space of relations of force between agents or between institutions having in common the possession of the capital necessary to occupy dominant positions in the different fields'; fields are characterised by struggles between competing factions, which Bourdieu divides into the dominant faction (economic capital) and the dominated faction (cultural capital); 'the struggle in a field is thus a struggle to impose a definition of legitimate recognition, in which victory leads to more or less

that hold a specific type of capital (economic, political, cultural, symbolic) enabling them to secure a monopoly over selection, recognition, consecration and legitimisation; (5) the diachronic perspective focusing on the trajectories of the agents in the space, the changes in their positions and in the structure and volume of their capital.

Prudnikova's perception of external and internal phenomena is 'conditioned' by the logic of the specific field and position she occupies within it (namely, the cultural elite, or in her own words, 'the inner mafia'⁴⁴¹). Similar schemes of perception (or 'the refraction effect'⁴⁴²), invariably comprised of such key elements as autonomous space, a network of agents, a set of rules, elites and a diachronic perspective, have been identified during the interviews with other agents within the contemporary art fields in Russia, China, Hong Kong and Taiwan. The interviewees described various aspects of value creation, often in playful and even childish terms, referring to a closed domain ('sandpit', 'playground', 'closed circuit', 'a state within a state') composed of multiple interrelated agents characterised by their positions in the domain and the capital they possess ('big player', 'high roller', 'union bigwig', 'top buyer', 'small fish', 'artists are my children') whose power relations are governed by a set of specific rules ('if you want to succeed, you need to play in the same sandpit', 'have to play by their rules', 'it's all a big game', 'I simply play the market game').

Empirical evidence gathered from the fields led to one important observation: *value creation is fundamentally relational*. The value of art can be explained neither through its intrinsic properties alone, nor through the characteristics of related agents. Therefore, in order to grasp the complexities of value creation processes between 2000 and 2018, when the maturing Russian and Chinese contemporary art markets became integrated into the global network, the analysis has been conducted simultaneously on four different yet interrelated levels.⁴⁴³ First and foremost, the examination focuses on 'objectifying the structures of relative positions'⁴⁴⁴ of the agents engaged in the production, distribution and consumption of art within a specific domain in which they are embedded. In other words, at the centre of the following analysis of the Russian and Chinese contemporary art fields during their maturation stage are the relations among (often competing or opposing) agents, institutions and entities, the relative positions they occupy and the resources they have access to within

monopolistic control of the definition of the forms of legitimacy prevailing in the field'. Mathieu Hilgers & Eric Mangez, *Introduction to Pierre Bourdieu's Social Fields* (Routledge: 2014), 1–37.

⁴⁴¹ In 2019 Prudnikova ranked 6th in the Artguide's Top-50 most influential figures in Russian contemporary art. <https://artguide.com/posts/1901> (accessed 30 August 2020).

⁴⁴² The agents of the field tend to perceive the external and internal realities through a shared prism constructed within the field. Hilgers & Mangez, 7.

⁴⁴³ The methodology elaborated here is indebted to the critical analysis and implementation of Bourdieu's concepts by Hilgers and Mangez. *Ibid.*, 1–30.

⁴⁴⁴ *Ibid.*, 21.

their respective fields. However, the impact of these invisible 'systems of relations'⁴⁴⁵ on value creation is difficult to observe and even more difficult to quantify. To overcome these difficulties, the analysis examines each contemporary art field through its 'effects',⁴⁴⁶ or relational indicators pertaining to the various forms of capital (economic, cultural, symbolic, social) whose distribution determines the structure of specific (social) domains and the positions the agents or institutions occupy within them.⁴⁴⁷ By mapping these indicators and constructing a visual representation of the structure of the Russian and Chinese contemporary art fields and the distribution of capital, one can then analyse the impact the interrelations within those fields have on the value creation of art.

Even this would not be enough to explain the shifts in the value hierarchies observed during the boom-and-bust cycles of the Russian and Chinese art markets. To understand why art values are in a constant state of flux, the investigation focuses on how the entities have arrived at their positions and how they have accumulated a specific form of capital (the diachronic perspective, or the second level of analysis).

At the third level, the investigation identifies constraints – whether external (originating from other fields) or internal (specific to the field itself) – exerted on various actors active in the field and examines how they affect the conditions of value creation. For example, both the Russian and Chinese contemporary art fields have been seeing liberalisation from state control in the new millennium, while at the same time their autonomy from economic power is being reduced, leading to polarisation of the evaluation criteria of art in terms of commercial value vs art for art's sake.

Finally, at the fourth level, a further priority is given to the 'symbolic order'⁴⁴⁸ of the Russian and Chinese contemporary art fields manifested through schools, movements, rankings, polemics and battles in which the agents participate via statements, declarations, labelling (branding), interrelating, segmentations, classifications and categorisations, thus constructing reality (or producing 'structuring structures'⁴⁴⁹) within which the value of art is created.

⁴⁴⁵ Pierre Bourdieu, *Practical Reason: On the Theory of Action* (Cambridge, UK: Polity Press, 1998), 54–5.

⁴⁴⁶ Hilgers & Mangez, 18.

⁴⁴⁷ The idea of examination of capital as an instrument that takes imperfect and ambiguous data and aggregates and synthesises them into more abstract and pertinent indicators stems from Bourdieu's use of multiple correspondence analysis (in *La Distinction*) that maps, constructs and visualises 'systems of relations' and ascertains how these systems were constructed.

⁴⁴⁸ Hilgers & Mangez, 20.

⁴⁴⁹ The analysis of the symbolic order of the field is based on Bourdieu's seminal concept of habitus and specifically his notion of 'structuring structures' of which habitus is composed: 'The structures constitutive of a particular type of environment (e.g., the material conditions of existence characteristic of a class condition)

The above four levels of the analysis – objectification of systems of relations, diachronic perspective, identification of constraints and mapping of symbolic order – are overlaid and interlaced with each other, making it possible not only to study the value creation of art from a relational standpoint while bringing out the idiosyncrasies of the Russian and Chinese art fields, but also to put forward the hypothesis that the value of art is the ultimate recognition of the interests of the dominant, or of the elites, that have monopolised control of ‘the definition of the forms of legitimacy’ prevailing in the contemporary art field.⁴⁵⁰

To test the proposed hypothesis, this chapter examines the Russian and Chinese contemporary art fields in three parts. Part I analyses how the values of Russian and Chinese art were created during the first decade of the 2000s as both fields gained relative autonomy from the state, while their dependence on the market increased. The emergence of the new economic elites in both countries expanded the value scale of art to unprecedented levels. After the financial crisis, the two countries’ positions in the global hierarchy diverged, with far-reaching impacts on the value creation of their art.

Part II focuses on two periods in the Russian art market: 2012–15 and 2016–18. The section covering the first period examines the negative impacts on the value creation of Russian art as the market continued to shrink due to the country’s de-integration from global networks, insufficient infrastructure and weak domestic demand. The second section follows the market’s recovery trajectory and the role the ‘inner mafia’ and ‘multiform judgement devices’ played in the transformation of the Russian art value system.

Part III investigates value creation in the Chinese art market – firstly, as it experienced two rounds of downturns between 2012 and 2015 which saw the polarisation of price segments, the emergence of young artists as a new trading category and the rejuvenation and repositioning of official art. Secondly, it explores the key factors that caused major shifts in the value creation paradigm, including the reorganisation of demand and the internationalisation of supply that also created tensions and new paradoxes in the maturing Chinese contemporary art field.

produce habitus, systems of durable, transposable dispositions, structured structures predisposed to serve as structuring structures, that is, as principles of the generation and structuring of practices and representations which can be objectively “regulated” and “regular” without in any way being the product of obedience to rules, objectively adapted to their goals without presupposing a conscious aiming at ends or an express mastery of the operations necessary to attain them and, being all this, collectively orchestrated without being the product of the orchestrating action of a conductor.’ Pierre Bourdieu, *The Logic of Practice* (Stanford University Press: 1990), 53.

⁴⁵⁰ Hilgers & Mangez, 6.

Part 1: Russia-China 2000–2011

The Emergence of the New Economic Elites in the early 2000s

In 2006 Edward Dolman, CEO of Christie's International, remarked: 'We are seeing a much broader geographical base, including Russian buyers, Chinese buyers [from the mainland], Taiwan and Hong Kong [...] at the top of the market' who 'start buying at much higher levels than ever seen before'.⁴⁵¹ The rising prevalence of wealthy Russian and Chinese buyers who drove up the prices of art at worldwide auctions at the turn of the twenty-first century was both in continuity and discontinuity with developments that had begun in earlier decades. The continuity lies in the fact that the market has helped the contemporary art fields in Russia and China to free themselves from state control. As the fields gained relative autonomy from ideological constraints, their dependence on mercantile constraints continued to grow. The increasing domination of economic over cultural capital directly influenced the value creation processes of Russian and Chinese art, with the effect of strengthening the positions of values guaranteed in commercial terms (standardised 'commercial art', 'art fair art') while limiting chances for the production and consumption of 'subversive'⁴⁵² art (more difficult, innovative, 'art for art's sake', based on the accumulation of symbolic capital).

The discontinuity lies in the fact that the 2000s – especially after the 2008 financial crisis – can be understood as the third stage in a three-stage process: pre-market (1960s–1988), marketisation (1988–2000), and maturation (2000–present). In addition to sharing a common historical trajectory, the Russian and Chinese art markets retained their idiosyncrasies. The contention is that, at the same time that globalisation has helped these two emerging markets to open up, expand beyond their geographical borders and gradually become integrated into the global art market, it has also reinforced the two countries' unique cultural, socioeconomic and political configurations.

These larger patterns are evident in the increased complexities of the structures of the relative positions of the agents in the Russian and Chinese contemporary art fields. While in the 1980s and 1990s Russian sales were attended mostly by Russian expatriates and art dealers, in the early 2000s the main buyers were newly wealthy, often younger, Russians who by and large were based in Moscow but had homes in cities around the world.⁴⁵³

⁴⁵¹ Eiling Kinsella, 'Global Warming', *ARTnews*, May 2006, p.136.

⁴⁵² Bourdieu divides agents active in the field into those with a complete monopoly on the specific capital who tend to use conservative strategies, defending orthodoxy, and those (usually newcomers) who are inclined to use subversive strategies, thus creating a struggle and a conflict characteristic of power relations between agents. Pierre Bourdieu, *Distinction: A Social Critique of the Judgement of Taste* (London: Routledge; Cambridge, 1984).

⁴⁵³ Tatiana Markina, interview with the author, Moscow, 31 March 2015.

Branded auction houses, gatekeepers for the novice buyers in need of reassurance and validation, were the first to benefit from significant price jumps as the market for Russian paintings and decorative objects grew exponentially.

In 2007 Sotheby's reported that its annual turnover of Russian art had soared thirty-fold in the previous seven years and now totalled \$181 million.⁴⁵⁴ Repatriation of native works also became a high priority for prominent Russian buyers, especially for the oligarchs keen to be seen repaying debts to the country that had so enormously enriched them.

In the case of China, specialists in Asian art have noticed a similar warming trend for Chinese art, as growing numbers of entrepreneurs and corporations from the mainland began seeking repatriation of their national treasures. Consequently, prices and demand shifted into an even higher gear.⁴⁵⁵ In 2005, Sotheby's Hong Kong sales of Asian paintings, decorative art and jewellery hit a record of \$109 million in the autumn alone.⁴⁵⁶ Sotheby's magazine director of Asia and Australia, Henry Howard-Sneyd, pointed out that Asian art had become a 'true global market'; 'there is a swift learning curve [...] Chinese buyers have been ahead of the market in predicting sharp price increases, spending considerable sums on works of art that later turned out to have been bargains'.⁴⁵⁷

Furthermore, auction houses and art dealers saw signs that Russian and Chinese buyers were becoming interested not only in art from their respective regions, but also in Western impressionist, modern and contemporary art, and were beginning to participate in those markets.⁴⁵⁸ In fact, the new Russian and Chinese buyers were reshaping the global art market according to their own demands and desires, while at the same time, exposure to other cultures was broadening their tastes, liberating them from the conditions of the past.

⁴⁵⁴ Sotheby's Press Release 12 March 2008.

<http://files.shareholder.com/downloads/BID/0x0x178903/2f3c2efb-d2af-4a9f-805c-22b878f0a020/178903.pdf> (accessed 29 August 2018).

⁴⁵⁵ In July 2005, Christie's London sold an extremely rare Yuan dynasty blue-and-white jar for £15.6 million to a Chinese bidder, making it not only a world-record price ever paid for any Chinese work of art, but also the highest price paid for any work of art sold at Christie's that year.

<https://www.christies.com/presscenter/pdf/07122005/07122005a.pdf> (accessed 21 August 2018).

⁴⁵⁶ To compare, between 2001 and 2005, the annual sales by Christie's in Hong Kong soared to \$265 million from \$79 million (or a 235% increase). <https://www.christies.com/presscenter/pdf/07122005/07122005a.pdf> (accessed 21 August 2018).

⁴⁵⁷ Eiling Kinsella, 'Global Warming', *ARTnews*, May 2006, 144.

⁴⁵⁸ A Russian-born Cologne-based art dealer Alex Lachmann, who among his clients counted a Russian billionaire collector, head of the Alfa Bank Group, Pyotr Aven, recalled that younger Russian buyers were particularly interested in German Expressionism, works by artists like Camille Pissarro, Amadeo Modigliani, Pablo Picasso and Tom Wesselmann, and especially artists who had Russian backgrounds such as Chaim Soutine, Mark Rothko and Marc Chagall; 'they bought with taste, they were looking for important things'. *Ibid.*, 142.

No longer confined to their geographical boundaries and cultural experiences, the new economic elites from Russia and China had emerged on to the global art market arena.

Russian Contemporary Art at International Auctions during the Boom Years – Auction Records as Relational Indicators

While in the previous chapter public auction records – agentive entities with the capacity to create value – were investigated as part of collective market agencing activities, the following discussion examines them within the set of hierarchical relationships in the field, or as relational indicators⁴⁵⁹ through which the invisible system of relations between positions⁴⁶⁰ occupied by agents, art organisations or individual artists, based on the distribution of specific capital, is inferred and analysed.

In an interview with the author, Tatiana Markina, a correspondent for *The Art Newspaper Russia* who used to write London Russian sales reviews for the Russian newspaper *Kommersant*, recalled the pre-crisis auction records:

Kommersant started to write about it not because of art itself, but because of the fantastic figures those sales generated. The figures were primary: what was expensive immediately attracted attention. This was a sensation, that Russian art could be so expensive and that, in general, such huge sums could be paid publicly for it. [...] it was a period of sense-making and integration into some sort of worldwide context. Naturally, it implied the beginning of collection building.⁴⁶¹

Markina maintains that the main buyers during the Russian sales have always been Russian. London became a transparent ‘shop window’, with the prices for Russian art being accurate indicators of the tastes, wealth and status of the Russian buyers willing to pay a premium for the artworks of their desire. As the Russian domestic art infrastructure, composed of relatively weak auction houses, irregular art fairs and struggling galleries, remained undeveloped, by 2008 London Russian sales had emerged as an important

⁴⁵⁹ As mentioned in the introduction, Hilgers and Mangez used the term ‘effects’ to describe the specific properties of the field. Hilgers & Mangez, 19.

⁴⁶⁰ To emphasise, the term ‘position’ is borrowed from Bourdieu’s field theory to distinguish between the properties of the agents and more general types of functions they perform. Structure of positions also reflects a hierarchical nature of relationship in the field in which the specific capital, resources and products of those resources are (usually unevenly) distributed among the occupiers of those positions. The relative positions are defined by the volume and structure of their capital. Furthermore, specific capital governs the success in the field and the winning of specific profits which are at stake in the field. In the artistic field of symbolic production, the ultimate prize (or winnings) is prestige (or recognition), being a form of symbolic capital. It is the distribution of symbolic capital (prestige) and the struggle over it that determines and organises the hierarchy (of positions) in the field.

⁴⁶¹ Interview with the author, Moscow, 31 March 2015.

market value creation platform for Russian art, setting a reference system⁴⁶² for the buyers and sellers from home and abroad.

Towards 2008 Russian contemporary art was featured in the sales catalogues of major auction houses such as Sotheby's, Christie's, Bonham's and the newcomers MacDougall's and Phillips de Pury. Following in the footsteps of its pioneering auction in Moscow in 1988, Sotheby's London organised two sales dedicated to Russian contemporary art in February 2007 and March 2008, advertised respectively as 'first-ever' and 'second-ever'.⁴⁶³ Both sales featured established Russian artists,⁴⁶⁴ as well as younger artists whose works had never been sold at auction before. Both sales were successful, bringing in £2.6 and £4.1million respectively and setting new records for several Russian artists.⁴⁶⁵ The top lots were still selling in low \$6-digit-levels.⁴⁶⁶ The significance of both Sotheby's sales lay not only in setting almost 30 new records for established Russian contemporary artists (although all still well below the million-dollar benchmark), but also for introducing new names to a wider international clientele. Among the artists whose works had never before sold at auction but first appeared during Sotheby's sales were Yuri Shabelnikov, Alexander Yakut, Katia Filippova and Igor Makarevich.

⁴⁶² Several interviewees noted that they continue to use London sale prices as indicators for prices at home. Usually, the domestic prices are set 30%–40% lower than London prices.

⁴⁶³ According to Sotheby's press releases from 15 February 2007 and 12 March 2008, the sales were advertised as 'Sotheby's first ever sale of Modern and Contemporary Russian Art since 1988' and 'Sotheby's second-ever London sale dedicated to Russian Contemporary Art'.

<http://files.shareholder.com/downloads/BID/0x0x178903/2f3c2efb-d2af-4a9f-805c-22b878f0a020/178903.pdf> and <http://files.shareholder.com/downloads/BID/0x0x96859/5b1f7bf5-8301-4627-a1ae-0cb7e62ec593/20070215-230142.pdf> (accessed 29 August 2018).

⁴⁶⁴ Including E. Bulatov, O. Vassiliev, G. Bruskin, V. Komar, B. Orlov, V. Ovchinnikov, O. Rabin, V. Pivovarov, E. Steinberg, N. Nesterova and M. Chemiakin.

⁴⁶⁵ The first-ever sale of Russian contemporary art's pre-sale estimate was £1.5–2.1 million and second-ever sale's pre-sale estimate was £2.6–3.8 million. Exchange rates £/\$ was approximately 1/1.9. Both sales had high sell-through rate of 80% and 74% by lot, and 90% and 85% by value respectively. Source: Sotheby's Press Releases from 15 February 2007 and 12 March 2008.

<http://files.shareholder.com/downloads/BID/0x0x178903/2f3c2efb-d2af-4a9f-805c-22b878f0a020/178903.pdf> and <http://files.shareholder.com/downloads/BID/0x0x96859/5b1f7bf5-8301-4627-a1ae-0cb7e62ec593/20070215-230142.pdf> (accessed 29 August 2018).

⁴⁶⁶ In the 'first-ever' sale the stop selling lot was surprisingly the lot by lesser known artist Evgeny Chubarov fetching £288,000 (more than 4 times its high estimate of £60,000); the second highest price of £198,000 was paid for Erik Bulatov's *Revolution-Perestroika*, a good example of Sots Art which came from a private American collection; while Mikhail Shvartsman's *Paternal Structure*, from the estate of the famous Greek collector George Costakis, made the third record at £192,000 by a Russian buyer on the telephone after a 5-minutes long bidding war. In the 'second-ever' sale, the top sale record was even higher, at £468,500, achieved for Oleg Vassiliev's *Before the Sunset*; a group of five works by Ivan Chuikov outperformed its pre-sale low estimates more than three times and realized £296,500; the third top lot was Semeon Faibisovich's canvas *Beauty*, which, after an intense bidding war between three telephone bidders, sold for £264,500, more than four times its high estimate of £60,000. Ibid.

If Sotheby's could be credited with helping to introduce a broad roster of Russian contemporary artists into a global art-market network, it was Phillips de Pury who brought their prices to the \$7-digit-level. This house was co-founded by well-positioned auctioneer Simon de Pury, who had conducted the legendary Sotheby's Moscow auction in 1988 and who in his published memoirs claimed nothing short of 'opening up the old Soviet Union'.⁴⁶⁷ Thanks to his extensive social network including high-profile ties with Russia, de Pury became very familiar with 'the contemporary-art-obsessed new superclass of Russian oligarchs' who 'would become even bigger buyers of contemporary art than the American hedge-funders. Because their wealth was so new and so sudden, they were not in thrall to the Sotheby's-Christie's Establishment and were open to outliers'⁴⁶⁸ like myself, particularly if I had what they wanted.'⁴⁶⁹ Among de Pury's clients were Ukrainian tycoon Victor Pinchuk, 'the self-styled James Bond of the Russian oligarchy' Vladislav Doronin, London-based Chelsea Football Club's billionaire owner Roman Abramovich, 'Dasha and Masha, the two tsarinas of the Russian art elite' (Dasha Zhukova and Masha Baibakova), and 'the Mercury Boys' ('two Leonids, Friedland and Strunin').⁴⁷⁰

In 2008, after a year of negotiations, the Mercury Group acquired a controlling stake in debt-ridden Phillips de Pury. According to de Pury's statement at the time, 'the partnership with a major player in the luxury sector will allow us to provide a unique platform to new and fast-growing markets. Russia has clearly emerged as an important art market.'⁴⁷¹ Indeed, Phillips' contemporary art sales rose 80% in the first half of 2008.⁴⁷² Thanks to strong financial backing from the Russian investors, the house was able to issue guarantees, attract quality consignments and tap into a pool of high-end clients who drove the art prices to new heights. As a popular saying among the in-house London specialists went: 'Heaven is two Russian oligarchs bidding against each other.' On 22 June 2007 Phillips de Pury realised £23.3 million,⁴⁷³ selling 85% of 144 lots of contemporary art. The top-ten and record-price sheets featured several Russian and Chinese names whose price levels were on a par with such 'blue chip' contemporary artists as Jean-Michel Basquiat, Andy Warhol and Richard Prince.

⁴⁶⁷ Simon De Pury. *The Auctioneer. Adventures in the Art Trade* (New York, 2016), 200.

⁴⁶⁸ The preference of the newly wealthy Russians towards de Pury could be explained by their homologous positions ('not part of the establishment', 'outsiders'), as well as by the fact that de Pury was among the first auctioneers to enter the Russian art market in the late 1980s.

⁴⁶⁹ Ibid.

⁴⁷⁰ Ibid., 201-202. Referring to the founders of the Mercury Group, Russia's largest luxury retail company that among many things owns TSUM department store, the Barvikha Luxury Village in Moscow and high-end retail properties housing such brands as Gucci, Prada, Ferrari, Bentley, Rolex and Graff.

⁴⁷¹ Deborah Brewster and Bloomberg, 'Phillips de Pury sold to Russian Group', *Financial Times* (6 October 2008). <https://www.ft.com/content/35f4bdce-93c7-11dd-9a63-0000779fd18c> (accessed 30 August 2018).

⁴⁷² Ibid.

⁴⁷³ Or approximately \$46.6 million on the exchange rate \$/£ at 2/1. Here and after, the sales figures are converted to \$ for simplified comparison.

By placing relatively less-known contemporary Russian and Chinese artists on the same auction block with more established (aged) counterparts, the auction house created associations with symbolically and commercially acclaimed international art, which helped to resolve consumers' value uncertainty in the fields where no global consensus had yet been formed.

The strategy paid off. During the sale, three Russian artists who, for the first time, hit the \$1-million benchmark were Kabakov, Bulatov and (surprisingly) Chubarov. While the latter was an anomaly that will be discussed in the following section, the relatively high prices for Kabakov and Bulatov were both set by Russian fertiliser billionaire Vyacheslav Kantor, who, a year later,⁴⁷⁴ raised the bar for Kabakov even higher when he bought the artist's large painting *Beetle* (226x148 cm, 1982) at \$5.8 million, an absolute auction record for any living Russian artist to date.⁴⁷⁵

The importance of the pre-recession sales of Russian art by the auctions, Phillips de Pury in particular, was two-fold: not only were the well-positioned branded auction houses able to expand the value scale of Russian art up to the \$7-digit-level by bringing it into the purview of the economic elites, they also created value by proximity, whereby additional (symbolic and/or economic) capital was allocated to the less established Russian artists by proximity to the aged international artists occupying higher positions in the global art hierarchy. The record auction prices of the Russian artists were thus not merely economic markers of the boom cycle, but relational indicators that reflected the newly formed hierarchy of positions, with Kabakov and Bulatov at the very top.

⁴⁷⁴ To be precise, in February 2008 during Philips De Pury's 'Important Contemporary Russian Art Sale'.

⁴⁷⁵ Price includes buyer's premium. All three works are now decorating the 'walls' of Kantor's virtual private museum MAGMA (Museum of Avant Garde Mastery) which was founded in 2001 based on an idiosyncratic 'three-in-one formula: the art [must be] very Russian, very Jewish and very exceptional'. Kantor's collection, which now boasts over 300 works, consists of many other record-breaking trophies by Modigliani, Soutine, Chagall, Rothko, Gabo, Bruskin, Pivovarov, Rabin, Shterenberg, Shvartsman, Weisberg, Yakovlev, Yankilevsky and Zhilinsky, to name a few. http://www.museummagma.ru/?page_id=57 (accessed 31 August 2018).

Chinese Contemporary Art at International and Domestic Auctions 2006–2008 – Emergence of Guardian and Poly as Domestic Value Creation Platforms

While the record prices for Russian contemporary art were generated primarily by the narrow circle of ultra-rich Russians through the branded auction houses in London and New York as the domestic auctions remained weak, the rise of Chinese contemporary art, in contrast, was due to the fact that it attracted the attention of a much larger, geographically diverse pool of buyers from the USA, UK, Europe and Asia, especially from Japan, Singapore, Korea, Taiwan and Hong Kong. This included some of the world's biggest collectors such as Saatchi and the Mugarabi family who were behind the earliest multimillion-dollar records. It also gained wide support from the fast-growing domestic auctions, such as Poly and Guardian, as well as from newly rich local collectors and speculators drawn to the market by the rapidly rising prices.

As a result, the market for Chinese contemporary art grew significantly faster (in comparison with its Russian counterpart) in volume and value, changing from emerging to mainstream. The watershed year was 2006 when the prices for the leading artists suddenly increased ten-fold and then doubled again during the next 12 months. The first artist to hit a \$1-million sale was Zhang Xiaogang, whose prices jumped from 5 to 7 digits in just under two years.

The effects of the integration of Chinese contemporary art at worldwide auctions was immediately noticeable because of the sheer number of multimillion-dollar bids and the total turnover it generated. According to the Artprice reports on the Contemporary Art Market from 2006/2007 and 2007/2008, the number of Chinese artists selling above the \$1-million benchmark amounted to 18 (compared to only 3 from Russia).⁴⁷⁶

The unprecedented influx of economic capital into Chinese contemporary art was described by Kou Qin, President and CEO of Guardian Investment Holding and General Manager of Guardian Art Center, as follows:

By the time of 2008 and 2009, everyone in China was following art investment with great interest. The entire society was engaged in some kind of art carnival, from banking institutions to various organizations across the society [...] During that period, it was also the time when we were most frightened. We found that the situation was completely out of control. The prices climbed high, and the transaction volume grew too large. The expansion seemed unstoppable.⁴⁷⁷

⁴⁷⁶ Contemporary Art Market. The Artprice Annual Report 2007/2008.

<https://imgpublic.artprice.com/pdf/fiac08en.pdf> (accessed 2 September 2018).

⁴⁷⁷ Kejia Wu, TEFAF Art Market Report: The Chinese Art Market, TEFAF (March 2019): 28–9.

Another important player, Sir David Tang, the now deceased Hong Kong businessman and well-connected socialite, who, together with Johnson Chang from Hanart TZ Gallery, was instrumental in promoting Chinese contemporary art abroad, recalled:

The seminal moment came in 2006 when Zhang Xiaogang's painting sold for a million dollars at Sotheby's in New York. [...] Why? Because you could still buy Zhang Xiaogang's paintings at Johnson's gallery for \$100,000 and suddenly it was ten fold. [...] it's not just random businessmen, but mega-collectors like the British mogul Charles Saatchi, bidding away for Chinese contemporary art. The point is suddenly you realize that the international collectors are beginning to understand that you have to look at Chinese art and at the same time, you have the mainlanders, very rich people, wanting to become a bit more cultural [...] So suddenly, there's a market.⁴⁷⁸

Following the successful sales of Chinese contemporary artists by Christie's and Sotheby's in New York, London and Hong Kong, the domestic auction houses, traditionally focusing on antiques and classical works of art, were quick to jump on the new bandwagon. Between June 2007 and June 2008, five leading Chinese auction houses – Beijing Poly International Auction, China Guardian, Zhong Cheng Auctions, Shanghai Hosane Auction and Beijing Council International Auctions – jointly generated €29.4 million in revenue from the sales of contemporary art, becoming among the top ten auction houses worldwide.⁴⁷⁹

A weathered art dealer, Mr Lin, who with his son runs one of Taiwan's most successful commercial galleries, shared his insights into why the Chinese auctions emerged as powerful players:

*The auctions have a peculiar twist, a distorted Chinese characteristic. When the first houses were opened in China, there was no reliable media channel for introducing and promoting art to the public. If I am a young artist and there is no gallery to help me with an exhibition, I will send my work to an auction house. In China, there are still very few real art galleries. Some galleries grab an artist, send his/her works straight to auction with a little [curatorial] wrap, and then pocket the sales commission. The auction floor becomes a stage that influences the value. Sometimes the works are sent to the auction house straight from the gallery exhibition to raise the price. These are the secret rules of the game everybody knows about.*⁴⁸⁰

⁴⁷⁸ Barbara Pollack, *The Wild, Wild East: An American Art Critic's Adventures in China* (China: Timezone 8, 2010), 50.

⁴⁷⁹ Contemporary Art Market. The Artprice Annual Report 2007/2008. <https://imgpublic.artprice.com/pdf/fiac08en.pdf> (accessed 2 September 2018).

⁴⁸⁰ Interview with the author, Taipei, 17 November 2016.

Among the domestic auction houses, two – China Guardian and Poly Auction – have evolved into effective value creation platforms, each characterised by slightly different objectives and ethos. While the former positions itself as China’s most professional auction house, fostering research, education and long-term client relations, the latter, a newcomer, emerged as a primarily profit-oriented giant.

For instance, on 22 November 2006 China Guardian held ‘20 Years of Chinese Contemporary Art’ sales in Beijing. A carefully curated selection contained 187 cutting-edge works by ‘avant-garde artists’, including Zhang Huan, Mao Xuhui, Xiao Lu, Liu Xiaodong, Xu Bing, Ding Yi and Zhou Tiehai, some of whom had not previously been properly shown in China. The sales’ mission was in continuation with the critical debates started in the previous decade over what constitutes the local art value system and who has power over the selection, valuation and legitimisation of Chinese contemporary art. According to Guardian’s Vice-Chairman, Ms Wang Yannan:

We saw what was done in other countries with Chinese contemporary art and it was not presented in its entirety, so we found it necessary to undertake the research and fill in the gaps that were missed in other [Western] auction houses. [...] It has been our purpose to take care of our collectors and to help them figure out the history, in order to help them make selections. [...] We are trying to lead or influence the market to a more academic way of thinking.⁴⁸¹

Such academic ambitions did not immediately translate into high turnover. The sale brought in a modest revenue of \$7.4 million with about 40% lots going unsold.⁴⁸²

In contrast, Poly Auction, launched in 2005 as the de facto auction arm of the People’s Liberation Army and backed by vast financial resources, quickly eclipsed Guardian by becoming the largest auction house in China and the third-largest auction house

⁴⁸¹ Such scholarly ambitions coming from an auctioneer are not surprising given Ms Wang’s background. A daughter of a respected Communist Party leader Zhao Ziyang (who opposed the use of force against demonstrators at Tiananmen Square in 1989), Ms Wang is well educated, speaks fluent English and holds a degree from a Western university. Barbara Pollack, *The Wild, Wild East: An American Art Critic’s Adventures in China* (China: Timezone 8, 2010), 102.

⁴⁸² <http://www.cguardian.com/en/AuctionResult.html> (accessed 3 September 2018).

worldwide.⁴⁸³ Having set its goals on world dominance, no less, Poly did not shy away from aggressive market strategies and manipulative schemes.⁴⁸⁴

A noteworthy sale was that of Liu Xiaodong's huge panoramic painting *New Migrants at the Three Gorges* (300x1000 cm, 2004) which sold at Poly Beijing in November 2006 for \$2.8 million (double its high estimate of \$1.3m)⁴⁸⁵ and for a short while became a record for the mainland auction house (until Guardian beat it in April 2008 with a new record of \$8.2 million for Liu Xiaodong's *Hot Bed No. 1*). The buyer of *New Migrants* was Zhang Lan, the wealthy female owner of the South Sea Beauty chain of Sichuan restaurants where part of her large art collection was displayed. Ironically, after the sale, rumours circulated that Poly had manipulated the price by having its own representatives bidding for the work and artificially driving up the final price. This was just one of the schemes frequently used by Poly to guarantee consignors that their artwork would attain a certain price. Consignors were (and still are) often allowed to bid (via their own people) for their works. Should public bidding stop below the guarantee (also called the 'reserve'), the consignor would bid up to the reserve price, thus establishing an 'official' public record for the work (for a small commission to Poly). The work in question – now at a transparent market value, even if inflated – could then be used as a seemingly generous 'gift' to a government official, essentially masking a bribe.⁴⁸⁶

The publicity of the auction record attracted not only speculators, but also artists and gallerists who, in the absence of a credible value system, needed a quick and sound way to

⁴⁸³ Poly Auction Beijing (2005) and Poly Auction Hong Kong (2012) are part of a larger group called Poly Culture, established in 2000, that holds over 100 other subsidiaries from Poly Investment Management Corporation, to Poly Film, Poly Theatre and so on. State-owned Poly Culture, in turn, is part of even larger conglomerate, China Poly Group Corporation, controlled by the descendants of Deng Xiaoping's family. Originally, Poly Group was set up on the basis of Poly Technologies, the large-scale defence company supplying military products and equipment to the People's Liberation Army.

⁴⁸⁴ During the art market boom years and until the beginning of Xi Jinping's anticorruption campaign in 2012, Poly was notorious for artificially inflating prices, rigging sales, getting involved in various money-laundering schemes and bribing of government officials, although, of course, in official statements the house has always categorically denied all allegations. Source: primary interviews.

⁴⁸⁵ Just 2 or 3 years ago Liu Xiaodong's paintings barely sold for \$10,000-20,000. The artists reacted towards the new auction record with confusion and disappointments, lamenting about Chinese art market's 'crazy and distorted ways' and rapid commodification of art. Yan Jun (Ed.), 'Liu Xiaodong Exposes Insider Dealings: My *New Migrants at the Three Gorges* is not Worth [RMB] 10,000,000.' *Renmin Wang* (30 September 2006). <http://art.people.com.cn/GB/41138/41139/4877957.html> (accessed 11 May 2019).

⁴⁸⁶ During the interviews, the author was given various examples of Poly's (and various other Chinese auction houses') manipulative schemes. Another, rather creative case involved a government official who oversaw a selection of sub-contractors for a large-scale infrastructure project. A prospective sub-contractor, eager to get the job, gave an oil painting by a living academic realist painter to the official as a 'gift'. He also suggested to the official to put it up for auction (via a trusted relative), so he could buy it back at an inflated price, allowing the official to 'make a good profit' – de facto receive a bribe – without a physical cash exchange or a paper trail. Unavoidably, the inflated auction record for the artwork would become a point of reference for other market participants, further distorting the actual market value.

establish an artwork's value and to communicate it to a larger pool of potential buyers. Before the financial crisis loomed, some Chinese artists were frequent participants at major auctions and often brought friends and clients to bid for their own artworks. For some, the auctions even became an extension of their studios. By the same token, some gallerists used the auction platform to legitimise their gallery's prices, especially for younger artists. An interviewed Beijing-based gallerist provided an example of the auction-aided value creation. During the solo exhibition of a mid-career artist, two buyers were keen on acquiring the same work, priced at ca. \$15,000. To solve the dilemma, the gallerist proposed to consign the work to Poly where the buyers could bid on it publicly. The work was hammered for approximately \$30,000 to the highest bidder. The other buyer received another work from the exhibition with a good discount. The gallerist made two sales, while the artist had a new record set for him publicly and could now command a higher price for works from his studio. The auction price served as a relational indicator that signalled not only the artist's new solidified position in the marketplace, but also a higher volume of (symbolic, economic and social) capital allocated to that position.

The players' confidence in auctions as value creation platforms, however, diminished shortly after the prices crashed in the aftermath of the financial crisis of 2008 and many artist-consigned works went unsold, damaging the artists' overall auction records. Lorenz Helbling, the founder of ShangArt, remarked:

The auctions are very aggressive here. We [the galleries] have prices but people have to contact me [in order to get the prices] and to trust us that our prices are steady, [while] the auction houses come with fancy catalogues and put the prices [openly] in. The auctions crashed in 2009/2010, you don't have [our gallery] artists in catalogues anymore. Now artists are much more hesitant to put their artworks into the auction. Everybody learned their lesson.⁴⁸⁷

Despite the auctions' failure to create long-lasting values of art (due to their relatively short-term profit-oriented business model), their promotional efforts coupled with growing domestic demand ensured that the Chinese contemporary art market was better protected from the pressures of the financial crisis and able to make a quicker recovery; whereas the Russian market, dependent on the narrow circuit of the Russian elite, shrank significantly, with many artists never recovering their pre-crisis values. As the following analysis demonstrates, the financial crisis was the junction point at which the trajectories of the two art markets and,

⁴⁸⁷ Interview with the author in Shanghai, 20 May 2016.

subsequently, their positions in the global hierarchy, significantly diverged, as did the volume and structure of their capital and resources.

The Collapse in Economic Values of Chinese Contemporary Art in 2009 – The Survival of the ‘Plugged-in’

The collapse in the prices at worldwide art auctions caused by the financial crisis is a well-known story. In 2009 the Mei Moses All Art Index registered a 23.5% decline, the largest since 1991.⁴⁸⁸ The decline occurred after five years of positive annual growth averaging almost 20%. As the most speculative and volatile segment, contemporary art was the first to suffer from the global meltdown of stock markets. Among the BRIC countries, Russia, heavily reliant on commodity exports and foreign credits, was hit hardest. Russian stock exchanges (MICEX and RTS) lost over 70% of their value. Russia's GDP contracted nearly 8% in 2009, exports collapsed by 36%.⁴⁸⁹ Losses were especially severe in finance and energy. China fared better than any BRIC country, in part because of state guidance that limited foreign investment in the banking sector. However, sharp drop in trade caused thousands of private companies and factories to close down.⁴⁹⁰

Chinese contemporary art was hit hard. China's auction revenue from contemporary art during July 2008 – June 2009 was down 63% (to €95m) compared with the previous 12-month period (€259m) and the price index for contemporary Chinese art contracted by almost 38%.⁴⁹¹ With the speculative era gone, many artworks lost half of their commercial value. In the first half of 2008, the average price of contemporary works sold in China was \$65,500; in the first half of 2009, it was more than 50% down to \$26,800.⁴⁹²

The top segment was affected most. For instance, Yue Minjun fetched eight bids exceeding the \$1-million benchmark in 2008, but none in 2009.⁴⁹³ Similarly, Zhang Xiaogang generated twelve \$7-figure results in 2008, while in 2009 there was none. From July 2008 to June 2009

⁴⁸⁸ Jianping Mei & Michael Moses, '2009 Year End Art Market Insights Based on the Mei Moses Art Indexes' Beautiful Asset Advisors LLC (2009). <http://www.artmarketmonitor.com/wp-content/uploads/2010/01/Mei-Moses-2009-Year-End-Alert.pdf> (accessed 18 September 2018). The index methodology was developed by Professors Jianping Mei and Michael Moses in 2000 using a database of over 15,000 art pieces from Sotheby's and Christie's auction prices. The index tracks about 45,000 repeat sales of works in eight art-historical categories, about 4,000 of which are resold each year. The company was acquired by Sotheby's in 2016.

⁴⁸⁹ In the first half of 2009, exports sank 21.8% and imports declined 25.4%. An estimated 20 million Chinese lost their jobs in a matter of months. GDP growth slowed down from 14.2% in 2007 to 9.4% in 2008. The real estate market went flat. The change was sudden and occurred right around the Olympics ended. Several years of continuous fortune making have come to a dramatic halt. Clare McAndrew, *Globalisation and the Art Market: Emerging Economies in the Art Trade in 2008* (Helvoirt: European Fine Art Foundation, 2007): 23-26.

⁴⁹⁰ Ibid.

⁴⁹¹ Artprice reports 2008, 2009.

⁴⁹² <https://www.artprice.com/artmarketinsight/chinese-contemporary-art-today> (accessed 9 September 2018).

⁴⁹³ Based on results with buyer's premium. All auction figures are based on the Artprice Database.

the joint revenue of Zeng Fanzhi, Zhang Xiaogang and Yue Minjun amounted to €27.1 million, a 74% decrease from €105 million in the previous year's period.⁴⁹⁴

There were two main reasons for the dramatic drop in revenue. First, there was the withdrawal of speculative capital by the foreign buyers. Such major collector-dealers as Saatchi, who had invested heavily in Chinese contemporary artists in recent years and helped to drive up prices, were also quick to dispose of them at the first sight of the market contraction. Second, there was the devaluation of the art due to over-production by the artists themselves who, in order to cope with high demand, had turned their studios into assembly lines that mass-produced their most popular works.

The buyers' withdrawal had an immediate effect on the artists' hierarchy by auction revenue. In the Top 500 list, Zhang Xiaogang's position moved from 5th in 2008 to 18th in 2010.⁴⁹⁵ Nevertheless, unlike some of his colleagues, he managed to stay afloat, thanks to an exclusive representation agreement with Pace Gallery in New York that he had entered into in 2008. According to him: 'I was lucky. Had it not been for (the representation of) Pace, I might have been drifting in the market and might have disappeared. I don't think it's an artist's specialty to deal with the market. Only a few artists have such a talent, but most artists are not able to handle it.'⁴⁹⁶ Other artists whose ratings dropped significantly within just two years were Yue Minjun (from 7th to 17th) and Wang Guangyi (from 9th to 22nd).⁴⁹⁷ Without support from a strong branded international gallery, their markets never recovered to the pre-crisis levels. By contrast, the connected, or 'plugged-in', artists, who had managed to become integrated into larger global networks, survived. To give another example, in 2008 Zeng Fanzhi became the sixth most expensive contemporary artist and the most expensive living Chinese contemporary artist by turnover (a title he still holds).⁴⁹⁸ Among the reasons for Zeng's rise was the fact that in 2008 he had been signed by Acquavella Galleries in New York into a two-year deal that guaranteed him more than \$20 million; the deal had been facilitated by another of the world's most influential collector-cum-dealers, Jose Mugarbi, known to be invested in Zeng's works.⁴⁹⁹ In addition, Zeng himself was extremely careful in

⁴⁹⁴ Artprice Contemporary Art Market Report 2007/2008. www.artprice.com (accessed 9 September 2018).

⁴⁹⁵ Artprice Contemporary Art Market Reports from 2007/2008 and 2009/10. www.artprice.com (accessed 15 September 2018).

⁴⁹⁶ Kejia Wu, TEFAF Art Market Report: The Chinese Art Market, TEFAF (March 2019): 33.

⁴⁹⁷ Artprice Contemporary Art Market Reports from 2007/2008 and 2009/10. www.artprice.com (accessed 15 September 2018).

⁴⁹⁸ Artprice Contemporary Art Market Reports from 2007/2008 and 2009/10. www.artprice.com (accessed 15 September 2018).

⁴⁹⁹ According to some estimates, the Mugarbis own over 3,000 pieces of art worth over \$1 billion. They are heavily invested in such artists as Andy Warhol and Damien Hirst. There were also known supporters of Zeng Fanzhi's market. 'Who is Buying Chinese Art? The Mugarbi Family is,' *Art Radar Asia* (8 March 2009).

managing his sales and, unlike his colleagues, avoided churning out repetitions. According to Zeng's dealer, '*while the market was flooded with grinning faces [Yue Minjun] and melancholic portraits [Zhang Xiaogang] at almost half of their pre-crisis values, Zeng's storage room was filled with dozens of his works*'.⁵⁰⁰

The 'survival' of such 'plugged-in' artists as Zhang Xiaogang and Zeng Fanzhi allows an important observation to be made. While the collapse of the economic value of Chinese artists during the financial crisis could be explained by a procyclical sensitivity of the emergent art fields to macroeconomic expansion and contraction, the artists with higher social capital (or capital accumulated through the combined resources of the members of a network of relationships) are likely to retain (or recover) their positions, while those with lower social capital tend to lose their place in the value hierarchy.

The Downturn of the Russian Contemporary Art Market in 2009

The Burst of the Speculative Bubble

Following sharp declines in aggregate sales in the global art market, Russian contemporary art experienced a similar downturn. The withdrawal of the wealthy Russian buyers, whose fortunes quite literally disappeared (as the number of US dollar billionaires worldwide dropped from 1,125 to 793, Russian billionaires lost a total of \$369bn),⁵⁰¹ had an immediate effect on the relatively young art market. Auction supply shrank. Many Russian artists saw a significant loss in the value of their works.

To recall, in 2008 Kabakov's *Beetle* (bought by Kantor at \$5.8 million) had become the most expensive painting by a living Russian artist. In 2009 not a single painting by Kabakov came up for auctions worldwide.⁵⁰² Likewise, Bulatov, who generated \$5.3 million in revenues and established 4 records above \$1-million during two consecutive years in 2007–08, saw his market shrinking to \$49,000 in 2009, with 8 out of 11 works bought in. Oskar Rabin's turnover fell by 78% from \$2.5 million in 2008 to only \$556,559 in the following year; while a

<https://artradarasia.wordpress.com/2009/03/08/who-is-buying-chinese-art-the-mugrabi-family-is/> (accessed 16 September 2018).

⁵⁰⁰ Interview with the author, Beijing, 20 May 2016.

⁵⁰¹ Roman Abramovich, a Russian oligarch and collector who co-owns Garage Museum in Moscow, suffered a \$3bn fall in his net value, while Oleg Deripaska, once Russia's richest man, saw his fortune collapse from \$28bn to \$3.5bn. 'Slumping Billionaires: Financial Crisis Slashes Ranks of World's Super Rich,' *The Guardian* (11 March 2009). <https://www.theguardian.com/business/2009/mar/11/rich-lists-warren-buffett> (accessed 19 September 2018).

⁵⁰² Among a total of 8 works that came up for sale were 4 cheap prints, 3 low-priced drawings and 1 installation. Of those 3 works went unsold while other 5 sold at or below low estimates. The most expensive record during 2009 was the work on paper *Landscape with a Man* (48x71 cm, 1976), hammered at the low estimate of \$7,973 (a tiny fraction compared to the previous year's record). Source: Arprice and ARTinvestment databases.

top hammer price in 2008 was \$280,000 (for Rabin's early oil, *City with Moon, Socialist City*, 90x109 cm, 1959), a similarly sized work in 2009 brought in 5 times less (or \$58,383, which was also the highest hammer price achieved in that year).⁵⁰³ With a few exceptions, the majority of Russian artists whose prices peaked during 2007–08 have never recovered their market values.

The drop in values of Russian art could also be attributed to surplus cash and a speculative bubble that burst under external pressure (from the financial crisis). Short-term distortion between artificially inflated prices and real cultural and historical value had a long-term negative effect on the longevity of the artists' values and the liquidity (resale potential) of their market.

Sergey Popoff, who founded his pop/off/art gallery in Moscow in 2004 and witnessed the art market's boom-and-bust cycles first-hand, considered the bursting of the bubble as healthy and almost inevitable:

*If some artists [prices] fell 3–5 times, it was deserved. Before 2008, many [artist] indices were extremely overestimated; [...] these were just local heroes who made no contribution to the international artistic revolutions. They must be valued accordingly. So, when the prices for Sveshnikov, Kharitonov or Rabin shot up to [\$] two or three hundred thousand, it was clear that this was absolute lunacy, and it would not last. It's not that I welcome crisis, but it was good it corrected those distortions.*⁵⁰⁴

Popoff gave another example, that of artist Evgeny Chubarov, the previously mentioned auction debutant who, all of a sudden, fetched a hammer price of \$468,552 at Sotheby's in February 2007 and in less than four months established another record of \$1.2m at Philips de Pury. Heavily promoted by Gary Tatintsian Gallery as 'one of the most enigmatic artists of his day',⁵⁰⁵ Chubarov – according to Popoff – was '*an absolutely artificially simulated artist. He has not remotely deserved the prices he fetched back then due to very obvious artificial market manipulations, [...] no way he should have cost that much.*'⁵⁰⁶ To support Popoff's point, in June 2018 Chubarov's large abstract painting, similar in size and style to the record-fetching works of 2007, was hammered at Sotheby's London at the low estimate of \$40,149.

⁵⁰³ The list of the affected artists can go on: Oleg Vassiliev's sales decreased by 93% from \$3.5m in 2008 to \$235,013 in 2009; Faibisovich lost 97% of his market as his sales went down from \$2.8 million in 2008 to a mere \$87,708 in 2009; while the now defunct artist duo Vladimir Dubosarsky and Alexander Vinogradov generated 80% less in revenue in 2009, or \$237,467 compared to \$1.2 million in their peak performance year in 2007, when the duo's paintings in a distinct realist style fused with pop art had become particularly popular among wealthy Russian buyers.

⁵⁰⁴ Interview with the author, Moscow, 1 April 2015.

⁵⁰⁵ <http://tatintsian.com/artists/evgeny-chubarov/works/> (accessed 30 September 2018).

⁵⁰⁶ Interview with the author on 1 April 2015.

Between 2008 and 2018 only eight of Chubarov's oil paintings appeared at auctions, of which three went unsold, while the remaining five jointly generated just over \$201,000 (or \$40,250 each on average).⁵⁰⁷ The 'local hero', over-reliant on a handful of domestic supporters and unplugged from the global network, did not survive.

The New Symbolic Order in the Russian Contemporary Art Field – the Homology of Position-Price Structures

Price correction due to the bursting of the speculative bubble was not the only outcome of the financial crisis. Several Russian interviewees highlighted that, after the boom years ended, market segmentation occurred. In fact, if during the 1990s 'contemporary art' (often confusingly referred to as 'aktual'noje' [present day] or 'second avant-garde' art in Russian language publications) was a broad undivided field that included art from 'shestidesiatniki' [the Sixtiers], neo-academists, photo-realists, 'salon' (academically trained, formerly 'official' artists) and performance artists to the younger generation of the post-perestroika artists, by the mid-2000s these segments had become clearly delineated, replacing the old pecking order. Reshuffled and recontextualised, the structure of the Russian contemporary art field was moulded into a well-defined hierarchy of positions. On the one hand, the positions – independent of the features of the occupiers – took on a hierarchical relationship of agents vis-à-vis one another; on the other hand, their place in the hierarchy was based on the distribution of specific capital (power, resources, artistic prestige) that governed success in the field.

Differentiation of the artists according to the hierarchical positions provided the market participants with more accurate tools for determining the artworks' value. For example, 'the Sixtiers' became 'the classics',⁵⁰⁸ the well-established segment that represents the apex of the value hierarchy of contemporary Russian art.⁵⁰⁹ The sufficient body of public auction records (relational indicators) is paramount to valuation. According to Popoff, determining the value of art by the Sixtiers is now a straightforward process because the segment is '*very differentiated, developed in detail [...and] has enough precedents, so we can easily*

⁵⁰⁷ Based on the hammer prices excluding buyer's premium.

⁵⁰⁸ The ARTinvestment database even maintains a separate ranking for the Sixtiers, based on the cumulative auction turnover by 95 artists since 2000. The confusion among the Russian terms, however, persists. The term 'the Sixtiers' ('shestidesyatniki') also sometimes refers to 'underground post-war art', 'nonconformists', 'second Russian avant-garde', 'artistic underground'.

⁵⁰⁹ The Top 10 comprises already familiar names such as I. Kabakov as No. 1 (with a total cumulative turnover 2000–2018 amounting to \$22.5m), followed by E. Bulatov (\$18m), O. Rabin (\$10.1m), O. Tselkov (\$10m), V. Weisberg (\$8.9m), D. Krasnopevtsev (\$7.9m), O. Vassiliev (\$7.5m), V. Sitnikov (\$6.5m), Komar & Melamid (\$5.8m), V. Nemukhin (\$4.8m). <https://artinvestment.ru/ratings/ratings-60th.html?type=allyears> (accessed 8 October 2018).

*distinguish among the works depending on the specific year, size, medium and we have instruments for accurate valuation, which is primarily based on the auction results.*⁵¹⁰

As the Sixtiers acquired agency of their own, their position within the hierarchical relationships in the field became a reference point for the younger generation of Russian artists. A good example was provided by St Petersburg painter Alexey Mitin. Born in 1965, Mitin graduated from the Repin Institute of Fine Arts in 1989, but in the early 90s occasionally participated in the exhibitions organised by the 'unofficial' artists from the *Mitki* movement, the *New Artists* group and the comradeship *Free Culture*. Although Mitin did not associate himself with any of these groups, their position in the artistic hierarchy and the corresponding market prices served as a benchmark for Mitin's own valuation of his artworks. Unlike several other interviewed artists (i.e. Su Gaoli) who formally misrecognised economic capital in favor of symbolic capital, Mitin has a more balanced approach towards the value of his own art. He recalled seeing the MacDougall's auction catalogue for the first time around 2003–2004 at the studio of his fellow artist Vladimir Shinkarev (b. 1954), a founder of *Mitki*:

I asked him [Shinkarev], 'what is this?'. He replied: 'this is contemporary art, you may take a look.' And I looked. Indeed, there were some real artists I knew, some still alive, some already deceased, and they had some auction business going on. [...] Since then I've been following how my peers sell at MacDougall's. It allows me to set my own prices. In other words, I cost approximately on a par with Ivan Sotnikov and Vladimir Shinkarev. [...] I look at the price segment we are in. I'm aware of my own position [in relation to other artists...]. Take deceased Ernst Neizvestny who used to make huge 2x2m paintings [...]. He is a very famous artist internationally. So is another well-known painter, Oleg Tselkov – also a very important artist who's been around for over 50 years. These are expensive painters. [...] Shinkarev is also very established. So, Shinkarev's segment – say, his cityscapes 50x70 cm – cost approximately \$10,000. Therefore, I price mine at around \$7,000 accordingly.⁵¹¹

Whether Mitin – who mainly promotes his works through his Facebook profile with just over 300 followers – can realise these prices is questionable, yet his market activities are exemplary.⁵¹² As mentioned by several interviewees, in the decade following the financial crisis, benchmarking against various segments, self-positioning in the context of the cultural-

⁵¹⁰ Interview with the author, Moscow, 1 April 2015.

⁵¹¹ Interview with the author, St Petersburg, 21 October 2016. According to the aforementioned rating of the Sixtiers artists by ARTInvestment database, Tselkov occupies the 8th position, Neizvestny – 38th.

⁵¹² During the interview, Mitin admitted that, when in need of quick cash, he would sell his smaller works for as little as \$500 via a Moscow-based dealer. He also gave another example of receiving a payment for one of his works consigned to a Swiss gallery of approximately €3,000.

historical values and self-promotion via social media platforms became mainstream among the market actors. In fact, these practices laid a cornerstone of value creation in the 2010s. The gallerist Popoff provided another example of successful self-positioning in the market. He remarked that representing the older generation of Russian artists (those around 70 and 80 years old, such as E. Bulatov, Y. Zlotnikov, A. Grositsky) was central for pop/off/art brand creation as a leading Russian contemporary art gallery:

Dealing if not with the stars, at least with the nationally important artists from the top 10 is only possible for the world's mega-galleries nowadays. In that respect, we are one such gallery, within the context of our own national heritage. For us it is important that the young artists [whom we represent] understand, that, on the one hand, they are part of this community comprised of several generations [of artists], on the other hand, that the market is very segmented. The classics [from our gallery] are shown in the museums. At the same time our gallery is the principal domain for young contemporary artists, with all the opportunities associated with it, including access to auctions, secondary market, private collections and museums. We offer young artists huge preferences. And this is how we position ourselves in the market. Undoubtedly, we are among the top three biggest contemporary art galleries in Russia today.⁵¹³

The above cases point to the agents' awareness of the symbolic order of the field and their conscious efforts to occupy higher positions within it, which they believe would enable them to acquire more capital. More importantly, the cases demonstrate a positive correlation between the position in the symbolic hierarchy and the volume of economic capital allocated to that position.

This correlation was discussed by another market actor, St Petersburg-based curator and consultant Liza Savina, who used to advise M2M Private Bank on putting together a corporate art collection. In fact, Savina equates the artist's (correct) price with their relative position in the field:

Value creation relies on the artist's pricing, first of all. There are several artists I work with – take Vitaly Pushnitsky, for example – I have a clear understanding of his prices. So I can advise my bank-client accordingly. Usually I check the Artprice database and enquire with the galleries directly. Many artists have only a vague notion about their artworks' value and, in most cases, it is inadequate. They sell very little, their market is undeveloped; that is why, when given a chance to sell the work, they want to get a lot of money for it, so that they can live

⁵¹³ Interview with the author, Moscow, 1 April 2015.

on it for a long time. This is impossible. I must often act as a gallerist and illuminate them: 'your place in the market is right here'.⁵¹⁴

The homology of position-price structures, whereby the artist's position in the symbolic order corresponds to their place in the value hierarchy, helps to explain price fluctuation during the boom-and-bust cycles. To recall Chubarov's case, the rapid influx of the economic capital (when his auction price hit \$1.2m) did not correlate with the (relatively low) position the artist occupied in the symbolic order, resulting in a collapse of his market; by the same logic, Kabakov, the internationally acclaimed leader of the Sixtiers, became the holder of the highest auction record among living Russian artists. The structural affinities between symbolic and economic positions do not end with the individual actors. The value scale of the entire art market corresponds to the position it occupies in the global art hierarchy. This explains why the most important living Russian artist is four times cheaper than the most expensive Chinese artist and more than fifteen times cheaper than the most expensive Western artist⁵¹⁵ – all of which is examined in more detail in the following sections.

The 'Sandpit Principle'

The homology of position-price structures does not, however, explain why some artists manage to occupy the highest positions (in their respective hierarchies), while others never make it anywhere near the top. Why does Chubarov not sell on a par with Kabakov? Why does the 'salon' not command the same level of artistic prestige as the Sixtiers? Savina offered an interesting viewpoint in this regard:

When I buy for the bank, I never buy at first glance. I always wait 2 to 3 years. If you visit a studio and find one beautiful thing – it doesn't mean the artist will be able to repeat it. You must look at the entire output. [...] Once the \$25–30,000-threshold has been reached, we can say the artist has become worthy of decent money. The rest is a matter of how well the artist manages his own career and, of course, luck. One can't turn shit into candy. If you are a bad artist, you will never sell. It's just not possible. It's all a lie. But if you are a good artist, and you have entered that price segment where you start growing and growing, then your future depends on His Majesty Chance – whether you meet the right people, make the right moves, get into the right exhibitions. I, for example, lately, have almost stopped visiting solo shows, unless they are by the super-top gallerists or curators. But I always follow which joint exhibitions the artist participates in, because it is significant. This

⁵¹⁴ Interview with the author, St Petersburg, 26 October 2016.

⁵¹⁵ At the time of writing, the highest auction record for Ilya Kabakov was \$5.8m, for Zeng Fanzhi \$23.3m and for David Hockney (the most expensive living Western artist) – \$90.3m.

*is how I estimate the artist's investment potential. It's a very important question – which sandpit are you in and who do you play with?*⁵¹⁶

Expanding Savina's metaphor, the 'sandpit principle' – or the ability of a market actor to establish meaningful relationships within their immediate circuit and lasting interconnections with the gatekeepers of even larger 'sandpits' (e.g. branded galleries, auctions, museums, private foundations, wealthy patrons, collectors, critics and curator circuits) – lies at the core of the actor's relative market success (or failure). In the earlier case of Kabakov, the artist's ability to access the international 'sandpits' (auction platforms) translated into commercial success during the boom years; Chubarov's failure to secure lasting support from the wider circuits of collectors, curators and galleries caused his market bubble to burst; while confinement to a small local 'sandpit' denotes a weak undeveloped market for Mitin's works. By the same token, pop/off/art positioning as one of the leading galleries in Moscow is indebted to Popoff's personal ability to launch, maintain and expand a dialogue with the gatekeepers of multiple circuits; while Savina's agility and mobility within the domestic and international networks keep her afloat in challenging market circumstances.

All these examples have one common denominator – social capital. Each agent was (or was not) able to take up specific positions in the field through the process of transformation of their symbolic (or cultural) capital into economic winnings (or vice versa) during which the actor's social capital played a crucial mediating role. The richer the social capital, the higher the position in the hierarchy, the larger its corresponding winnings (be it economic profit, resources or prestige). This 'sandpit effect' was particularly evident in the aftermath of the financial crisis, as the explosion of self-branding private museums and the rise of social media influencers in the maturing Russian and Chinese contemporary art fields altered the value creation paradigm, bringing it to a totally new level.

The BRIC Sales and Russia-China Markets' Divergence 2010–11

In the post-financial crisis year of 2010, Russian and Chinese contemporary art occupied relatively equal positions in the global art hierarchy, as is clear from the analysis of the relational indicators of that period. A good example are two 'BRIC auctions' organised in April 2010 and April 2011 by Phillips de Pury & Co (by then owned by Russian luxury-goods company Mercury Group). A new type of themed sales, the first BRIC auction was ambitious in scope, with over 400 lots by modern and contemporary artists from the four fastest growing economies of Brazil, Russia, India and China.⁵¹⁷ Its results were indicative of the

⁵¹⁶ Interview with the author, St Petersburg, 26 October 2016.

⁵¹⁷ Originally, there would have been around 450 lots in the sale, but approximately 50 works from Brazil, described as 'the volcano lots' never arrived because of the airport closures caused by the volcanic eruption in

status quo and the speed of the recovery processes of the individual contemporary art markets across the BRIC economies.

The 2010 BRIC sale was well-positioned and well-advertised. Phillips sponsored free entry to the Saatchi Gallery in London, where the lots were housed and seen by allegedly up to 2,500 visitors a day. One of the pre-sale VIP parties was hosted by the art market's 'rich and powerful' – Simon de Pury (the namesake auctioneer), Dasha Zhukova (billionaire collector Roman Abramovich's wife and the founder of the Garage Museum in Moscow) and Sir David Tang (the now deceased high-profile socialite, collector and founder of China Club in Hong Kong).⁵¹⁸

Phillips' promotional efforts paid off. With 61% of the lots sold, the first BRIC sale brought a total revenue of over £7 million with fees; China dominated the sale with 41% (by value), followed by Russia (33%), Brazil (15%) and India (11%).⁵¹⁹ However, in the top 10 most expensive lots, it was the Russians who took the highest positions. In fact, a work by one of the Sixtiers, Erik Bulatov, became the most expensive lot in the entire sale, doubling its pre-sale estimate and hitting just above the \$1million-benchmark.⁵²⁰ Bulatov was followed by the artist duo Komar & Melamid, whose early painting also sold for just over \$1million, becoming the second most expensive artwork in the BRIC auction. In comparison, the only two Chinese artists who made it to the Top 10 – Zhang Xiaogang (3rd) and Liu Wei (5th) – both only attracted bids at the low \$6-digit-level.⁵²¹

Although not to be interpreted at face value, the sale results provided a strong indication that the markets for both Chinese and Russian art had stabilised – but the pre-crisis euphoria was nowhere to be seen. The buyers were cautiously choosing older, more aged artists over younger ones. The second – and last – BRIC sale of 2011 reinforced this observation. Conducted a year later, the sale included 203 lots (only half the size of BRIC 2010) of which only 53% sold, generating £6.5 million in revenue, far below its optimistic pre-sale estimate

Iceland. The total number of lots varies, depending on the sources. Here the sales figures from Phillips are used, unless stated otherwise. <https://www.phillips.com/auctions/auction/UK000210/sort/estimate-descending> (accessed 5 December 2018)

⁵¹⁸ Georgina Adam, 'The Art Market: Phillips' slick "Bric" Auction,' *Financial Times*, 16 April 2010.

⁵¹⁹ Based on the total of 375 lots. Marion Maneker, 'BRIC by the Numbers,' *Art Market Monitor*, 26 April 2010. <https://www.artmarketmonitor.com/2010/04/26/bric-by-the-numbers/> (accessed 5 December 2018).

⁵²⁰ According to standard but misleading auction practice, all sales results include buyer's premium while pre-sale estimates do not. <https://www.phillips.com/auctions/auction/UK000210/sort/estimate-descending> (accessed 6 December 2018)

⁵²¹ Among top 10 positions with corresponding price with premium were Bulatov (1st, £713,250), Komar & Melamid (2nd, £657,250), Zhang Xiaogang (3rd, £385,250), Liu Wei (5th, £277,250), Wang Guangyi (7th, £169,250), Yang Shaobin (10th £121,250). *Ibid.*

of £7.3 to £10.9m.⁵²² Established names, familiar to the Western audience, dominated the sale roster.⁵²³ Kabakov and Zeng Fanzhi emerged as the clear ‘winners’, taking up the first and second positions among the Top 10 respectively. However, if the distortion created by the top two lots was taken out of the equation, it was the Chinese artists who outperformed the Russians not only by a much higher turnover, but also by a better sell-through rate and a higher average price per lot.⁵²⁴ These relational indicators point to the fact that, although the Russian and Chinese artists were still occupying similar positions in the global hierarchy, the gap in their value scale had begun to widen. In fact, it is safe to say that the BRIC sales were the last time when Russian living artists ‘beat’ their Chinese colleagues in the high-end segment at public auction.⁵²⁵

Russia-China Divergence 2011

The year 2011 became a watershed for the development of the Russian and Chinese art markets when their trajectories significantly diverged. For the first time in the history of the global art market, China overtook both the US and the UK, becoming the largest and strongest growing marketplace in the world.⁵²⁶ Within an astonishingly short timeframe, the

⁵²² The total sale figure includes art from all four segments (Brazil, Russia, India and China). Further analysis, however, focuses only on Russian and Chinese art. Key statistical figures are taken from Phillips website as well as MutualArt.com (<https://www.phillips.com/auctions/auction/UK000111/sort/estimate-descending>, <https://www.mutualart.com/Article/Phillips-de-Pury---Company-Announces-the/95A7B41811671748>, https://www.mutualart.com/Article/Phillips-de-Pury---Company-s-BRIC-2011-A/3E5481D68DD731C4?source_page=Artist, accessed 16 January 2019).

⁵²³ Among the sold lots were the works by Ai Weiwei, Semyon Faibisovich, Feng Zhengjie, Oleg Tselkov, Yan Pei-Ming, Oleg Vassiliev, Qiu Zhijie, Dubossarsky and Vinogradov, Wang Guangyi, Alexander Kosolapov, Liu Wei, Oleg Dou, Yang Shaobin, Konstantin Khudyakov, Zhang Dali and Yuri Albert.

⁵²⁴ All figures are taken from the Phillips website that displays the results of the sale. With the top two lots, the Chinese still outperform the Russians in terms of turnover (£2.7 vs £2.2 for 67 Chinese and 52 Russian lots accordingly), but the average price per lot would appear higher (£61,955 for Chinese vs £81,217 for Russian), which distorts the overall picture. <https://www.phillips.com/auctions/auction/UK000111/sort/estimate-descending> (accessed 18 January 2019).

⁵²⁵ Although Phillips terminated the BRIC sale after 2011, following the resignation of Simon de Pury, a handful of selected Russian and Chinese artists continue to appear together from time to time as part of Phillips Contemporary Art Sales, alongside their colleagues from Asia, South America, Europe and the USA. Other international auctions, such as Bonhams, Christie’s and Sotheby’s sometimes include a few Chinese names in their contemporary art sales (e.g. the autumn 2018 offerings included Ai Weiwei, Zhang Huan, Zhou Chunya, Yan Pei-Ming, Wang Keping). The Russian contemporary artists are far less integrated/demanded and are usually featured in dedicated ‘Russian Art Sales’, bundled up with Russian ‘classical’ paintings, Fabergé eggs and other decorative items.

⁵²⁶ According to the TEFAF Art Market Report 2012, the total size of the global art market sales and antiques in 2011 was \$60.8 billion in 2011 (a 63% increase from the market crisis of 2009). China overtook the US (29%) and the UK (22%) with a total share of 30%. The estimate was based on the global auction sales and dealer sales, about equally split. The global auction sales in 2011 accounted for about \$30.5 billion. China’s share of the total auction business that year was almost \$13 billion (or 42%). This figure is, however, in sharp contrast with the estimates provided by other sources, although they all agree on China’s global market dominance during that year Clare McAndrew, *The International Art Market in 2011: Observations on the Art Trade over 25 Years*. TEFAF 2012. <http://tbamf.org.uk/wp-content/uploads/2014/08/Pages-from-TEFAF-AMR-2012-.pdf> (accessed 21 January 2019).

Chinese art market became the most high-end area of the entire globe. Such elevation to the top position in the global art hierarchy had an immediate impact on the economic values of Chinese contemporary art. According to the relational indicators of that year, on top of the rank was realist painter Chen Yifei (whose *Wind of Mountain Village*, 1994, fetched \$10.9 million during the China Guardian sale in Beijing) and Pace-promoted Zhang Xiaogang (whose triptych *Forever Lasting Love*, 1988 – the star lot of the Ullens collection sale at Sotheby's Hong Kong – brought \$9 million, overtaking the previous highest record for a Chinese contemporary artist held at \$8.6 million by Zeng Fanzhi since 2008).⁵²⁷ In comparison, Russia's position in the global art market significantly deteriorated. None of the established Russian artists set new records that year. In fact, the only \$7-digit painting by Kabakov that came up for auction in 2011 barely touched its low estimate,⁵²⁸ while the highest price paid for Bulatov was merely \$140,000 with fees. The increasing gap in the economic values of Russian and Chinese contemporary art set aside, the dramatic change in the two countries' relative positions in the global hierarchy had a more far-reaching impact on the value creation of their art. As demonstrated in the following two parts of the analysis, Russia's de-integration from the global economy, caused by challenging political and economic circumstances, forced the local agents to find creative solutions that broke away from a traditional *modus operandi* (or Western blueprint models) in order to survive in the absence of a strong local art ecosystem. The Chinese art market, meanwhile, benefiting from being plugged into the global networks, was facing different constraints associated with the increased competition from agenced international agents, lack of independent judgement devices, 'sandpit-think' mentality and the rise of the new art institutions with self-aggrandising private and corporate agendas that had begun to reshape the Chinese art value system.

⁵²⁷ All figures are based on the hammer prices.

⁵²⁸ Kabakov's *Holidays #10*, 1987, was estimated £1.5-2.5m and sold for £1.3m hammer or £1.5m with fees. Sold by Phillips de Pury during the second BRIC sale on 14 April 2011.

Part 2: Russia 2012–2018

Value Creation in the Russian Art Market 2012–15

Contraction and Isolation

From 2012 onwards, Russia experienced a severe contraction in art sales and increasing isolation from the global networks caused by ongoing political and economic crises. During the following four years, the art market growth was inhibited by negative trends, including a steep fall in oil prices and a weakening of the rouble with inflation reaching a record high of 12.9%.⁵²⁹ Real disposable household incomes shrank, as did consumer purchasing power. Many Russian buyers lost confidence and withdrew from the art market, opting *'to wait for better times'*.⁵³⁰ The price levels of the supplied artworks fell. The majority of the interviewees had a very pessimistic outlook about the future of the Russian art market, invariably lamenting Russia's weak domestic art ecosystem and diminishing international presence at biennales, art fairs, auctions and exhibitions.

In 2015, during an interview with the author, Konstantin Babulin, the founder of online art auction platform ARTInvestment.ru (AI) complained:

Since 2008 the country has not recovered from the crisis. There were some glimpses of hope (Medvedev came to power, the economy was boosted, oil prices rose). But oil prices are not determinants. First and foremost, it is people's confidence in the future. And this is currently absent. People have a total conviction that tomorrow will only get worse. Sanctions, Putin – this is forever. [...] The implications for the art market are direct. Setting the top segment for the super-rich aside, there are no sales. No sales at all. All I hear from my gallerist friends who are financially comfortable is that they are buying: 'I bought cheaply', 'I was offered a great discount'. It is a buyers' market now.⁵³¹

Babulin's opinion is supported by the InArt analytical reports, the only systematic survey on the Russian contemporary art market (RCAM) launched in 2016 by the gallerist Ksenia Podoyntsyna in order to stimulate investors' interest in Russian contemporary art. According to InArt's findings, the total sales revenue from 397 lots sold across foreign and domestic auctions in 2012 amounted to only €5.9 million (a decrease of 79% in value and 42% in

⁵²⁹ Ksenia Podoyntsyna, ed. 'Analytical Report of the Russian Contemporary Art Market 2016'. InArt: 2016, p.63; Ksenia Podoyntsyna, ed. 'Analytical Report of the Russian Contemporary Art Market 2017, Part I'. InArt: 2017, p.85.

⁵³⁰ From the author's interview with K. Babulin, Moscow, 26 March 2015.

⁵³¹ Ibid.

volume compared to the market peak in 2008).⁵³² In 2014 the revenue fell even further to €5.8 million, the lowest since the market crash in 2009.⁵³³

Based on the previous observations, a decline in relational indicators such as auction prices almost always relates to multiple interconnected processes in the art field. Art market veteran Victor Misiano helped to unpack the underlying complexities behind the diminishing economic values of Russian art. Firstly, he lamented that the 1990s, the 2000s and the 2010s have ended with 'lost hopes', due to the prevalence of 'collective thinking, group interests and common values' (as opposed to the pursuit of 'artistic subjectivity').⁵³⁴ Secondly, he criticised the local art market actors for 'grotesque imitation' of Western models without understanding their intrinsic properties that led not only to commercialisation but also to banalisation of cultural production, a similar phenomenon to what he had observed in China:

It's a mistake to think that prices of art are solely tied up with its quality. The market, to a considerable degree, is an output of the institutional machine. It was Soviet naivety to believe that one could create value using marketing tools such as advertising, promotion, investment, PR and so on. It doesn't work like that.

Misiano attributed the weak position of the Russian art to that fact that it is neither 'imputed to the public mind worldwide' nor 'built into the global cultural exchange'. He also maintained that value of Russian art is not going to increase without positive dynamic in socio-economic and political environment within which it is created:

I emphasise this again and again – Russian artists will never be expensive if a lecturer of Russian art history at the university or academy earns \$100 a month. Impossible. Not until favourable conditions and privileges are created at home for supporting the arts industry and cultural-intellectual context. [...] Value creation is a long and complicated process. We have examples of unique personal careers, such as Ilya Kabakov, whose talent is matched with [commercial] success. For most post-Soviet art, its fiasco on the international art market is directly linked to the failure of the domestic market. It is next to impossible that the international art market will show any respect for art that has no demand on the local market.⁵³⁵

⁵³² Or €28.1 million generated by 680 lots in 2008. The report is based on the performance of 520 Russian contemporary artists (out of approximately 1,500 artists active on the market) whose works were sold across 322 auction houses worldwide. The auction records are based on hammer price. Ksenia Podoyunitsyna, ed. 'Analytical Report of the Russian Contemporary Art Market 2018'. InArt: 2018, p.89. <https://www.in-art.ru/analytics/analiticheskii-obzor-2018/> (accessed 10 November 2019).

⁵³³ In 2009 the total auction sales fell to €4.2 million from 279 lots. Ksenia Podoyunitsyna, ed. 'Analytical Report of the Russian Contemporary Art Market 2018'. InArt: 2018, p.89. <https://www.in-art.ru/analytics/analiticheskii-obzor-2018/> (accessed 10 November 2019).

⁵³⁴ Interview on behalf of the author, Moscow, 5 October 2018.

⁵³⁵ Interview on behalf of the author, Moscow, 5 October 2018.

Misiano's perspective on value creation is both diachronic and relational. The value of art of the individual artists depends not only on their habitus ('milieu') that, first and foremost, determines their position in the symbolic order of the field, but also on the centrality of their national and territorial positions.

Looking back at the development trajectory of RCAM, another agenced player, Joseph Backstein,⁵³⁶ linked the weak domestic value system with the lack of internationalisation:

[Since the 1990s] proper art market structures have not been formed. Our market has never become international. The number of galleries is small, many are shutting down. The number of collectors did not increase either. And those who do collect, have switched to buying Western art. Why? We have no clear value system. It is very difficult to understand the artist's prices and which artist is more important. It is all mixed up with the sociopolitical agenda. Our civil society is weak, and art is very susceptible to that. There is no confidence that the present value system is being formed objectively and sensibly. It is all very vague and poorly defined. Hence, not many people believe in and want to invest in [Russian] contemporary art.⁵³⁷

Insufficient domestic infrastructure and limited institutional visibility worldwide were also named as key obstacles inhibiting the successful development of RCAM by prominent curator and director of Moscow Multimedia Art Museum, Olga Sviblova:

There is a system of support of not just museums but also art galleries that are important link of the art market ecosystem in many countries, representing small and medium businesses. We do not have such system. Therefore, the Russian galleries cannot afford to participate in the biggest international art fairs and to represent national art. And it is precisely these fairs that are visited not only by collectors and members of general public but by directors of the world's leading art museums.⁵³⁸

Indeed, strong galleries are an important primary link that is still missing in the Russian art market where none of the branded international galleries has – to date – set up a single outpost. Their absence caused distortions and paradoxes along the art value chain, enabling the emergence of unique local hybrids, distinct from Western blueprint models.

⁵³⁶ To recall, Backstein became prominent in the 90s and continued his career as the artistic director of the Moscow Biennale of Contemporary Art, deputy director of the State Centre for Museums and Exhibitions ROSIZO, director of the Institute of Contemporary Art (ICA) in Moscow and a member of the Art Historians' Association.

⁵³⁷ Interview on behalf of the author, Moscow, 18 April 2017.

⁵³⁸ Ksenia Podoyntsyna, ed. 'Analytical Report of the Russian Contemporary Art Market 2016'. *InArt: 2016*, p.72.

Local Hybrids

In 2012 three of the oldest Russian galleries – Aidan, Guelman and XL – announced the termination of their commercial activities. Aidan was transformed into Aidan Artist Studio, focusing on Aidan Salakhova's personal projects; Guelman, who in a press release had announced that 80% of collectors had left Russia, switched to cultural movie production and artist residences; while XL Gallery set up an additional non-commercial entity, XL Projects, that entitled it to government subsidies for museum exhibitions. Ironically, the shift towards non-commercial activities boosted the galleries' reputation, while creating value for their represented artists.

In 2014, yielding to financial pressure, the pioneering XL Gallery withdrew from participating in all foreign art fairs, including Art Basel, Frieze and FIAC. Elena Selina, XL's founder, who had been representing such star artists as Kosolapov, Kulik, Makarevich, Mamyshev-Monroe, Orlov and Zvezdochotov since the 1990s, asserted:

I regard every exhibition as advertising. This is my investment, and the past years have proved that it pays off: in the 2000s we were selling those whom we had actively promoted in the 1990s. Take Irina Korina, she became commercially successful only after a series of absolutely non-commercial exhibitions. Successful projects attracted interest to her works. An artist must be visible and talked about.⁵³⁹

Selina's positioning of her gallery artists within the networks of higher symbolic order proved to be beneficial for the artists' value creation in the long term. In 2017 Irina Korina, a former graduate from Backstein's ICA and a double-winner of the Innovation Prize (in 2008 and 2014), was among a few Russian artists hand-picked by Christine Macel, Chief Curator at the Centre Pompidou and the Curator of the 57th Venice Biennale, to exhibit her site-specific installations *Good Intentions* at the Arsenale (sponsored by the Zhukova-run Garage Museum) and *Hall of Columns* at the newly opened pavilion for the V-A-C Foundation (a non-profit organisation founded in 2009 by another Russian billionaire, Leonid Mikhelson).

The financial constraints and limited resources available for the local galleries forced them to adapt and innovate. Combining commercial and non-commercial activities, the hybrid models that emerged often acted as judgement devices in the field that continued to lack a clearly defined value system and uniform approach towards the validation and consecration of art. For example, since its debut in 2006 with a Damien Hirst show, Triumph Gallery had gradually assumed various functions as a foundation, institution and production company. In

⁵³⁹ Ksenia Podoyntsyna, ed. 'Analytical Report of the Russian Contemporary Art Market 2016'. *InArt: 2016*, p.72.

2015 it even launched its own grant programme, 'Young Lions', offering the winning young artists an opportunity to exhibit at MMoMA. Another leading player, St Petersburg-based Anna Nova Gallery, founded in 2005, expanded its activities into interior design, an online art shop, research and publishing. The gallery issues its own bi-annual magazine, *The Booklet*, dedicated to the promotion of contemporary art, infused with fashion advice and restaurant tips. Similarly to Triumph Gallery, Anna Nova inaugurated its own award to support young artists under the age of 35. The winner receives a cash prize of RUB100,000 and a solo exhibition at Anna Nova Gallery space. To compensate for the lack of agency and in order to legitimise its authority, Anna Nova's Contest Jury often consists not only of influential local art professionals, but also of 'branded' foreign experts.⁵⁴⁰

Another hybrid, the Marina Gisich Gallery, combines exhibition activities with consulting and interior decoration services; it also calls itself a 'maternal gallery', referring to the widespread practice of sharing one artist with other galleries, thus reducing the associated promotional and exhibition costs. Gisich is one of the few Russian galleries (along with 11.12, Anna Nova, pop/off/art and Iragui) that did not cease its regular participation at international art fairs such as Art Miami, ArCo Madrid, Vienna Art Fair and Contemporary Istanbul during the crisis years. The owner, who prefers working with already established mid-career artists, remarked:

Our [Russian] art does not get into Western concepts: it is different, especially in my gallery – rather figurative, with serious narrative. On one hand, it is bad, on the other – it makes us stand out at the fairs. For me it is important that my artists are above the average European taste, they have morally grown up in Russia but speak an international artistic language. [Their] art has 'Russianness', not matryoshka doll-style but a European flair.⁵⁴¹

Alignment with 'European values' and integration into the Western art market in the field where 'all things foreign' are considered better than Russian is important for Gisich Gallery's survival (in fact, she proudly admitted to having 'several foreign collectors, including Elton John' who keep her gallery afloat).⁵⁴² The pricing strategies reflect Gisich's position in the art field – her prices are high enough to look respectable at the international art fairs but not so

⁵⁴⁰ For instance, in 2017 two out of seven jurors were foreign, including a former art director of Documenta13, Carolyn Christoph-Bakargiev, while two local jurors were from top 'branded' Russian museums (Dmitry Ozerkov, the head of Contemporary Art Department of the State Hermitage Museum and Valentin Dyakonov, curator of the Garage Museum). <http://www.annanova-gallery.ru/en/projects/contests/contest/Konkurs-2017/> (accessed 18 November 2019).

⁵⁴¹ Ekaterina Wagner, 'Marina Gisich: "Neprodavaemoe Segodnya Budet Prodavaemym Zavtra," [Unsellable today will become sellable tomorrow] *The Art Newspaper Russia* (21 March 2018). <http://www.theartnewspaper.ru/posts/5499/> (accessed 20 November 2019).

⁵⁴² Informal conversation with the author, St Petersburg, 23 October 2016.

high as to put off domestic buyers. A 'mother gallery' to Marina Alexeeva, Gregory Maiofis, Vitaly Pushnitsky and Kerim Ragimov who constitute its 'core',⁵⁴³ Gisich evaluates the artists according to a 30/30/30/10 formula: 30% of the artist's price depends on which collections their works are in; 30% on the quality of the exhibitions they have participated in; 30% on the artist's skills and the complexity of their work; and the remaining 10% on the current market situation.⁵⁴⁴

Like many other Russian galleries, Gisich uses her gallery space for various projects for non-gallery artists. In fact, this short-term project-oriented mentality is another distinct characteristic of Russian hybrid art businesses. Scarce resources barely allow galleries to invest in artists to develop their long-term careers. About 70% of Russian galleries reported an average sales turnover of under €250,000 per annum; out of approximately 1,000 contemporary Russian artists active in the market, only a handful have a stable gallery representation.⁵⁴⁵ Hardly any have exclusive relations with a gallery. In order to survive and get noticed, many artists, especially from the younger generation, group together to create cost-efficient short-term collaborations, usually curated by the artists themselves.

St Petersburg-based art critic Artyom P. pointed out that these project-based initiatives were part of *'a widespread strategy of self-promotion on social media. It's a necessity. A single-artist exhibition won't be noticed, but a group event might attract attention. Some artists even [...] got picked by the galleries.'*⁵⁴⁶ Among them is eloquent mid-career artist and curator Alexander Dashevsky (b.1980), represented by Anna Nova Gallery. When asked about the gallery's role in value creation for his art, Dashevsky expressed scepticism, indicating that Russian galleries were neither capable of *'feeding the artist, nor of creating enough thrust or traction [to propel them to stardom]'*.⁵⁴⁷ Dashevsky, who literally priced his own works using a price per square metre model from real estate (starting from \$100 per square metre in the early 2000s to \$1,000–2,000 during the market peak in 2008 – *'one morning I woke up and decided I cost more now'*), called successful artists in Russia 'art kulaks' who, as a rule, owned spacious studios, ran their own business, and had the means and connections to promote themselves abroad, thus enjoying relative autonomy and being in a position to dictate their own terms to galleries and institutions.⁵⁴⁸ Dashevsky admitted to trying to work out his own system of becoming successful. The artist has a total of three auction entries on

⁵⁴³ Their prices ranging between \$10–25,000 to maximum \$60,000.

⁵⁴⁴ Informal conversation with the author, St Petersburg, 23 October 2016.

⁵⁴⁵ According to InArt Reports 2017, 2018.

⁵⁴⁶ Interview with the author, St Petersburg, 25 October 2016.

⁵⁴⁷ Interview with the author, St Petersburg, 26 October 2016.

⁵⁴⁸ The term kulaks (plural, or kulak singular) refers to wealthy peasants in the Russian Empire who became the main targets of the Bolsheviks during collectivisation after the Russian Revolution in 1917.

Artprice, all with the local Vladey Auction, of which only one lot sold (at \$6,538 hammer). In 2016 he attempted to boost his secondary market by directly consigning three of his paintings to Mosthave.ru, a Krasnodar-based art sale platform that occasionally adds young artists into their sparse sales. The autumn sale, consisting of 59 lots primarily by young regional artists, had a low sell-through rate of 47% with selling prices ranging from \$1,000 to \$3,000 and the highest record of \$20,000 (with premium) paid for a relief by Krasnodar-based Recycle Group (promoted by the aforementioned Triumph Gallery). Only one of Dashevsky's three works sold, for \$1,400 (with fees). There has not been one auction record for Dashevsky since, indicating that the artist's position in the field failed to improve.

The hybrid galleries launching their own prizes, sharing artists to save costs and merging 'Russianness with Western values', the young artists seeking attention through social media and trying to position themselves at auctions in a naïve attempt to create a secondary market for their works are just a few examples of the distortions and paradoxes in the Russian art field, plagued by a lack of economic capital and resources. The effects of these shortages are felt through the entire value chain and across all levels of the local art hierarchy. Even aged artists, such as Oleg Kulik (b.1961) and Anatoly Osmolovsky (b.1969), who both made names for themselves during the 1990s, struggle to maintain their positions while seeing the values of their art diminishing.⁵⁴⁹ Kulik thinks the problems in the RCAM are linked to the resilience of the old system:

The old system collapsed, rotted off. Younger de-ideologised guards took over the castle. Now we have symbiosis. It is all very grotesque; paradox is mounted on paradox. Totalitarian power is centralised, but formally it all appears very democratic. Free currency, free business. Two absolutely incompatible systems co-exist together. FSB and the church. We thought we could build a market and then make an artist. But the art market remains immature. And nobody has a clue how to build it. [Russian] art became voiceless. All we have in our country now is imitation. We take the Western market to look at our own art market. But we do not have high art. We have no money, no investments, no market. [...] All these [local] pseudo-institutions either try to promote their own youngsters without context or the elders, so-called classical conceptualists, all awfully 'unofficial' and clumsy. Against the Russian background it may be interesting. But when you see it through Western values, it has no place there.⁵⁵⁰

Echoing Kulik's words, Osmolovsky emphasised the absence of strong galleries and local buyers:

⁵⁴⁹ According to Artfacts, Kulik's ranking dropped from 671 position in 2014 (5,651 exhibition points) to 1,076 position (3,689 points) in 2018; with only 1 solo show conducted during 2014-2018; while Osmolovsky's ranking dropped from 1,595 (3,122 points) to 2,810 (1,859 points), without a single solo show since 2014.

⁵⁵⁰ Interview on behalf of the author, Moscow, 11 September 2018.

There have never been nor are there any galleries in Russia. What we call 'galleries' are effectively exhibition halls that occasionally sell art. A gallery is a very complicated mechanism of value creation for an artist and his art. It should have high-standard publishing, museum collaborations, international cooperation, curated exhibitions, biennales and so on. This entire system is absent in Russia. [...] Similarly, before 2003 there was no market whatsoever. During 2003–2004 the first Russian artists started to sell. Why? Because money appeared on the domestic market. Local museums and collectors were buying. Artists were supported by 'national' money, which was important for international legitimisation and demand.⁵⁵¹

Kulik and Osmolovsky's voices joined the collective disposition of numerous agents who blamed weak domestic demand, insufficient local art infrastructure, lack of government support and limited international visibility for the absence of a strong domestic art market (which they believed to be the answer to many existing problems in the field).⁵⁵² What they were witnessing were also larger patterns of ongoing transformation in the hierarchies governed by two conflicting logics – the old, Soviet one vs a subversive, market-oriented one. The Russian contemporary art value system was caught in a struggle to transfer specific capital from one position to another in the domain of power that shaped legitimacy in the art field. Further observations from the field from 2016 to 2018 revealed the growing domination of the economic over the cultural field that led to the erosion of its relative autonomy and the weakening of cultural capital, as the Russian economic elites consolidated their positions at the top of the local art hierarchy.

⁵⁵¹ Ibid.

⁵⁵² Primary interviews Babulin, Popoff, Backstein, Savina (for the exact dates and locations please see Appendices A.8).

Value Creation in the Russian Art Market 2016–18

Kolleksia! Pompidou – Integration of Russian Art into the Global Narratives, and the Soft Power of the Economic Elites

Among the most significant undertakings in 2016 was a major donation of 357 works by over 65 Russian artists and art groups from the second half of the twentieth century to the Centre Pompidou.⁵⁵³ The unprecedented gift, valued for insurance purposes at €6,000,000 (averaging €16,800 per work), was funded by the foundation of one of Russia's richest oligarchs, Vladimir Potanin, who spent around €1,500,000 on acquiring the selected artworks, with the rest donated by over 20 private collectors and 20 artists and their heirs.⁵⁵⁴ The project was spearheaded and curated by Olga Sviblova and Nicolas Liucci-Goutnikov (a curator at the Pompidou) who unveiled the new collection as an exhibition entitled *Kolleksia! Contemporary Art in the USSR and in Russia, 1950–2000. A Major Donation* that ran from 17 September 2016 to 27 March 2017.

The Pompidou, that already featured a collection⁵⁵⁵ of Russian modernists was, like most Western museums, 'disastrously short of many works from Russia'.⁵⁵⁶ The donated collection, curated in chronological order, filled a major gap by offering 'a panorama of some 40 years of contemporary art in the USSR and Russia and revealed the richness of an art born outside the official framework'.⁵⁵⁷ Present in the collection were seminal works from the early nonconformist period of the 1950s-60s, sots-art of the 1980s to neo-conceptualism of the 1990s, featuring such established artists as Mikhail Roginsky, Vladimir Yakovlev, Yury Zlotnikov, Francisco Infante, Oscar Rabin, Ilya Kabakov, Leonid Sokov, Komar & Melamid, Alexander Kosolapov, Boris Orlov, Grisha Bruskin, Vadim Zakharov, Erik Bulatov, Ivan Chuikov, Dmitry Prigov, Boris Mikhailov, Timur Novikov, Vladislav Mamyshev-Monroe, Oleg Kulik, Dmitry Gutov, Valery Koshlyakov and Georgy Guryanov, as well as artist groups such as AES+F, Champions of the World, Peppers, Mukhomor, Collective Actions, and Medical Hermeneutics. Although the artist selection, heavily influenced by personal choices of the

⁵⁵³ Marija Semendjaeva, "'Kollekcija!' Otkrylas v Centre Pompidu,' ["Collection!" Opened at Centre Pompidou] *The Art Newspaper Russia* (14 September 2016). <http://www.theartnewspaper.ru/posts/3420/> (accessed 28 November 2019).

⁵⁵⁴ Ksenia Podoyunitsyna, ed. 'Analytical Report of the Russian Contemporary Art Market 2017, Part I'. In *Art*: 2017, p.87.

⁵⁵⁵ The Pompidou collection of Russian modernists consists primarily of donations, along with some acquisitions (e.g. Kandinsky collection started with the donation followed the bequest by Nina Kandinsky).

⁵⁵⁶ Pompidou collection includes such important Russian artists as Wassily Kandinsky, Natalia Goncharova, Mikhail Larionov, Marc Chagall, and major pieces by Soviet 'unofficial' artist Eduard Steinberg (born in 1937 in Moscow, he died in Paris in 2012). Sophia Kishkovsky, 'Centre Pompidou to Unveil Major Donation of 20th-century Russian Art,' *The Art Newspaper*, (24 August 2016). <https://www.theartnewspaper.com/news/centre-pompidou-to-unveil-major-donation-of-20th-century-russian-art> (accessed 28 November 2019).

⁵⁵⁷ *Ibid.*

curators, has been widely praised and considered fairly representative, some have criticised it for omitting a number of important names. For example, Osmolovsky was allegedly excluded as the result of a personal vendetta with Marat Guelman and Igor Tsukanov (one of the major donors of the Kollektzia). Also omitted were works by 'unofficial' artist Vladimir Weisberg. Inna Bazhenova, the owner of *The Art Newspaper*, art patron and a collector who 'sacrificed' her own favourite work *The Pink Fence*, 1963, by Mikhail Roginsky for the Kollektzia, lamented that the curators rejected her generous offer of a canvas by Vladimir Weisberg: 'Now they don't have a single Weisberg. This is of course a terrible injustice towards the artist and towards the whole period.'⁵⁵⁸

Overall, however, the donation received many enthusiastic comments from the domestic art circuits. For example, Vasili Tsereteli, Director of MMoMA, praised the 'sharp curatorial angle and the exhibition that captured the best of local art'.⁵⁵⁹ From the value creation perspective, this strategic gesture served multiple purposes. First and foremost, it solidified the positions of the selected artists within the art establishment; they have now become part of a canon unanimously consecrated not only by the local art circuits but also by a branded Western institution. Artist Yury Avvakumov, whose work became part of the collection, proudly noted: 'Entering the Pompidou – it's like entering eternity. It means your name won't be forgotten, even after 200 years it will exist.'⁵⁶⁰ Second, it increased the cultural capital of the donors and potentially the economic capital of their other art holdings. Collectors Vladimir and Ekaterina Semenikhin donated nine works, including the seminal canvas *Slava KPSS* by Erik Bulatov, noting that they gave 'masters who are expensive already'; while Tamaz Manasherov stated that the main motivation behind his donation was the fact that 'the works from my collection will be known to a large number of people'.⁵⁶¹ Finally, the donation helped to integrate contemporary Russian art into the global art-historical narratives, raising hopes it would attract further attention from the institutions and market alike. Sviblova emphasised the importance of collectors in the process: 'Artists must be visible through the market. In this infrastructure collectors are the first phase in the selection into the future, but not everyone will be taken there ... Our contemporary art doesn't have the visibility it deserves. Now it will be visible not only to the French audience, but to the

⁵⁵⁸ Anastasija Petrakova, 'Rossijskije Mecenati I Hudozhniki Odarili Centr Pompidu', [Russian patrons and artists gave gifts to Centre Pompidou] *The Art Newspaper Russia*, (22 August 2016), <http://www.theartnewspaper.ru/posts/3339/> (accessed 28 November 2019).

⁵⁵⁹ Sophia Kishkovsky, 'Centre Pompidou to Unveil Major Donation of 20th-century Russian Art', *The Art Newspaper*, (24 August 2016). <https://www.theartnewspaper.com/news/centre-pompidou-to-unveil-major-donation-of-20th-century-russian-art> (accessed 28 November 2019).

⁵⁶⁰ Ibid.

⁵⁶¹ <https://www.vedomosti.ru/lifestyle/articles/2016/08/31/655053-tsentr-pompidu> (accessed 28 November 2019)

whole world.⁵⁶² Speaking on behalf of the Vladimir Potanin Foundation, its president Larisa Zelkova emphasised the promotional nature of the donation: 'If you want your art to be known and loved, you must have organisations that support, buy and promote it. We want contemporary Russia to become interesting for the art world, we want to be understood and accepted as part of [global] cultural space.'⁵⁶³ Strengthening the position of the national art in the global context helped to create soft power for the donors, namely, members of the Russian economic elite, that monopolised control over its selection, validation, legitimisation and consecration.

RCAM Boost – 'The Bar-Gera Collection' Sale 2016

Another high-visibility high-profile event that boosted RCAM was Sotheby's London sale of 'The Bar-Gera Collection of Soviet Nonconformist Art' on 29 November 2016. The sale took place against an improving economic background and growing consumer confidence.⁵⁶⁴ In fact, by the end of the year the total auction sales amounted to €10.8 million with 524 lots sold at home and abroad (an increase of 28% by value and 22% by volume compared to 2015).⁵⁶⁵ The recovery continued in 2017 and 2018 with total annual turnover fluctuating at just under €10 million.⁵⁶⁶

The Bar-Gera collection was assembled over several decades by Holocaust survivors Jacob and Kenda Bar-Gera and featured 63 works by over 30 artists. It was presented by Sotheby's in a dedicated catalogue. Widely advertised as the most significant collection of its kind, it boasted an exhibition record at the State Russian Museum, the State Tretyakov Gallery and the Kunstmuseum Bern. The undisputed high art-historical and aesthetic value of the works dating from the early 1960s to the perestroika period was matched with strong prices. Altogether the collection realised £1.4 million, well above its pre-sale estimates of £790,000–1.15 million.⁵⁶⁷ The two most expensive lots in the sale were Oleg Tselkov's iconic early works which sold for £131,250 and £112,500 respectively.⁵⁶⁸ Other top-selling lots

⁵⁶²

https://artchive.ru/news/2150~V_Tsentre_Pompidu_prokhodit_grandioznaja_vystavka_russkogo_neformal'nogo_iskusstva_Kollektsija (accessed 28 November 2019).

⁵⁶³ Semendjaeva, "'Kollekcija!'", <http://www.theartnewspaper.ru/posts/3420/> (accessed 28 November 2019).

⁵⁶⁴ In 2016 the GDP fall slowed down to -0.2%; the oil price stabilised around \$50 per barrel; rouble regained its strength at 66 roubles per dollar. Ksenia Podoyunitsyna, ed. 'Analytical Report of the Russian Contemporary Art Market 2017, Part I'. InArt: 2017, p.80.

⁵⁶⁵ Ksenia Podoyunitsyna, ed. 'Analytical Report of the Russian Contemporary Art Market 2018'. InArt: 2018, p.89.

⁵⁶⁶ Total turnover in 2017 was €9.69 million with 609 lots sold. The exact figure for 2018 was not available at the time of writing but estimated at €9.74 million. Ibid.

⁵⁶⁷ <https://www.sothebys.com/en/auctions/2016/russian-pictures-116115.html> (accessed 29 November 2019)

⁵⁶⁸ Both Tselkov's works had the highest estimates among the Bar-Gera lots, at £80,000–120,000, indicating the artist's relatively high position within the 'nonconformist' canon. Ibid.

were works by the Sixtiers, such as Shvartsman, Chuikov and Nemukhin.⁵⁶⁹ Among the only four unsold works were two canvases by lesser-known conceptualist artist Shablavin and a figurative work by Weisberg (whose candidacy was rejected by the Pompidou). The comparatively strong sale results of the Bar-Gera Collection signalled that equilibrium had been reached between the relatively high position of Soviet/ Russian 'nonconformist' art within the symbolic order of the Russian art field and the corresponding volume of the economic capital allocated to its position.

Lack of Consensus on Values of 'Official Art' – Sotheby's Sale 'Art of the Soviet Union' 2017

Unlike the consecrated 'nonconformist' art, 'official' art struggled to get consensus. AI⁵⁷⁰ composed its own forecast followed by an in-depth analysis of Sotheby's thematic sale of 'Art of the Soviet Union', conducted on 28 November 2017. This sale, covering an eclectic mix of 121 works from the avant-garde, Socialist Realism and 'unofficial' art, was described by AI as a 'grotesque', 'controversial' 'social experiment' that 'bordered on curatorial sarcasm'.⁵⁷¹ For instance, *A Factory Party Meeting*, an oil on canvas by Georgy Rublev (1902–75) painted in the neo-primitive style in 1933, just a year after the inauguration of Socialist Realism as state policy, was estimated at £400,000–600,000 and hailed in the lengthy catalogue note as a 'revelation' by the 'Russian Matisse' and a 'direct homage' to Mikhail Larionov (1881–1964) (the Russian avant-garde master).⁵⁷² The catalogue also referred to Rublev's retrospective at the Tretyakov Gallery in 2002, which, in turn, had described the artist as 'one of the last great discoveries in the study of the art of the 1920s and 1930s'.⁵⁷³ This work, originating from the personal collection of Raymond E. Johnson (the founder of The Museum of Russian Art (TMORA) that houses allegedly the largest privately owned collection of Russian Realist paintings outside of Russia), was also featured on the cover of Matthew Cullerne-Bown's *Dictionary of Twentieth Century Russian and Soviet Painters* (1998). In total disagreement, AI categorically dismissed the auction's evaluation of the work, declaring they 'have gone mad' to suggest that a 'semi-forgotten artist, decorator of a tube station' whose previous

⁵⁶⁹ Shvartsman's work had the second highest estimates of £40,000–60,000, while the auction estimates for his peers did not exceed £20,000–35,000. Ibid. All of these artists entered the Kollektzia.

⁵⁷⁰ ArtInvestment.ru, the previously mentioned sales platform that publishes its own market analytics and auction sales-based ratings.

⁵⁷¹ The forecast was prepared by AI's founder and director Vladimir Bogdanov.

https://artinvestment.ru/invest/analytics/20171124_russian_sale_auctions_november_2017_forecast.html (accessed 1 December 2019).

⁵⁷² <https://www.sothebys.com/en/auctions/ecatalogue/2017/art-of-soviet-union-l17117/lot.240.html> (accessed 1 December 2019).

⁵⁷³ Ibid.

highest auction record barely touched \$5,000 would fetch 100 times more; in fact, AI bet it would fail to sell.⁵⁷⁴

Sceptical prognoses notwithstanding, the sale generated a total of £2 million (with fees), albeit with a relatively low sell-through rate of 48%. The highlight of the sale, Alexander Deineka's large-scale *Coal Miner*, 1925, with an ambitious estimate of £3.5–4.5 million, failed to sell, in line with the AI forecast. Rublev's work, however, became the most expensive lot in the sale. The combined judgement of the branded auction house (Sotheby's), an agenced institution (the Tretyakov Gallery), an established scholar (Matthew Cullerne-Bown) and a high-profile collector (Raymond Johnson) seem to have convinced the buyer of the work's worth of £489,000 (with fees). To date, it remains the most expensive work by Rublev ever sold at auction.

In its analysis of the sale results⁵⁷⁵ AI questioned the lasting values of Socialist Realism that 'possessed a clearly expressed ideological component, which, even in its brightest colour palette, resembled a menacing clown from the movie *It*. An educated collector would be unlikely to be grabbed by it, while an investor, keeping in mind the Russian [art market] bubble in 2008, would walk past the faces of workers and peasants, smiling down from the giant canvases.'⁵⁷⁶ To reinforce its point, AI ridiculed another lot, *Still Life with Flowers*, 1933, by a key advocate of Socialist Realism, former President of the USSR Academy of Arts, Alexander Gerasimov (1881–1963), renowned for his official portraits of Soviet leaders. According to AI, 'to a local art historian's ear, his [Gerasimov's] name means hatred for nonconformity, hundreds of ruined artists' lives due to unjust accusations of formalism. His bigoted articles are quoted to give an understanding of the ideological context of the Stalinist era.'⁵⁷⁷ And yet, despite AI's scorn, Gerasimov's apolitical decorative works continued to command high prices. Sotheby's catalogue note successfully played down the artist's Stalinist background by highlighting his proximity to Russian Impressionism via Gerasimov's former teacher, the well-regarded, academically trained, painter Konstantin Korovin (1861–

⁵⁷⁴ https://artinvestment.ru/invest/analytics/20171124_russian_sale_auctions_november_2017_forecast.html (accessed 1 December 2019).

⁵⁷⁵ AI calculated that 27 (41%) out of a total 66 lots in Socialist Realism style found buyers, who cumulatively paid \$1,113,000 (29% more than the average pre-sale estimate of \$865,000). Uliana Dobrova, 'Spros na "positivnyj Sotsrealizm". Chto Pokazali Torgi v Londone,' [Demand for 'positive Sotsrealism'. Outcome of London sales] *ArtInvestment.ru* (14 December 2017). AI's figures are based on hammer prices with exchange rate £1.35 per \$1.

https://artinvestment.ru/invest/analytics/20171214_social_realism_art_auction_trends_stats.html (accessed December 1, 2019).

⁵⁷⁶ *Ibid.*

⁵⁷⁷ *Ibid.*

1915).⁵⁷⁸ *Still Life with Flowers* became the third most expensive work in the sale as well as in the artist's overall auction record, fetching £309,000 (with fees).

'Official' vs 'Unofficial' Art – Comparative Analysis of Value Creation Formula and Relative Positions in the Russian Art Field

'Official' and 'unofficial' art, the different 'DNA' notwithstanding, is nowadays sold under the same auction roof. The two domains also share a similar value creation formula that could be boiled down to the following components: first, the art went through decades of intensive peer-to-peer validation; it attracted the attention of enthusiastic (domestic and foreign) patrons/collectors/dealers (the earliest judgement devices) who interpreted and communicated its symbolic values within their immediate circuits and facilitated its exposure and sales at home and abroad; the art became subject to scholarly research, publications and art criticism; an institutional consecration from established domestic and international museums followed; finally, it was taken up by the branded international auction houses that recontextualised it and realigned its values by bringing it into direct proximity with more agenced art (which lessened the buyers' anxieties and uncertainties concerning its value); as a result, the reassured buyers assigned new economic values to it, according to their perceptions of its worth.

Despite the shared value creation formula, the relational indicators of 'official' and 'unofficial' art vary. In fact, a comparison⁵⁷⁹ of the sale results of 'unofficial' art from the 'Bar-Gera Collection' with 'official' art from the 'Art of the Soviet Union' shows that the average price per lot by a Socialist Realism painter was almost 60% higher than the price paid for his 'unofficial' colleague (£38,000 and £24,000 respectively). Similarly, the most expensive work from the 'official' art fetched 272% more than the top 'nonconformist' work. As a whole, however, the 'unofficial' art performed better if judging by the sell-through rate (94% of Bar-Gera lots sold, while only 51% of Socialist Realism works found buyers) (see Figures 3.1-3).

⁵⁷⁸ <https://www.sothebys.com/en/auctions/ecatalogue/2017/art-of-soviet-union-l17117/lot.242.html> (accessed 1 December 2019).

⁵⁷⁹ Although the results should not be interpreted at face value, the two sales offer an interesting 'apple for apple' comparison. Auctioned one year apart by Sotheby's London, both sales featured works from renowned foreign collectors and were of similar size (63 lots by about 30 'nonconformist' artists in 'the Bar-Gera Collection' vs 74 lots by about 50 Socialist Realism artists in 'Art of the Soviet Union'). While not all lots in 'Art of the Soviet Union' came from established foreign collectors, several had important provenance (either from Raymond Johnson collection, Yoko Nakamura's Gekkoso Gallery, other important foreign collectors or the artist estates).

Figure 3.1. ‘The Bar-Gera Collection of Soviet Nonconformist Art’ vs ‘Art of the Soviet Union’

Date	Sale	Total Revenue	Total No of Lots	No of Lots Sold	Sell-through Rate	Price per Lot
29/11/2016	Bar-Gera Collection	£1,420,000	63	59	94%	£24,068
28/11/2017	Art of the Soviet Union	£1,447,250	74	38	51%	£38,086

Figure 3.2. ‘Art of the Soviet Union’ – Top 10 Socialist Realism Lots

Ranking	Artist	Price Paid	Low Estimate	High Estimate	% Increase from Low Est.
1	Rublev	£489,000	£400,000	£600,000	22%
2	Gerasimov, A.	£309,000	£250,000	£350,000	24%
3	Kabachek	£81,250	£40,000	£60,000	103%
4	Gorsky	£75,000	£20,000	£30,000	275%
5	Salakhov	£62,500	£30,000	£50,000	108%
6	Mylnikov	£52,500	£30,000	£50,000	75%
7	Vikulov	£40,000	£20,000	£30,000	100%
8	Nalbandian	£32,500	£12,000	£18,000	171%
9	Kostenko	£22,500	£18,000	£25,000	25%
10	Nalbandian	£21,250	£10,000	£15,000	113%
Total Turnover Top 10		£1,185,500			

Figure 3.3. ‘The Bar-Gera Collection’ – Top 10 Soviet Nonconformist Lots

Ranking	Artist	Price Paid	Low Estimate	High Estimate	% Increase from Low Est.
1	Tselkov	£131,250	£80,000	£120,000	64%
2	Tselkov	£112,500	£80,000	£120,000	41%
3	Shvartsman	£106,250	£40,000	£60,000	166%
4	Chuikov	£93,750	£25,000	£35,000	275%
5	Weisberg	£75,000	£60,000	£80,000	25%
6	Shvartsman	£75,000	£40,000	£60,000	88%
7	Nemukhin	£68,750	£20,000	£30,000	244%
8	Plavinsky	£52,500	£25,000	£35,000	110%
9	Krasnopevtsev	£47,500	£12,000	£18,000	296%
10	Nemukhin	£40,000	£12,000	£18,000	233%
Total Turnover Top 10		£802,500			

In both cases, out of dozens of artists featured in the sales, the market showed a strong preference for only a handful of so-called ‘first names’ (*pervyye imena*), rewarding them with premium prices. The top-tier ‘unofficial’ artist roster included the branded Sixtiers such as Tselkov, Shvartsman, Chuikov, Nemukhin, Plavinsky, Kabakov, Rabin and Bruskin. The market seemed to be even more consolidated in the Socialist Realism segment. Out of more than 50 names presented in the sale, only a few most acclaimed ‘official’ painters attracted high bids, including Gerasimov, Mylnikov, Salakhov and Nalbandian. Works by lesser-known

names, Communist propaganda works, and works depicting Soviet leaders did not find buyers.

The reasons why 'official' art fetched comparatively higher prices are threefold. Firstly, from its inception, 'official' art, legitimised and consecrated by the sophisticated state system of judgement devices, occupied centre stage in the Soviet symbolic order; whereas its 'unofficial' sibling – recognised by a handful of peers and patrons – was marginalised from birth, pushed to the periphery and denied formal institutional validation for decades. It is this market confidence (and clarity) in values and place of the former, and uncertainty (and confusion) about the position of the latter, that are reflected in the relational indicators (auction prices).

The second reason concerns the precarious positions occupied by 'official' and 'unofficial' art domains in relation to each other and to contemporary art, and how they arrived at those positions from a diachronic perspective. In fact, Socialist Realism was legitimised as a direct descendant of nineteenth-century Russian Realism in a country where the academic tradition – still embodied in the most prestigious institutions (the Repin Academy, the Tretyakov Gallery) – has constantly remained strong. 'Official' art also represents a unique moment in the history of a bygone Soviet civilisation (as one interviewee put it nostalgically – *'it was our Socialist Surrealism', 'a magic idea of a better future that has never been built'*).⁵⁸⁰ In parallel, Socialist Realism was condemned by numerous critics⁵⁸¹ on ideological grounds and dismissed for its associations with the repressive Stalinist regime (in the words of one interviewee's extreme reaction: *'It is all shit, shit, shit!'*).⁵⁸²

Neither has any consensus been reached within the divided Russian art field about the position of the 'unofficial' art. Although several high-profile agents champion it as the second Russian avant-garde (trying to link it with internationally recognised masters such as Malevich, Tatlin and Kandinsky), some consider it naïve (or *'clumsy'*, to quote Kulik), derivative of Western styles and highly unoriginal.⁵⁸³ Furthermore, neither the 'official' nor the 'unofficial' segment is 'compatible' with Russian contemporary art narratives, nor do they fit

⁵⁸⁰ Collector Boris Faizulin, interview with the author, St Petersburg, 22 October 2016.

⁵⁸¹ For instance, the British critic Herbert Read famously stated: 'Socialist realism is nothing but an attempt to stuff intellectual or dogmatic objectives into art'. <https://www.artnews.com/art-news/news/socialist-realism-has-a-russian-renaissance-2435/> (accessed 17 November 2020).

⁵⁸² Anonymous Russian collector, interview with the author, London, 13 December 2018.

⁵⁸³ During an informal conversation with the author, a curator from the Centre Pompidou confessed to having difficulties with appreciating the value of Russian nonconformist art, as they found many of the artists' works repeating what had been achieved in the West decades ago. For example, (rejected by the Pompidou) Weisberg vs Morandi.

under the international auctions' top-selling banner of (Western) Post-war and Contemporary Art.

Examining the seemingly equal advantages and disadvantages of the positions of both domains reveals the third, and final, reason why 'official' art has a relatively higher economic value. The key distinction that sets their two positions far apart is the fact that 'official' art was always meant to serve the dominant, while 'unofficial' art was produced at the bottom of the hierarchy by (and for) the dominated. In other words, the latter has not been able to accumulate a sufficient amount of symbolic capital which, if transferred, could create more value for its bearers (e.g. elevating their position in the field). That is why, when the new Russian economic elite sought cultural products to secure and renew its distinction from the masses, it chose Socialist Realism because of its homologous (dominant) position in the past. In fact, among the biggest collectors of Socialist Realism were prominent Russian billionaires (Alexei Ananyev, founder of the Institute of Russian Realist Art (IRRA) and Andrei Filatov) who were keen to pay (and to be seen paying) premium prices for it in exchange for the symbolic capital it possessed. That is not to say, however, that the elites will not switch from one position of cultural goods to another. The switch usually corresponds either to the change in the consumer's relative position in the field or the logic of the field itself. It is also accompanied by shifts in the value hierarchy. For example, the peak of 'unofficial' art in 2008 reflected the strong financial position of its supporters, the end of Socialist Realism's 'Renaissance' of 2012–14 coincided with the internal and external political struggles whereby the positions of the buyers deteriorated,⁵⁸⁴ while the new vogue for more prestigious international contemporary art better suits the global ambitions of the younger Russian elites.

Case Study: Kabakov's Value Creation – Diachronic Perspective

So far, the analysis of the structure of relations in the Russian art field has revealed that the position of the artistic domain determines its value scale. None of the living Russian artists will sell at \$90 million (on a par with Hockney) unless there is a significant upgrade in the position of Russian contemporary art in the global art hierarchy. And yet some artists manage to transcend the limitations of their respective 'sandpits' by moving upwards in the hierarchal order. One such example is Kabakov, whose top auction record is 173% higher than the next highest record by his 'unofficial' peer and 62% higher than that of his 'official'

⁵⁸⁴ At the time of writing, Ananyev was wanted by the Russian authorities, with the art assets of the IRRA seized; several other Russian billionaire collectors on the US 'Kremlin report', including Abramovich and Kantor, were being targeted by the US Treasury.

counterpart. A diachronic perspective helps to unpack the relational complexities of Kabakov's value creation across his long artistic career.

Although from the beginning Kabakov was promoted in the West as part of the 'unofficial' circle, his position has always been higher compared to his peers. After graduating from the prestigious Surikov State Art Institute in 1957, he took an official job as a children's book illustrator. In 1962 he became a full member of the Soviet Artists Union, a prestigious position that secured him a spacious studio and a substantial income. Compared to most Soviet artists, he was rich. Owing to Kabakov's good people skills, his studio soon became associated with the Sretensky Boulevard Group⁵⁸⁵ and in the 1970s he became part of the Moscow Conceptualist school, which later developed into a branded 'sandpit' with its own value system and judgement devices, within which Kabakov occupied a central position as mentor to the younger artists and a first point of contact for important foreign diplomats, curators, dealers and collectors.

The turning point in Kabakov's career came in 1987, when he met his future wife Emilia, an established New York-based curator and art dealer, who introduced him to important international art circuits. Thanks to her connections, from the 1990s the couple's exhibition activity exploded, averaging about eight exhibitions per year.⁵⁸⁶

Kabakov's enormous symbolic capital, accumulated over time, was matched with a cunning market strategy. Effectively, Emilia took control over their market:

I cannot tell him to stop making paintings – last month, for example, he painted three, about this [artist output] we cannot make any calculations, but what I can calculate is how many works I release on the market. [...] From the very beginning we understood one thing: we will survive as a couple, only if I will not tell him: paint, we need money. If we don't have money, this is my problem, we'll cut our expenses but, save extreme situation, we will not start selling around.⁵⁸⁷

When he left the Soviet Union, Kabakov brought with him a large quantity of works, but the maximum price he could sell them for was \$50,000 per canvas, with most of them selling for around \$15,000. In 1994, Kabakov's pavilion having had great success at the Venice Biennale a year earlier, Emilia decided it was time to start raising their prices. They

⁵⁸⁵ A small loosely associated like-minded group that included such artists as U. Sooster, E. Steinberg, E. Bulatov, O. Vassiliev, V. Pivovarov, V. Yankilevsky and E. Neizvestny, most of whom shared the same type of official career.

⁵⁸⁶ The couple, who met in Austria, became an artist duo, signing their work as Ilya and Emilia Kabakov, from around 1975.

⁵⁸⁷ Valery Igumenov, 'Kabakov as Brand,' *Forbes* (3 August 2010). <https://www.forbes.ru/forbes/issue/2010-08-1/56191-kabakov-kak-brend> (accessed 26 July 2019).

benchmarked themselves against the price levels of other international artists occupying comparable positions and increased their prices to \$250,000–450,000 for a large installation and \$200,000–350,000 for a canvas. The couple, who still have half of their entire output of about 600 works in their possession, have been continually raising their prices ever since.⁵⁸⁸ In 2018 Galeria Continua brought slightly less than a dozen of Kabakov's works to Frieze London, including large early canvases, and editions of Kabakov's album. The canvases were priced around €500,000 – 700,000 apiece. The gallery was instructed to find an institutional rather than a private buyer for them.

Kabakov himself takes a critical view toward value creation. In an interview with Ekaterina Degot, he commented:

The prices for an artist are essentially a product of market manipulations. It has nothing to do with the actual value of his works. A handful of characters is selected, in each generation five to six, for various reasons – scarcity of works, oddity of works. They are hand-picked by dealers based on current economic conditions. It is all pure market manipulation.⁵⁸⁹

He further lamented:

Another important aspect – close relations among artists were destroyed. For art to grow, artists must interact with each other ... like tennis players competing with other tennis players, or violinists with other violinists. Until recently this has been happening in the art world. But then tragedy happened – artist exchanges ceased, everybody now deals with non-artists: businessmen, media people, celebrities ... This is a horrible tragedy, because art can only evolve, like music and ballet, within its own trade. What is happening now is a complete deprofessionalisation of art, hence the celebrity cult ... An artist no longer competes with his fellow artists but discusses his success on social media.⁵⁹⁰

For Kabakov's generation, close interaction with like-minded peers at the beginning of their artistic careers was crucial for the creation of artists' social and symbolic capital. While validation from official institutions was not available to them, the artists had to assume the functions of a judgement device themselves. Once the boundaries of their home-grown 'sandpits' were broken by the emergence of the market, many artists needed to reaffirm their values to themselves and the external audience. This also applies to Kabakov, whose 'irrepressible zeal to exhibit' could be explained by the desire to obtain the credibility that

⁵⁸⁸ Valery Igumenov, 'Kabakov as Brand,' *Forbes* (3 August 2010). <https://www.forbes.ru/forbes/issue/2010-08-1/56191-kabakov-kak-brend> (accessed 26 July 2019).

⁵⁸⁹ Ekaterina Degot, 'Ilya Kabakov: "Seichas Ekstraverty Komanduyut Parodom, no Tak Budet Ne Vsegda",' [Ilya Kabakov: today extraverts lead the parade, but it will not last forever] *Isskustvo* (15 September 2008). <http://os.colta.ru/art/names/details/3023/page2/> (accessed 26 July 2019).

⁵⁹⁰ *Ibid.*

only museums are capable of.⁵⁹¹ Self-positioning with branded international museums and major public organisations has been the Kabakovs' strategic target from early on. The couple, who do not accept commissions, will eagerly make an exception for a public institution. Similarly, if a museum cannot afford to buy Kabakov's work at market price, they may agree to give it at a generous discount or even as a gift, on condition that it will be included in the permanent exhibition. According to Emilia, for every work sold they have made two gifts.⁵⁹²

Russian collector, owner of Art4.ru museum of contemporary art Igor Markin remarked:

Most artists create what is 'wanted' or 'would sell'. Kabakov is the most cunning of our artists: after leaving Russia, he came up with an original self-promotional strategy, based on the necessity to be liked not just by anybody, but by people who make decisions in the contemporary art world: museum people, curators, major art collectors.⁵⁹³

Well-known Russian critic, curator and head of the Department of Contemporary Art at the State Russian Museum, Dr Alexander Borovsky maintained:

Whatever Kabakov has, he owes it entirely to himself. He is the cleverest original Russian artist. Despite his age, he reads everything, he knows everything that's going on here [in Russia]. Kabakov is a genius, in whatever he does. [...] He didn't just ride the perestroika wave and the great love for the Soviet Union. The wave was almost gone. It is hard to love the Russians forever. [But] Kabakov evaluated the [foreign] market correctly. [That's why he thrived].⁵⁹⁴

Art historian Dr Dmitry Severyukhin, the author of various publications about the St Petersburg art market, shared a very different opinion about artists' success in general and Kabakov' in particular:

Artists' value creation relies on three components: first, professionalism – this one is clear; second – talent, without a doubt; third – not easy to capture, let's call it sociability. In other words, the artist must be able to interact with the community, press, buyers, collectors, bureaucrats, media and so on. An artist must be presentable and articulate when he is interviewed. In every artist these three components are present in different proportions. For example, V. Yashkin – a genius, a rare talent but an alcoholic, his studio makes you puke. And there are artists who are a little bit talented, but they are very good at PR. For example, Nikas Safronov. He is 10% talent and

⁵⁹¹ Margarita Tupitsyn, 'Becoming Kabakov,' *Art in America* (1 January 2014).

<https://www.artinamericamagazine.com/news-features/magazines/ilya-kabakov/> (accessed 26 July 2019).

⁵⁹² Valery Igumenov, 'Kabakov as Brand,' *Forbes* (3 August 2010). <https://www.forbes.ru/forbes/issue/2010-08-1/56191-kabakov-kak-brend> (accessed 26 July 2019).

⁵⁹³ Ibid.

⁵⁹⁴ Interview with the author, St Petersburg, 26 October 2016.

90% PR, handsome looks, Orthodox cross, guru and all that. Kabakov – this is a similar type. That story around him being ‘nonconformist’ is total nonsense. From a rich family, he illustrated children’s books which he later disowned as bosh. Children’s books are bosh?! I visited his studio back in the 70s. Nobody here in Leningrad could afford anything remotely resembling that huge space. Most artists were huddled in tiny cages, lofts and cellars. Then he went abroad, and all that swagger and parodies began.⁵⁹⁵

Despite the polarised opinions at home, Kabakov’s reputation continued to grow. So did his market. Since the Sotheby’s sale in 1988 when Alfred Taubman (then Sotheby’s chairman) bought and presented Kabakov’s work to the Ministry of Culture (a symbolic gesture that confirmed Kabakov’s leading position by an influential gatekeeper of a large branded ‘sandpit’), Kabakov’s cumulative auction turnover to 2018 amounted to a total of \$17.4 million, almost all of it (98%) generated outside of Russia. At the market peak in 2007–08 and 2011 his annual turnover fluctuated between \$3.7–5.5 million. During 2017–18 his market shrank, with only two paintings sold at under \$200,000. The auction record, however, shows a fraction of Kabakov’s market, which remains primary.⁵⁹⁶ It also does not account for private sales. In 2013, for example, Russian billionaire [ex-]couple Roman Abramovich and Dasha Zhukova bought an important group of about 40 paintings, albums and installations dated from before Kabakov left Moscow in 1987.⁵⁹⁷ The seller was the American collector John Steward who had been assembling the group for over two decades. The collection had been floated on the market for quite some time at an asking price of between \$30 and \$60 million. The Kabakovs were concerned that it would be sold piece by piece at auction. After Abramovich’s purchase for an undisclosed amount, Emilia remarked: ‘It has been rescued. The collection has a future.’⁵⁹⁸ That also applied to Kabakov.

The artist’s involvement with Russian oligarchs could be seen as part of his strategy to realise ambitious large-scale cost-intensive projects on the one hand, and to settle the score with the home institutions that had ignored him for so long on the other, while at the same

⁵⁹⁵ Interview with the author, St Petersburg, 23 October 2016.

⁵⁹⁶ Referring to the practice when the major supply of the artworks comes to the market from the galleries working directly with the artists or directly from the artist studio, rather than from the secondary (auction) market.

⁵⁹⁷ Ironically, although Kabakov’s career was launched after he met his future wife, his most important period is considered to have been before he met her and left the Soviet Union. To recall, his highest record is set for *Beetle* painted in 1982. Artprice has a separate profile for Ilya & Emilia Kabakov that recorded additional 28 lots under the duo’s name, of which only 3 are oil paintings. The highest price paid for the duo’s work was \$625,995 for *No.4 from the Series ‘Under the Snow’*, 2004, at Vladey, Russia in March 2014. There is no record above \$1-million benchmark.

⁵⁹⁸ Katya Kazakina, ‘Billionaire Abramovich Buys Major Collection by Russian Kabakov,’ *Forbes* (29 January 2013). <https://www.bloomberg.com/news/articles/2013-01-29/billionaire-abramovich-buys-major-collection-by-russian-kabakov> (accessed 26 July 2019).

time increasing his visibility and boosting his symbolic and economic value. In 2004 billionaire's wife Stella Kesaeva managed to convince the New York-based Kabakovs to come to Russia by sponsoring a solo exhibition with institutions they could not resist – the State Hermitage Museum with the Solomon R. Guggenheim. The show opened with a 'nouveau riche-style fanfare' and made major headlines.⁵⁹⁹ Kesaeva recalled how, after her name appeared in advertisements next to the art world's most recognisable names, her husband, Russian tobacco billionaire Igor Kesaev, suddenly evinced a great respect for his wife and her art which he hadn't much cared about previously: 'Later [after the show], when I was doing other exhibitions in Austria, the *Wall Street Journal* published a long article with my photo in it. That journal is all about business and politics. He was very surprised: if they've started to write [about what I'm doing], it means it's kind of cool.'⁶⁰⁰ Kesaeva's Stella Art had begun in 2002 as a small unknown gallery which attempted to make a name for itself by bringing international artists such as Warhol, Basquiat and Wesselmann to Moscow. The initial show was a fiasco; the gallery's activities did not bring the desired success. But in 2004 Stella Art was transformed into a non-profitable foundation which enabled it to embark on governmental and public collaborations. In 2012 the foundation curated the Moscow Pavilion during the Shanghai Biennale. In 2011, 2013 and 2015 Kesaeva was the commissioner for the Russian pavilion at the Venice Biennale; in the following year her philanthropic endeavours were recognised by a Personal Contribution Prize awarded by another local judgement device, *The Art Newspaper Russia*.

Similarly, Kabakov's brand helped to raise the position of the previously mentioned Dasha Zhukova, then a little-known Russian heiress, a socialite who was criticised for her dilettantism after she admitted she was unable to recall which artists she liked. In 2008 she inaugurated her extravagant multimillion-pound gallery, Garage Centre for Contemporary Culture Moscow, with a retrospective exhibition dedicated to the Kabakovs, which attracted positive reviews from many art historians and critics, along with massive media coverage. Since then Garage has developed from a small vanity project to an internationally recognised institution that functions as a kunsthalle and boasts extensive exhibitions, events, education and research programmes; its growing Archive Collection features invaluable materials (both gifts and acquisitions) from contemporary galleries, artists, critics and collectors dated as early as the 1950s. In 2014 the official status of Garage was elevated to a museum. With two-thirds of its annual \$15 million budget still bankrolled privately by Zhukova and Abramovich, the institution's long-term sustainability remains in doubt, yet its

⁵⁹⁹ Margarita Tupitsyn, 'Becoming Kabakov,' *Art in America* (1 January, 2014).

⁶⁰⁰ Irina Kulik, 'Bez Shuma I Pyla. Gallereja Stella Art Priznala Sebja Nekommercheskim Fondom,' [Without noise or heat. Gallery Stella Art turned into a non-profitable fund] *Kommersant*, no.6 (20 January 2007): 8.

new generation's energy, as Teresa Mavica (a former director of V-A-C, another Russian-billionaire-owned art foundation) put it, 'has pushed many [local] museums into action, waking them up from a lethargic state'.⁶⁰¹

Proximity to Kabakov, one of the most familiar cultural icons of contemporary Russia, clearly helped both Zhukova and Kesaeva to elevate their social position and develop recognisable brands of their own; while for Kabakov, self-placement in the centre of the 'repugnant glossy popular culture' (or 'pink pus' as he called the glamour that surrounded it)⁶⁰² allowed further exposure and reintegration into the home art circuits, which, as seen in the earlier examples of several immigrant artists, is crucial for the longevity of an artist's prestige and the sustainability of his economic values. Most importantly, the artist's ability to effectively transform his social capital into symbolic capital, as well as economic profits, enabled him to take a higher position as an 'international contemporary artist', thus breaking away from his national or geographical 'sandpit'.

Multiform Judgement Devices – Vladey, Breus Foundation, V-A-C Foundation

Alongside hybrid galleries, another unique model that emerged in the Russian art field that helped the local players cope with an inefficient art ecosystem were 'multiform judgement devices'. This section briefly examines three such devices – Vladey Auction, Breus Foundation and V-A-C Foundation.

Vladey Auction – The Ovcharenko Brand

The earlier example with AI showed how, through its analytics, ratings and blogs, the online sales and database platform forged a 'collective voice' by passing judgements and influencing the opinions of a wider local audience, primarily in the low-end segment. Another local player with an even broader market reach is Vladey Auction. Created in 2013 by Russian art market veteran Vladimir Ovcharenko (the founder of Regina Gallery, rebranded Ovcharenko Gallery in 2018), Vladey quickly became a noticeable force driving the local art market. From 2013 to 2017 Vladey cumulatively sold about 2,000 works by over 250 contemporary Russian artists for approximately €8 million.⁶⁰³ The auction's revenues grew 7% per annum, reaching €2.08 million in 2017, or 21.4% of total market share, the fourth after Sotheby's, Christie's and MacDougall's;⁶⁰⁴ (to put this figure into perspective, just one

⁶⁰¹ Ksenia Podoyntsyna, ed. 'Analytical Report of the Russian Contemporary Art Market 2017'. InArt: 2017, p.77.

⁶⁰² Ekaterina Degot, 'Ilya Kabakov,' <http://os.colta.ru/art/names/details/3023/page2/> (accessed 26 July 2019).

⁶⁰³ Ksenia Podoyntsyna, ed. 'Analytical Report of the Russian Contemporary Art Market 2018'. InArt: 2018, p.136.

⁶⁰⁴ Ibid.

painting by Liu Ye during Sotheby's Hong Kong evening sale in autumn 2018 sold for the equivalent of €2.5 million). Vladey conducts bi-annual spring and autumn sales, in addition to charity auctions and special 'All at 100' sales with starting prices set at €100 per lot, usually by lesser-known young artists. Vladey's results are representative of the mid-segment of the domestic market where the majority of artworks sell in the low €5-digits. One of Vladey's highest auction records was achieved in 2016 for Kabakov's canvas *Under the Snow*, 2004, at €450,000.

Comparatively low domestic revenues did not seem to curb Ovcharenko's large ambitions. In fact, Vladey hopes by 2024 to have grown its annual sales to €3.3 million, almost 30% of the total market share.⁶⁰⁵ Ovcharenko, who believes that 'whoever is not interested in art should consult a psychiatrist', intends to achieve his goals by 'attracting new collectors, creating the news and information environment and by discovering new names in the art community'.⁶⁰⁶ After the fiasco of his Regina Gallery's London branch (2010–13), Ovcharenko realised that Russian art would never be valued internationally unless it was first appreciated at home: 'without a powerbase in Moscow, all our raids [abroad] will be fruitless. [...] we are now trying to build an aircraft carrier – to grow our fighting strength'.⁶⁰⁷ In 2016 MMoMA organised the *Borsch and Champagne* exhibition, based on works from Ovcharenko's personal collection⁶⁰⁸ that featured his favourite Russian and foreign artists, including Pavel Pepperstein, Konstantin Zvezdochotov, Ilya Kabakov, Jack Pierson and Tracey Emin. Ovcharenko's intentions were clear: 'every work is a masterpiece [...] we wanted to strengthen our artists' belief in themselves, to show that they can look great on the same level as branded Western artists. So, they can create even more outstanding artworks.'⁶⁰⁹

⁶⁰⁵ <https://www.forbes.ru/forbeslife/341435-nayti-svoego-van-goga-o-mukah-i-radostyah-kollekcionera>; Ksenia Podoyntsyna, ed. 'Analytical Report of the Russian Contemporary Art Market 2018'. InArt: 2018, p.136.

⁶⁰⁶ Ibid.

⁶⁰⁷ Asja Chachko, 'V Etom Chert-te chto I Nado Varitsya', [In this mess we boil] *Colta* (5 April 2016). <https://www.colta.ru/articles/art/10659-vladimir-ovcharenko-v-etom-chert-te-cto-i-nado-varitsya> (accessed 2 December 2019).

⁶⁰⁸ Some of the works shown at MMoMA also formed a so-called Golden Fund. Co-owned by Ovcharenko, the collection included 'masterpieces' by aforementioned Pepperstein, Zvezdocheotov, Yankilevsky, Faibisovich, Komar & Melamid, Monastyrsky and Kabakov's iconic installation *Communal Kitchen* (1991), among others. Shown recently at Da!Moscow art fair (Ovcharenko's new project co-organised with the backing of Russian billionaire collector Peter Aven), all works from the Golden Fund were for sale but only as a whole collection. Evaluated at an undisclosed €7-digits figure, it was broadly advertised in the media as no less than 'turnkey museum collection that included the best of Russia's contemporary art over the last 30 years. [...] All works have passed through numerous museum exhibitions and [evaluation] by worldwide artistic forums. [...] it is suited for anybody who wants to build a museum.' <https://mir24.tv/news/16361654/galerist-ovcharenko-skolko-dlya-moskvy-ni-delai-ei-vse-malo-eksklyuziv> (accessed 3 December 2019). Several interviewees showed scepticism towards the value of the collection saying 'it has barely anything of real value' (for the reasons of confidentiality their names are not disclosed). At the time of writing the collection remains unsold.

⁶⁰⁹ Chachko, 'V Etom Chert-te chto I Nado Varitsya,' <https://www.colta.ru/articles/art/10659-vladimir-ovcharenko-v-etom-chert-te-cto-i-nado-varitsya> (accessed 2 December 2019).

The Ovcharenko brand (relating not only to the founder, but also to his auction, gallery, art fair and art collection) can also be viewed as a 'multiform judgement device' that shapes the local value system on multiple levels. In the value creation chain, Ovcharenko performs three major functions: filtering, signalling and disseminating. By filtering certain young and established artists for the auction sales, Vladey creates value through what it chooses to valorise and what it chooses to exclude. Although the auction's contribution to artists' symbolic capital remains small (mostly limited to catalogue publishing and media advertising), economic values signalled through transparent publicly available auction records become an important yardstick for measuring an artwork's 'worth' and dispelling consumers' value uncertainties; the auction sales that mix contemporary Russian artists from various generations and movements also help to recontextualise them, by reshuffling and reconfirming value hierarchies within the market space. Finally, Ovcharenko's subjective valuation is disseminated across multiple interconnected domestic circuits. By building a recognisable brand for himself, the dealer also elevates the status of his artists as well as of his own art holdings, while at the same time his personal tastes and corporate ethos influence consumer choices and art-buying behaviour.

Breus Foundation

There are several similar devices operating within different but highly interrelated art circuits. The Breus Foundation, formerly *Artkhronika* journal founded in 2007 by businessman and art collector Shalva Breus, was relaunched in 2013 as Breus Publishing, focusing on the promotion of 'unofficial' artists. Its *New Classics* series includes scholarly monographs on Boris Orlov, Erik Bulatov, Victor Pivovarov, Mikhail Roginsky and Komar & Melamid, who also form the core of Breus' personal collection, self-evaluated at an ambitious \$50 million.⁶¹⁰ In 2007 Breus inaugurated the Kandinsky Prize for contemporary art.⁶¹¹ It quickly became the most prestigious private award bestowed on Russian artists and scholars, although it did not lack controversy. For example, art critic Ekaterina Degot criticised it for promoting 'viewpoints of the new Russian ruling class, which lately no longer identifies itself through Shishkin and

⁶¹⁰ Anastasiya Zhokhova, 'Bumazhnyi Boets: Kak Shalva Breus Otstoyval Svoi Biznes I Sdelal ego Pribylnim,' [Paper warrior: how Shalva Breus defended his business and made it profitable] *Forbes* (9 July 2015). <https://www.forbes.ru/sobytiya/biznes/293465-bumazhnyi-boets-kak-shalva-breus-otstoyval-svoi-biznes-i-sdelal-ego-pribylnym> (accessed 3 December 2019).

⁶¹¹ To elevate its status, Breus stipulated that annually appointed Jury must include foreign experts (in 2019 it comprised of Joanna Vickery/ Sotheby's London, Gunnar Kvaran/Astrup Fearnly Museum of Contemporary Art, along with Mrina Loshak/ Pushkin State Museum, Olga Sviblova/ Multimedia Art Museum, Vasili Tsereteli/ MMoMA and Leonid Bazhanov/NCCA; while Board of Trustees includes such influential figures as Peter Aven/ Alfa Banking Group, Samuel Keller/ Beyeler Foundation, Viktor Pinchuk/EastOne Group and Konstantin Ernst/Channel One). <http://www.kandinsky-prize.ru/o-premii/popechitel-skij-sovet/?lang=en> (accessed 3 December 2019).

Repin, but through contemporary art and modernism. This bourgeoisie – with their art collections, museum sponsorship and patronage, their Kandinsky Prize – decide now exactly what contemporary art and exactly what modernism will come to the foreground of our national art history.’⁶¹²

V-A-C Foundation

Another foundation that promotes ‘the values of the Russian ruling elite’, albeit with a strong ‘Western orientation’, is V-A-C (Victoria, the Art of being Contemporary). Founded in 2009 by Russian billionaire Leonid Mikhelson, it focuses on growing Russia’s soft power by strengthening its position globally via close relations with international art institutions, curators and artists. For instance, the foundation, run by Italian director Teresa Mavica,⁶¹³ has been a major donor to the Venice Biennale of Art and Architecture editions since 2013 and to the St Petersburg-based Manifesta in 2014; it also supported the UK’s Tate museum’s appointment of two curators for the Russian collection and Acquisition Fund.⁶¹⁴ Mikhelson is actively building his own eclectic art collection; worth an estimated \$200 million, it features works by Gerhard Richter, Christopher Wool, Rudolf Stingel, Wassily Kandinsky, Egon Schiele and Francis Bacon.⁶¹⁵ In May 2017 the foundation launched its new permanent space at the Palazzo delle Zattere in Venice. Its most ambitious project, however, will be a Moscow-based contemporary art centre in a former power station, GE-2, scheduled for opening in 2020.⁶¹⁶ Designed by star architect Renzo Piano, a \$130 million building will house galleries, living quarters for artist residencies, café, exhibition spaces and so on. It will also run educational programmes and support curatorial projects. Whether GE-2 will develop a sustainable ecosystem remains to be seen; either way, the launch of such a vast art complex in a tiny Russian art market will be impactful on many levels; for one, a powerbase at home with strong outposts abroad may help to plug Russian art into international art circuits and integrate its values into a global narrative.

The Workings of the ‘Inner Mafia’ – Cosmospow Art Fair – Value Creation ‘in Action’

To demonstrate how value is created in the field through the interaction of multiform judgement devices is to take a closer examination of one of the most important domestic art

⁶¹² Ekaterina Degot, “‘Mog li Ultrpravnyi Natsionalist Ne Poluchit Premiyu Kandinskogo?’”, [Could ultra-right nationalists not receive Kandinsky prize?] *OpenSpace Archive* (11 December 2008). <http://os.colta.ru/art/projects/160/details/6106/> (accessed 3 December 2019).

⁶¹³ Proximity to economic power promoted Mavica’s own position – in 2019 she was appointed commissioner of the Russian pavilion at the Venice Biennale until 2021.

⁶¹⁴ <https://news.artnet.com/art-world/v-a-c-foundation-leonid-mikhelson-ne-site-540011> (accessed 4 December 2019).

⁶¹⁵ <http://www.v-a-c.ru/foundation/> (accessed 4 December 2019).

⁶¹⁶ Due to Covid-19, the opening was postponed.

fairs – the Cosmospow. Founded in 2010 by art patron and collector Margarita Pushkina together with Ovcharenko, Cosmospow has been held annually in September from 2014. At the time of writing the only international contemporary art fair in Russia, it started with the humble number of 28 galleries and had grown by 2018 to host 70 galleries⁶¹⁷ featuring about 250 artists; it was attended that year by 19,000 people over three business days.⁶¹⁸ Indicative of the Russian art market, the fair remains small and vernacular, with the average price per work sold during the 6th edition reported at €12,000. None of the top-tier international galleries have participated in the fair to date.

Like other Russian hybrid models forced to adapt to challenging market conditions, the fair combines commercial activities with non-commercial programmes, which enables it to plug into multiple circuits. The density of connections among the positions across all segments of the local hierarchy revealed during the fair are remarkable. For example, through the Collector's Eye section, the fair allows Russian private collectors and organisations to show off their art collections (and to transmit their values to wider audiences).⁶¹⁹ It also attracts the local cultural and economic elites,⁶²⁰ some of them taking over positions of power by joining the advisory board.⁶²¹ Educational programmes and seminars are other vehicles employed by the fair to effectively propagate the values (of its stakeholders), as well as to elevate its own status in the field.⁶²² The fair even has its own foundation that functions as judgement device in selecting, legitimising and consecrating young local artists.⁶²³ For instance, in 2017 the Cosmospow Fund donated three works by the winning artist Andrey Kuzkin (unsurprisingly, the winner of the Kandinsky Prize in 2016) to the Tretyakov Gallery. Still far

⁶¹⁷ During the last six editions the gallery roster included more or less every leading local gallery (or gallery-hybrid) such as ART4, Vladey, Sovcom Gallery, XL Gallery, XL Projects, Ovcharenko, Vellum Gallery, Anna Nova, Gisich, pop/off/art, Gallery 21, Gary Tatintsian Gallery, Savina Gallery, Triumph and Fine Art Gallery.

⁶¹⁸ The data about the art fair have been collected across multiple sources dating back to 2010 and traced its aggregate activities and projects during the fair's six editions.

⁶¹⁹ In 2015, for instance, it included works from Alexander Popov, Tatyana and Sergey Litvin, Gazprombank, the Ekaterina Cultural Foundation, and V-A-C (the latter together with the Museum of Contemporary Art Antwerp (Mukha) was also involved in a new annual scheme designed to support the next generation of Russian artists).

⁶²⁰ Peter Aven, Inna Bazhenova, Shalva Breus, Masha Baibakova, Igor Tsukanov, Daneil Guerlain and Nic Iljine, to name a few VIP guests.

⁶²¹ The 2016 advisory board of the fair was led by the owners of the Ekaterina Cultural Foundation (Ekaterina and Vladimir Semenikhin) and longstanding members such as Dillyara Allahverdova (who also sits on the Board of the Institute of Contemporary Arts and is Co-Chairman of the Tate's Russian and Eastern European Acquisitions Committee), Teresa Mavica (V-A-C), Vassily Tsereteli (MMoMA), Antoine Arnault (heir to the LVMH empire) and Natalia Vodianova (Arnault's partner).

⁶²² In the latest editions, Victor Misiano conducted a series of lectures and discussions, together with MMoMA; while Ksenia Podoyntsyna, the founder of InArt analytic reports, organized art market seminars and discussions aimed at promoting Russian art as investment and attracting new collectors and investors to RCAM.

⁶²³ The fair has its own prize, funded by Credit Suisse, that is presented annually to support young artists. <https://www.theartnewspaper.com/news/russia-and-qatar-cosy-up-at-cosmospow> (accessed 5 December 2019).

from becoming 'the Russian Frieze' – as per the founder's aspirations – the fair, nevertheless, serves as a playground where values of the local elites are simultaneously enacted, exchanged, aggregated and amplified among multiple interconnected circuits within the field. The Cosmospow example, together with the earlier case studies of multiform judgement devices such as Vladey Auction, Breus Foundation and V-A-C Foundation, strengthen the argument the author made in the beginning of this chapter that relations (or the interconnectedness of positions in the field) are at the core of value creation and that the value of art is the ultimate recognition of the interests of the dominant (or, according to Prudnikova, the 'inner mafia').

Part 3: China 2012–2018

Value Creation in the Chinese Art Market 2012–15

After the formidable surge in 2011, the Chinese art market lost its impetus, intermittently retreating to second or third position worldwide. Between 2012 and 2015 the market experienced two rounds of downturns as it underwent an internal restructuring in the context of political uncertainties and economic slowdown. The effects of these downturns that shaped the Chinese art value system are discussed in the following four sections. First and foremost, the market correction led to the polarisation of the price segments with the convergence towards the mid- to low-end, while the overall value scale dramatically increased. Secondly, a major shift in the value hierarchy occurred; it became younger as the former ‘star’ artists lost their leading positions. Thirdly, the ‘young artists’ emerged as a new trading category, heavily promoted by the agencing domestic auctions that assumed a strong central position in the market. Finally, the official academic oil-painting segment saw a rejuvenation of its market following its re-evaluation and repositioning within the symbolic order of the Chinese art field.

Value Correction during the Downturns – Polarisation of Price Segments

The initial correction occurred in 2012 against the change in China’s socio-political background as the government launched the anti-graft campaign which practically erased the previously implicit vast gifts market share comprised of art purchases intended as ‘elegant bribes’.⁶²⁴

Several leading collectors were detained. Sotheby’s and Christie’s were required to provide lists of bidders, purchasers and selling prices from their Hong Kong sales. Even foreign nationals were no longer immune.⁶²⁵ As a Beijing-based dealer reported: *‘The arrests sent a strong signal. The authorities were no longer turning a blind eye. This time they meant it. It was not a good time to be in the art business.’*⁶²⁶ Other factors that contributed to the market contraction were forgeries and payment defaults or delays that continued to plague the sales, with over 50% of total value remaining unpaid. These problems, coupled with hyper-speculation and the lack of transparency, led the credibility of the domestic auctions to be

⁶²⁴ 雅贿, or *yahui*, usually bought at auction for much inflated prices, such ‘gifts’ were disguised money transfers to government officials in exchange for certain favours.

⁶²⁵ In March 2012, German citizen Nils Jennrich and his Chinese colleague Lydia Chu, employees of Integrated Fine Art Solutions, an art shipping company, were arrested for allegedly evading customs duties and undervaluing art imports.

⁶²⁶ Interview with the author, 12 May 2016.

questioned, tainted the reputation of the Chinese buyers on the international art market, and undermined market confidence.

A value correction was unavoidable. The capital⁶²⁷ began to flow out of the market, with various segments registering severe declines in sales and reaching 'price plateaux'. According to the Chinese Association of Auctions (CAA), in 2012 the auction sales of Chinese 'Oil Paintings and Contemporary Art' in the mainland alone were down by 48% (totalling \$294 million or roughly 7% of the total market by value), with almost half of 18,000 artworks going unsold,⁶²⁸ while the overseas sales in the 'Modern and Contemporary Chinese Art' category shrank by 30% down to \$364 million.⁶²⁹ The decline was particularly sharp at the high-end segment, amongst ongoing concerns about hyper-speculation and over-pricing, which exacerbated an already weakened domestic market and forced a severe contraction of the entire Chinese art market. The astronomical prices that had dominated headlines in the past were ceasing to appear (only 6 lots over \$10 million and 20 lots between \$5–10 million were sold in 2012, compared with 22 and 70 lots respectively in 2011).⁶³⁰ There was convergence towards the mid- to low-end price segments.

After a short-lived recovery in 2013 as investment picked up, the market experienced a second downturn, affected by China's structural slowdown, macroeconomic tightening⁶³¹ and overexploitation of resources.⁶³² In 2015 the mainland's sales took the greatest hit. With supply down by 28%, the domestic sales of '20th-Century and Contemporary Chinese Art' dropped by 20% to \$272.5 million.⁶³³ Overseas, the revenues in this category went down by 18% to \$420 million,⁶³⁴ while the sell-through rate (usually much higher compared to the

⁶²⁷ When many art investment funds and speculators realised that the local art market lacked liquidity and was not geared to generate quick returns, they abruptly exited it. In particular, those buyers who took loans from the financial institutions were having difficulties to pay interest, as they were not able to sell the artworks quickly enough or at high enough prices to cover the cost of borrowing. Source: primary interviews.

⁶²⁸ In 2011 the sales of Oil Paintings and Contemporary Art amounted to \$562 million generated by 9,196 lots in mainland China alone. Artnet and the China Association of Auctioneers, *Global Chinese Antiques and Art Auction Market Annual Statistical Report 2012*. http://www.cn.artnet.com/en/chinese-art-auction-market-report/assets/pdfs/global_chinese_art_auction_market_report_2012_en.pdf (accessed 11 February 2019).

⁶²⁹ Ibid.

⁶³⁰ This set of data is provided by another source, AMMA (Art Market Monitor of Artron) and Artprice https://imgpublic.artprice.com/pdf/rama2016_en.pdf (accessed 11 February 2019).

⁶³¹ China's GDP fell from 7.8% in 2013 to 6.9% in 2015.

⁶³² The total sales value of Chinese art and antiques declined 9% year-on-year to \$7.1 billion. The mainland's share was \$4.4 billion (down 19% from 2014). Artnet and CAA, *Global Chinese Antiques and Art Auction Market Annual Statistical Report 2015*. http://www.cn.artnet.com/en/chinese-art-auction-market-report/assets/pdfs/global_chinese_art_auction_market_report_2015_en.pdf (accessed 12 February 2019).

⁶³³ Compared with \$338.8 million in 2014. Ibid.

⁶³⁴ From \$511.7 million in 2014. Ibid.

domestic rate) fell below 70% for the first time since 2011, reaching 63%.⁶³⁵ The combined effects of two downturns led to the polarisation of the price segments. The lower-priced end of the art market (below \$70,000) grew to 96.6% (from 94.9%) since 2011, reflecting, to some extent, a decrease in market speculation, and an increase in the buying power of the Chinese middle class.⁶³⁶ The market for high-end artworks (at \$1 million or above) saw growing support. The overall value scale has increased dramatically, owing to the growing number of wealthy Chinese private and corporate buyers advantageously armed with vast disposable funds. The psychological barriers towards the price boundaries have been lifted. A million dollars became the new \$100,000. Records above \$10 million for a 'top quality' contemporary Chinese artwork turned into reality. According to a Distinguished Professor at the CAFA and an expert researcher in the art market, Gong Jisui: 'Hot auction items require the "two greats": it must be a great work, by a great artist. In contrast, more average items have a harder time being successfully auctioned. This shows that collectors are becoming increasingly discerning, and it is a sign of a maturing market.'⁶³⁷ On the other hand, the middle of the market experienced greater fluctuation. The average price of '20th-Century and Contemporary [Chinese] Art' sold in the mainland increased by 15% to \$37,085 (although it still remained four times cheaper than the average price of \$155,064 paid per lot overseas), suggesting that the contracted market was gravitating towards high-end works.⁶³⁸

A Shift in Value Hierarchy

The value correction was particularly evident in the contemporary art segment that faced a triple challenge of market saturation, overrated prices and a generational change of tastes. For over a decade a handful of internationally acclaimed Chinese artists, supported to a large extent by foreign collectors and investors, occupied the top of the Chinese value hierarchy. Since the latter half of 2008, the international buyers' keen interest in these artists started waning, with the majority of works already flowing back to Hong Kong and China. At prices over \$8-digits, there was hardly any room for further increments, making these works unattractive for speculative investors and unaffordable for younger buyers. At the same time, the experienced collectors were reaching saturation, becoming less active in purchasing

⁶³⁵ Thus, the total combined sales values of '20th-Century and Contemporary Chinese Art' (the category's name was slightly changed from former 'Oil Paintings and Contemporary Art') in 2015 were \$692.5 million in 2015 and \$850.5 million in 2014. Ibid.

⁶³⁶ Artnet and CAA, *Global Chinese Antiques and Art Auction Market Annual Statistical Report 2015*. http://www.cn.artnet.com/en/chinese-art-auction-market-report/assets/pdfs/global_chinese_art_auction_market_report_2015_en.pdf (accessed 12 February 2019).

⁶³⁷ AMMA and Artprice, *The Art Market in 2015*, https://imgpublic.artprice.com/pdf/rama2016_en.pdf (accessed 11 February 2019).

⁶³⁸ Ibid.

works they considered 'not quite classic'.⁶³⁹ With supply running short in the high-end segment, only 'iconic' works by 'confirmed' names commanded top prices, as a tiny group of the world's ultra-rich continued to pursue a tiny group of 'branded artists'.

The best example was Zeng Fanzhi's four-metre wide painting, *The Last Supper*, 2001, that sold for \$23 million at Sotheby's Hong Kong, setting a new record for a living Asian artist and becoming one of the Top 50 bids worldwide in 2013. The work was sold by The Guy & Myriam Ullens Foundation Collection whose owners had purchased it in the beginning of the 2000s from ShanghArt gallery for a fraction⁶⁴⁰ of its record price (two years earlier the very same owners offloaded the aforementioned record-breaking Zhang Xiaogang's *Forever Lasting Love*).⁶⁴¹ In the mid-end segment, however, the decrease in value for lesser quality art was inevitable, especially if the artists were subject to hyper-speculation during 2006–11. Wang Guangyi, Fang Lijun and Yue Minjun lost their leading positions, with their market values practically wiped out (Figures 3.4-6).

⁶³⁹ The interviewed collectors generally have a very clear idea of what works from which period in the artist's career are considered 'the best', 'high quality', or 'iconic'. For example, Wang Guangyi's works from the 80s are considered 'classic', while Zeng Fanzhi's masks from the 90s are 'iconic'.

⁶⁴⁰ The purchase price was allegedly in low \$6-digits.

⁶⁴¹ After the sale *The Financial Times* speculated that Qatar was the buyer for both works. Georgina Adam, 'Knockout Results at Sotheby's Auction in Hong Kong', *Financial Times*, (11 October 2013). <https://www.ft.com/content/37349aea-30c2-11e3-b478-00144feab7de> (accessed 20 February 2019). In 2017, however, *The Last Supper* re-surfaced on the market in Taiwan, during the Art Taipei fair, allegedly at the asking price of \$25 million (although the work has not been shown at the fair itself).

Figure 3.4. Wang Guangyi Market Performance 2008 vs 2014

Year	Rank	Turnover	Lots Sold	Top Hammer Price
2007/2008	9	€ 14,018,995	78	€ 2,578,140
2013/2014	84	€ 2,635,387	33	€ 856,800
% Decrease		81%	58%	67%

Figure 3.5. Fang Lijun Market Performance 2008 vs 2014

Year	Rank	Turnover	Lots Sold	Top Hammer Price
2007/2008	14	€ 11,469,122	43	€ 2,469,240
2013/2014	64	€ 3,504,153	39	€ 702,100
% Decrease		69%	9%	72%

Figure 3.6. Yue Minjun Market Performance 2008 vs 2014

Year	Rank	Turnover	Lots Sold	Top Hammer Price
2007/2008	7	€ 33,189,462	63	€ 3,906,239
2013/2014	30	€ 7,405,840	35	€ 955,199
% Decrease		78%	44%	76%

With the changes in cultural stance and aesthetic values, more political⁶⁴² works by these artists rapidly went out of fashion among the younger generation of buyers. By the end of the correction period the average trading value of the ‘branded’ contemporary Chinese artists was in the low \$6-digits. There was more caution in the auction pre-sale estimates. Most of the works were hammered within their estimated range. Gone were the overhyped prices of the pre-2011 boom. More importantly, the Chinese contemporary art hierarchy had become a lot younger.

Agencing Domestic Auctions – ‘Young Artists’ as a New Trading Category

As the market needed fresh resources and novel investment opportunities, the agents’ attention switched to the ‘young’ or ‘emerging’ artists.⁶⁴³ New names began to overshadow old ones. As speculation did not leave the contemporary art market, some young artists

⁶⁴² Or, more precisely, politicized works, containing the references or the images (e.g. Mao Zedong) that could and have been (mis-)interpreted by foreign agents as critical of the Chinese regime.

⁶⁴³ Then the term was applied to artists born after 1970. Recently the bar was moved to 1985.

would soon be propelled to stardom. In fact, art had become a kind of currency, and collecting (or rather ‘investing’) was so popular⁶⁴⁴ that some auctions had to introduce entry fees to avoid overcrowding.

Agencing domestic auctions played a particularly important role in promoting this relatively new trading category with a potentially bottomless supply as a means to expand their market share. Enjoying high visibility, stable market presence and governmental backing, the auctions were ideally suited to become judgement devices in the maturing Chinese art market where neither art institutions nor galleries had yet accumulated enough symbolic capital and created trusted brands of their own. Furthermore, conducting the sale previews at the branded 5-star hotels and high-end exhibition centres, the auctions tried to forge close links between art and the luxury-goods sector in an attempt to signal the high status and quality of the artworks on offer, while simultaneously elevating their own business brands.

In autumn 2012, China Guardian organised a sale of 126 oil paintings and sculptures; 21 works (or 16% of total lots) were by young artists, 15 of which sold.⁶⁴⁵ Some young artists set price records for their personal works. Among them the realist work *Miss* (2012) by Wu Chengwei (b.1973) fetched \$347,633 (exceeding the pre-sale estimate of \$190,000-280,000).⁶⁴⁶ Prior to 2010, the artist’s top auction record had barely reached \$20,000. Another example was the oil by Wang Xiaobo (b. 1974), a representative of the new generation of Realism, which sold at \$311,040, within its estimate.⁶⁴⁷

In the following two years, the young artists segment continued to grow, turning out to be increasingly profitable for auction houses. China Guardian and Poly International both stepped up their sales roster by holding a series of special auctions dedicated to emerging talents. Sotheby’s and Christie’s even began to include selected young artists in more prestigious evening sales, where they were quickly propelled to \$6–7-digit prices, trading higher than their more established colleagues.

⁶⁴⁴ There were dozens of programmes on Chinese television, offering tips on art investment, ‘while late-night infomercials promised quick riches to viewers who purchased a \$2,500 collection of works by former students of renowned masters. Purchase today, the ad declared, and you can immediately secure a profit of \$100,000.’ David Barboza, Graham Bowley and Amanda Cox, ‘Forging an Art Market in China’, *The New York Times*, (27 October 2013). <https://www.nytimes.com/2013/10/28/arts/design/chinas-counterfeit-art-boom.html> (accessed 5 March 2019).

⁶⁴⁵ Art Market Report 2012. https://imgpublic.artprice.com/pdf/the_art_market2012_online_en.pdf (accessed 22 February 2019).

⁶⁴⁶ All prices from the Chinese auctions here and further include the buyer’s premium, unless indicated otherwise. China Guardian Auctions Sales Results. <http://www.cguardian.com/en/AuctionResult.html> (accessed 22 February 2019).

⁶⁴⁷ Ibid.

One example was Sotheby's Hong Kong 'Modern and Contemporary Asian Art Evening Sale' on 4 April 2015. Out of 69 lots featured in the sale, 17 (or 24% by total sale volume) were by 15 contemporary Chinese artists who jointly achieved slightly more than \$9 million in revenues (12% by value with fees).⁶⁴⁸ A quarter of this revenue was generated by just three lots by three young rising stars – Wang Guangle, Liu Wei and Jia Aili – who sold well above their estimated range, while at the same time the works by more established artists such as Zhang Xiaogang, Liu Xiaodong, Yue Minjun, Liu Ye and Ye Yongqing went unsold.⁶⁴⁹ Since the young artists' position in the symbolic order of the field was relatively low, to convince the buyers the auctions not only had to position them with their more established peers, but also to frame them within the confirmed 'Western canon'.⁶⁵⁰

Towards the end of 2015, the value shift in the Chinese contemporary art hierarchy was more or less complete. The 'old' stars had been replaced by 'new' ones. Expensive artists had been superseded by 'underestimated' ones. Laurels for hammer price leaders moved from the 'Four Great Kings' (or 'si da wang' as Zhang Xiaogang, Fang Lijun, Wang Guanyi and Yue Minjun were formerly referred to) to 'undervalued' talents such as Zhao Bandi, Shi Chong, Mao Yan and Duan Jianwei, while the emerging artists segment was headed by young artists Jia Aili, Liu Wei (b.1972) and Wang Guangle.

Although the important role played by the auctions in value creation during the adjustment period was undeniable, the commercial values they generated were not always sustainable. For many young artists who were propelled to the heights within a relatively short time span, the effects of sudden commercial success were harmful.⁶⁵¹ Without the backing of the agenced galleries with access to the wider market circuits that could guarantee a certain longevity and liquidity, their market soon collapsed. For instance, towards 2016 a number of record-breaking young artists (such as Wu Chengwei and Wang Xiaobo) promoted by China Guardian, Beijing Huachen and Poly Auction entirely disappeared from public auctions, while the auction revenues by Tu Hongtao (once heralded by Christie's as a 'rising star') dropped

⁶⁴⁸ In total the sale achieved \$77.4 million. Modern art continues to dominate the sales by volume and value. <http://www.sothebys.com/en/auctions/2015/modern-contemporary-asian-art-evening-sale-hk0562.html#&page=all&sort=lotSortNum-asc&viewMode=list&lot=1014&scroll=4260> (accessed 1 March 2019).

⁶⁴⁹ The work by Wang Guangle sold for \$304,000 incl. fees (estimate \$154,000-232,000), by Liu Wei – \$443,000 (\$230,000-320,000), by Jia Aili – \$1.7 million (\$902,000-1,160,000). Ibid.

⁶⁵⁰ For example, Jia Aili's work was compared with Andy Warhol's iconic *Silver Car Crash* in the sales catalogue note, if only to justify its high pre-sale estimate of \$1 million. This legitimisation strategy seemed to work, as the reassured buyer paid then a record price of \$1.7m for it. Sotheby's Online Catalogue Notes. <http://www.sothebys.com/en/auctions/ecatalogue/2015/modern-contemporary-asian-art-evening-sale-hk0562/lot.1046.html> (accessed 1 March 2019).

⁶⁵¹ These views were shared by several interviewed gallerists.

ten-fold.⁶⁵² Weak auction results and – even worse – unsold lot records set in motion a reverse vicious cycle of devaluation of the artist's output. Their market was perceived as 'damaged', which further intensified the buyers' uncertainty.⁶⁵³

The 'reshuffling' of artists from one position to another in the value hierarchy during the market downturns may also be explained by the fact that the economic elite (as previously observed on the changing tastes of the Russian oligarchs) constantly seeks new cultural goods to renew its distinction from the masses (e.g. foreign collectors buying 'new avant-garde from China' in the early 2000s, wealthy Chinese collectors' pursuit of their own stars in 2011 and then switching to the 'undervalued' and 'emerging' artists several years later). This does not exhaust the range of possible dynamics in the field. The artist may also not be able to hold their position in the value hierarchy because they did not occupy a corresponding (homologous) position in the symbolic order in the first place (e.g. the young artist's economic winnings were backed by neither symbolic nor sufficient social capital to 'pay' the transformation cost of one form of capital into another). Finally, not unlike relationships, values are not static. They are in a constant state of flux. The shifts in value hierarchy are continual.

Re-evaluation and Repositioning of 'Official' Academic Art

In contrast with the volatile values in the contemporary Chinese art hierarchy, the more conservative 'official' academic oil painting segment enjoyed relative stability even though some artists did not escape depreciation. For example, in 2013 Chen Yifei, for the first time, yielded his leading position as the most expensive Chinese realist painter to Jin Shangyi whose market skyrocketed owing to the sale of his renowned early neo-classical painting, *Tajik Bride*, 1983 (its identical twin is part of the NAMOC collection), sold for almost \$14m (his highest record to date). Different painters fell by different degrees (Figure 3.7).

⁶⁵² In 2015 Tu Hongtao's auction revenues were \$1.1 million, in 2016 the figure fell to \$98,000. Source: Art Price Database.

⁶⁵³ For instance, it took Jia Aili four years to surpass his 2015 record; his market position recovered only after he was signed by uber-dealer Gagosian; the representation by one of the most powerful branded galleries worldwide boosted the buyer's confidence and stimulated demand for the artist's works. The artist became represented by Gagosian in 2019. During the same year he set his second market record of \$2.3m. At the time of writing, the highest auction record for Jia Aili stands at \$3 million set by Poly Auction Beijing on 16 October 2020. Source: Artprice database.

Figure 3.7. ‘Official’ Academic Artists’ Performance 2013–2014

Artist/ Turnover	2013 (Millions)	2014 (Millions)	% Decrease
Yang Feiyun	\$11	\$3.8	65%
Wang Yidong	\$16	\$8	50%
Jin Shangyi	\$27.6	\$12.9	53%
Ai Xuan	\$13	\$7.9	39%
Chen Yifei	\$26.5	\$20	25%

The drop in revenues in 2014 could be explained by the number of extremely successful sales in the previous year. Ai Xuan alone generated \$13 million in 2013, the highest turnover for the artist to date. Against the softening market the following year’s correction was unavoidable.

Such strong renewed interest from the market in academic realist paintings was fuelled by two high-profile group shows – *Experiencing Simplicity – Realistic Paintings from Long Collection* organised by the Long Museum (April–August 2013), and *Portrait of the Times – 30 Years of Chinese Contemporary Art* at Shanghai Contemporary Art Museum (August – November 2013) – that helped to re-evaluate and reconfirm the position of ‘official’ art within the Chinese art field. Mixing together ‘classic’ academicians (Chen Yifei), neo-realists (Jin Shangyi, Liu Xiaodong), ‘native soil’ artists (Luo Zhongli, Chen Danqing), lyrical painters (He Duoling) and ‘avant-garde’ artists (Zhang Xiaogang, Zhang Peili, among others), both exhibitions attempted to expand the narrowness with which realist paintings were evaluated in the contemporary context by including alternative perspectives and by giving space to different values.

According to the curator of *Experiencing Simplicity*, Jiang Fangzhou, the values of (Chinese) realist art were challenged twice: first, by the (abuse of) ideological power, second, by the market that turned it into a hot commodity. This was in addition to its ‘tragic’ loss of a leading position in Western art – as ‘realist art became “past” and no longer was paid attention to; It has become a “preceding text” in the chain of the art history with no position from the periods of neither modernism nor Post-modernism. Fortunately, things are different in China, where all Classicalism [Classicism], Modernism and Post-modernism are still under unfinished process’[sic].⁶⁵⁴ The optimistic outlook towards the future of Chinese Realism was widely shared by the art circuits within the official art system and those affiliated with it. As

⁶⁵⁴ As appeared in the official press release for the exhibition by curator Jia Fangzhou, http://www.randian-online.com/np_event/experiencing-simplicity-realistic-paintings-from-long-collection/ (accessed 25 March 2019).

Guangzhou Academy-trained ‘official’ realist artist Zhang Dazhong (b.1953), recognised for his romanticised portraits of (predominantly female) Red Guards, once asserted with full confidence: ‘Other contemporary genres of art are popular now, but art history tells us that realism will last forever. [...] Avant-garde is like fashion: It follows trends, [...] Realism, on the other hand, is like your Western suit or our Chinese cheongsam suit – it may not be terribly popular now, but it will never go out of fashion.’⁶⁵⁵ Echoing Zhang are the words of ‘official’ realist artist Ai Xuan:⁶⁵⁶ ‘No matter what is going on outside, they’re not going to affect us. We’re tough as rock. This genre is tough as rock.’⁶⁵⁷ In fact, in order to reaffirm its values and ‘prove its worth’, ‘official’ art too has to frame itself in relation to positions occupied by other domains (‘avant-garde’, Western realism, modernism and post-modernism). Despite the reassurances of the advocating agents, ‘official’ art – contrary to appearances – may not, after all, have accumulated sufficient symbolic capital to permanently hold its dominant position (artificially created in the first place and continuously supported by the state) in the maturing Chinese art field.

The market seems to have accepted the ‘official’ art domain’s self-positioning at the top of the symbolic order by transferring significant amounts of economic capital to it. In fact, the collectors who chose to believe in the lasting cultural and symbolic values of Chinese academic art have been generously rewarded for their loyalty with economic winnings. One of the best examples of successful return on investment (ROI) in Chinese realist oil paintings was the sale of 11 works from the collection of previously mentioned Taiwanese entrepreneur and art collector Lin Mingzhe, organised by Beijing Poly International Auction in June 2014.⁶⁵⁸ To emphasise the historical significance of the works, Poly distinguished it with a dedicated sales catalogue titled ‘Witness the History: Collection from Mountain Art Foundation’. The results were extraordinary. The white-glove⁶⁵⁹ sale brought a total of \$14.7 million (or \$1.3 million per work, a remarkable ROI given the fact that Mr Lin purchased⁶⁶⁰

⁶⁵⁵ Sonia Kolesnikov-Jessop, ‘Neo-Realists in China Start to Earn Praise at Home’, *The New York Times* (8 June 2007). <https://www.nytimes.com/2007/06/08/arts/08iht-RCARchin.6055312.html> (accessed 26 March 2019).

⁶⁵⁶ Ai Xuan is a CAFA graduate, founder of the China School of Realism, director of the Beijing Fine Art Academy, a privileged scion of the Chinese art establishment and, ironically, a stepbrother of Ai Weiwei, self-professed enemy of the establishment.

⁶⁵⁷ Both Ai Xuan and Ai Weiwei are the sons of China’s most venerated poet Ai Qing who became famous under Mao’s regime. Charley Lanyon, ‘Ai Xuan: Portrait of the Artist’, *South China Morning Post* (17 October 2013). <https://www.scmp.com/lifestyle/arts-culture/article/1333744/ai-xuan-portrait-artist> (accessed 28 March 2019).

⁶⁵⁸ The 11-lot-sale consisted of works by 5 ‘official’ Chinese realist oil painters (4 works by Luo Zhongli, 3 by Pang Maokun, 2 by He Duoling, 1 by Ai Xuan and 1 by Cheng Conglin). Poly Auction Results, <http://www.polypm.com.cn/assess/special/0/PZ2020083/0/34/7> (accessed 12 March 2019).

⁶⁵⁹ The sale is called ‘white-glove’ when every single lot is sold.

⁶⁶⁰ While choosing the works, Mr Lin was led by several selection criteria: ‘*the work of art must be a painting; original; contemporary and very current; reflect national or regional identity (huihuaxing, dutexing, shidaixing, minzuxing).*’ Interview with the author, Taiwan, Kaohsiung, 19 November 2016.

most of his works for hundreds of dollars each or by paying stipends to the artists). Out of 11 lots, 8 were hammered within their rather ambitious pre-sale estimates (ranging between \$240,000 and \$400,000), while the top 3 most expensive lots by Luo Zhongli, Cheng Conglin and He Duoling significantly exceeded their low estimates, fetching \$7 million, \$4.7 million and \$950,000 respectively.⁶⁶¹

The telling relational indicators for Luo Zhongli (*Spring Silkworm*, 1983) and Chen Conglin (*Pier Steps*, 1984) were far from coincidental. In fact, two years earlier, both works had been featured in the high-profile exhibition, *20 Years of Glory – Mountain Art Foundation Collection of Sichuan Fine Arts Institute*, organised by NAMOC and dedicated solely to Mr Lin's collection.⁶⁶² Both *Spring Silkworm* and *Pier Steps* were considered seminal works in the artists' respective careers; soon after their completion both works were unanimously consecrated by the official art circuits, solidifying the artists' relatively high positions within the Chinese art establishment; both works were 'branded' by NAMOC that reaffirmed their high status as historical icons which the auction successfully transformed into the market's most coveted trophies. The works serve as a good example of a full value cycle from creation to commodification, as well as effective conversion of symbolic/ cultural capital into economic winnings.

⁶⁶¹ Estimates for Luo Zhongli's most expensive lot *Spring Silkworm*, 1983 were RMB18-22 million, for Cheng Conglin's *Pier Steps*, 1984, RMB 20-25 million, for He Duoling's nude *Woman on Stairs*, 1996, RMB 2.5-3.5 million. Final prices include the buyer's premium while the estimates do not. Source: Poly International Auction Results, <http://www.polypm.com.cn/assess/special/0/PZ2020083/0/34/7> (accessed 14 March 2019). Exchange rate was approximately RMB6.24 to \$1.

⁶⁶² ARTLINKART Database for Chinese Contemporary Art. <http://www.artlinkart.com/en/exhibition/overview/e1ccvvr> (accessed 15 March 2019).

Value Creation in the Chinese Art Market 2016–18

From 2016 to 2018, two key factors caused major shifts in the value creation paradigm in the maturing Chinese art market – the reorganisation of demand and the internationalisation of supply. The reorganisation of demand occurred as a result of the rise of internationally oriented young wealthy Chinese art consumers with a massive social media following, on the one hand, and new institutional buyers such as private foundations and museums, on the other, who jointly boosted demand for high-quality artworks and drove prices to the new levels.

The internationalisation of supply was propelled by the increasing influence of the evolving domestic auctions with global ambition, agenced international art galleries promoting their branded artists and plugged-in art fairs that reshaped the local value system while creating a new paradox in the field.

Chinese Art Market Dynamic 2016–17

In 2016 the Chinese art market was finally able to recover from the economic slumber of the adjustment period, beginning to show signs of maturity and steady growth. The Chinese fine art auctions' turnover totalled \$4.8 billion, leaping into first place again, with 38% of global fine art auction market share, the largest share China has ever accounted for.⁶⁶³ The recovery trend continued in 2017, as the Chinese economy (the second largest in the world after the USA) shifted from an export-led growth model towards one propelled by domestic consumption. In the global art market, competition between the top two powers has never been more intense. China's fine art market narrowly held its leading position with total sales reaching \$5.1 billion from 89,400 lots (versus the USA's \$5 billion from 82,000 lots).⁶⁶⁴ Both markets posted historic auction records that year, pushing the value scale even higher. The US turnover was substantially boosted by Christie's New York sale of Leonardo da Vinci's *Salvator Mundi* for an unprecedented \$450 million (which alone accounted for 9% of the US market share), while the Chinese art market generated a new record of \$140 million for Qi Baishi's *Screens of Landscapes* auctioned by Poly International Beijing.⁶⁶⁵ The new achievement has finally put China among the global art markets with the top 10 auction results ever recorded worldwide.

⁶⁶³ The Art Market Report 2016, <https://www.artprice.com/artprice-reports/the-art-market-in-2016> (accessed 17 May 2019).

⁶⁶⁴ The Art Market Report 2017, <https://www.artprice.com/artprice-reports/the-art-market-in-2017> (accessed 17 May 2019).

⁶⁶⁵ Surpassing the previous record of \$66 million for the most expensive Chinese artwork, established back in 2011 also by Qi Baishi.

Reorganisation of Demand

*The Rise of New Consumers – ‘Fu’erdai*⁶⁶⁶

According to the Executive Director of Beijing Poly International Auction, Mr Zhao Xu, in 2016 ‘approximately 30% of buyers [were] new art collectors and they [were] all Chinese’.⁶⁶⁷ The new consumer group has a distinct profile. Representing the younger second-generation-rich Chinese elite from the finance, IT, real estate and fashion industries, these individuals are often educated abroad on more than one continent, travel extensively and have developed an international taste in art.⁶⁶⁸ Compared with the previous generation, their horizons are more expansive. They have no language barrier and can easily obtain information via the internet. They follow market trends closely. Art buying has become their lifestyle norm. They frequent major international museum shows and art fairs (especially Art Basel, FIAC, Frieze and TEFAF). Western galleries have been playing a pivotal role in shaping their art-buying choices. Influenced by their peers with whom they are connected via global social platforms (WeChat, Sina Weibo, QQ, Instagram), these young consumers are also fashion-oriented. They set up their own art foundations, private museums and galleries, becoming the influential force that dictates aesthetic values within their respective circuits. Unlike the older generation of Chinese art buyers who began their collections with classical and modern Chinese art, then gradually moved to established contemporary artists with solid auction records and rarely ventured into buying foreign names, the young art consumers began straightaway with artists close to their own age, regardless of whether these artists came from China or abroad.⁶⁶⁹

The new Chinese elite have turned into a formidable force that has begun to shape the value system in the Chinese art field. As the founder of How Art Museum, Zheng Hao, put it, ‘whoever controls the market of people born after the 1980s will control the overall art market’.⁶⁷⁰ For the well-positioned elite plugged into multiple international and domestic circuits this task is not so difficult to accomplish. One particular trait that stood out when the interviewees characterised Chinese art buyers was their ‘herd behaviour’. This is particularly evident with the younger generation, who, under pressure from their peers, try to mimic the art-buying pattern of their respective circuits. A male collector in his late 30s,

⁶⁶⁶ Second-generation-rich, often referred to those born after 1980.

⁶⁶⁷ The Art Market Report 2016, <https://www.artprice.com/artprice-reports/the-art-market-in-2016> (accessed 17 May 2019).

⁶⁶⁸ The term ‘young’ refers loosely to Chinese art buyers born after 1980.

⁶⁶⁹ From the conversations with the author and Sophie Xie (Beijing galleriest), Lorenz Helbling (founder of Shanghart), anonymous Beijing collector WH (for the exact dates and locations please see Appendices A.8).

⁶⁷⁰ Interview with collector and founder of How Art Museum, Zheng Hao. Kejia Wu, TEFAF Art Market Report: The Chinese Art Market, TEFAF (March 2019): 84.

the owner of a Beijing-based luxury fashion company, confided in the author: *'Let's admit it. We are like a herd. One collector bought a large golden yellow dish by Anish Kapoor and hung it over his sofa in the living room. Now we all want a similar yellow dish to hang over our sofas.'*⁶⁷¹ Social pressure and the desire to be accepted are the obvious explanations behind the herd behaviour, amplified by the 'sandpit effect'. In other words, if one wants to play with the members of a certain 'sandpit', one must have the right (art) toys.

Case Study: Zeng Fanzhi – Value Creation through 'Sandpit-think'

A closer look at Zeng Fanzhi and his circuit of private friends and followers brings to the fore various aspects of this herd behaviour and furthers the understanding of the inner workings of the 'sandpit'. Another interviewee, an established Beijing dealer, shared in confidence that in order to get access to Zeng Fanzhi's highly selective private circuit, *'first and foremost, one must buy a Zeng Fanzhi. It is like an entrance ticket.'*⁶⁷² Zeng commented on his discriminating selling strategy: 'You might say I am very cunning. I only sell my paintings to those who really like them. Then those people will help me promote my works.'⁶⁷³ Philip Tinari, the director of Ullens Center of Contemporary Art (UCCA) that in 2016 hosted Zeng's first institutional solo exhibition consisting of nearly 60 works, observed: 'China needs a great artist, and the way he has gone about it is very intelligent. He understands the milieu his works circulate in, the actual collectors' homes, cultural institutions and galleries. He invites these key people to be part of his success, and as he achieves higher degrees of validation it's something everyone feels good about.'⁶⁷⁴

Zeng's social connections are vast. Just to give one example, his high-flying solo show at UCCA, designed by Japanese star architect Tadao Ando, had strong financial backing from the Zeng Fanzhi Leadership Circle that included China's top power players such as SANLI HOLDINGS, Taikang Life Insurance, Tianchen Times, Yunfeng Capital, Chiu Yeng Culture, Wang Zhongjun and Zhao Xu.⁶⁷⁵ In addition, the show was supported by the Pinault

⁶⁷¹ Informal interview with the author, Beijing, 21 September 2016.

⁶⁷² Off-the-record comment during the recorded interview with the Beijing dealer. The same dealer related that, allegedly, before Zeng became rich and famous, and positioned himself as a sophisticated art collector, a curator, and a wine and cigar connoisseur, he sent his wife to one of China's top elite business schools to do an executive master's degree, so that he himself could get access to the country's wealthiest businessmen to sell his art. Interview with the author, Beijing, 9 September 2016. Another young collector who had to buy a Zeng Fanzhi in order to be accepted into his 'sandpit' was Lin Han, a co-founder of M WOODS museum (please see Appendix A.3 for more details).

⁶⁷³ Jane Perlez, 'How Zeng Fanzhi Became China's Hottest Artist, and Why his Lawn is So Green', *The New York Times* (11 November 2016). <https://www.nytimes.com/2016/11/12/world/asia/china-art-zeng-fanzhi.html> (accessed 24 May 2019).

⁶⁷⁴ Ibid.

⁶⁷⁵ Zeng Fanzhi: Parcours, *UCCA Press Release* (5 September 2016), <http://ucca.org.cn/en/exhibition/zeng-fanzhi-2/> (accessed 24 May 2019).

Collection (François Pinault, the French billionaire owner of Christie's, also Zeng's friend, was the lender of Zeng's Lucian Freud portrait from his private collection),⁶⁷⁶ while the 500-guest banquet held in Zeng's honour on the exhibition's opening day was generously sponsored by Gagolian Gallery. Among the superstar guests were Kong Dongmei (Mao Zedong's granddaughter and wife of Chen Dongsheng, the founder of Taikang Life Insurance and China Guardian Auction), Jack Ma (the billionaire founder of Alibaba), Wang Zhongjun (the movie mogul and art collector), Qiao Zhibing (the entertainment magnate and founder of TANK Shanghai Museum), Zhao Xu (the Executive Director of Beijing Poly International Auction), Henry Cheng Kar-shun (Hong Kong billionaire, the father of Adrian Cheng, founder of the K11 brand), Angela Leong On-kei (the billionaire businesswoman, the fourth 'wife' of Stanley Ho, Macao casino mogul), to name just a few.

According to the aforementioned dealer who was herself among the invited guests at the banquet:

Zeng manages his own market very well. His collectors are top billionaires in China and abroad, as well as some influential politicians. At the banquet a lot of artists told me that they would never ever be able to mount anything remotely resembling it [the solo show], they wouldn't be able to surpass Zeng. Some people were positive about him, some made derogatory remarks, some ridiculed him, but also many of them were very envious. In any case, regardless of Zeng's academic standing and his work, if we discuss his market, his key success is because he surrounded himself by people who have political and economic power.⁶⁷⁷

A younger Beijing-based artist, a former CAFA graduate, who has enjoyed a moderate commercial success, expressed his personal opinion about Zeng's status quo:

I don't really like Zeng. His current paintings are not very good, the early series, such as Masks, Hospital are better, the new series I don't like. Art easily gets entangled with fame and wealth. [...] Very quickly one is sucked into Vanity Fair. Art becomes secondary. It is very subtle. I think it is a little hard for Zeng to break through in such a noisy environment. Artists of every age want the spotlight to shine on themselves, but the spotlight itself becomes a problem. [...] With Zeng, it is that he has already sold so much, his best works have already been painted, and then he announced that he was going to stop doing his [popular] series. Whatever he draws now, he'll be in the spotlight. Can he block the watching eye (shield himself from the

⁶⁷⁶ British curator Karen Smith introduced Zeng to Lorenz Helbling, founder of Shanghart Gallery, who, in turn, introduced Zeng to François Pinault.

⁶⁷⁷ Off-the-record comment during the recorded interview with the Beijing dealer, Beijing, 9 September 2016.

*spotlight) and paint the works he really wants? I think it is very difficult, he is now facing a choice, to create or to cater to. This is my understanding.*⁶⁷⁸

Whether or not the 'spotlight' was detrimental to Zeng's artistic development, it was certainly helping him to secure an even brighter spot at UCCA. Philip Tinari admitted having initial reservations about hosting Zeng's show, due to the different values represented by their relative positions:

A few years ago if you would have told me I would be making a show about Zeng Fanzhi, I would have looked at you and said like ... never. [Our mission should be] a demonstration of vitality and relevance and now we are not. It's always a fine line. This is not the sort of show that I'm deeply passionate about, because I feel like it has urgent kind of moral and political and social lessons for everyone, but this is not a church, you know.

*[Besides] [...] if we compare them [Zeng Fanzhi with other artists from his league, such as Yue Minjun, Fang Lijun, Zhang Xiaogang], first of all, I would say Zeng Fanzhi is a better painter than most of all the other guys, and I think there's just a depth to the practice and like a number of layers that is hard for me to spot in the other people.*⁶⁷⁹

In the aftermath, the show turned out to be a win-win for the institution, the artist and the audience. It is an excellent example of the conversion of one form of capital into another between different positions in the field. Zeng, whose position as the most expensive living Chinese artist does not correspond to the homologous position in the symbolic order, used his vast social capital to gain more prestige and increase his symbolic capital, whereas UCCA, one of the country's leading contemporary art museums, used its cultural capital to win economic profits by accessing Zeng's high-profile networks. In both cases, social capital was used as a crucial medium of exchange in the conversion. And yet, Zeng's validation by one (important but still agencing) institution is not enough to guarantee him a position as China's leading artist for a long period, but the amount and structure of his social capital may enable him to repeat the conversion again and again.

Setting aside the question of whether Zeng Fanzhi is a genuinely talented artist who cares about his circuit of friends and followers or whether he is a wily businessman 'vainly grasping for global grandiloquence',⁶⁸⁰ through proximity to power and money he was able to solidify his position in the value hierarchy and become an influential judgement device of its own. Zeng's 'sandpit' afforded its 'members' access to social relations, capitalised knowledge and

⁶⁷⁸ Off-the-record comment during the recorded interview with the Beijing contemporary artist, Beijing, 22 November 2016.

⁶⁷⁹ Interview with the author, Beijing, 23 November 2016.

⁶⁸⁰ Jacki Wullschlager, 'Zeng Fanzhi: China Unmasked', *Financial Times*, 5 October 2018. <https://www.ft.com/content/68f103c6-c707-11e8-ba8f-ee390057b8c9> (accessed 2 June 2019).

also shaped their (art-buying) decisions. For instance, according to several interviewees, Zeng could be credited for initiating a short-lived art-buying frenzy for Giorgio Morandi and Lucian Freud among Chinese buyers. True or not, his case demonstrates how art values are assigned through 'sandpit-think', a mechanism based on the exchange of judgements and the development of a collective judgement within a well-defined circuit of market players. According to 'sandpit-think logic', if a group of (wealthy) individuals all agree this artist is good, they simply cannot be wrong. As examined in the following examples, such thinking is widespread particularly within the younger generation. As long as the maturing Chinese art market continues to lack the whole range of other objective value-attaching mechanisms, such as expert dialogue, open academic dispute, critical judgement, independent research, philosophical debate, political critique, the 'sandpits' with high purchasing power relying on authorised opinion with economic interest, dogma, doctrine, orthodoxy and self-promotion will play a dominant role in shaping the Chinese value system.

Case Study: Adrian Cheng – K11 Hybrid Model

On 9 March 2018, 1979-born Harvard-educated billionaire real estate and jewellery scion Adrian Cheng posted on his Instagram account, followed by 61,700 users, an image of George Condo's work, *The Escaped Hippie (1998)*, under the hashtags #condo #love #collection. It promptly received 483 likes and 14 enthusiastic comments.⁶⁸¹ The signature work was acquired by Cheng and posted online one week ahead of the opening of the selling exhibition *Face-Off: Picasso/Condo* at Sotheby's Hong Kong, where it was exhibited alongside other works by Condo and Picasso (the former being hailed by the auction as no less than the latter's artistic heir).⁶⁸² The prices for Condo works at the Sotheby's exhibition ranged between \$700,000 and \$1.7 million.

On 15 and 24 March Cheng posted two more images of Condo works that had entered his private collection under #newbaby #laughingandscreaming #condo #privatecollection #nice and my#newbaby #thankyou #georgecondo #collection. The posts received respectively 1,087 likes with 25 comments and 1,151 likes with 39 comments. Unsurprisingly, *Laughing and Screaming (2017)* happened to be a front cover work of yet another exhibition, opened two weeks after Cheng's post, at Hong Kong Maritime Museum, this time sponsored by Condo's main dealers Skarstedt and Sprüth Magers.

⁶⁸¹ Comments such as 'super nice and super lucky you', 'strange painting. Eye catching. Cool looking stuff to look at', 'crazy work' and so on. @adriancheng, <https://www.instagram.com/adriancheng/?hl=en> (accessed 9 June 2019).

⁶⁸² Sotheby's exhibition was held from 16 to 31 March 2018. It was conveniently followed by the exhibition *George Condo: Expanded Portrait Compositions* at Hong Kong Maritime Museum during 27 March to 6 April 2018.

A month later Cheng posted a photo of himself with George Condo in the artist's studio against a backdrop of two large works, accompanied by the comment: 'Always great to catch up with the #incredible #georgecondo #greatfriend [...].' The photo received a total of 1,584 likes, triple the amount of Cheng's first Condo post.

What might appear as a series of random images posted on a social media platform was, in fact, a manifestation of well-orchestrated stages of value creation: a product placement within a large 'sandpit' influenced by a prominent art patron (Cheng with tens of thousands of followers), proximity to a great master (Condo hung next to Picasso at Sotheby's), validation by an institution (Maritime Museum). The effects on the market were felt immediately. A wave of 'Condo-heat' 'blew' over Asia. With the rise of social media, 72 hours is long enough to spark a new craze. In fact, on 17 May – or 69 days after Cheng's *Hippie* post – a Condo painting achieved a new auction record of \$5.2 million, doubling its low estimate.⁶⁸³ During the same year, the artist's market grew 300%, while his average price jumped 105% to \$456,707.⁶⁸⁴ Furthermore, nine out of the top ten highest auction prices ever achieved by Condo were all set in 2018, several of them by Asian buyers apparently eager to jump on the Condo bandwagon.

Adrian Cheng is one of the new generation's most influential 'movers and shakers' who has a far-reaching impact on the formation of new cultural values in Greater China. His name frequently appears on various ranking lists including 'Top 50 Art Collectors Instagram',⁶⁸⁵ '8 Asian Cultural Influencers Who Rocked 2017', '17 Art Accounts on Instagram You Need to Follow Right Now' and 'ArtReview Power 100'.⁶⁸⁶ In his own words, Cheng, by 'incubating Chinese artists, curators' and 'grooming his audience', wants nothing less than 'to create a contemporary Chinese culture [...] for the new generation, for Generation Z, for the Millennials' that are inheriting a country primed for a soft-power offensive.⁶⁸⁷

⁶⁸³ At the time of writing, Condo's record had been surpassed only once by another painting hammered at \$5.8m on 10 July 2020.

⁶⁸⁴ His turnover in 2017 was \$13 million and \$52 million in 2018. His average price in 2017 was \$222,989.

⁶⁸⁵ Instagram is the world's six largest social network with over 1.2 billion monthly active users. Since Facebook is blocked in China, the Chinese use their own social media platforms (WeChat 1.2 bln, TikTok 0.7 bln, QQ 0.6 bln). Many, especially young English-speaking Chinese, combine local and Western platforms to tap into wider networks at home and abroad, with Instagram being among the most popular.

<https://www.statista.com/statistics/272014/global-social-networks-ranked-by-number-of-users/> (accessed 17 January 2021).

⁶⁸⁶ <http://www.larryslist.com/artmarket/features/top-50-art-collector-instagram-part-i/>,
<https://www.museandsee.com/single-post/2017/12/29/8-Asian-Cultural-Influencers-Who-Rocked-2017>,
<https://theculturetrip.com/europe/articles/17-art-accounts-on-instagram-you-need-to-follow-now/>,
https://artreview.com/power_100/adrian_cheng/ (accessed 6 June 2019).

⁶⁸⁷ Alexander Forbes, 'Adrian Cheng Is Building a New Culture for Chinese Millennials – One Art Mall at a Time', *Artsy* (22 March 2018) <https://www.artsy.net/article/artsy-editorial-adrian-cheng-building-new-culture-chinese-millennials-one-art-mall-time> (accessed 7 June 2019).

Cheng's K11 hybrid shopping malls-cum-art centres (first opened in Hong Kong in 2009, followed by one in Shanghai in 2013, then Wuhan, Shenyang and Guangzhou) and K11 Art Foundation (founded in 2010) are in the vanguard of that soft-power offensive. Using the immense scale of family-owned New World Development Group's landbank, Cheng revitalised his retail spaces, putting art at the centre of K11 shopping malls in an attempt to elevate them into cultural landmarks. Each mall has an interactive 'art playground', a space dedicated to art exhibitions and other cultural activities from cooking lessons to lectures and workshops.⁶⁸⁸ Slogans such as 'In Art We Live' (to mark the playground areas) or 'Art For the Masses' (for the foundation's *Kollektion* featuring works by Nara, Eliason and Hirst among others) reflect the K11 ethos of cross-pollination. The list of K11 ambitious international and domestic projects goes on.⁶⁸⁹ According to Cheng:

We want to create something that can propagate culture domestically and also internationally. We want to showcase the creativity of China. [...] We don't want to just focus on art; we want to cross different segments in the cultural world. We want to cross art with fashion, we want to cross art with architecture, art with furniture, art with celebrities.⁶⁹⁰

Cheng fully understands the importance of being plugged into internationally visible influential circuits, emphasising that 'art is a universal language'.⁶⁹¹ Bestowed with the Order of Arts and Letters by the Republic of France, Cheng holds several high-profile art positions that grant him unprecedented access to the higher echelons of the global art world's hierarchy.⁶⁹² His future plans reflect his perspective of universal soft power. By the end of 2022, K11 will have created 'the K11 art ecosystem' consisting of 29 art malls spanning over

⁶⁸⁸ <https://www.k11.com/corp/brand-story/> (accessed 7 June 2019).

⁶⁸⁹ The foundation is involved with all major art scenes, from M50 Creative Park (home to the emerging galleries in Shanghai), the artistic development of the Bund, to Victoria Dockside (New World's \$2.6 billion luxury development along Hong Kong's waterfront). K11 was also a sponsor behind exhibitions of Chinese artists including Tianzhuo Chen at the Palais de Tokyo in Paris, Liang Yuanwei's pop-up show at the Venice Biennale, and Zhang Ding and Guan Xiao at London's Institute of Contemporary Arts.

⁶⁹⁰ Alexander Forbes, 'Adrian Cheng Is Building a New Culture for Chinese Millennials – One Art Mall at a Time'. *Artsy* (22 March 2018) <https://www.artsy.net/article/artsy-editorial-adrian-cheng-building-new-culture-chinese-millennials-one-art-mall-time> (accessed 7 June 2019).

⁶⁹¹ *Ibid.*

⁶⁹² He is a Board Member of the West Kowloon Cultural District Authority and member of the Interim Acquisition and Museum Committee, a Board Director of the National Museum of China Foundation, Director of CAFAM Funds of the Central Academy of Fine Arts, Trustee of Royal Academy of Arts, Visiting Committee of The Metropolitan Museum of Art, Member of TATE's Asia Pacific Acquisitions Committee and Member of International Circle of Centre Pompidou. <http://www.k11artfoundation.org/en/about-us/> (accessed 7 June 2019). Cheng is also a director of Modern Media, the company that publishes the Chinese edition of *Art Newspaper*. <https://www.scmp.com/lifestyle/arts-culture/article/1733513/k11-founder-adrian-cheng-bringing-six-exhibitions-art-basel> (accessed 9 June 2019).

23 million square feet in nine cities across Greater China, in addition to the already existing K11 Art Village in the central industrial hub of Wuhan, opened in 2017.⁶⁹³

The impact of K11's 'ecosystem' on the contemporary Chinese art scene remains to be seen. By injecting profits from the retail business back into the art foundation, Cheng is able to produce 50 shows per year, attracting over 1,000 visitors a day.⁶⁹⁴ His goal is to tour each of their art exhibitions at multiple locations across the 29 art malls. The audience exposure to such curated art product placement would be unprecedented.⁶⁹⁵ K11, that also runs a VIP club with now over 10,000 members, is reshaping the Chinese art value system, while validating its own brand and strengthening its position as a multiform judgement device for future generations of Chinese consumers.

Among other young individuals whose position in the Chinese art field is gaining more weight are Michael Xufu Huang and his partners Lin Han and Lei Wanwan, the founders of a not-for-profit private art museum M WOODS, poised to become 'the MoMA of China'⁶⁹⁶ (for an in-depth case study please see Appendix A.3). Bypassing the canon-building institutions controlling the mechanisms of selection, validation and consecration, these young celebrities, ascribe their own values to the art they endorse and promote, and pass judgements through 'sandpit-think' that collectively contests, defines and redefines the value system in the contemporary Chinese art field. This paradigm-shifting trend is likely to continue, as China, who had 3.4 million millionaires (8% of the world total) in 2018, is expected to add approximately 2 million more in the next five years.⁶⁹⁷ By the end of the 2020s, the mainland could have the highest number of affluent households in the world, while China's young (often technology-savvy) elites are well positioned to bring about subversion and activate different schemes and dispositions that could make it possible to conceive a new logic in the field, enabling a major transfer of capital from one position to another.⁶⁹⁸

⁶⁹³ Alexander Forbes, 'Adrian Cheng Is Building a New Culture for Chinese Millennials – One Art Mall at a Time'.

⁶⁹⁴ Barbara Pollack, *Brand New Art from China. A Generation on the Rise* (London, New York: I.B. Tauris & Co. Ltd, 2018), 157.

⁶⁹⁵ Suppose, if all 29 art malls are working at their full capacity, attracting 1,000 visitors a day, per year K11's total number of visitors of 10,585,000 would surpass that of Louvre, world's most visited museum with 10,200,000 visitors in 2018.

⁶⁹⁶ Dylan Kerr, 'Meet Michael Xufu Huang, the 22-Year-Old Museum Co-Founder Who's Building "The MoMA of Chiina"', *ArtSpace* (15 May 2016).

https://www.artspace.com/magazine/interviews_features/tastemaker/michael-xufu-huang-interview-53718 (accessed 11 June 2019).

⁶⁹⁷ Global Wealth Reports 2018, 2019 by Credit Suisse.

⁶⁹⁸ The positions could be understood in broader sense – state vs market, old socialist discourse vs new ideology of the market, or simply old vs new generation of agents.

Museumification of China

The analysis of the reorganisation of demand in China would be incomplete without a brief look at the key private museums to have emerged in the field in the late 2010s. In 2018 the National Cultural Heritage Administration announced that the number of museums in China had risen to more than 5,100 from just 349 in 1978, and they had been visited nearly 1 billion times.⁶⁹⁹ About 30% of these institutions are privately funded.⁷⁰⁰ The rapid 'museumification'⁷⁰¹ of China is part of the government's plan to accrue cultural capital and create soft power as a tool for public diplomacy, global and local influence. The new museums are also being built to service private and corporate interests, many having been branded as vanity projects with self-serving commercial agendas. As seen on K11 museum-cum-shopping-mall example, these museums act like businesses selling a product to a customer rather than cultural institutions trying to share values with the public. Chinese property giants such as Fosun International, Times China Holdings, Rockbund and OCT Group have all built art museums to revitalise and elevate their real estate developments.

Often the museums are poorly conceived without a curatorial mission, leadership, educated staff or adequate long-term planning and funding. As well-known Beijing-based collector Zhang Rui pointed out: *'they built hardware too fast, but don't have the software to support it'*.⁷⁰² Many of these newly hatched structures do not display or even possess any prominent permanent collections to define them. Instead, they operate primarily by exhibiting artworks (often by simply renting out the space) rather than collecting and preserving them, much less cultivating the audience in China's highly commodified environment.

As a result, the reputation and prestige of many young Chinese museums remain relatively low. With a few exceptions, they can neither function as (relatively) objective judgement devices nor elevate value uncertainty in the maturing art market. In order to improve their status, some of the institutions have internationalised, forging links from early on with foreign establishments, hiring foreign curators and collaborating with branded galleries and

⁶⁹⁹ Provided the official figure is correct, there is 1 museum per approximately 270,000 people in China. Despite the impressive growth in number of museums, it is still relatively low compared with the standards of the developed nations. The USA has about 35,000 museums (or 10 museums per 100,000 people). There are approximately 3.8 museums per 100,000 people in the UK. Mandy Zuo, 'China Has Opened Thousands of New Museums, but Who Wants Them?' *South China Morning Post* (20 January 2019) https://www.scmp.com/news/china/society/article/2182876/china-ordered-thousands-new-museums-they-were-built_exhibits-and (accessed 4 August 2019).

⁷⁰⁰ Ibid.

⁷⁰¹ The term 'museumification' was coined by Jeffrey Johnson, director of China Megacities Lab at Columbia University. http://www.mplusmatters.hk/museumboom/paper_topic1.php?l=en (accessed 6 August 2019).

⁷⁰² Interview with the author, Beijing, 23 November 2016.

renowned artists. Such value creation by proximity to prestigious entities has made the new museums more marketable and helped them to quickly build their own recognisable brands.

To demonstrate, Rockbund Art Museum (RAM), a real estate renovation project that sits amidst a dozen high-end hotels, office buildings, and condominiums close to the Bund (Shanghai's prominent waterfront promenade) opened its doors in 2010. It has no permanent collection, and yet has already matured into one of China's recognised art institutions. Already during the first year it organised three exhibitions featuring such branded artists as Cai Guoqiang, Zeng Fanzhi and Zhou Tiehai as well as prominent curators Wu Hung and Hou Hanru. In 2013, together with Hugo Boss, the institution initiated the Hugo Boss Asia Art award aimed at supporting emerging contemporary Asian artists. Since then, about half of RAM's exhibitions have involved international collaborations either with branded artists (such as Mark Bradford, Philippe Parreno and Maurizio Cattelan), well-connected curators (Alexandra Munroe, Samsung Senior curator who also directs the Robert H. N. Ho Family Foundation, and Yuko Hasegawa, Chief Curator of MoCA Tokyo) and agenced foreign institutions (Fondazione Sandretto Re Rebaudengo), to name just a few.⁷⁰³

Private museums⁷⁰⁴ fill a huge gap in the provision of official artistic establishments. Since the emergence of the market in the 1980s, only a few Chinese museums have made systematic collections of modern and contemporary art. In terms of the quality of artworks displayed and shows curated, they often rival or even surpass state exhibitions, providing the audience with an experience that public institutions cannot (for an in-depth case study about one of China's leading private museums, Long Museum, please see Appendix A.4). Although no single private art museum with hundreds of thousands of visitors per year can yet compete with the state-run institutions that attract millions of people annually, as a cluster their joint impact has increased dramatically over the last five years.

While the newly emerging museums are driving the art market and reshaping the Chinese value system, they also face many challenges. For example, another private museum, Yuz Museum, that built its name with 'mega-works',⁷⁰⁵ faces an uncertain future due to the absence of a legislative mechanism to turn it into a non-profit public entity. The sustainability

⁷⁰³ http://www.rockbundartmuseum.org/en/exhibition/show_list/#2010 (accessed 12 August 2019).

⁷⁰⁴ According to the Private Museum Report 2016, there were 26 private contemporary art museums in China that came fourth after South Korea, Germany and the USA. Larry's List and AMMA (Ed.), Claire Bouchara, *Private Museum Report*. Modern Art Publishing (January 2016): 12.

⁷⁰⁵ Opened in 2014 by Budi Tek (terminally ill at the time of writing), the museum made headlines with the blockbuster shows of Giacometti and Warhol ('mega-works' as Tek called them). He also assembled over 1,500 pieces of 'the golden age of Chinese contemporary art' from 1985 to 1995, under the guidance of Wu Hung. In 2018 Tek announced an unprecedented partnership with LACMA that will take 50% ownership and management of the museum's collection (transferred to Hong Kong foundation). At the time of writing the deal has not been finalised.

and longevity of the newly established Chinese art institutions were also among the concerns for Uli Sigg who in 2012 decided to part-donate and part-sell the Sigg Collection of 1,510 works (the largest and most coherent Chinese contemporary art collection in the world) to Hong Kong's M+, rather than to a mainland institution. Similarly, the aforementioned UCCA has now been sold to a group of mainland Chinese investors; its transition into a non-profit foundation that would allow it total independence and autonomy under the governance of a council is subject to final sign-off by the Chinese government.⁷⁰⁶ Such a Western-style model, if successful, would set a precedent and become a turning point for other Chinese private art museums that operate under the purview of individual founders, dependent on their personal tastes and financial fortunes.

In addition to sustainability and financial challenges, the newly established Chinese museums also face broader management issues, lack of talent, an insufficient art education system, relatively low attendance, red tape, high import tariffs on art and a weak government subsidy system to support them. These challenges are not unique to the private museums. China's first state-owned contemporary art museum, Power Station of Art (PSA), often likened to Tate Modern, receives a modest 400,000 visitors per year, has no collection of its own, an annual budget of just RMB 20 million, no team of full-time professional curators and fewer than 10 staff to arrange exhibitions.⁷⁰⁷ PSA remains empty much of the time.⁷⁰⁸

Chinese museums are a conspicuous paradox of the country's rapid development. Made possible by a supportive political climate, the enormous increase in available money and an attention-grabbling speculative art market, these ventures conflate economic with cultural capital, benefiting their founders, often promoting their private and corporate agendas rather than addressing, much less cultivating, the local audience. Unsurprisingly, these ventures, housed in similar white cubes designed by fashionable architects, face multiple challenges including intellectual and financial sustainability. In order to quickly create prestige and a reputation for themselves, the new museums rely on more established Western brands and institutions. Such international orientation makes it difficult for them to connect with a local audience mostly unfamiliar or unconcerned with art. In addition, being attached to multipurpose urban real estate developments, often in remote corners of cities, the museums are poorly integrated in larger urban plans and are isolated from their surroundings. Although

⁷⁰⁶ Gareth Harris, 'The Model in China is Constantly Evolving: Ullens Center Director on his Plans to Turn it into a Foundation', *The Art Newspaper* (30 May 2018).

⁷⁰⁷ Sam Gaskin, 'China's Aggressive Museum Growth Brings Architectural Wonders', *CNN* (30 April 2014) <https://edition.cnn.com/2014/04/29/world/asia/china-museums/index.html> (accessed 17 August 2019).

⁷⁰⁸ Special Report on Museums, 'Mad About Museums: China is Building Thousands of New Museums, but How Will It Fill Them?', *The Economist* (14 August 2018). <https://www.economist.com/special-report/2018/08/14/mad-about-museums> (accessed 17 August 2019).

some of the newly formed museums have a growing influence on the Chinese art milieu, consumers' aesthetic tastes and art-buying behaviour, whether they can create long-lasting cultural value for visitors will depend on their ability to form stronger ties with other local art organisations and to become plugged into larger regional, national and international art networks.

Chinese Art Market Dynamic in 2018

In 2018 the global art market, that reached \$67.4 billion (+6% year on year), was dominated by the USA (44%), the UK (21%) and China (19%).⁷⁰⁹ The latter became one of the 'global entrepôts' for the art trade, where demand was not fuelled solely by national wealth, but also by the existence of the market itself.⁷¹⁰ Integration into the global economy, however, imposed external constraints on the Chinese art market, setting new rules of the 'game' and making it vulnerable to any negative change in trading conditions. Specifically, in 2018 the Chinese fine art auction turnover reached \$4.5 billion, a contraction of 12% from the previous year,⁷¹¹ caused by cautious buying due to ongoing trade hostilities between China and the USA, slow economic growth (down to 6.6%, the lowest since 1981), the country's burgeoning public and private debt at more than \$34 trillion, and a shrinking supply of high-quality works.⁷¹² Despite this, the Chinese art market has seen the largest growth of any major country over the past 10 years, growing more than 130% between 2008 and 2018.⁷¹³

Chinese Oil Paintings – Market Pursuit of Important Historic Works

The overall decline in auction turnover was uneven across different auction positions. In fact, 2018 was the best year for the Chinese Oil Painting and Contemporary Art segment since the global financial crisis, finally bouncing back after a long period of adjustment. While the segment has the smallest market share (around 7% to 15% depending on the sources), it has much growth potential in terms of value and volume, as the medium remains attractive for both weathered collectors and young new consumers more familiar with contemporary art. In fact, in the top 100 most expensive Chinese fine art auction sales, 38 works were oil

⁷⁰⁹ Clare McAndrew, 'The Art Market 2019' *Art Basel and UBS* (2019): 17.

⁷¹⁰ *Ibid.*

⁷¹¹ Out of the 176,325 lots up for auction that year, 54% were bought-in. Unlike McAndrew report, the Arprice only calculates the public sales of fine art. Arprice Market Report 2018. <https://www.artprice.com/artprice-reports/the-art-market-in-2018/building-the-chinese-art-market> (accessed 19 August 2019).

⁷¹² Among other issues that caused contraction were excess of low-quality works, problems with forgeries and ongoing payment delays and default that continue to plague the auction sales with the share of unpaid lots over \$1.5 million accounting for 37%. Clare McAndrew, 'The Art Market 2019' *Art Basel and UBS* (2019): 146-150.

⁷¹³ McAndrew calculates the size of the total art and antiques market including auction sales and dealer sales. *Ibid.*, 150.

paintings from modern and contemporary artists.⁷¹⁴ As in 2017, the 'quality-driven' market continued to distinguish the works with perceived high historical value with premium prices. For instance, Chen Yifei's seminal work, *Beauties on Promenade*, painted in 1997, became his fourth work to sell above \$10 million (with fees). Despite the artist's robust market position, solidified by previous records, the auction did not take any chances. A special 36-page publication not only cross-referenced the work with dynastical glory and Western masterpieces, but also attempted to re-evaluate Chen's position within the current international context.⁷¹⁵

The continuing popularity of realist painters was not limited to Chen Yifei. Other artists such as Ai Xuan, Wang Yidong and Yang Feiyun saw their markets boosted in 2018, although none (not even Chen Yifei) reached the market heights from previous years. Another good example was Ai Xuan's *Aspirant* (1980), the seminal work from his 'scar art' period that fetched a \$3.7 million premium (or 200% above a low estimate), the artist's highest record to date. The 'rejuvenation' of the realist segment was driven by the supply of high-quality 'important historic' works by a handful of academic artists whose position in the official canon has been unanimously consecrated by the domains of power.

Chinese Contemporary Art – Persisting Value Uncertainties

In contrast to academic realism, the position of Chinese contemporary art is plagued by uncertainties and lack of consensus. The sharpest declines were seen in the sales of formerly leading artists representing so-called Cynical Realism and Political Pop.⁷¹⁶ The

⁷¹⁴ McAndrew calculates the size of the total art and antiques market including auction sales and dealer sales. *Ibid.*, 150.

⁷¹⁵ The special publication that praised Chen Yifei for transcending classical realism 'through his theory of depicting the authenticity of history and time.' Two major selling points from the publication explored the work's nationalist sentiment and its similarities with Western masterpieces. The former drew on the work's setting in the old Shanghai of the 1930s that mixed the ambience of Tang Dynasty. According to the publication's notes: '*Beauties on Promenade* thus reaches back to the Tang's golden era of cultural history, presenting an image of 1930s Shanghai as the successor to that classical era of history, art, and culture and revealing, in our contemporary social environment, the continuity of Chinese culture.' The second selling point focused on direct and indirect references to Western artists such as Francisco Goya, Otto Dix, Edouard Manet, John Currin, Georges Seurat, Paul Signac and Antonio da Correggio. Additional legitimization to the artist was provided in a separate section of the publication titled 'Chen Yifei in an International Context' that attempted to value Chen Yifei 'from an international standpoint' by drawing parallels with Lucien Freud (whose artistic lineage was, in turn, traced back to Watteau, Chardin, Ingres, Constable and Cezanne), Gerhard Richter and Andreas Gursky. <https://www.christies.com/zmags?ZmagsPublishID=6aa7dae8> (accessed 20 August 2019).

⁷¹⁶ For instance, Fang Lijun's market contracted to mere \$1.6 million (an 18.8% decline year on year since his market peak of \$15.9 million in 2007); in 2018 only one of his works from 1992-3 (considered one of his best periods) sold above \$1 million. The list can go on: Zeng Fanzhi saw his market shrunk to \$22.9 million in 2018 (-7.3% from 2017) with an average price per work falling to \$717,298 (a 33% decline compared to 2017) and a bought-in rate of 20%. Zhang Xiaogang's market has been fluctuating under \$20 million per annum since 2012, just a third from its peak of \$57 million in 2007. Only two large 'iconic' works from Bloodline series from 1996

buyers seem to have difficulty in accepting Chinese contemporary artists' relative position within the symbolic order of the field. In an informal interview with the author one collector wondered:

*A Zeng Fanzhi once sold for \$20 million. For this amount of money, I can buy a Picasso. Now you tell me, who is Zeng Fanzhi and who is Picasso? The whole world knows Picasso. Zeng is just a local artist with a bunch of rich Chinese friends.*⁷¹⁷

Despite the persisting confusions, a partial consensus seems to have been achieved among the ruling elites with regard to what constitutes the canon of Chinese avant-garde art (as observed in the collections and exhibitions by the Long and Yuz museum founders): namely, 'museum-quality' historical works from a so-called 'golden period' (loosely defined by critics and collectors as between 1985 and 1995) by a handful of leading artists⁷¹⁸ who pioneered these movements and have been able to place themselves within larger international networks, thus gaining visibility and validation by agenced Western judgement devices. A general consensus is yet to be reached through consecration by (more objective) agenced institutions and judgement devices.

Internationalisation of Supply

Alongside the reorganisation of demand – explored earlier through the rise of young influencers and private art museums – the shift in the value creation paradigm during the late 2010s was caused by the internationalisation of supply, specifically via a rapidly evolving local auction model, an explosion of plugged-in art fairs and a threat from competitive foreign galleries.

Auctions – Complex Cultural Machines

Although the Western giants Christie's and Sotheby's continued to dominate the auction sales, China's Poly Group took the position of third-largest auction company in 2018, with public auction sales of \$654 million; while China Guardian was fifth (yielding to Philips) with sales of \$606 million.⁷¹⁹ The domestic auction houses continued to reign over the mainland, as protective barriers (such as the ban on sale of cultural relics by non-Chinese auctions) and high import tariffs prevented foreign houses capturing the domestic market potential.

fetched hammer prices of \$4.1 million and \$5.4 million (the highest hammer prices in 2018). Less important works sold in low 6-\$-digits, with over 40% of all lots offered at auction not finding buyers.

⁷¹⁷ Interview with the author, Beijing, 17 October 2016.

⁷¹⁸ Among the 'iconic works' the interviewed players mentioned Zeng Fanzhi's Mask and Hospitals series from the 1990s, Zhang Xiaogang's Bloodline series and metaphysical works from the late 1980s – early 1990s, Wang Guangyi's northern pole and 'post-classical series from the 1980s, to name just a few.

⁷¹⁹ Artprice Market Report 2018. <https://www.artprice.com/artprice-reports/the-art-market-in-2018/building-the-chinese-art-market> (accessed 19 August 2019).

Expansion into new business and geographical areas has become the urgent need for the domestic auctions, due to the fact that sales have been stagnating ever since the adjustment period of 2012. Neither Poly nor Guardian have been able to surpass the market peak levels of 2010–11, as their sales have been fluctuating between \$600 million to \$1 billion annually.⁷²⁰

In search of new growth opportunities, the local auctions have evolved into ‘complex cultural machines’,⁷²¹ becoming effective vehicles for the dissemination of shareholders’ values that act as social catalysts for cultural and commercial exchanges. For instance, China Guardian has diversified its core auction business, complementing it with an investment vehicle, an art centre, an art fair,⁷²² a publishing house⁷²³ and a hotel. Since its launch in October 2017, the Guardian Art Centre, a 1,700-square-metre hybrid auction/ exhibition/ museum/ hotel space designed by renowned German architect Ole Scheeren, has held 19 non-auction related art exhibitions that attracted 180,000 visitors.⁷²⁴ In 2017, China Guardian announced a long-term partnership with SOAS University of London and the Art Institute of Chicago to jointly develop art education courses; in 2018, Guardian Education offered four short programmes and planned to develop it further in future years.⁷²⁵

Art Fair Expansion

Among the reasons that auctions are experiencing a growth plateau is the increasing competition they face from art fairs and the primary market in particular. Several interviewed collectors, such as Zhang Rui, admitted that, although they continued to buy occasionally from auctions, they made more purchases via galleries at art fairs. Increasingly popular domestic art fairs, spreading – not unlike museums – across the entire country, continue to evolve from ‘hard faced commercial enterprises’ into judgement devices in their own right. The art fairs’ ‘sandpit effect’ plays an even more prominent role in value creation. Modelled on a Western blueprint, some of the newly emerged art fairs are agencing fast, attracting more visitors and exhibitors, including high-profile international galleries. Beijing is home to several art fairs, including China International Gallery Exhibition (CIGE, run from 2004) and

⁷²⁰ Kejia Wu, TEFAF Art Market Report: The Chinese Art Market, TEFAF (March 2019): 40; China Guardian, <http://www.cguardian.com/en/gyjd/ywfw/index.shtml> (accessed 19 August 2019).

⁷²¹ <https://thespaces.com/guardian-art-center-by-buro-ole-scheeren-in-beijing/> (accessed 20 August 2019).

⁷²² In October 2018, Guardian Fine Art Asia (GFAA), an art fair run in partnership by Fine Art Asia and Guardian in Hong Kong, celebrated its fifth anniversary. *Ibid.*

⁷²³ The company that boasts more than 100,000 clients, has significantly increased its involvement in the primary market and education. In 2016 it published 15 art books with a total circulation of 136,200. Kejia Wu, TEFAF Art Market Report: The Chinese Art Market, TEFAF (March 2019): 40; China Guardian, <http://www.cguardian.com/en/gyjd/ywfw/index.shtml> (accessed 19 August 2019).

⁷²⁴ *Ibid.*

⁷²⁵ *Ibid.*

Art Beijing (established in 2006). In 2018 the latter had 50% more visitors than the regional ‘megalith’ Art Basel Hong Kong.⁷²⁶

The capital saw another fair added to its roster, JingArt, inaugurated on 17–20 May 2018 in Beijing Fun, a new upscale landmark complex of renovated or copied old buildings just a mile away from Tiananmen Square. The fair, founded by the trio Kelly Ying, David Chau and Bao Yifeng who also runs Shanghai Art021, welcomed 32 exhibitors, many of whom have been regulars at Art021 since its first edition in 2013.⁷²⁷ Based on the observations by several dealers who recently participated in Art Beijing, JingArt and Art021, generally speaking, Beijing collectors tend to favour more ‘classical’, ‘traditional’ works of art, while Shanghai buyers are more open to modern and contemporary pieces.

According to JingArt co-founder Bao Yifeng, unlike Art Beijing that for over a decade has been targeting middle-class buyers willing spend tens of thousands of yuan on a work, JingArt wants to tap into the high-end affluent consumers who can afford to spend hundreds of thousands of yuan, or even more, on artworks; of particular interest are the young buyers who often come from a family of antique collectors, or have finance or IT background, and who are more open to contemporary and international products.⁷²⁸

Shanghai too boasts a fast-growing contemporary art scene. Every November since 2013 the city hosts two fairs in one week – Art021 (run by the aforementioned trio who co-founded JingArt) and West Bund Art and Design.⁷²⁹ David Chau – an influential figure whose highly interlinked ‘sandpit’ has a massive following⁷³⁰ – outlined his future goals for Art021: ‘I don’t want to become another Basel or Frieze, [...] I’m not trying to fit into the art system. I’m trying to do what I think is necessary for this market to succeed. The mission of Art021 is to

⁷²⁶ 120,000 (Art Beijing) vs 80,100 (Art Basel HK), with 160 vs 248 exhibitors accordingly. Clare McAndrew, ‘The Art Market 2019’ *Art Basel and UBS* (2019): 243.

⁷²⁷ Lin Qi, ‘Jingart Adds New Dimensions’ *China Daily* (22 May 2018). http://www.chinadaily.com.cn/a/201805/22/WS5b0370f9a3103f6866ee9c63_2.html (accessed 21 August 2019).

⁷²⁸ Lin Qi, ‘Jingart Adds New Dimensions’ *China Daily* (May 22, 2018). http://www.chinadaily.com.cn/a/201805/22/WS5b0370f9a3103f6866ee9c63_2.html (accessed 21 August 2019).

⁷²⁹ The first Art021 started with just 29 exhibitors and 15,000 visitors. In 2018 the number of exhibitors increased to 103, while visitor numbers exploded to 70,000 (255% and 367% since 2013 accordingly). Clare McAndrew, ‘The Art Market 2019’ *Art Basel and UBS* (2019): 243–5.

⁷³⁰ A close friend with the said M Woods founders, Chau was a financial backer behind Antenna Space, run by Simon Wang, and Projects, formerly run by Leo Xu, now the director at David Zwirner Hong Kong (who, as mentioned earlier, was one of the first few mega-galleries participated in the first edition of Chau’s Jing Art in 2018). Chau’s Cc Foundation that organizes various shows in China and overseas, also produces multiple content using videos and podcasts. Chau wants ‘to make CC Foundation the brand for promoting art.’ Distribution and popularization of art via social media is one of the foundation’s underlying strategies. It presently has over 1 million followers on WeChat and WeiBo.

cultivate new [local] collectors.⁷³¹ In 2018 Art021 inaugurated a new curatorial section.⁷³² As with their 'sister' art fairs in Beijing, the Shanghai ventures closely follow the Western art fair model. Still at relatively early stages of their development, these fairs are neither disruptive nor innovative. Their importance lies in the fact that they facilitate connections among multiple circuits across local, regional, national and international levels.

The second fair, West Bund Art and Design, is endorsed by the Shanghai municipal government. Its sixth edition featured an impressive roster of 115 exhibitors from 43 different cities. Although numerous galleries including powerhouses like David Zwirner, Hauser & Wirth, Gagosian and Emmanuel Perrotin chose to exhibit at both venues, the fairs have different objectives and dynamics. By setting a rule that over 50% of the exhibitors would be Asian galleries, Art021 aimed to develop into a strong regional brand. Located in the city centre it is more accessible, features more 'cutting-edge' low-priced⁷³³ artworks and attracts younger fashion-oriented consumers. Meanwhile, the state-run West Bund Art and Design art fair, part of the larger cultural district of West Bund that also hosts the West Bund Art Museum, claims to attract the most prestigious exhibitors from both China and abroad as their 'preferred choice for showing in Asia' and boasts to 'always adhere to the highest standards'.⁷³⁴ In 2018 it too reported brisk sales with prices ranging from \$300,000 to \$2 million for such branded artists as Yayoi Kusama, Gerhard Richter, Georg Baselitz and Antony Gormley.

No longer a place purely for financial transactions, the ageing domestic art fairs expanded their curatorial platforms where symbolic, cultural and social values were also enacted and exchanged. Plugged into an extensive local and international network of galleries, collectors,

⁷³¹ Eileen Kinsella, 'Despite China's Wavering Economy, Western Dealers Find Plenty of Encouragement at Shanghai's Art Fairs' *ArtNet News* (9 November 2018). <https://news.artnet.com/market/shanghai-art-fairs-art021-west-bund-1391851> (accessed 22 August 2019).

⁷³² The section titled 'Detour: Lived Worlds' invited discourse from regions beyond the 'Euro-American fabricated geographic networks and canonised narratives' and aimed to highlight the 'lived experiences of those who reside there', moving beyond 'the exhausted paradigms of trade and exchange' that have come to shape people's understanding of the Pacific Rim region. Megan Miller, 'Dream, Detour, Expand: Art021 and West Bund Shanghai Art Fairs – Round-up', *Art Radar Journal* (14 November 2018). <http://artradarjournal.com/2018/11/14/dream-detour-expand-art021-and-west-bund-shanghai-art-fairs-round-up/> (accessed 22 August 2019).

⁷³³ To give an idea about the price levels, in 2018 the sold works ranged between \$20,000 to \$400,000. Hauser & Wirth reported a sale of Zhang Enli's *The Garden* (2017) for \$385,000 to a Chinese museum, as well as four works by Matthew Day Jackson (the highest priced at \$325,000) to a private Chinese collector; Zwirner's sales included works by Oscar Murillo (\$300,000), Carol Bove (\$220,000), Wolfgang Tillman (\$95,000), Lucas Arruda (\$55,000) and Raymond Pettibon (\$20,000); while the first-time exhibitor Paul Kasmin sold a playful blue Mark Ryden's portrait *Salvator Mundi*, flanked by security guards in dark suits at the front of the booth, for around \$350,000.

⁷³⁴ <http://artradarjournal.com/2018/11/14/dream-detour-expand-art021-and-west-bund-shanghai-art-fairs-round-up/> (accessed 21 August 2019).

patrons, curators, auctions, museums and other art organisations, the fairs, especially the branded ones with a robust social media presence, served as aggregators that created tremendous efficiencies for their paying clients in transmitting their values to expanding audiences. As seen from the sales results during the recent editions of Art021 and West Bund Art and Design, a repeated presence at the mainstream fairs provided artists with exposure that boosted their prestige and reputation, strengthened domestic and international demand for their art, and consolidated their prices, becoming an essential part of value creation.

Competition from Foreign Galleries – Threat to the Local Ecosystem

The growing number of visitors and sales at increasingly popular contemporary art fairs bring to the fore the important role played by a handful of branded foreign galleries on the shifting value creation paradigm in the Chinese art market. Over the last decade no fewer than two dozen international galleries⁷³⁵ have opened outposts in Hong Kong, while some have also ventured into the mainland. The entrance of the international powerhouses with large financial and academic resources at such breakneck speed promises rich opportunities and expertise to local collectors, but also poses a serious threat to less established local businesses, potentially asserting too much control and influence over the still maturing Chinese art ecosystem, dividing the field while causing internal imbalances and paradoxes.

Some players, like David Chau whose two art fairs profit from the increasing participation of international galleries in the market, sees it as a positive sign:

We helped Western galleries to understand what the Chinese market is about. They shouldn't treat the Chinese market as other markets. We tell them what to bring to attract new collectors. [...] Patience is most crucial. [Physical] presence makes people trust you more, recognise you more. [...] As with the luxury brands, the sooner they come, the sooner they'll be remembered. Zwirner has been around for the last decade. It's a brand. People start to trust you more. [...] These galleries have great resources. Some are very smart. There are many private and public museums opening up in China every year. And some of these galleries are smart to work with them a lot. They sell the artists and their art pieces to these museums and to

⁷³⁵ To mention only the key Western players: Pace, Ben Brown, Gagosian, Simon Lee, David Zwirner, White Cube, Lehmann Maupin, Lévy Gorvy, Massimo De Carlo, Perrotin, Axel Vervoordt, Almine Rech, Lisson and Hauser & Wirth. Western museums have joined in too. The Victoria and Albert Museum entered into an unprecedented partnership with China Merchants Shekou to open the Design Society in Shenzhen in 2017. After a decade of negotiations, the Centre Pompidou is set to open its first Chinese branch in 2019 at the David Chipperfield-designed West Bund Art Museum (neighbouring the Long and the Yuz).

these private collectors right now, who have major influence over the market and over other collectors.⁷³⁶

Other local players, such as Qiao Zhibing, collector and founder of the private museum TANK Shanghai, raised concerns about the sustainability of small local galleries facing international competition, and the health of the domestic art ecosystem in the long run:

I feel that it is very difficult for Chinese galleries to survive. Now they are in a more difficult situation than in 2008. The reason is that the international [galleries] have entered the market. Many collectors are collecting Western art. Unlike the past, there was a transitional period: at first, [Chinese collectors] bought Chinese art for a few years and then began to buy international works. Now when the new collectors enter the market, they immediately start to buy Western art.⁷³⁷

Constraints imposed by the global art market on the national art field may have far-reaching negative consequences as they disrupt the earliest stages of the 'conventional' art value creation cycle that involves peer-to-peer validation, followed by legitimation by local critics and patrons within supportive domestic circuits. One could further argue that the values of the artists who take up higher positions in the symbolic order, and the value hierarchy of the field through 'artificial' validation by an international gallery, may not be sustainable in the long term.

Dr Pi Li⁷³⁸ discussed at length his concerns about the negative effects of globalisation on the Chinese art market. Specifically, he described the case when Pace entered China in 2008 and *'just took any artist they wanted'* (e.g. Liu Wei, Qiu Xiofei, Wang Guangle, Li Song Song). *'Lacking loyalty'* towards the Chinese market, however, branded Western galleries just *'used those artists as hammer to open the door of the Chinese market [sic]'*⁷³⁹ and to gain access to Chinese collectors, damaging the local galleries' business and *'healthy'* career development of the local artists.

Echoing Kabakov who lamented the disappearance of close artist circuits that 'nourished' artists in the early stages of their careers, Dr Pi Li, too, emphasised the long-term detrimental effects on the local art ecosystem:

I am just worried about the Chinese artists in the generation of the first decade of the 2000s, they don't have a history. We are now facing a

⁷³⁶ ArtTactic Podcast interview, 'Art021's David Chau on the Chinese Contemporary Art Market', ArtTactic (8 February 2019). <https://arttactic.com/podcast/david-chau-art021/> (accessed 24 August 2019).

⁷³⁷ Kejia Wu, TEFAF Art Market Report: The Chinese Art Market, TEFAF (March 2019): 44.

⁷³⁸ Previously assistant at the Courtyard Gallery under Karen Smith, lecturer at the CAFA in Beijing, co-founder of the Boers-Li Gallery and now the Sigg Senior Curator at M+ Hong Kong.

⁷³⁹ Interview with the author, Hong Kong, 16 May 2016.

generation of artists who only become famous in the commercial galleries. In my generation, even if they [gallery] had [commercially successful] artists, they created great work, the critics knew them, they were invited for the curatorial shows, biennales. After that the commercial gallery took them in. So, these artists would [continue to advance] to bigger, better commercial gallery. But now the commercial gallery just grabs the young artists. These artists have [not yet passed] any serious cultural judgement. They have not [established] serious creative practice. They have been just handed over, passed from one gallery to another. I'm worried about it, 20 years from now, this generation, the artists who entered the market in the first decade of the twentieth century, they don't have anything that will remain.

I think it is not just China's problem. It is a globalisation problem that extremely hurts nations like Russia, China, India and Latin America. On the one hand, these developing countries must fight the whole globalisation, on the other hand, they still want to be part of its global sales network. That's what makes me so depressed. [sic]⁷⁴⁰

The increasing influence of agenced international galleries promoting their own stable of branded artists and propagating their commercial, symbolic and cultural values to the local audiences creates a 'crevice' in the maturing Chinese art field. 'International' (whether referring to the artist's exhibitions or biennales, to museums that showed them, or to collections their works were part of) has become a new criterion for achieving legitimisation and validation of artistic practice at home.

This time, the second wave of 'passion for the West'⁷⁴¹ is observed not only among the artists but also among the art consumers, such as major private museum owners, art fair founders and young influencers. It creates a paradox. On the one hand, recognition abroad by prestigious international institutions and representation by branded foreign galleries helps to legitimise Chinese contemporary art at home and increase its position in the value hierarchy. On the other, such international validation poses a risk of art being labelled as overly 'commercial' which could potentially undermine its value in the long term and jeopardise its position in the symbolic order of the field.

Conclusions

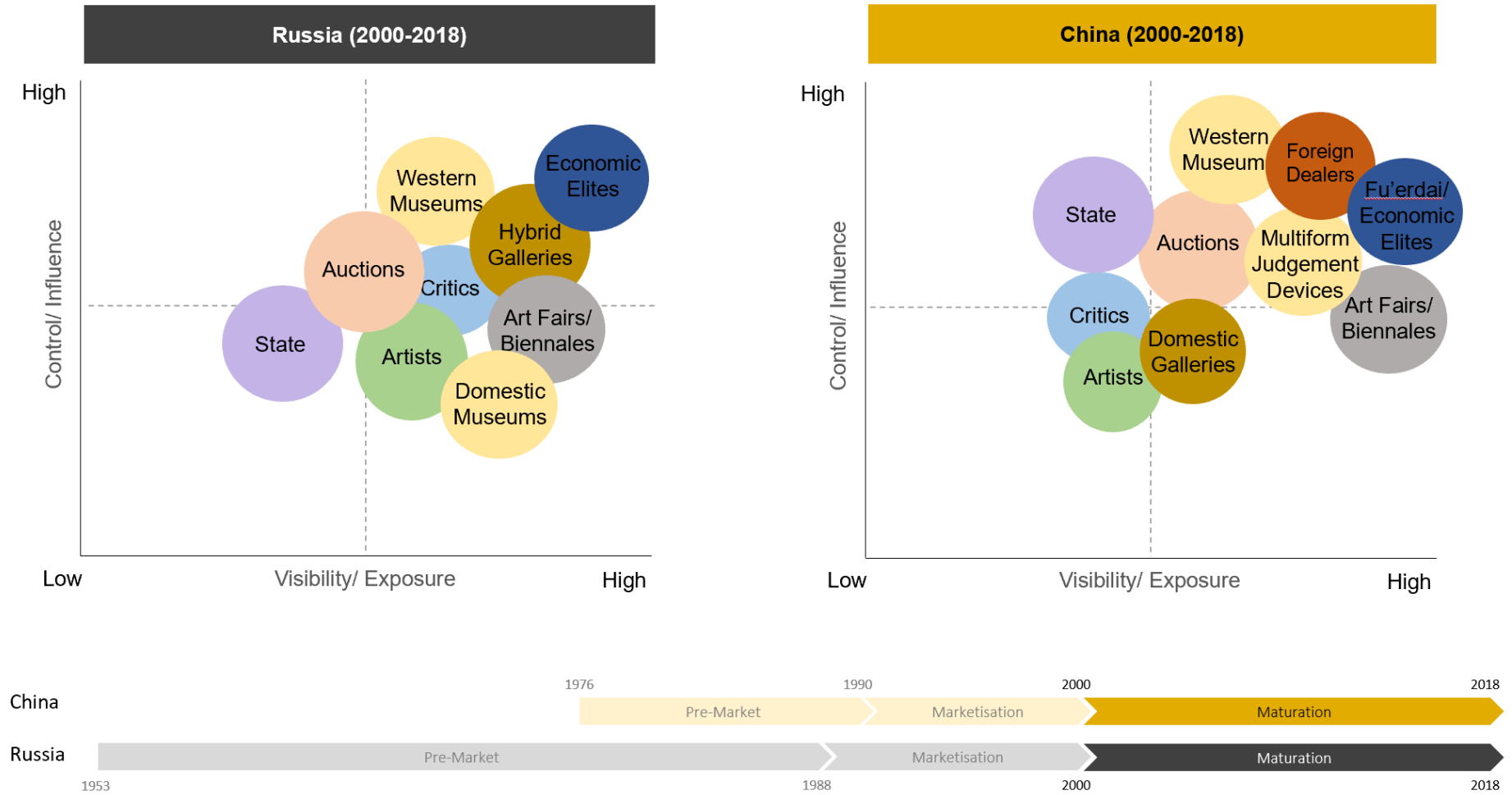
In the 2000s, the liberalisation of the Russian and Chinese art fields from state control continued. As the market freed them, it also circumscribed their relative autonomy, especially of the sub-fields 'outside' the 'official' system. The influx of economic capital imposed its own constraints and new sets of rules that led to the redistribution of capital among the positions of relation in the fields and caused major shifts in the value creation

⁷⁴⁰ Interview with the author, Hong Kong, 16 May 2016.

⁷⁴¹ Referring to the term used by the 'godfather' of the Chinese avant-garde, the critic Li Xianting.

paradigm. Figure 3.8 schematically maps various groups of players in the Russian and Chinese fields according to the amount of control/ influence and visibility/exposure allocated to their respective positions. In comparison with the earlier stages (Figures 1.2 and 2.5), the graphic representation of value creation during the maturation stage (Figure 3.8) highlights three distinct characteristics – both fields have gained complexity with the number of players increased significantly; the shift in the structure of the fields is ongoing with the players with large amount of economic capital taking over positions with higher degree of control and visibility; both fields retain their idiosyncrasies due to the different structure of the positions and volume of capital allocated to those positions.

Figure 3.8. Russia-China Value Creation – Maturation



To specify, during the market boom years of 2006–08, the agenced international auction houses brought Russian and Chinese art into the purview of the economic elites who expanded the art value scale to an unprecedented \$7-digit-level. The new values were soon tested during the financial crisis, when both Russian and Chinese artists saw their markets shrink dramatically. The much stronger position of the Chinese art market was evident in the post-recession years as it bounced back relatively quickly, thanks to a diverse demand coming from a large base of buyers. The artists plugged into the international networks were able to recover their art values, while those with insufficient social capital lost their positions in the art hierarchy.

Between 2012 and 2015, the Russian and Chinese value systems were shaped in the contexts of political uncertainties and economic slowdown. Russia's weak domestic art infrastructure, limited international visibility and absence of financial resources enabled the emergence of unique local hybrids that acted as judgement devices in a field still governed by two conflicting logics and lacking a uniform approach towards the validation and consecration of art. The effects of these shortcomings in the field were felt across all levels of the local art hierarchy, and meant that young artists in particular had difficulty in gaining visibility and creating lasting symbolic and economic values for their art.

In parallel, the Chinese art hierarchy underwent value correction and polarisation across various price positions. The demand from the world's ultra-rich focused on a tiny group of branded artists. Older artists, especially in the mid-end segment, lost their leading positions to the emerging artists who became a popular trading category. The 'reshuffling' of artists from one position to another was not unique to the Chinese field. The agenced Russian artists too struggled to maintain their positions while seeing the values of their art diminishing. Such shifts during the market downturns could be explained by the constantly changing preferences of the economic elites, as well as by the absence of homology between the artist's position in the value hierarchy and their corresponding position in the symbolic order, whereby the artist's lack of social capital prevents the transformation of one form of capital into another.

The role of economic elites that monopolised control over the selection, validation and legitimation of Russian and Chinese art comes to the fore during 2016–18 when both markets saw a recovery. The relative positions of contemporary art continued to improve, both in Russia and in China. The Pompidou donation, that created soft power for the donors, also increased the confidence of the Russian agents who hoped it would help to integrate Russian art into the global art-historical narratives. In China, the contemporary art market was boosted by the emergence of the new group of buyers, fu'er dai, characterised by

international orientation, digital mindset and vast social media following, who evolved into judgement devices within their highly interconnected 'sandpits' that collectively define and redefine the Chinese value system and are well positioned to bring about subversion in the field.

Similarly, 'official' art witnessed 'rejuvenation' and reconfirmation of its relatively high position in the Russian and Chinese art fields. In both countries, buyers were willing to pay premium prices for the 'important historic' works by a handful of academic artists whose position in the 'official' canon has been unanimously consecrated by the domains of power. In both countries, the ruling elite continues to support 'official' (academic) Realist art because of its homologous (dominant) position in the field.

Finally, both countries produced 'multiform judgement devices' that suited their unique market conditions. In Russia, these hybrids such as gallery-foundation, auction-fair-gallery, foundation-publisher-prize – often personal projects of well-connected wealthy individuals – combine commercial and non-commercial activities to compensate for the deficiencies of the current infrastructure. In China, such entities as shopping malls-cum-art centres, museum-real estate complexes and auction-exhibition-hotel-education centres, emerged in search of new growth opportunities and expansion by large corporations and gradually evolved into effective vehicles for the dissemination of shareholders' values. In addition, both fields have adopted the Western art fair model; plugged into extensive local and international circuits of galleries, collectors, curators, critics, auctions and museums, the art fair has become an increasingly important value creation 'playground' of the elites where economic, symbolic, cultural and social values are efficiently enacted, exchanged and transmitted to unprecedented audiences.

**Relational Analysis: Reconstruction of the Russian and Chinese Art Fields
1986–2018**

Introduction

Up to this point, the investigation of the value creation of Russian and Chinese art has focused on the case studies of individual artworks and agents, as well as relationships between positions in the fields. This analysis, auxiliary to the previous chapters, focuses entirely on capital in its economic, cultural/symbolic,⁷⁴² and social forms. The volume and structure of capital determine the structure of hierarchical relationships in the field. Understanding how and why these three forms of capital have been accumulated and distributed across artist positions enables the extraction of the deeper organising principles that govern art value creation.

The analysis proceeds in six steps. In the first step, it is explained how the relational database is built around the core sample of 184 Russian and Chinese artists. Details are given of the methodology behind the two major datasets derived from Artprice and Artfacts, and how the relational indicators pertinent to economic, symbolic and social capital are aggregated and synthesised.

In the following steps, the analysis maps out the patterns of relations and visualises the structure of the Russian and Chinese art fields diachronically, from the first auction record in 1986 until 2018. Specifically, in the second step the analysis shows uneven accumulation and distribution of economic capital among the positions of the sample during the boom-and-bust cycles. 'Market visibility indicator', 'indicators of volume and structure of economic capital', and 'international market exposure' help to explain how and why the Chinese sample managed to attract significantly more economic capital in comparison with its Russian counterpart.

In the third step, the analysis continues with the examination of symbolic capital through such relational indicators as 'exhibition exposure' and 'prestige and reputation' based on the sample's exhibition activity and artist points. It reveals several asymmetries in accumulation and distribution of symbolic capital across Russian vis-à-vis Chinese positions.

The fourth step of the analysis is dedicated to the investigation of the conversion of one capital into another using the 'money memory model' and the 'lock-in effect'. It explores the correlation between economic and symbolic capital and how it affects the artist's relative position in the field in the mid- and long-term. The examination of capital conversion continues in the light of the results produced by the multiple correspondence analysis

⁷⁴² The analysis does not differentiate between cultural and symbolic forms of capital, treating them as one. The assumption is that both forms have many interchangeable, interdependent and overlapping characteristics, which, as far as cultural goods go, are difficult to separate and almost impossible to quantify.

technique that maps out the sample artists in relation to each other within their respective fields. An in-depth investigation of the efficacy of social capital is conducted through the reconstruction of the respective 'sandpits' by Kabakov and Zeng Fanzhi, as they develop over the course of their careers. The disparity in social capital between the Russian and Chinese samples is further examined through the 'social score' indicator and the 'sandpit effect'.

In the fifth step, the values of Russian and Chinese art are analysed from an investment perspective. Several historical examples demonstrate returns on investment in both Russian and Chinese art. Russian and Chinese 'capital index', aggregated from three indicators pertinent to economic, symbolic and social capital, offers an integral view on the value creation of art over the last three decades.

In the sixth and final step, the analysis concludes with an outlook on the values of Russian and Chinese art to 2025. It argues that the vector of value creation depends on capital allocation to the position of art on individual, local, regional and global levels.

1. Methodology

The author's idea of data analysis was met with scepticism by several art market participants. Regarding the Russian art market data, Tatiana Markina, Deputy Editor-in-Chief and art market columnist at *The Art Newspaper Russia*, expressed an honest opinion:

Any charts about the Russian art market are pure trickery, because we all understand, we literally deal with [statistics based on] bi-annual seasonal sales in London and miniature sales in Moscow. What trend can we see from one line drawn from one point to another? How can we make sense of anything that is six months apart and there is nothing in between? In terms of art value, all those figures are a description of emptiness.⁷⁴³

A similar warning was received by the author from several Chinese experts who unanimously agreed that the Chinese art market statistics are unreliable, due to a persistently high nonpayment rate, price rigging and discrepancies in methodology by various data providers. What further complicates any attempts to analyse both markets is the sheer difference in value and volume. Putting on one scale Russia's tiny \$12 million⁷⁴⁴ and, on another, China's \$1.5 billion⁷⁴⁵ in turnover is not unlike constructing a straw hut next to a

⁷⁴³ Interview with the author, Moscow, 3 March 2015.

⁷⁴⁴ Based on InArt's annual auction sales estimated at around €10 million. Ksenia Podoinitsyna, ed. 'Analytical Report of the Russian Contemporary Art Market 2018', *InArt*, 2018 (accessed 28 November 2019).

⁷⁴⁵ Based on auction sales of Chinese Oil Painting and Contemporary Art in 2018. Artprice Market Report 2018 <https://www.artprice.com/artprice-reports/the-art-market-in-2018/building-the-chinese-art-market> (accessed 19 August 2019).

concrete skyscraper. In fact, one record painting by Zeng Fanzhi sold in 2013 for \$23 million is worth more than Russia's entire contemporary art market revenue in any given year.

To address the data's flaws, gaps, asymmetries and limitations, the author had to make several pragmatic choices. First and foremost, the relational database was built around the core sample (here and after referred to as the 'sample') of 92 Russian and 92 Chinese artists (see Appendices A.5–6). Each artist must have a sufficient auction record with a minimum of 20 lots with at least half of them sold. Only oil paintings have been considered, ignoring any sales of works in other mediums. In addition, the artist must have a valid profile and an exhibition history recorded and verifiable on Artfacts.⁷⁴⁶ These criteria narrowed down an already small pool of 'eligible' Russian artists to 92 candidates, which, in turn, determined the sample size of Chinese artists.

To underscore, the key objective of the analysis is not to compare the Russian and Chinese art markets per se (save an occasional comparison that highlights their idiosyncrasies and similarities), but rather to investigate how different forms of capital have been accumulated, distributed and converted over time across artist positions in the examined fields. This objective made it necessary to keep the sample size for Russian and Chinese artists equal and symmetrical, taking into account the artist's visibility and their relative position in the art field. For example, among the selected artists from the Russian and Chinese art fields are those who have occupied historically important roles within their respective 'official'/'unofficial' circuits, exerted a certain influence on their peers and remain relevant for today's collectors (through continuous inclusion in auction sales). To name a few artists, the first generation of Socialist Realism painters such as Alexander Deineka and Yuri Pimenov are included in the sample because of their influence on the younger Soviet realist painters and because their artworks continue to command premium prices on the secondary market.⁷⁴⁷ With no claim to completeness or comprehensiveness, the sample features representatives of the important groups, movements and circuits, such as the Sixtiers (I. Kabakov, O. Rabin, M. Schwarzmann, M. Roginsky, V. Yankilevsky, Z. Zverev), *sots-art* (Komar & Melamid, A. Kosolapov, L. Sokov), political pop and cynical realism (Yue Minjun, Fang Lijun, Wang Guangyi, Yu Youhan, Li Shan), the younger generation active through the 90s (K. Zvezdochotov, Dubossarsky & Vinogradov, A. Salakhova) and during the 2000s (Liu Wei (b.1972), Wang Guangle, Jia Aili, Chen Ke), as well as the 'official' painters (D. Nabaldjan, G. Nisski, N. Andronov, S. Gerasimov, Chen Yifei, Jin Shangyi, Luo Zhongli and Ai Xuan). The artist selection is also cross-checked against various artist rankings (e.g. Artprice Top

⁷⁴⁶ The world's largest database on the artist exhibition activity that collects data about 705,367 artists, 874,218 exhibitions, 23,162 galleries and 7,567 museums. <https://artfacts.net/> (accessed 17 December 2020).

⁷⁴⁷ *Deineka's Heroes of the First Five-Year Plan* fetched \$3.8 million with fees at MacDougall's in 2017.

500, Artfacts, InArt, Artinvestment.ru, 40 under 40s), auction sale catalogues and milestone exhibitions, and includes the recommendations received from the primary interviews.

Following the creation of the sample, a unique relational database was built, comprised of 14 interlinked and interdependent tables with over 15 million data points (see Appendix A.7). Through a sophisticated system of filters and cross-references, the data was aggregated and synthesised into relational indicators that enable the examination of various forms of capital from new angles.

In total, the relational database consists of two major datasets derived from two of the artworld's largest online aggregators – Artprice⁷⁴⁸ and Artfacts. The first dataset, derived from the Artprice data, is based on information about the auction sales of 21,968 lots by 184 Russian and Chinese artists that span the period from 1986 to 2018. Specifically, the dataset consists of hammer price, low and high estimate, artwork's title, size, auction date, name and location. In the analysis, the relational indicators, such as accumulated auction sales (also referred to as 'revenue' or 'turnover') help the accumulation and distribution of economic capital in the Russian and Chinese art fields to be examined diachronically.

The second dataset, derived from Artfacts, is based on the artist exhibition history. It enables the synthesis of relational indicators of symbolic and social capital. In total, there are 9,812 unique exhibition events; the earliest exhibition for the sample dates back to 1928. Because the artists often participated in the same exhibitions (during group shows, for example), the number of artist exhibition participations, rather than the number of unique exhibitions is counted. For example, in 1999 a total of 10 artists from the sample participated in 1 exhibition at the Venice Biennale. Therefore, a total of 10 exhibition participations (referred to as 'artist exhibition activity' or simply 'number of artist exhibitions') is counted. The data collected from Artfacts consist of the exhibition title, date, location, institution by type and by organiser, other participating artists (for group shows), dealer directory and museum collection. Additional data on individual artist score, artist ranking, artist points and individual exhibition points custom-tailored for the unique sample of 184 Russian and Chinese artists have been further acquired from Artfacts and fed directly into the database.

To clarify, according to the Artfact methodology, as also explained by Professor Larissa Buchholz, the exhibition points are calculated on a multidimensional base following the logic of a weighted index for visibility and reputation that considers such variables as the number of artists participating in the exhibition, the type of institution, geographic location, the

⁷⁴⁸ The world's leading art market information provider that covers over 13 million auction prices from around 6,300 auction houses around the world for over 700,000 artists. <https://www.artprice.com/> (accessed 18 December 2020).

relative position of other artists that participated in the exhibition, and the degree of globality of an artist's exhibition activities. These variables are used to create the foundation layer of the weighted sum of an artist's annual exhibition points. They, in turn, yield an artist's yearly rank. Unlike the *Kunstkompass* or other surveys that rely on the subjective judgements of artist success by art professionals, Artfacts deliberately excludes information on sales at art fairs or auctions. Instead of success in the market, the ranking aims to capture above all the 'curator's point of view'.⁷⁴⁹ Its algorithms, deployed across all exhibitions and years consistently, qualify the relative position of artists by the status of other artists, exhibitions, and cities with which they became associated. Thus, the ranking and points system offer a fitting source that comes close to the idea of symbolic capital, since Artfacts seeks to represent the evaluation of events without straightforward commercial orientations, while following a methodology that is in line with Bourdieu's field theory.⁷⁵⁰

The choice of the datasets led to the obvious limitations. Although the auction sales present a significant share of the market, they do not factor in transactions from the primary market (e.g. gallery sales). Similarly, there is an inherent problem with data collection about the artist exhibition history. The more prominent (central) the artist's position, the more reconciliation is in the data between Artfacts and the 'local' databases.⁷⁵¹ The shortcomings of the data sources notwithstanding, by transforming imperfect and ambiguous 'input' datasets into coherent and systematic visual 'output', the analysis looks for specific vectors and helps to give objective form to otherwise invisible patterns of value creation in the Russian and Chinese art fields over the last three decades.

⁷⁴⁹ The methodology was kindly explained to the author in numerous conversations and correspondence by the Artfacts team who also referred the author to the article by Prof. Larissa Buchholz in *Poetics* that illuminated additional aspects of the Artfacts ranking and scoring system. Buchholz, Larissa, 'Rethinking the Center-Periphery Model: Dimensions and Temporalities of Macro-Structure in a Global Field of Cultural Production', *Poetics: Journal of Research on Culture, the Media and the Arts* 71 (December): 18–32.

⁷⁵⁰ Credit should also be given to the idea of the attention economy developed by Georg Franck. Ibid.

⁷⁵¹ For example, ArtlinkArt counts 44 exhibitions for Luo Zhongli, while Artfacts only recorded 16 exhibitions. For Zeng Fanzhi, however, the gap is much smaller (127 vs 124 respectively). When asked about the discrepancies, Artfacts named different verification procedures and limited resources among the main reasons.

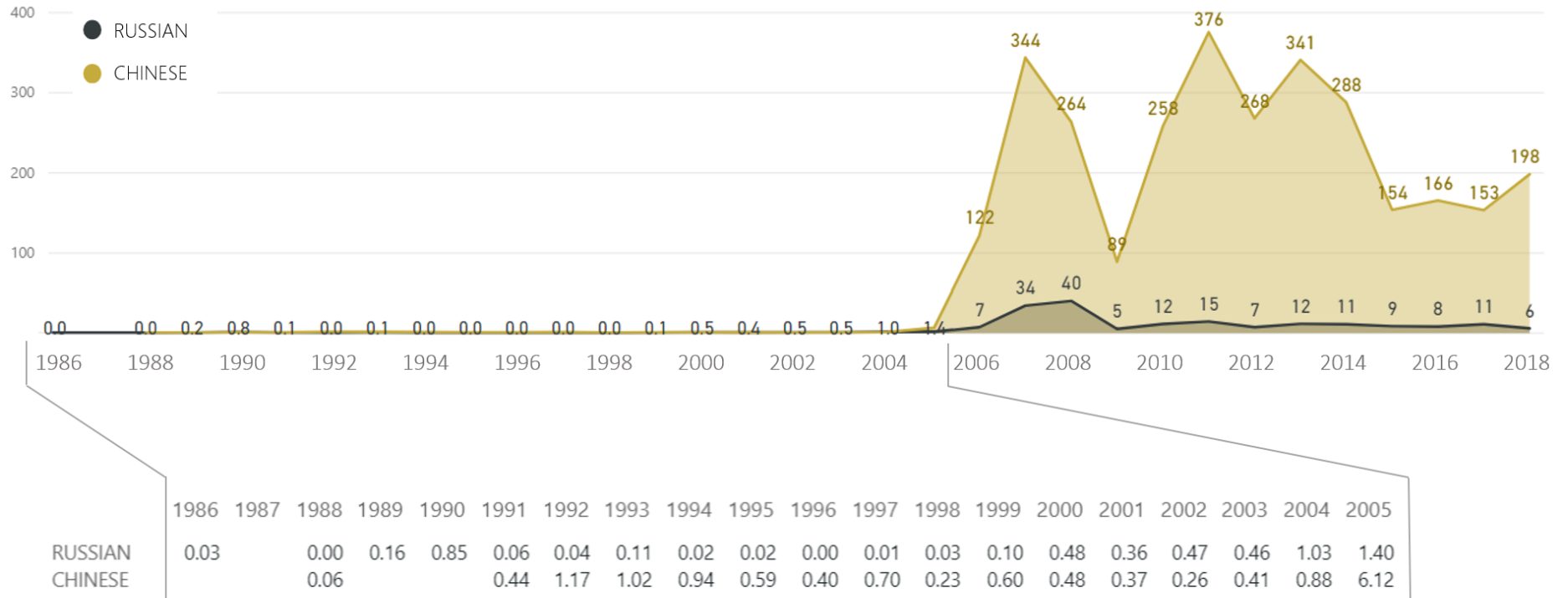
2. Economic Capital

Over the last three decades, significant amounts of economic capital have flown into the Russian and Chinese art fields, increasing their dependence on the economic field and making them sensitive to macro-economic expansion and contraction. This is evident in the highly uneven accumulation and distribution of economic capital among positions of the sample during the boom-and-bust cycles.

Development of the Art Value Hierarchies

According to Figure 4.1, from 1986 until 2005 the auction turnover by the sample artists was insignificant, reflecting the relatively low position of Russian and Chinese art in the international art field. Nevertheless, these early values are useful for understanding the development of the art value hierarchies formed by the positions in their respective fields.

Figure 4.1. Cumulative Turnover Development by Value (in \$ M)



Values are in \$ M

The commercial values of the oil paintings by the majority of the sample artists were still in the low \$5-digits. A handful of painters were already traded in hundreds of thousands of US dollars (Figure 4.2). Although the ‘unofficial’⁷⁵² artists dominated the sales in the top 10 segment (Bruskin, Kabakov, Yue Minjun, Cai Guoqiang), the ‘official’ artists (Deineka, Tsereteli, Chen Yifei) continued to hold their relatively high positions in their respective value hierarchies. Almost all top hammer prices for the Russian and Chinese sample were generated outside of the domestic markets by Sotheby’s and Christie’s, indicating high dependence of the emerging fields on foreign capital (Figure 4.2).

Figure 4.2. Top 10 Selling Artists (1986–2005)

	Artist	Top Hammer Price (in \$)	Auction House	Country
1	Bruskin	380,000	Christie's	United States
2	Deineka	163,035	Sotheby's	United Kingdom
3	Kabakov	143,256	Habsburg-Feldman	United States
4	Tyshler	119,182	Sotheby's	United Kingdom
5	Tsereteli	103,488	Sotheby's	United Kingdom
6	Labas	90,698	Stockholms Auktionsverk	Sweden
7	Chuiikov	83,900	Habsburg-Feldman	United States
8	Komar & Melamid	70,000	Sotheby's	United States
9	Plavinsky	68,992	Sotheby's	United Kingdom
10	Yablonskaya	65,542	Sotheby's	United Kingdom

RUSSIAN

	Artist	Top Hammer Price (in \$)	Auction House	Country
1	Yue Minjun	554,700	Christie's	Hong Kong
2	Cai Guoqiang	488,300	Christie's	Hong Kong
3	Chen Yifei	452,550	Christie's	Hong Kong
4	Yan Peiming	258,000	Christie's	Hong Kong
5	Wang Guangyi	179,100	Ravenel International Art Group	Taiwan
6	Zhang Xiaogang	161,250	Sotheby's	Hong Kong
7	Liu Xiaodong	154,800	Christie's	Hong Kong
8	Fang Lijun	154,800	Sotheby's	Hong Kong
9	Zeng Fanzhi	122,075	Christie's	Hong Kong
10	Yang Shaobin	103,200	Christie's	Hong Kong

CHINESE

⁷⁵² Here and after ‘unofficial’ also refers to the Chinese artists working outside of the official system (‘tizhiwai’).

The situation changed towards the mid-2000s with the emergence of newly wealthy domestic buyers keen to exchange some of their vast economic capital for cultural (and social) capital by acquiring national art. The influx of new capital is reflected in the sharp increase in the art sales revenue by the sample (CAGR⁷⁵³ 2005–2007: +650% for the Chinese and +396% for the Russian turnover accordingly, Figure 4.1).

It is also reflected in the expansion of the value scale of the Russian and Chinese art to the next \$7-digit level. As shown in Figure 4.3, prior to the market contraction in 2009, the economic values of the most expensive Russian artists (Kabakov, Bulatov) were comparable with the prices of their Chinese counterparts in the high-end segment.⁷⁵⁴ However, in terms of volume, the Chinese artists attracted far more capital. This time, it originated from the domestic field (Figure 4.3).

Figure 4.3. Top 10 Selling Artists (2006–2008)

	Artist	Top Hammer Price (in \$)	Auction House	Country
1	Kabakov	5,168,800	Phillips De Pury	United Kingdom
2	Bulatov	1,888,600	Phillips De Pury	United Kingdom
3	Krasnopevtsev	842,445	Sotheby's	United Kingdom
4	Vasiliev	803,480	Sotheby's	United Kingdom
5	Deineka	662,760	Sovcom	Russian Federation
6	Faibisovich	528,242	Phillips De Pury	United Kingdom
7	Sitnikov	507,962	Macdougall Arts	United Kingdom
8	Tselkov	330,752	Macdougall Arts	United Kingdom
9	Schwartzmann	312,368	Sotheby's	United Kingdom
10	Veisberg	302,607	Sotheby's	United Kingdom

RUSSIAN

⁷⁵³ Compound Annual Growth Rate (CAGR).

⁷⁵⁴ In the absence of a clear definition of art market segmentation, the analysis sets the price range for the high-end segment from \$500,000 and above.

	Artist	Top Hammer Price (in \$)	Auction House	Country
1	Zeng Fanzhi	8,589,400	Christie's	Hong Kong
2	Liu Xiaodong	7,287,900	China Guardian Auctions	China
3	Yue Minjun	6,153,600	Christie's	Hong Kong
4	Zhang Xiaogang	5,425,541	Sotheby's	Hong Kong
5	Chen Yifei	4,694,400	China Guardian Auctions	China
6	Wang Guangyi	3,657,060	Phillips De Pury	United Kingdom
7	Fang Lijun	3,600,000	Sotheby's	United States
8	Wang Huaiqing	3,572,500	China Guardian Auctions	China
9	Cheng Conglin	2,753,150	China Guardian Auctions	China
10	Shi Chong	1,965,000	Poly International Auction	China

CHINESE

In the aftermath of the financial crisis, the disparity in the accumulation of economic capital by Russian and Chinese artists widened considerably. In 2009 the sample's turnover collapsed significantly compared with the previous year (87% by the Russians and 66% by the Chinese) (Figure 4.1). In the following years, the position of the Russian artists weakened even further due to the withdrawal of economic capital from Russian art. For instance, between 2010 and 2018, Russian sales declined at CAGR -8.3%. A short-lived positive dynamic in 2011 ended abruptly against the backdrop of a weakening home economy, political and economic sanctions that isolated Russia and pushed its small art market to the global periphery.⁷⁵⁵

In contrast, the position of the Chinese artists was elevated by China's ascendance as the global leader for sales of artworks, overtaking both the USA and the UK in 2011. China's rise was driven by expanding domestic wealth, a robust art supply and speculative buyers. In fact, in 2011 there was 9% more economic capital distributed to the Chinese positions compared with the pre-crisis peak year of 2007 (Figure 4.1). The remarkable growth in the Chinese sample's revenues came to a halt in 2012 due to various constraints imposed on the Chinese art market by political and economic fields (the sample's turnover CAGR 2012–2015: -17%).⁷⁵⁶ The outflow of capital (specifically the withdrawal of foreign buyers and speculators) caused several artists to lose their leading positions.⁷⁵⁷

Between 2015 and 2018 the sales of the Chinese sample showed a robust recovery at CAGR of +8.7%. This time the growth was boosted by demand from the new younger

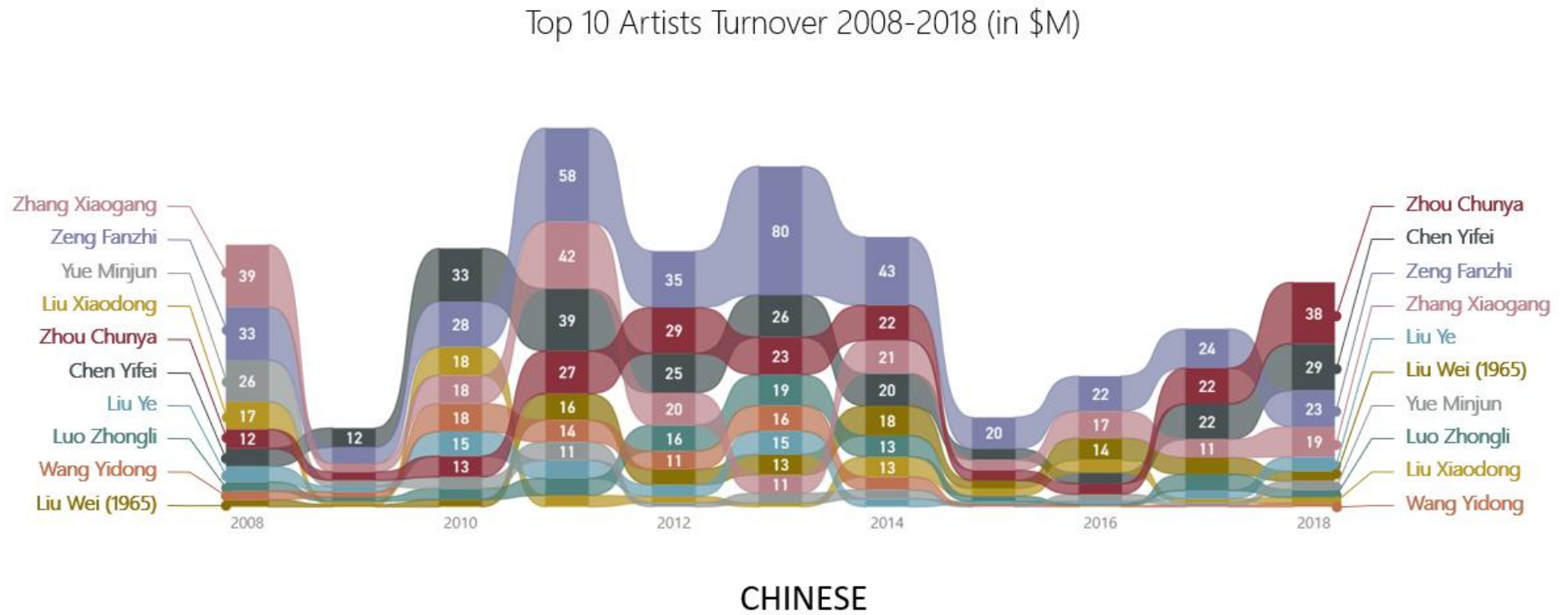
⁷⁵⁵ As discussed in detail in Chapter III, Parts 1&2.

⁷⁵⁶ To recall, in 2012 the market entered the adjustment period triggered by the anti-graft campaign, while the Chinese economy experienced a slowdown (see Chapter III, Part 3).

⁷⁵⁷ Especially Wang Guangyi, Fang Lijun, Yue Minjun (see Figures 3.4–3.6 in Chapter III, Part 3).

consumers and private museum owners who (governed by different aesthetics and art-buying criteria) chose to distribute their economic capital to new positions, triggering major shifts in the structure of the Chinese art field. On the examples of top 10 Chinese artists, Figure 4.4 provides a visual demonstration on how the change in the value hierarchy occur over a decade between 2008 and 2018. For instance, in 2008 the top two positions in the value hierarchy were occupied by Zhang Xiaogang and Zeng Fanzhi whose annual turnover amounted to \$39m and \$33m respectively. In 2018, however, they were replaced by Zhou Chunya (\$38m) and Chen Yifei (\$29m). Zhang Xiaogang lost the leading position he occupied a decade ago by becoming 'number four' (after Zhou Chunya, Chen Yifei, Zeng Fanzhi). In other words, the value hierarchies in the fields are in a constant state of flux and depend not only on macro-economic cycles, but also on the structure and volume of (domestic and foreign) demand.

Figure 4.4. Shifts in the Chinese Value Hierarchy



Market Visibility Indicator (by Volume)

The restructuring of positions in the fields caused by the redistribution of capital is further examined through a 'market visibility indicator' based on turnover development by volume. Figure 4.5 demonstrates the total number of lots appearing at auctions over the course of three decades. In other words, it shows how visible the sample artists are in the global marketplace.

Up until 2005, both Russians and Chinese had been barely represented by any auction houses. Both samples' positions improved significantly towards 2008 as art from the 'emerging' economies entered the mainstream auction sales. A much stronger market presence of Chinese artists (for every Russian artwork appearing at auction in 2008 there was 1.8 Chinese lots) could be explained by a knock-on effect of China hosting the Olympic games that year, which resulted in the increased visibility of and heightened interest in (from foreign buyers) Chinese art. Another explanation is a steady support by the economic capital of a large diverse pool of buyers. The Chinese sample also enjoyed a more robust sell-through rate even right after the economic crisis in 2009 (with more than 77%⁷⁵⁸ of all Chinese lots finding buyers vs 57% for the Russian lots) (Figure 4.5). One possible explanation for the delayed response of the field towards the crisis is its inertia (also inherent in art values), resulting from collective (sometimes orchestrated) activities of numerous market agents and agencements that require time to change their motion vector.

An interesting pattern emerges from comparing the Chinese sample's turnover by value and volume. Between 2015 and 2018 the sales increased in monetary terms (CAGR +8.5%) (Figure 4.1) but decreased by the number of lots appearing at auctions (CAGR -5.6%) (Figure 4.5). In line with the previous analysis, tightening supply signals redistribution of capital among hierarchical positions in the maturing Chinese field. On the one hand, the buyers are refocusing on quality rather than quantity (e.g. pursuing 'consecrated' works by agenced local artists); on the other hand, the new (younger) buyers choose not to support the older hierarchy by allocating their economic capital to other positions (e.g. younger artists or agenced international artists).

In contrast, the presence of the Russian artists at international auctions diminished, due partly to Russia's political and economic isolation, partly to the withdrawal of the narrow pool of (predominantly Russian) buyers whose wealth shrank during the crisis years.⁷⁵⁹ This is evident in the high rate of unsold lots at an average of 43% per annum during the post-crisis

⁷⁵⁸ The sales statistics should be interpreted with caution in the Chinese market where payment defaults and delays remain widespread.

⁷⁵⁹ Please refer to Chapter III, Parts 1&2.

years (Figure 4.5). A relatively stable number of lots (CAGR 2010–2018: +0.49%) against a decreasing turnover (CAGR 2010–2018: -8.3%) reinforces the earlier observations that, despite the outflow of economic capital from the Russian art field, the hierarchy of positions remains relatively stable, as the artists occupying those positions enjoy the buyer's confidence and loyalty.⁷⁶⁰ Overall, Chinese artists remain much more 'liquid' and visible in the marketplace (for 1 Russian lot there were 2.3 Chinese lots sold in 2018).

⁷⁶⁰ Several interviewed Russian participants lamented that the buyer's choices are limited because 'there are no good artists' among the younger generations of Russian artists. In other words, those positions have not yet been consecrated and no consensus has been reached among judgement devices in the field.

Figure 4.5. Turnover Development by Volume (in No. of Lots) (1986–2018)

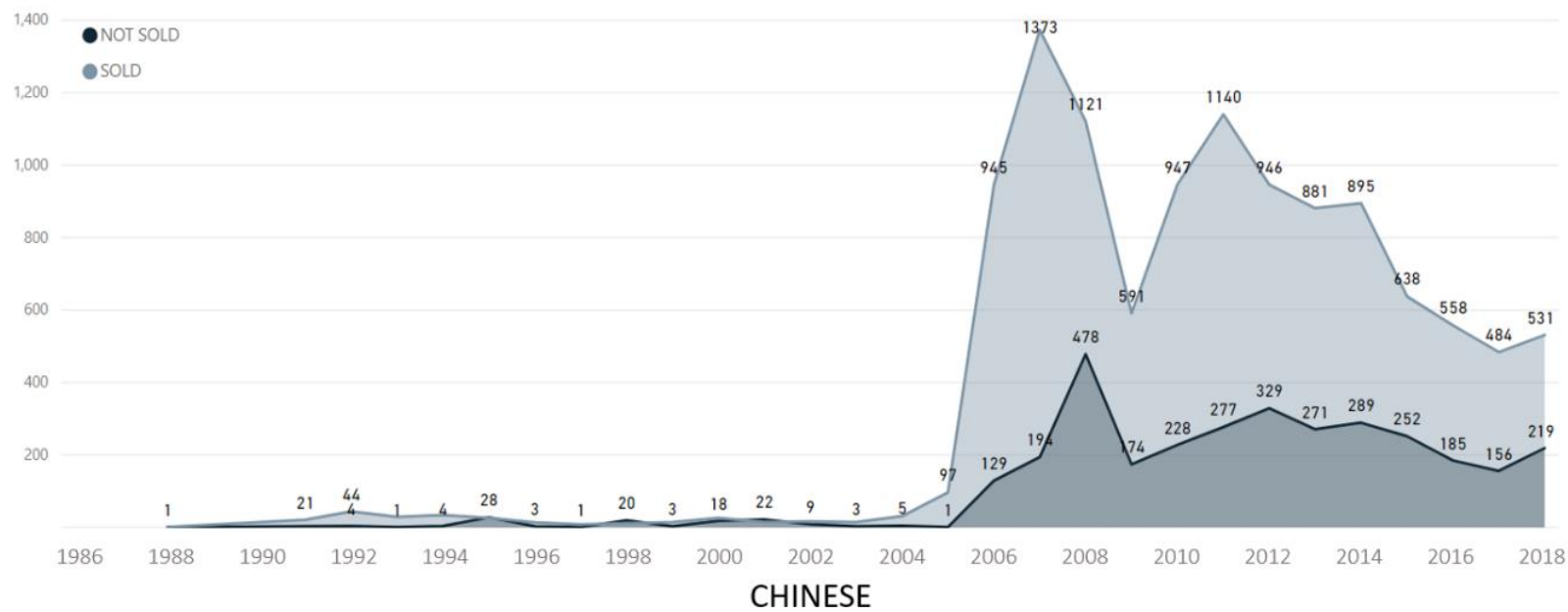
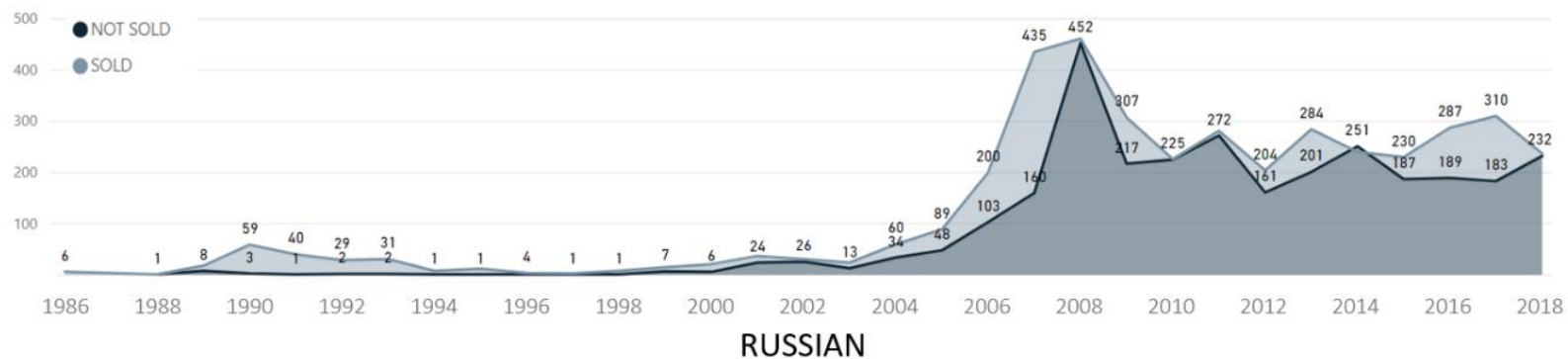


Figure 4.6. Average Price Development (in \$ Thousands) (1986–2018)

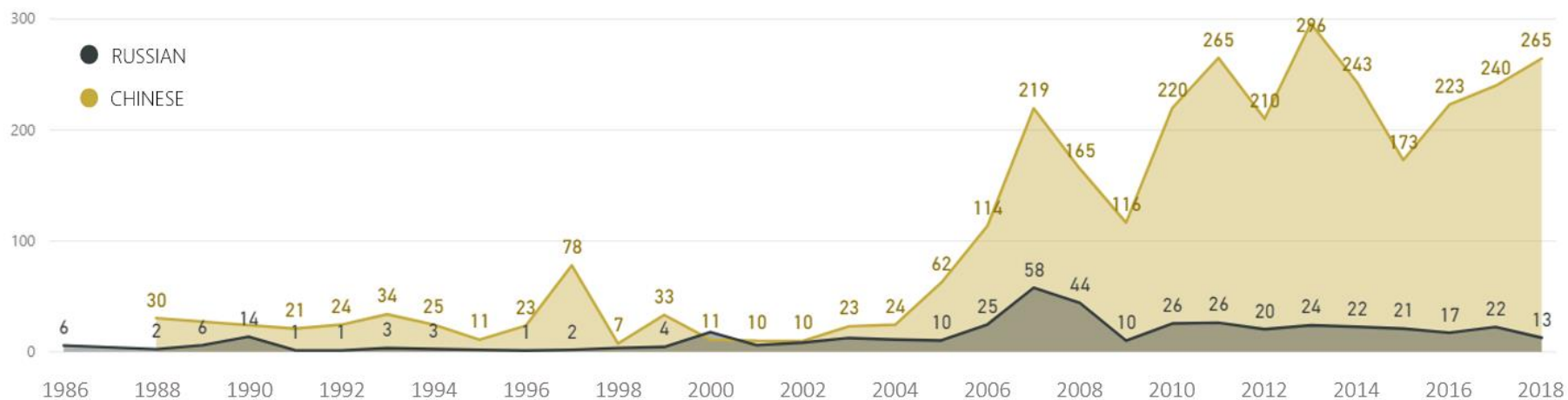
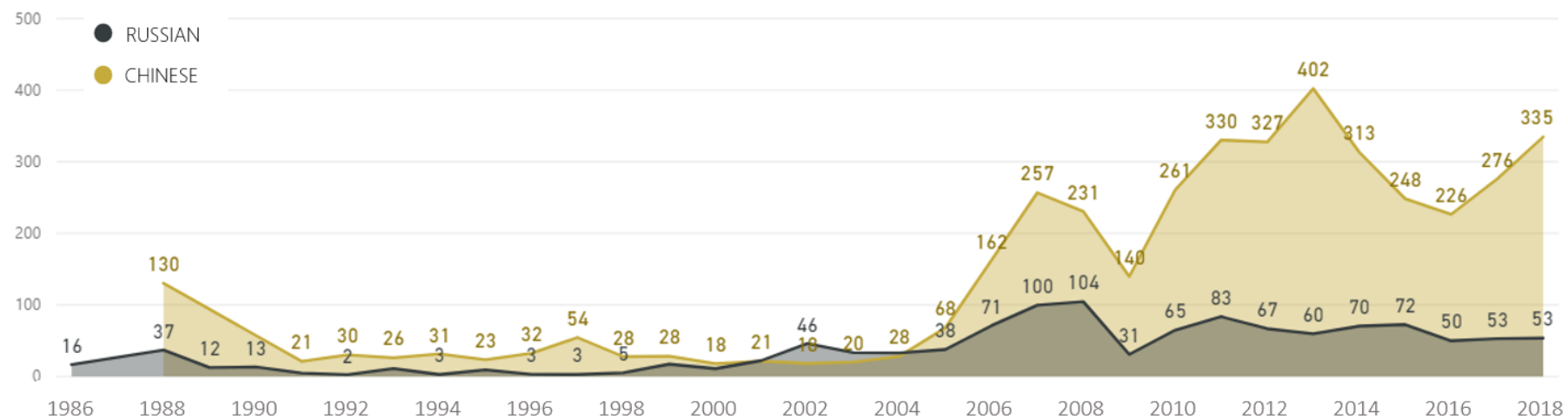


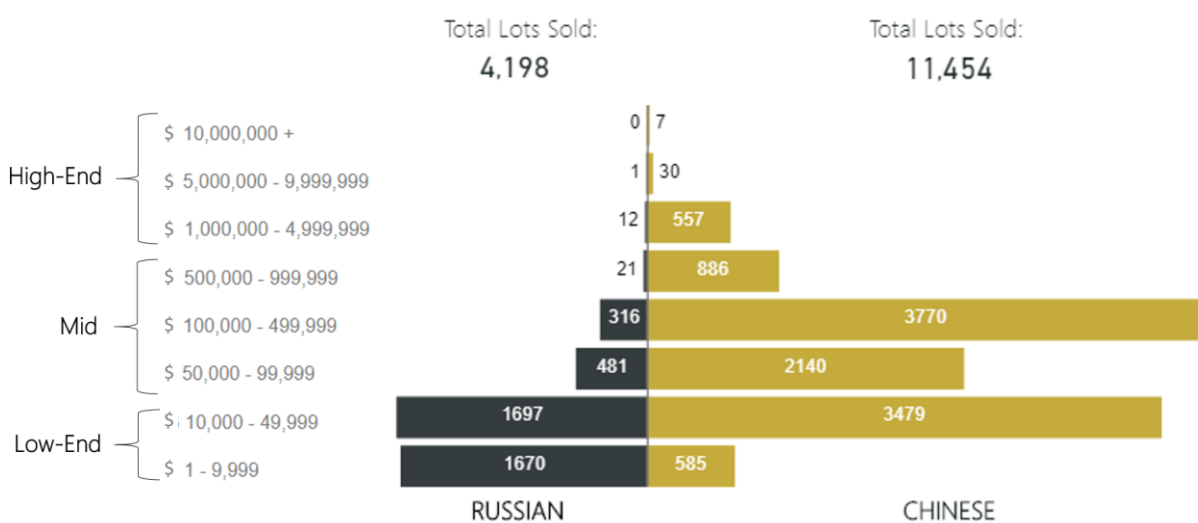
Figure 4.7. Average Price Per Square Metre Development (in \$ Thousands) (1986–2018)



Indicators of Volume and Structure of Economic Capital

Another two indicators – average price and price segmentation – underscore the massive difference in volume and structure of economic capital distributed across Russian and Chinese positions. According to Figure 4.6, in 2018 an oil painting by a Chinese artist sold on average at a price 20 times higher than that by a Russian artist. Even though the auction revenues by the Chinese sample decreased (CAGR 2007–2018: -4.9%) (Figure 4.1), the average price per lot increased (CAGR 2007–2018: +1.75%) (Figure 4.5). In fact, the decline in the average price per Russian lot was slightly slower than the actual decline in the Russian sample’s revenues over the same period (CAGR -12.7% vs CAGR -14.6% respectively). If compared in real figures, the average price per Chinese work from the dataset sold for around \$265,000 in 2018 (21% increase from the pre-crisis level of 2007); while the average price per Russian work was hammered for around \$13,000 (losing almost 77% in value from its peak in 2007). A slightly more optimistic picture is observed on the average price per square metre of the Russian sample (Figure 4.7). In fact, compared with the crisis level in 2009 when the price per square metre dropped to \$31,000, 2018 saw a healthy rebound of 70% (to \$53,000 per square metre). This ‘mini recovery’ can be explained by the fact that the economic value of the Russian artworks reached its absolute bottom level at which the sellers would prefer to hold on to their works rather than sell them. At the same time, the Russian market is willing to offer higher prices for the works perceived to be of premium quality.

Figure 4.8. Distribution of Sold Lots by Price Range (1986–2018)



The economic disparity between the Russian and Chinese samples is even more pronounced if compared by distribution of sold lots by price segments, loosely divided into

low-end, mid-range and high-end (Figure 4.8). In the Russian field where economic capital and resources remain scarce, the low-end segment dominates (from 1986 until 2018, 80% of sold lots by the Russian sample were hammered in the low range below \$50,000). In contrast, almost 65% of sold lots from the Chinese sample have traded in the mid-range and high-end segments over the same period, an indicator of robust domestic demand from the growing upper-middle class. In the global art value hierarchy, Chinese art occupies a much higher and more central (visible) position that attracts a larger volume of economic capital.

International Market Exposure (by Value)

To explain how 92 Chinese artists managed to sell 172% more lots at an average price per lot over 500% higher than their 92 Russian counterparts, the analysis synthesises 'international market exposure' indicators based on the auction dataset. The indicators help to trace the flow of capital diachronically and break it down by countries of origin and auction houses. As follows from Figures 4.9–4.12, exposure to the mature marketplaces such as the UK, USA and Hong Kong was crucial for the sample's creation of economic value, whereby top branded auctions dominated the high-end segment.

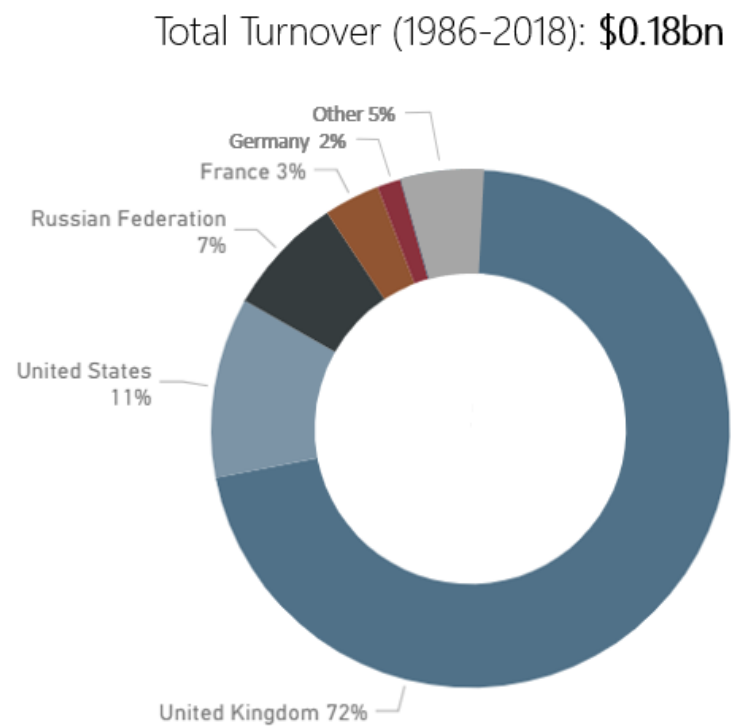
For the Russian sample, 93% of its auction turnover was generated outside of Russia (Figure 4.9), with London (a residence for over 700 wealthy Russians) remaining a major hub for the bi-annual Russian art sales with an estimated 95% of all art bought by the Russians.⁷⁶¹ With 11%, the USA was the second most important market for Russian art, due to the fact that since the late 1980s several Soviet artists have had access to the American market through a handful of dealers (e.g. Ronald Feldman gallery representing Komar & Melamid and Kabakov). After 2010, however, the Russian artists exposure to the American market decreased. The share of other markets remains insignificant (France 3% and Germany 2%) (Figure 4.9).

A diminishing presence of Russian art in the international marketplace is also observed on its representation by top branded auction houses (Figure 4.10). Foreign auctions (especially Sotheby's with 32% share of turnover and Phillips with 19%) were crucial for setting the highest records for Russian art (out of a total 13 lots above \$1 million, 7 were generated by Phillips and 3 by Sotheby's). Since 2008, however, no longer attractive in terms of profit-making, Russian contemporary artists have hardly been included in regular auction sales by the top branded houses (Sotheby's and Phillips revenues decreased with CAGR 2008–2018: -22% and -30% respectively). Interestingly, as the representation of Russian contemporary art by foreign auctions decreased, the revenues generated by the Russian auctions

⁷⁶¹ For more details about the Russian buyers, see Chapter III.

(London-based MacDougall's and Moscow-based Vladey) slightly increased, indicating that Russian art remains a small vernacular segment, critically dependent on a narrow circuit of Russian buyers, sensitive to external market pressures and Russia's position in the global marketplace.

Figure 4.9. Russian Turnover Breakdown by Countries



Turnover by Top 5 Countries (in \$M)

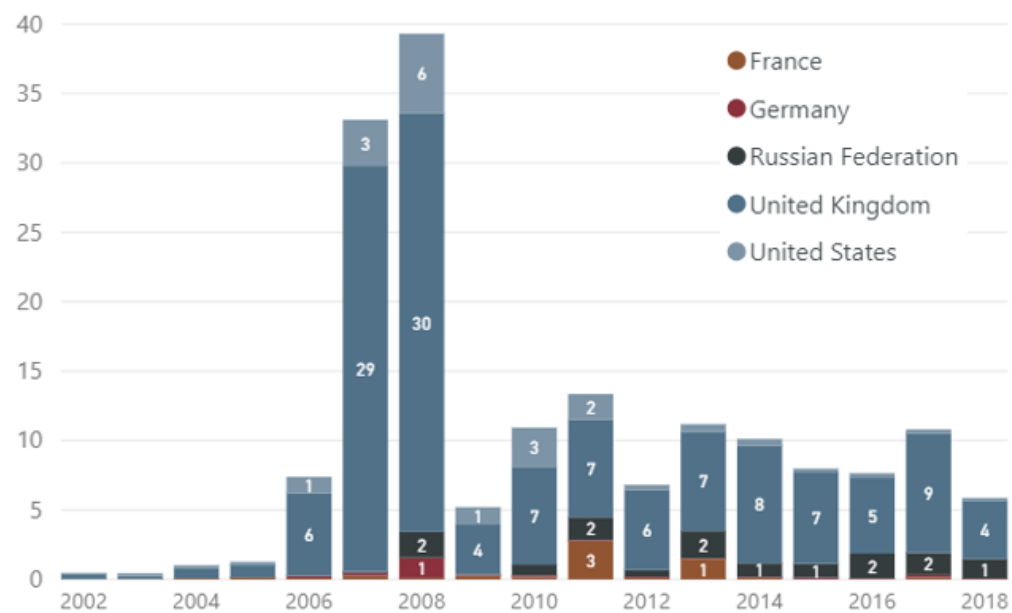
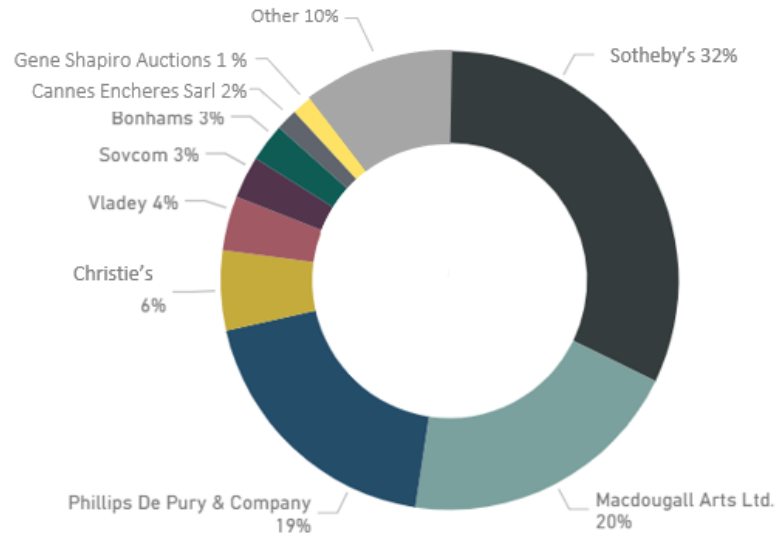


Figure 4.10. Russian Turnover Breakdown by Auctions

Total Turnover (1986-2018): **\$0.18bn**



Turnover by Top 5 Auctions (in \$M)

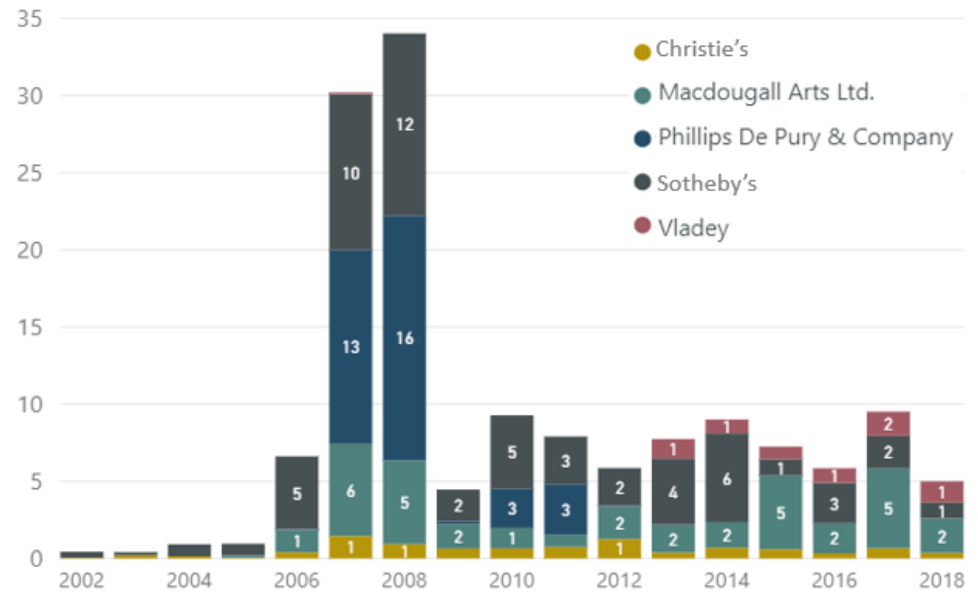
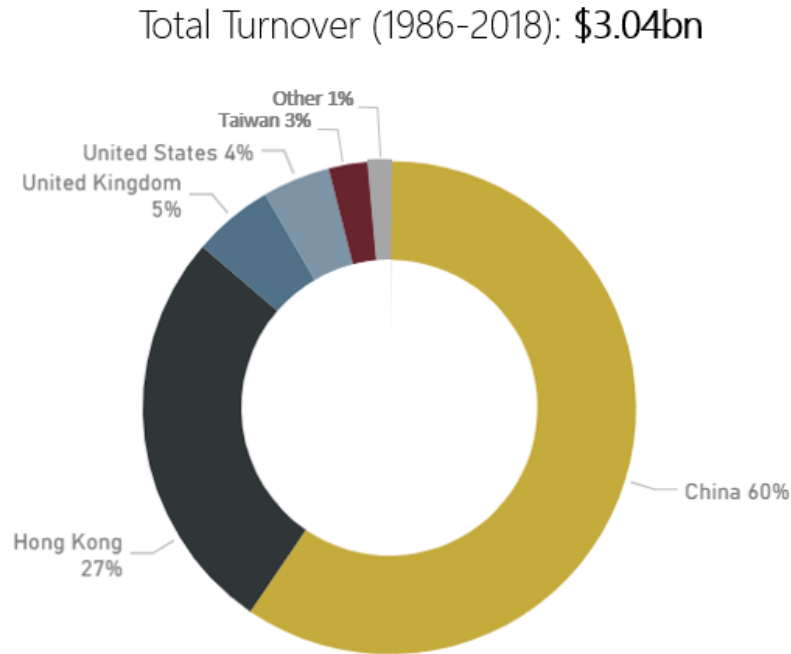


Figure 4.11. Chinese Turnover Breakdown by Countries



Turnover by Top 5 Countries (in \$M)

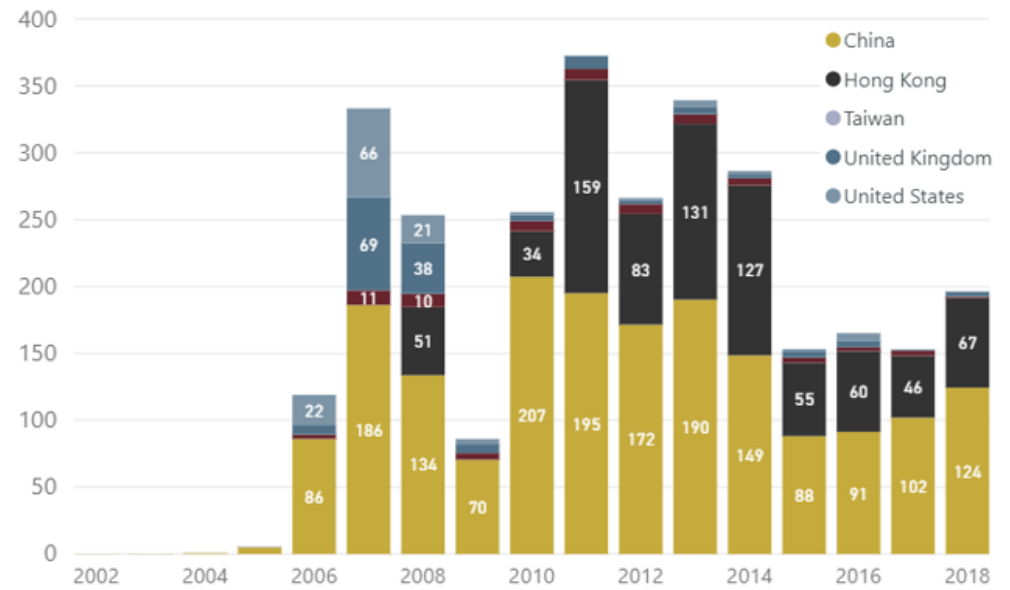
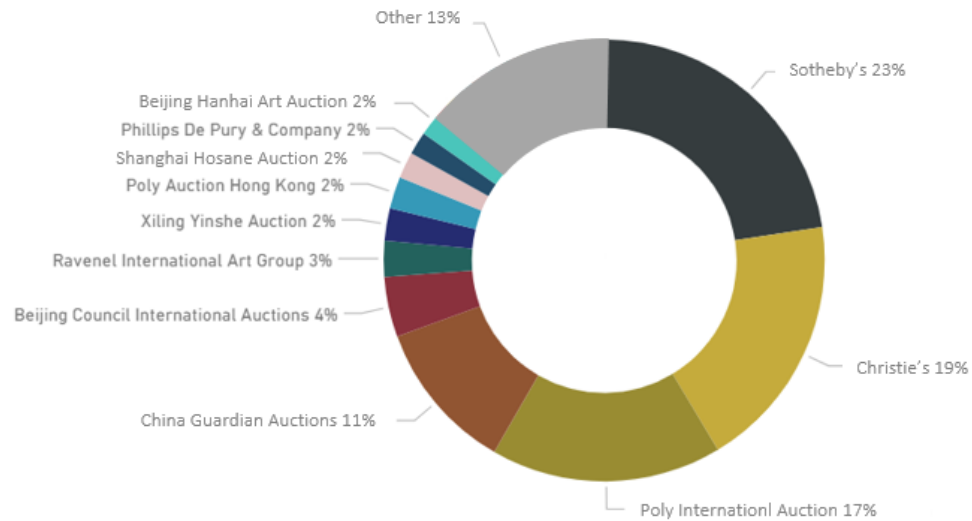
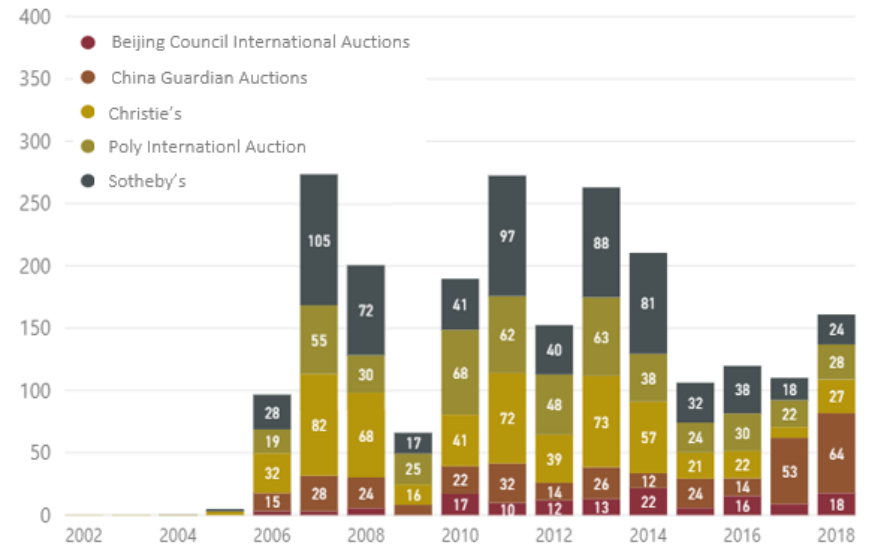


Figure 4.12. Chinese Turnover Breakdown by Auctions

Total Turnover (1986-2018): **\$3.04bn**



Turnover by Top 5 Auctions (in \$M)



Different patterns are seen from the sales by the Chinese sample that stood to benefit from proximity to a more geographically diverse and financially robust growing pool of buyers coming from Western countries (9% of turnover generated jointly by the UK and USA), as well as from Greater China (contributing 60% of total revenues) (Figure 4.11). The influence of the world's two richest art markets on the value creation of Chinese art from the sample was particularly felt during the pre-crisis years. For instance, between 2007 and 2008 in the USA, Chinese artists sold \$87 million-worth of art (10 times more than the Russian sample), while in the UK the sales reached \$107 million (1.8 times more than the Russians). Noteworthy is also the share of Taiwan, although relatively small with only 3%; however, access to Taiwanese buyers was important for the market development of individual artists such as Zhou Chunya and Luo Zhongli, among others.

In contrast with the Russian sample, the Chinese artists also enjoy a broader access to much stronger auction houses. Sotheby's and Christie's share accounts for 42%, while two leading domestic auctions, Poly International and China Guardian, jointly contribute another 28% (Fig. 4.12). The representation of Chinese artists by the top branded auction houses has remained relatively stable over the last decade, although Christie's and Sotheby's now face stronger competition from the domestic players, even in the top segment. For instance, in the top price ranges \$1,000,000–4,999,999 and \$5,000,000–9,999,999, Christie's and Sotheby's lead by value with 46% share of the total turnover. At the same time, in the ultra-top price segment above \$10,000,000, the Chinese auctions lead by volume (57%) and value (55%). In fact, the three top records for Chinese realist painters Chen Yifei and Jin Shangyi were set in the mainland by China Guardian whereas the highest price ever paid for a living contemporary Chinese artist, Zeng Fanzhi, was set by Sotheby's in Hong Kong. This fact indicates that the Chinese art field in general has become far less dependent on the (Western) economic field. In particular, the Chinese 'official' academic sub-field retains its relative autonomy (from the external/ Western economic field) and is now fully supported by strong domestic demand.

The relational indicators pertinent to economic capital helped to trace its flow across various positions in the examined fields. More visible Chinese art attracted larger amounts of economic capital from a more diverse pool of buyers, in comparison with Russian art positioned in the global art market's periphery.

The flow patterns, however, do not explain why larger amounts of economic capital were distributed to the Chinese sample in the first place. What needs to be emphasised is that, although access to the top branded international auction platforms with global networks of wealthy buyers helped both Russian and Chinese artists to attract economic capital at the

early stages of their auction careers, the auctions themselves were not 'value creators' but merely 'value converters'. The auctions usually follow the trend, rather than set it. A work by a particular artist is included in the auction sale only if the auctioneer is certain it will attract at least two bidders. To justify the pre-sale estimates, especially for agencing artists without previous auction history (as was the case for most sample artists), the artist should have accumulated a certain amount of symbolic capital which the auctioneer could then 'convert' into an actual economic value. The following section examines the accumulation of symbolic capital across the sample's positions by volume and structure through a set of indicators that deepen understanding of what factors contribute to the artists' reputation and prestige.

3. Symbolic Capital

The indicators pertinent to cultural/symbolic capital are aggregated from the exhibition dataset. Many interviewees commented on the importance of exhibition participation for the artist's career. For example, a senior auctioneer explained how the auction chooses contemporary artists and what role exhibitions play in it:

Of course, dealers come to us and suggest their artists. But we also listen to our clients. When we hear that our clients have started buying a new artist, we might decide to include him in our sales. [...] Exhibitions are very important. I try to visit as many exhibitions as I can, often accompanying my clients. That's how we know what is going on. [...] There are often surprises [during the sale]. We thought the artist would sell well, but he didn't. And then the artist we didn't think much of, shot off. Sometimes we are anxious. Did we gauge the market correctly?⁷⁶²

For most artists from the sample, their exhibition history far precedes their auction record, owing to the fact that the 'real market' did not start until 2006. One could argue that the quality of the exhibition activity pre-market, measured by the exhibition points awarded to the artist based on the prestige of the exhibiting institution, has determined the artist's position in the symbolic order of the field and become a yardstick for the valuation of their artistic output still in use today.

Institutional Visibility Indicators

The accumulation and distribution of symbolic capital by the sample followed a similar dynamic observed earlier in relation to economic capital and was influenced by external and internal socioeconomic and political factors. Although the relatively older Russian sample started exhibiting much earlier than the Chinese, it was not until the early 1990s that most of them were able to break out of the USSR (Figure 4.13). During the 'perestroika spike' (which for the art market began in 1988 with Sotheby's Moscow sale and lasted until 1992 when the fashion in the West for the 'nonconformist art' started fading away), the Russian artists jointly participated in more than 230 exhibitions. Among the most active artists during those four years were E. Bulatov (with over 30 exhibitions between 1988 and 1992), G. Bruskin (15) and Komar & Melamid (19); all of them still occupy relatively high positions in the symbolic order of the Russian art field.

The next exhibition peak coincided with the unprecedented boom for Russian art during the pre-crisis years. Between 2005 and 2009, the Russian artists from the sample took part in 987 shows at home and abroad. In 2009 Slovak National Gallery, for example, showed an

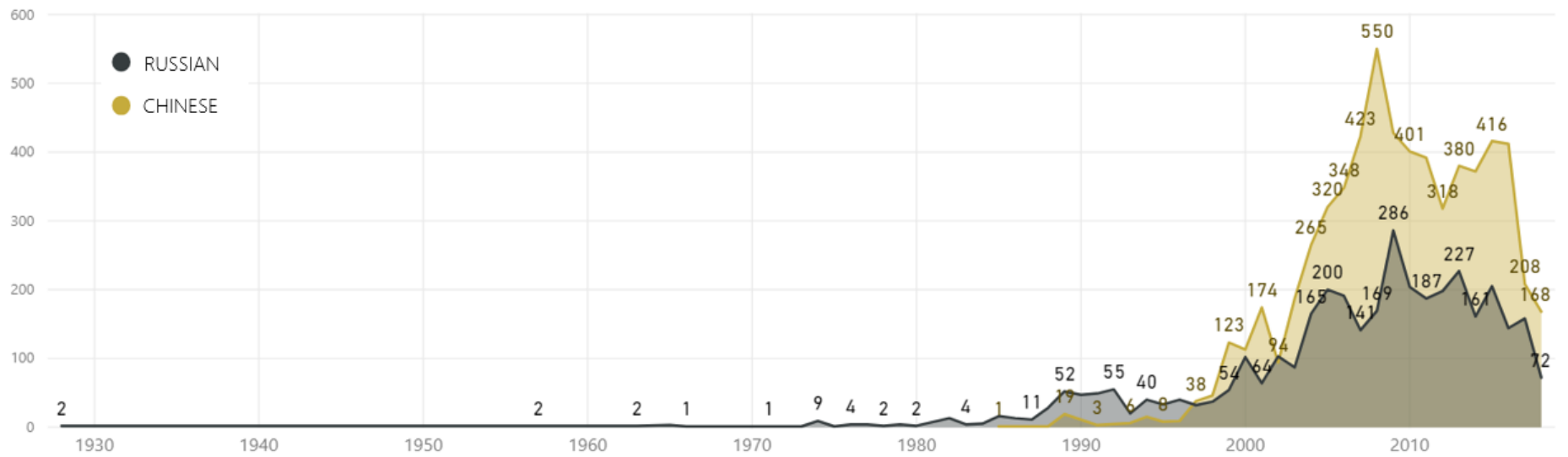
⁷⁶² An anonymous interview by the author with the director of the Hong Kong branch of the top foreign auction. Hong Kong, 26 April 2017.

important exhibition *Russian Avant-Garde. Non-conformists from the Bar-Gera Collections*, featuring 7 artists from the sample, including O. Tselkov, V. Nemukhin and V. Yankilevsky. A year earlier, at least 4 prestigious institutions dedicated shows to the 'unofficial' artists. Since 2013, however, the Russian exhibition participation continued to decline, reaching its lowest level since 2000.⁷⁶³ The exhibition activity remained uneven (Figure 4.13), with ups and downs due to special events. For example, during 2017–2018, commercial activity picked up slightly due to several artists' participation at art fairs such as Art Basel and Art Cologne; along with the increase in private initiatives such as the gift to Centre Pompidou of *Kolleksia!* (featuring 24 artists from the sample) and a show *General Rehearsal* at the privately owned V-A-C Foundation (with A. Salakhova, B. Orlov, S. Faibisovich and P. Pepperstein among others).

For 19 Chinese artists from the sample, the exhibition activity was effectively kick-started with the seminal show *China/Avant-Garde* at NAMOC Beijing in 1989, but it was not until the end of the 90s that most artists were able to break out onto the international art scene. In 1999 alone the Chinese artists jointly participated in 123 shows organised across such important venues as the 48th Venice Biennale (10 artists) and MoMA PS1 (14 artists showing at *Inside Out: New Chinese Art*) that launched many artists' careers (Figure 4.13). Up to the exhibition peak in 2008 (which coincided with the market boom discussed in the previous sections), the artist participation increased at a very steep rate, exploding to 550 shows in that year alone. Among the most noteworthy exhibitions were *85 New Wave – The Birth of Chinese Contemporary Art* at UCCA Beijing, *Avant-Garde China: Twenty Years of Chinese Contemporary Art* at the National Art Center in Tokyo and *Encounters* at Pace Gallery Beijing.

⁷⁶³ The Artfacts exhibition record should be interpreted with caution as it does not contain a full exhibition count. Nevertheless, it is representative enough to show the general downward trend, which reflects the impoverished situation in the Russian art market.

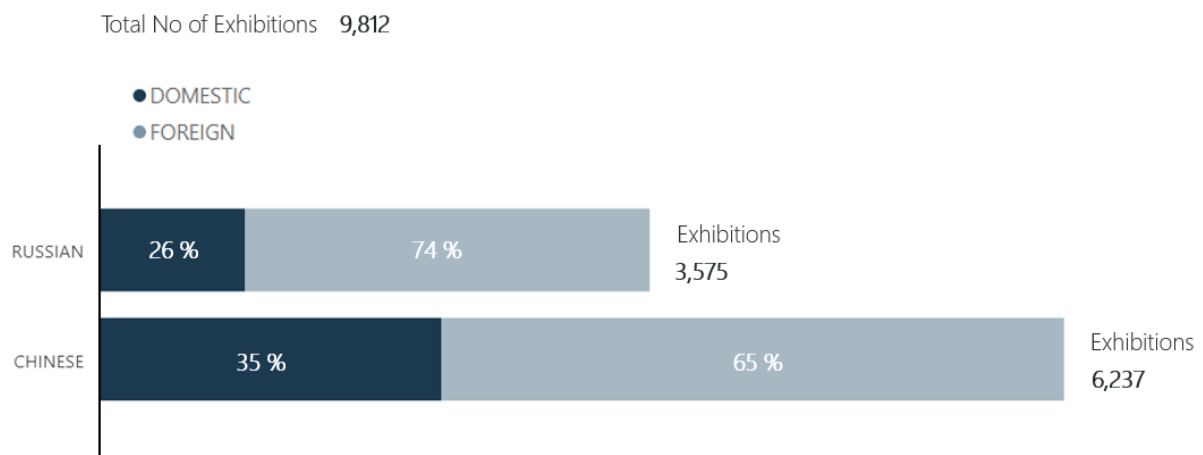
Figure 4.13. Exhibition Exposure by Year (1928–2018)



During the adjustment period the exhibition participation count froze at slightly less than 400 on average annually (Figure 4.13). A further slide in the number of shows continued in 2018 (CAGR 2008–2018: -11%).⁷⁶⁴ The overall decline in the number of shows notwithstanding, several artists from the sample remained very active, being promoted by their respective commercial galleries. For example, from 2012 until 2014, Xu Zhen, the founder of Madeln Company, now represented by Perrotin Gallery, participated in 76 exhibitions; Zhang Huan, who is signed with Pace Gallery, appeared in 55 shows and art fairs including Art Basel, Art Brussels, Art Cologne and Art Dubai. Among the most noteworthy seminal recent events were the 57th Venice Biennale featuring Geng Jianyi and Liu Ye in 2017 and a high-profile travelling exhibition *Art and China after 1989: Theater of the World* that showed ten artists from the sample, including Cai Guoqiang, Ding Yi, Liu Xiaodong, Wang Guangyi, Wang Jianwei and Zhang Xiaogang, at the Guggenheim Museum in 2018.

In total, from 1986 until 2018 the sample artists participated in 9,812 exhibitions, of which 3,575 by the Russians and twice as many (6,237) by the Chinese (Figure 4.14), pointing to the Chinese artists' much higher degree of institutional visibility. The share between foreign and domestic exhibitions, however, is similar for both samples, with over 65% of all activities taking place outside of their respective home markets.

Figure 4.14. Artist Exhibition Exposure (1986–2018)



⁷⁶⁴ A very low exhibition count in 2018 for both Russians and Chinese could partially be explained by slow data collection by Artfacts that takes longer to account for the exhibitions, especially by lesser-known artists. In addition, a few Russian artists died recently and some older artists are now at the end of their career cycle.

Indicators of Prestige and Reputation

The importance of the West in the creation of the symbolic capital of the sample artists becomes evident when examining the accumulation of the exhibition points (rather than the actual number of exhibitions) by country, since the points essentially reflect the status of the institution and its network that yields the artist's prestige and reputation. As seen from Figures 4.15 and 4.16, both Russian and Chinese artists gathered most of their exhibition points abroad (88% and 76% respectively). With 61% of all exhibition points coming from Germany, Italy, France, the UK and USA, the Russians had a better access to a dense network core of prominent European and North American institutions, compared with 45% (of all exhibition points coming from these 5 countries) for the Chinese sample.

During 2002–2008 leading to the market peak, Russian domestic institutions contributed a relatively small number of points (between 1,000 to 2,300 per year) to the sample (Figure 4.15). It was primarily German and American institutions that built the reputation of the Russian artists (e.g. in 2004 Germany alone contributed 8,500 points). Once, however, symbolic and economic values of the Russian art had been generated abroad, Russian institutions rushed to 'fill the gap' by staging several shows of their own (in 2009–2010 over 7,200 points of the Russian sample were accumulated at home) (Figure 4.15).

The Chinese artists too relied heavily on Western institutions for building their prestige and reputation abroad in order to gain acceptance at home. As interviewed critic Zhu Qi pointed out, reversing one of the tactics from Sunzi's military treatise *The Art of War*: 'Our artists have to "make noise in the West to attack in the East"'.⁷⁶⁵ After the economic values of the Chinese sample saw a dramatic increase in 2007 (Figure 4.1), the interest from domestic institutions rose in the following year (8,000 points accumulated at home in 2008 compared with an average of 2,700 during the preceding years) (Figure 4.16). What also seems true is that, whenever the Chinese domestic market weakens, accumulation of exhibition points by the Chinese sample decreases at home but increases abroad. To demonstrate on the year 2015 when China entered another phase of the adjustment period, the auction turnover by the Chinese sample dropped to \$154 million (-42% from 2014), the exhibition points from domestic institutions decreased to 4,000 points (-16% from 2014) but increased to 7,800 points from foreign institutions (+114% compared with 2014) (Figure 4.16).

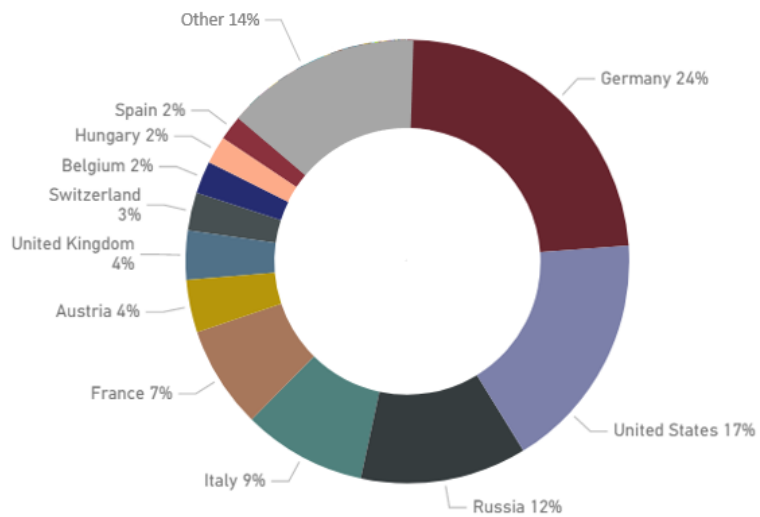
Overall, the Chinese artists are much more visible across international institutions, as they are in the global marketplace. Within the domestic field, Chinese art is also more institutionalised (accepted and integrated into the local network of 'official' institutions),

⁷⁶⁵ Interview with the author, Beijing, 11 May 2016.

compared with its Russian counterpart. Both Russian and Chinese artists continue to rely heavily on the West for recognition and validation of their symbolic values which helps them to solidify their positions at home. Such dependence on Western judgement devices indicates a lack of strong (relatively) independent domestic institutions which hinders consensus building among the local circuits and creates value uncertainty in the field.

Figure 4.15. Russian Exhibition Points Breakdown by Country (1986–2018)

Total Exhibition Points (1986-2018): 244,144



Exhibition Points by Top 5 Countries

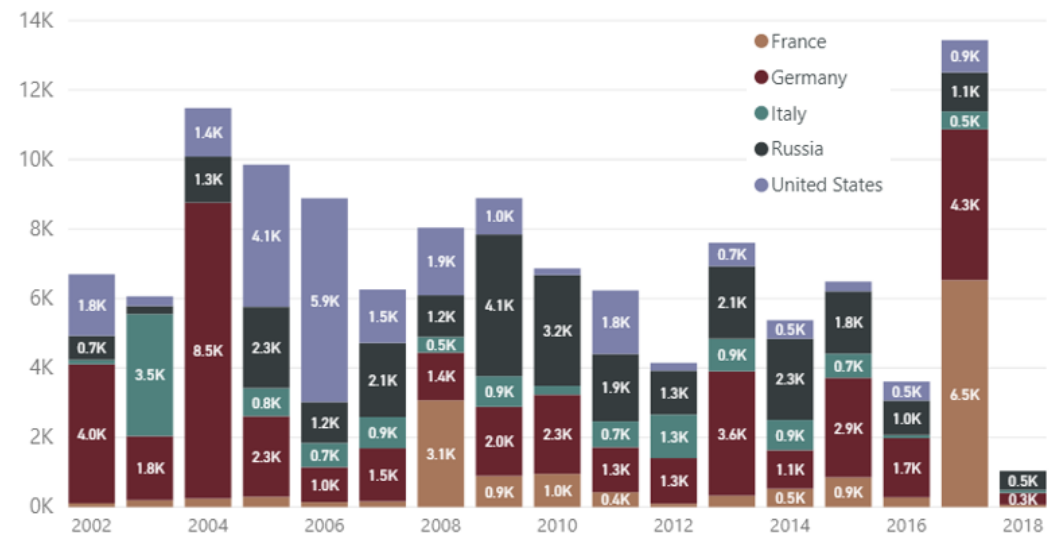
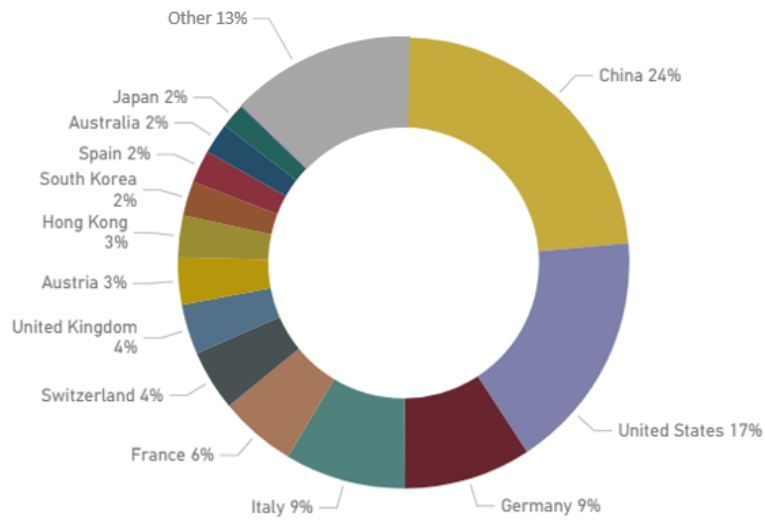
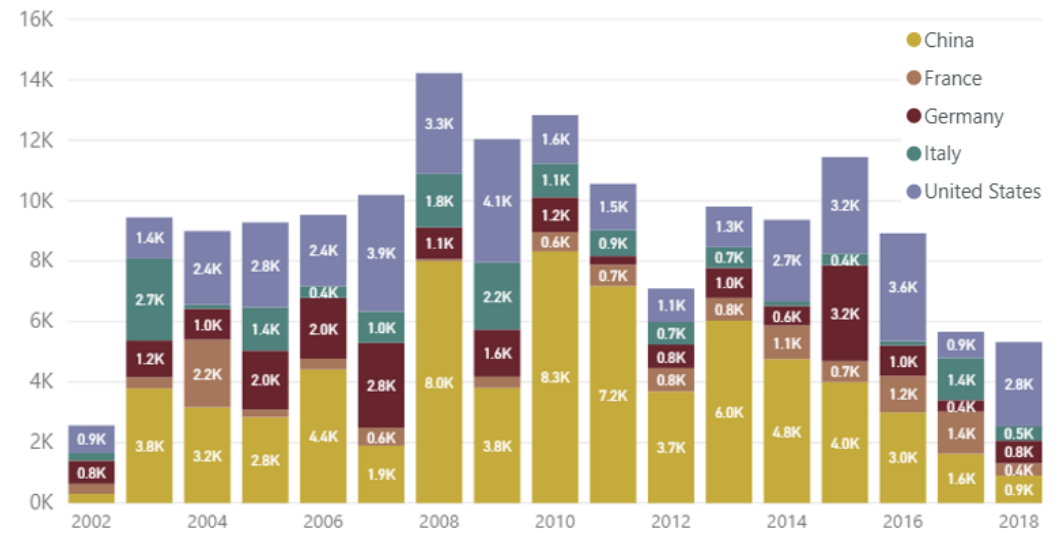


Figure 4.16. Chinese Exhibition Points Breakdown by Country (1986–2018)

Total Exhibition Points (1986-2018): 297,607



Exhibition Points by Top 5 Countries



Institution Breakdown by Type

An asymmetry in the accumulation of symbolic capital across Russian vis-à-vis Chinese positions is revealed through another relational indicator that breaks down the exhibition points by institution type (Figure 4.17). Although the Russians gathered 18% fewer exhibition points than the Chinese (244,144 vs 297,607 respectively), the average number of points accumulated per exhibition by the Russian artists is, however, 24% higher (66 points per Russian exhibition vs 53 per Chinese artist). This suggests that the institutions that hosted the Russian artists had relatively higher status within the global art field. This could also be explained by Russia's geographical and cultural proximity to the Western art field. Another reason may be that the Russian artists tend to participate in a higher number of reputation-building rather than commercial projects, an observation supported by Figure 4.17. The share of points accumulated at the public and non-profit organisations for the Russian sample accounts for 75%, and only 56% for the Chinese. The latter also led in commercially oriented activity, with 25% share of exhibitions at private galleries and art fairs vs only 11% by the Russians.

A further comparison among the top 30 exhibition organisers by exhibition points accumulated between 1986 and 2018 for both samples reinforces the view that the Russians have been far more active in creating their reputation and prestige, while the Chinese were more involved in building their market and expanding their networks. As followed from Figure 4.18, the important foreign institutions that contributed most points to the creation of symbolic capital by the Russian sample were the Venice Biennale (12.6K accumulated exhibition points), Centre Pompidou (8K), Martin Gropius-Bau (5.5K) and ZKM/ Zentrum Fuer Kunst und Medien (5.3K). Top contributors at home were the National Centre for Contemporary Arts (NCCA) (5.2K) and the State Russian Museum (3.4K). Russian commercial participation remained relatively weak (Art Cologne and Regina Gallery).

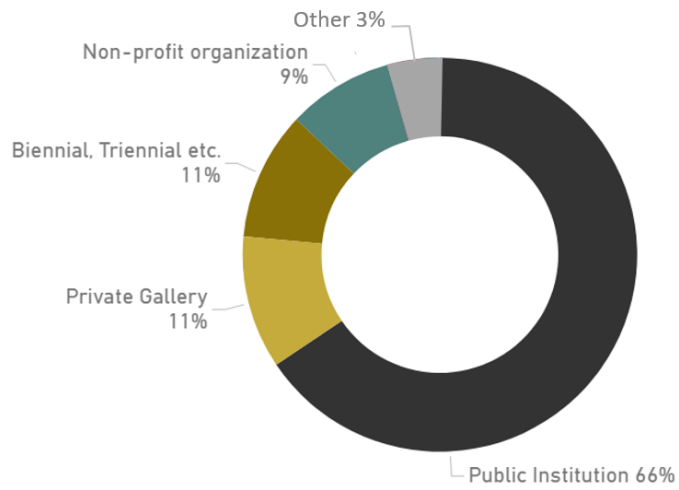
At the same time, the Chinese demonstrated greater business and networking acumen through participation at prestigious biennales all over the world including Sao Paulo, Sydney, Gwangju, Busan and Venice (22.2K points in total), top branded art fairs (16.1K from Art Basel various locations alone) and agenced galleries (ShanghArt, Pace) (Figure 4.19). It is also noteworthy that the relatively young domestic institutions are gaining status within the Chinese art field, helping local artists to accumulate symbolic capital (Today Art Museum and Mingsheng Art museum jointly contributed 12.1K points).

In short, the examination of the volume and structure of symbolic capital accumulated by the sample reveals that, even though the Chinese artists are relatively active and certainly more visible within the international and domestic institutional networks, the Russian artists do not

necessarily yield to their Chinese colleagues in terms of reputation and prestige. In fact, judging by the fact that the Russian sample received its validation from a higher number of prominent non-commercial ('disinterested') European and North American institutions, one could argue that the symbolic order of the Russian art field is more stable in comparison with the Chinese one. The latter remains relatively volatile due to the Chinese artists' higher dependence on the commercial ('interested') institutions, as explored further in the next steps.

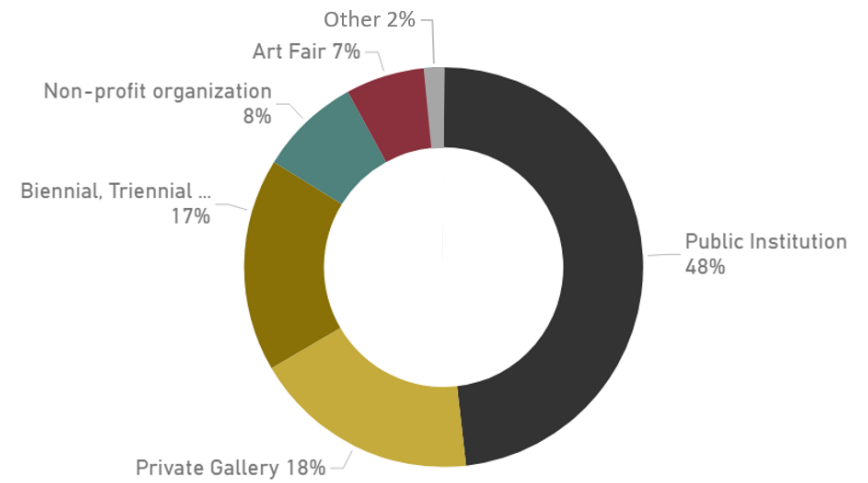
Figure 4.17. Exhibition Points Breakdown by Institution Type (1986–2018)

Total Exhibition Points
by Institution Type (1986-2018): 244,144



RUSSIAN

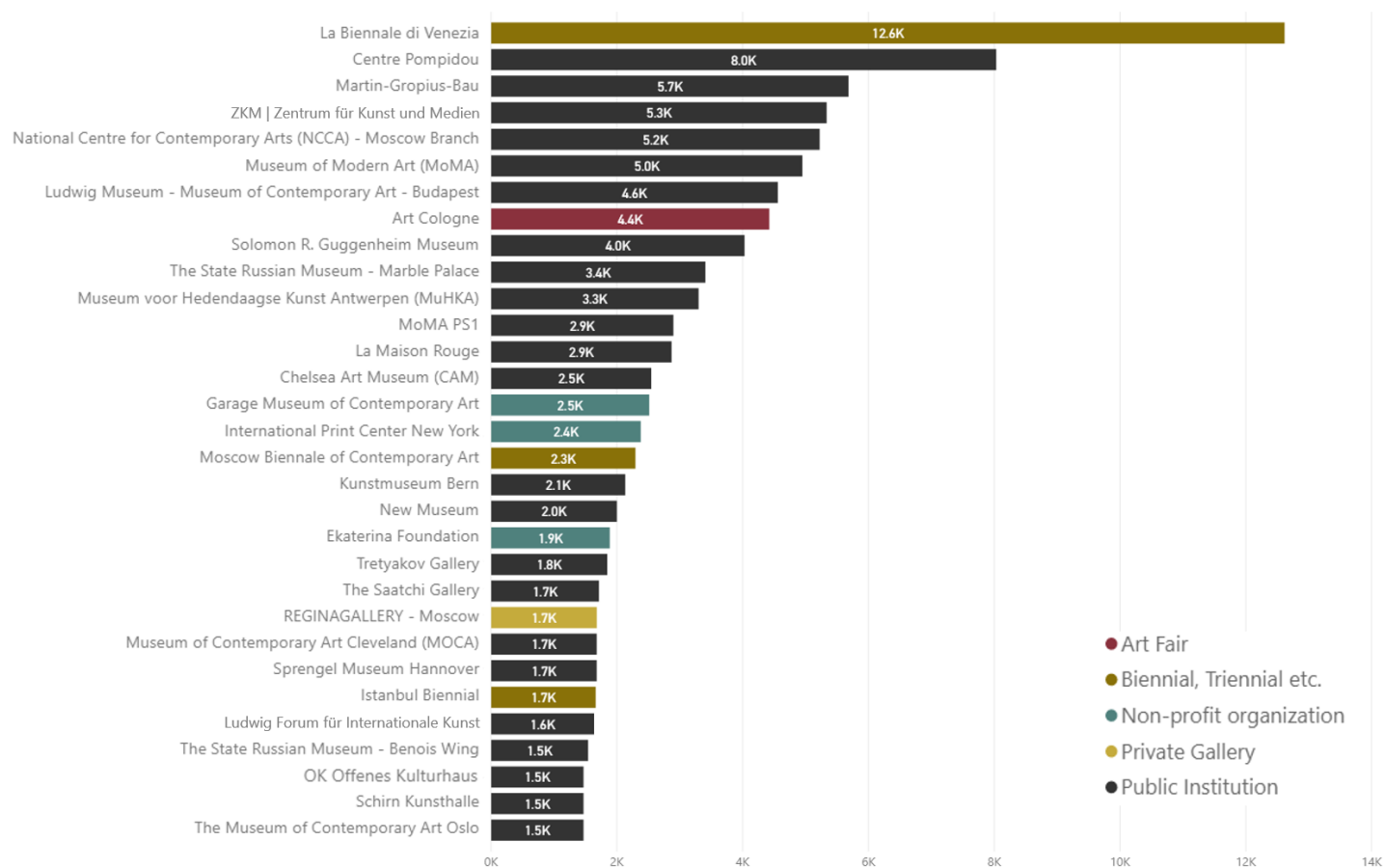
Total Exhibition Points
by Institution Type (1986-2018): 297,607



CHINESE

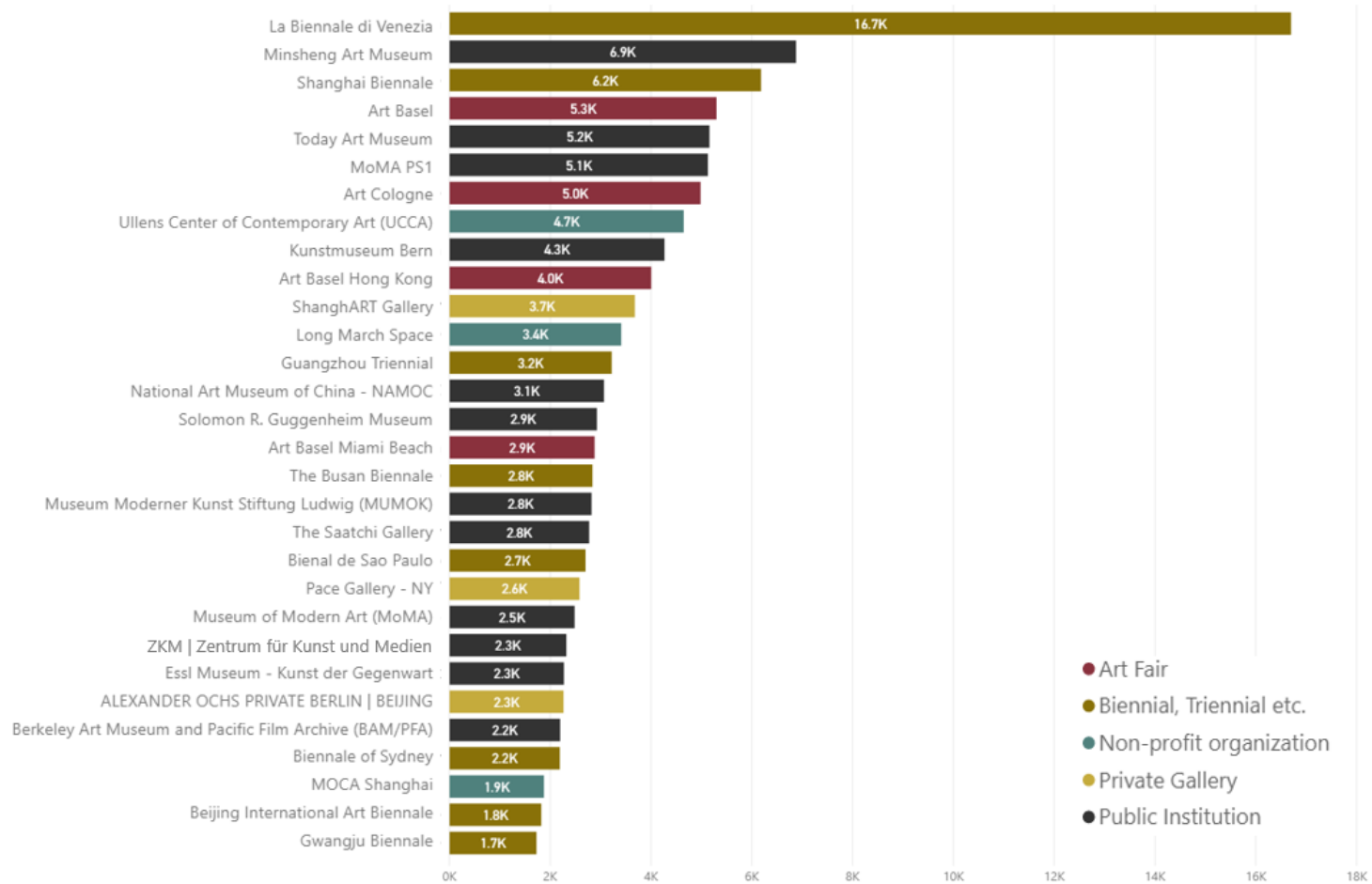
● Art Fair ● Biennial, Triennial etc. ● Non-profit organization ● Private Gallery ● Public Institution

Figure 4.18. Top 30 Exhibition Organisers by Exhibition Points (1986–2018)



RUSSIAN

Figure 4.19. Top 30 Exhibition Organisers by Exhibition Points (1986–2018)



CHINESE

4. Capital Conversion

As shown in the previous sections, the accumulation/ distribution of economic and symbolic capital is not only uneven but also in a state of flux. To garner a better understanding of the principles behind the ongoing shifts in the value hierarchy and symbolic order of the Russian and Chinese fields, the analysis now examines the correlation between different types of capital and the conversion of one capital into another.

Money Memory Model and the ‘Lock-in Effect’

The contention is that a prolonged inflow of economic capital to a particular position creates money memory in the field. This is supported by the empirical observations of the valuation practices of the market players (in particularly, auctioneers and collectors) who consult the artist’s historical auction records to estimate their art’s present and future value. The artworks sold at relatively higher prices in the past are likely to be evaluated higher in the future. This ‘lock-in effect’ also works in reverse. If one or several artworks (by the same artist) fail to sell, the unsold record tends to negatively affect the perceived value of the artist’s other artworks in the long term and, if persistent, will likely lead to their dropout from the secondary market circulation.

In an attempt to objectify the lock-in effect and to explain what factors contribute to it, the sample is split into two groups – the ‘\$1M group’ (if the artist sold one or more artworks for \$1 million or above) and the ‘Not \$1M group’ (if the artist never achieved \$1 million hammer price). The choice of the \$1M price benchmark is not accidental. The artist’s transition to the higher 7-digit price category is considered an important milestone (‘entry ticket’) as it signals to the artworld that they are ‘worthy’ of the high economic capital bestowed on them and can now play in the same ‘sandpit’ with the ‘blue-chip’ masters. The artist’s ascent to a new position is particularly celebrated by the auction houses who calculate the \$1M price with buyer’s premium. For this analysis, a more conservative calculation is used that counts the lots only when the actual hammer price reaches \$1 million or exceeds it.⁷⁶⁶

According to Figure 4.20, within the Russian sample the difference in the average price per lot between \$1M and Not \$1M groups is extreme. Already during the marketisation stage in the 1990s, long before the tiny \$1m group comprised of only 5 artists⁷⁶⁷ set their first \$1m records, it attracted significantly higher prices (e.g. in 1990 the \$1M artists’ average price per lot was 6 times higher than the average price paid for the artists from the Not \$1M group).

⁷⁶⁶ For example, 2 lots by Bulatov hammered at \$975,216 (in 2007) and \$924,000 (in 2010) are excluded from the count of \$1m lots in the analysis. According to Philips sales records that add buyer’s premium on top of the hammer price, they both sold above \$1M (\$1,132,875 and \$1,098,405 accordingly).

⁷⁶⁷ Or 5.4% of the total Russian sample.

The gap in the average price of the two groups increased during the market boom of 2007 (17 times) but decreased again in 2018 (10 times). One of the reasons for such uneven distribution of economic capital is the uneven accumulation of symbolic capital by the two groups. As the first chart in Figure 4.20 shows, prior to the market launch, there were three distinct 'spikes' in the exhibition activity of the \$1M group during which it accumulated significantly higher numbers of points. Specifically, between 1986 and 2005, the \$1M artists participated in 234 unique exhibitions⁷⁶⁸ averaging 187 points per exhibition (146% more than the Not \$1M group). Among those unique exhibitions were, for example, Erik Bulatov's solo show at Centre Pompidou in 1988 (awarded with 487 points), Bulatov/Kabakov's participation at the Venice Biennale in the same year (506 points for each artist), the 46th Venice Biennale exhibiting Deineka in 1995 (506 points), and *Collaborations with Parkett: 1984 to Now* by Kabakov at MoMA in 2001 (351 points). What this demonstrates is that there is a direct correlation between high symbolic capital accumulated by the \$1M group during the pre-market period and its conversion into high economic capital during the market boom.

⁷⁶⁸ Unique exhibitions mean that they were unique only to the artists in the \$1M group, and not shared with the artists from the Not \$1M group.

Figure 4.20. Russian \$1M vs Not \$1M Group Analysis

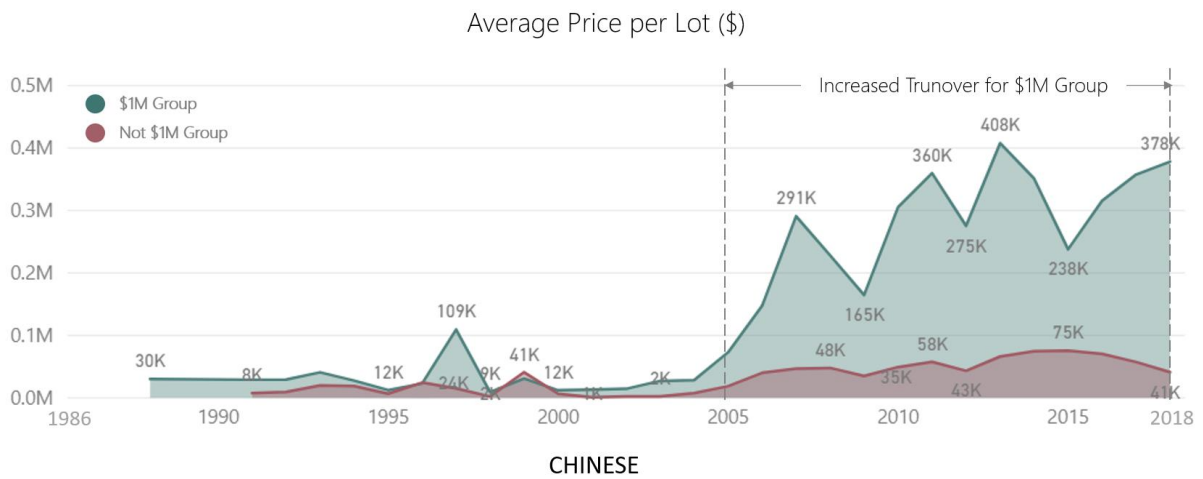
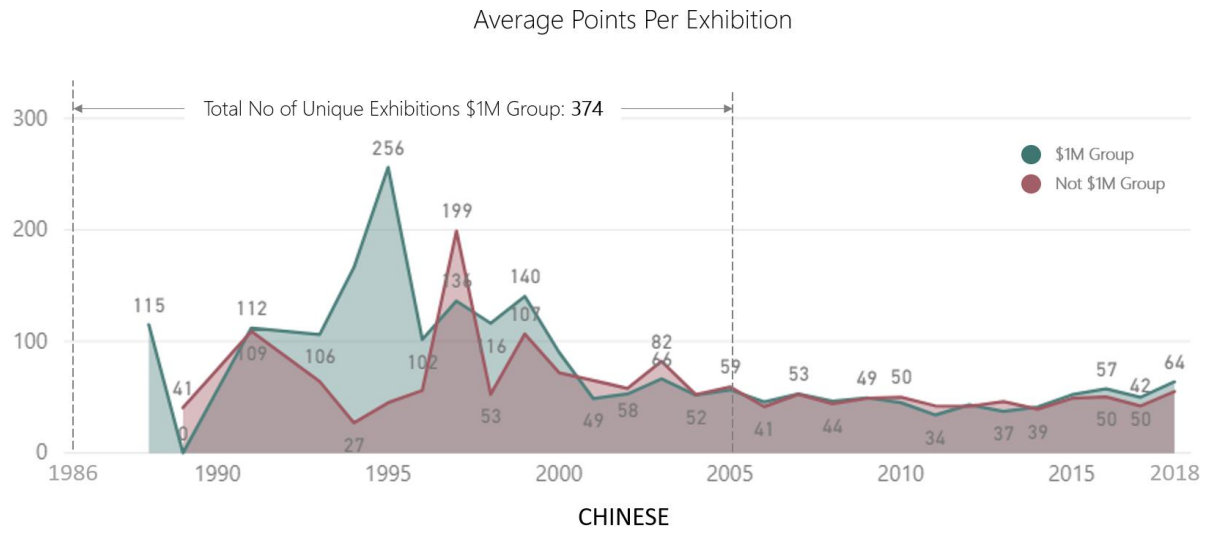


Similar correlation is present for the \$1m Chinese group (Figure 4.21). Although the Chinese sample is far less polarised with a greater number of works selling in the mid-segment, over half of the Chinese sample artists⁷⁶⁹ never achieved \$1m price benchmark. In 2018 the average price per lot in the \$1M group was 9 times more expensive than the work in the Not \$1M group. During the pre-market period the \$1M artists averaged 75 points per exhibition, 12% more than their 'less successful' peers through participation in 374 unique exhibitions (Figure 4.21). Unsurprisingly, the highest scoring artists were also those who would go on stealing the headlines by setting several multimillion-dollar records during the market boom. Among them were Cai Guoqiang (18,879 total points), Yan Peiming (15,573), Fang Lijun (11,560) and Zhang Xiaogang (10,025). Several of those early exhibitions undoubtedly became career-defining. To mention a few: the 22nd Sao Paulo Biennale in 1994 (for Fang Lijun, Li Shan, Liu Wei (b.1965), Wang Guangyi, Yu Youhan and Zhang Xiaogang), the 46th Venice Biennale in 1995 (for Liu Wei, Yan Peiming and Zhang Xiaogang), MoMA PS1 show with Cai Guoqiang in 1996, Fang Lijun's solo show at MoMA in 1998 and again in 2005, and Cai Guoqiang's show at Stedelijk Museum in 2003. The list can continue in support of an important observation valid independently for both samples. The artists from the \$1M group who managed to accumulate a substantial symbolic capital through access to prestigious Western institutions prior to the market launch were able to make a capital conversion by transforming prestige into economic success, which also enabled them to take higher positions in the field.

The next step explores the effectiveness of the capital conversion that influences the artist's ability to hold their position in the long-term. As previously observed, values are in a state of flux. Their fleeting nature relates to the fact that capital (especially in its symbolic form) constantly needs to produce and reproduce itself. The more capital is distributed to the position, the more the position becomes supported by it, which creates a 'positive lock-in effect'. The opposite is also true. The lack of capital flow to the position (or the lack of conversion of symbolic capital into economic capital), produces a 'negative lock-in effect'.

⁷⁶⁹ The \$1m group is comprised of 44 artists (or 48% of the total Chinese sample).

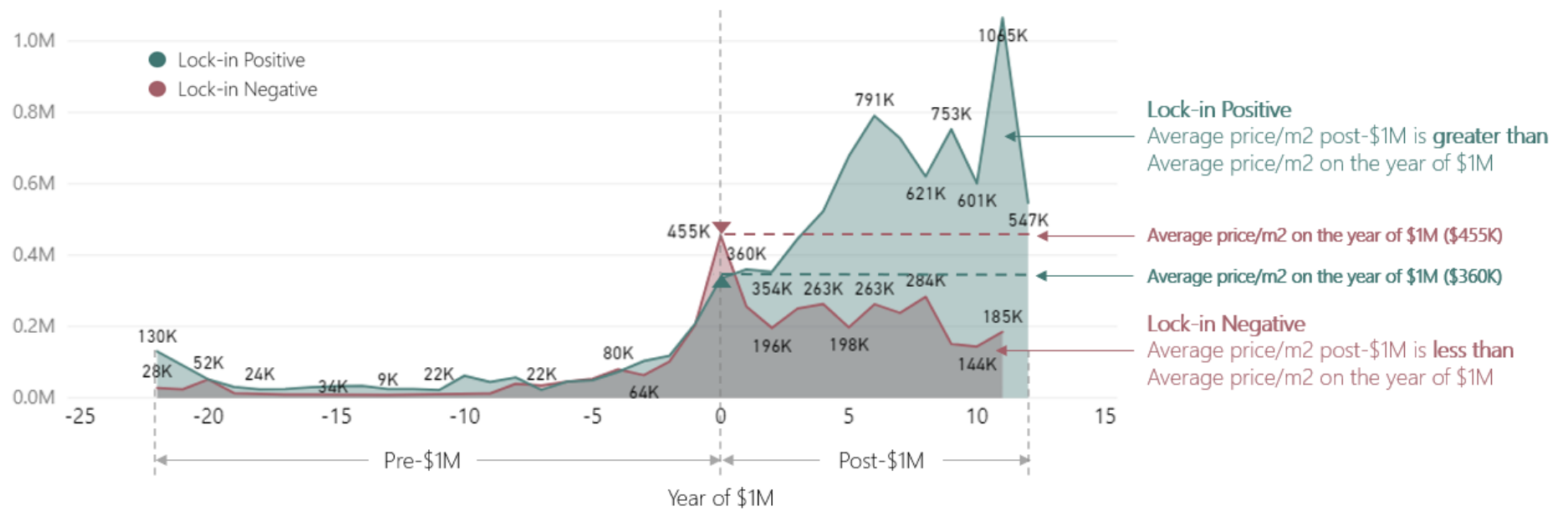
Figure 4.21. Chinese \$1M vs Not \$1M Group Analysis



To prove this argument, the artists' careers are split into two periods – before they achieved their first \$1M record ('Pre-\$1M') and after ('Post-\$1M') (Figure 4.22). The average price per square metre on the year zero ('Year of \$1M') when the artists hit \$1M becomes the benchmark for their relative performance and the measure for the lock-in effect. The artist's position enters a positive lock-in if their average price per square metre for at least 5 years after year zero (the post-\$1M period) is greater than the average price per square metre on year zero. And vice versa, the negative lock-in effect is produced if their average price per square metre in the post-\$1M period is less than it was in the year of \$1M.

Figure 4.22. Total Sample Lock-in Effect Analysis

Total Sample Average Price per Square Meter (\$)



To demonstrate with specific examples, out of 5 artists from the Russian \$1M group, only 2 got into the positive lock-in (Figure 4.23). For the \$1M Chinese group, this holds for 23 artists (out of 44) (Figure 4.23). This means that the artist's position is now 'solidified' and that it will likely continue to benefit from cumulative advantage of economic capital (e.g. in the form of potentially increasing auction prices). It also means that the artist becomes part of the long-term money memory of the field, which manifests itself in ongoing representation by the auction houses, commercial galleries and art fairs as well as inclusion in future exhibitions, publications, specialist literature, social media and various artist rankings.

A high correlation between economic and cultural capital for the positive lock-in group vis-à-vis the negative lock-in group is especially clear for the Russian sample in Figure 4.24. It shows that prior to year of \$1M, the cultural score for the Russian artists in the positive lock-in group is significantly higher than for those for whom the lock-in turned negative. For the Chinese sample (Figure 4.24), the degree of correlation varies. It is much higher for the 'unofficial' (contemporary) artists (especially Liu Xiaodong, Liu Ye, Zhang Xiaogang and Zeng Fanzhi), but lower for the 'official' artists. For instance, Jin Shangyi's position at the top of the scale is 'solidified' in the positive lock-in (Figure 4.23), though his cultural score puts him on a much lower comparative position (no. 9). This supports the earlier observations that the dominant position of 'official' art in the symbolic order of the field is artificially supported by and dependent on the state.

More data is needed to test the lock-in effect on a larger sample of more diverse artists. The model's obvious limitations specifically relate to the size of the sample. If one considers Deineka, for example, whose tiny market comprises only 33 oil paintings that ever appeared at auctions – of those, only 2 sold above \$1M (for \$2.9m in 2015 and \$3.1m in 2017). In the lock-in scale, Deineka falls into a negative category (Figure 4.23). This, however, does not necessarily mean that the artist's position is not supported by economic capital. It merely indicates a weak supply and a narrow (niche) demand for his works. By the same token, the more the artist's position gravitates towards the 'turning point' (Figure 4.23), the more likely it is to reverse the lock-in effect into the opposite direction. For such positions, more empirical data are required to accurately determine the likelihood of the change in the vector. To give another example, Wang Guangyi, formerly one of the 'four kings', is unlikely to reverse his position in the 'turning point' area into the positive lock-in. Several interviewed players regard him as 'a dead artist'. Only his early works from the 1980s now command \$7-digit figures;⁷⁷⁰ the later works in the political pop art style sell in the tens of thousands or often go unsold.

⁷⁷⁰ In November 2019 China Guardian sold *Red Rationality: Revision of Idol A*, dated 1987, for \$2,853,720 on the estimate \$940,000 – \$1,200,000.

Another limitation of the lock-in model is that it does not account for social capital. The latter determines the artist's ability to access the 'sandpits' of the higher order and has the efficacy to facilitate the switch of the lock-in from one direction to the other. This is evident in the case of Jia Aili (Figure 4.23), who, by entering the Gagosian's 'sandpit' in 2017, was able to turn the lock-in from negative to positive.⁷⁷¹ The exact mechanisms of how the artists utilise this potent form of capital to mobilise the networks' resources to advance their positions in the field are examined in detail in the following section.

⁷⁷¹ Due to inertia of the fields and art values, discussed earlier, the effects of the switch are usually delayed.

Figure 4.23. Lock-in Effect Positive vs Negative for the Russian and Chinese Samples

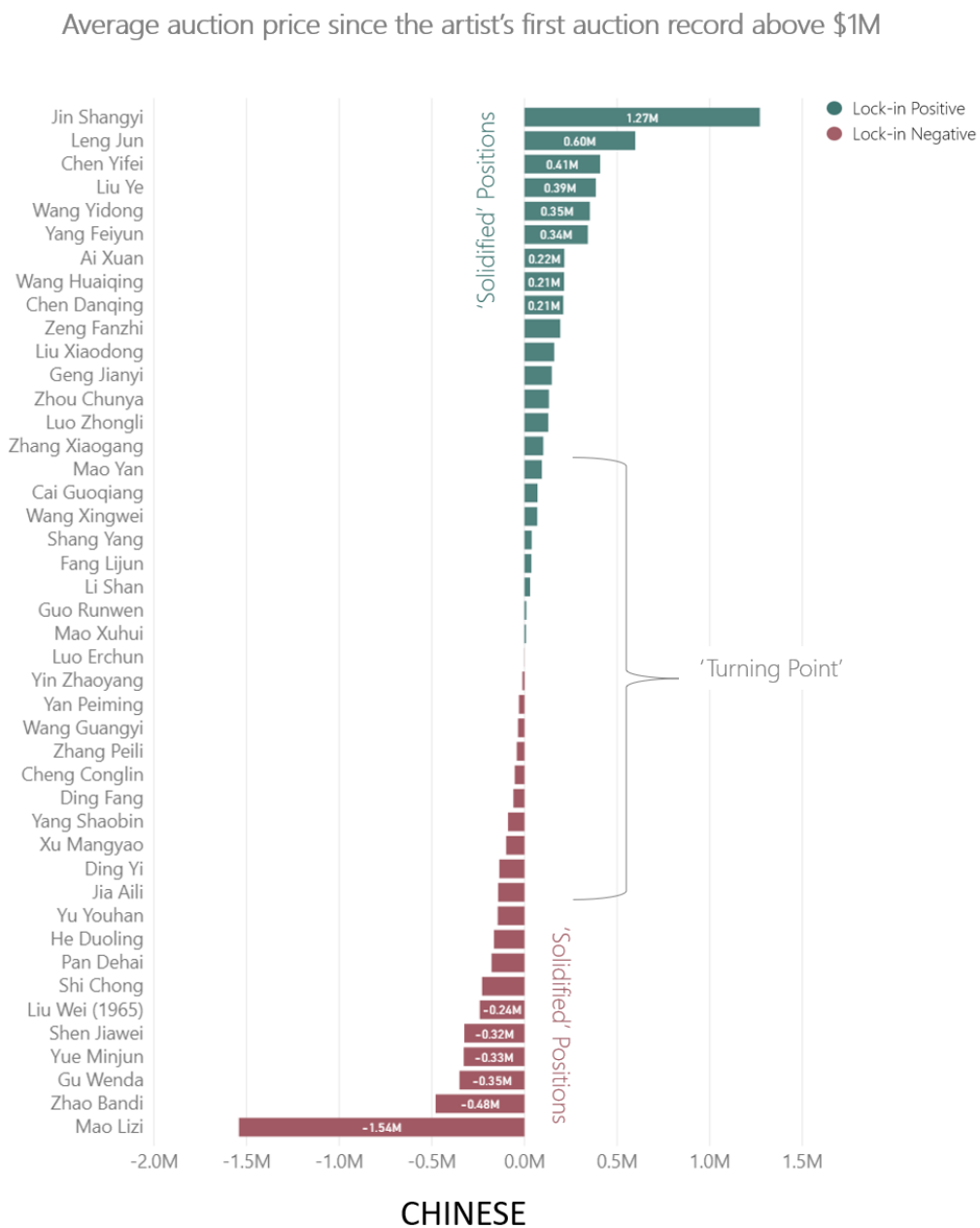
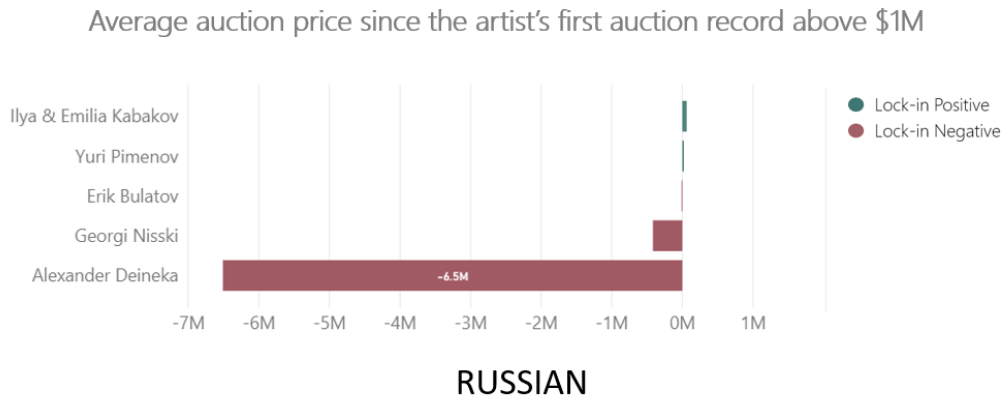
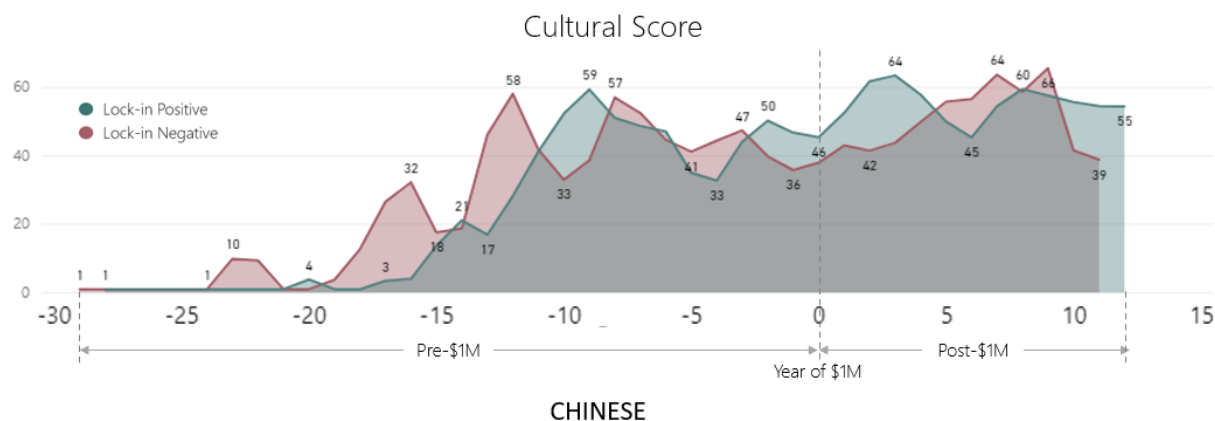


Figure 4.24. Cultural Capital and Lock-in Groups



Mapping Out the Fields – The Efficacy of Social Capital

The examination of capital continues in the light of the results produced by the multiple correspondence analysis technique that helps to visualise the structure of the examined fields and the distribution of capital. Figure 4.25 maps out the Russian artists in relation to each other, with the first axis corresponding to the volume of economic capital, and the second to the volume of the cultural/symbolic capital.⁷⁷² The data are expressed through

⁷⁷² The chart should not be interpreted at face value due to the inherent bias of the dataset towards oil paintings. Several artists from both samples work across different mediums (Y. Albert in photography, Y.

variance that measures how far the dataset is spread out from their average rates calculated as a percentage of the total (the coordinates of the barycentre 0). About half of the Russian artists are clustered in the low-prestige/ low-market-success zone. There seems to be a strong misalignment between what art is considered valuable by the curators and the buyers. For example, five artists including Pepperstein, Zakharov and Liederman gained relatively high prestige, but their market recognition remains low. Such positions in the field are often referred to by collectors and dealers as 'undervalued'. By the same token, several artists are recognised by the market despite their relatively low symbolic values. Four of them are 'official' artists (Nabaldyan, Stozharov, Nissky, Pimenov), while seven others represent the former 'underground' (e.g. Rukhin, Kransopevtsev, Weisberg, Purygin). One could argue that the symbolic values of these artists have been formed and consecrated outside of 'mainstream' institutions, within their respective 'sandpits', supported by the narrow groups of 'niche' buyers. The institutional and mercantile reconciliation was achieved only for a handful of Russian artists who became both prestigious and commercially successful; among them are Komar & Melamid and Bulatov.

For the Chinese sample, the cluster is more vertically aligned, with a greater number of positions spread in the high-prestige/ high-market-success zone (Figure 4.26). It seems that the (Chinese) buyers need more institutional reassurances and validation before they decide to allocate their capital to the artist's position. In other words, the artist must 'prove their worth' first (especially in the West, as discussed earlier) before becoming commercially successful at home. This holds true for the artists playing 'outside the system' who established their reputation abroad at the early stages of their careers before achieving market success (Zhang Xiaogang, Yue Minjun, Fan Lijun, Yan Peiming and Liu Xiaodong). In fact, the majority of the 'official' artists (Chen Yifei, Jin Shangyi, Ai Xuan, Wang Yidong, Luo Zhongli) occupy the low-prestige/ mid- to high-market-success zone. As pointed out earlier, the symbolic values of 'official' positions are consecrated by the relatively autonomous judgement devices confined to the 'official sandpit', authoritative enough to convince the buyers to allocate significant amounts of economic capital to their 'branded' artists. The prestige rate of the 'official' artists, however, remains relatively low compared to other positions, suggesting that no consensus on the value of the 'official' art has been reached within the field.

Leiderman – conceptual works, A. Salakhova – sculpture, Cai Guoqiang – gunpowder and paper, Zhang Huan – photography, sculpture, Xu Zhen – installations) that have been excluded from the market turnover calculation.

Two artists emerge as the absolute winners within their respective fields – Kabakov⁷⁷³ (Figure 4.25) and Zeng Fanzhi (Figure 4.26). Each accumulated a significantly higher amount of symbolic and economic capital in comparison to their peers. The position of Kabakov has a much greater variance in terms of the average artist points (16.8% above average) and the average turnover (8.5% above average) (Figure 4.25). In contrast, Zeng's position deviates from the average artist points only by 1.4% above average, while his variance turnover is much greater at 13% above average (Figure 4.26). The market actors often refer to this type of position as 'overpriced'. The difference in the positions between the two artists implies the presence of an important third variable – social capital – which Kabakov uses to gain access to the international institutions and to convert his symbolic capital into economic value, while Zeng Fanzhi utilises it to attract economic capital and to enhance his position in the symbolic order of the field.

⁷⁷³ Kabakov is analysed together with his wife Emilia, as the couple have been inseparable since the 1980s.

Figure 4.25. Market Success vs Prestige – Russian Sample

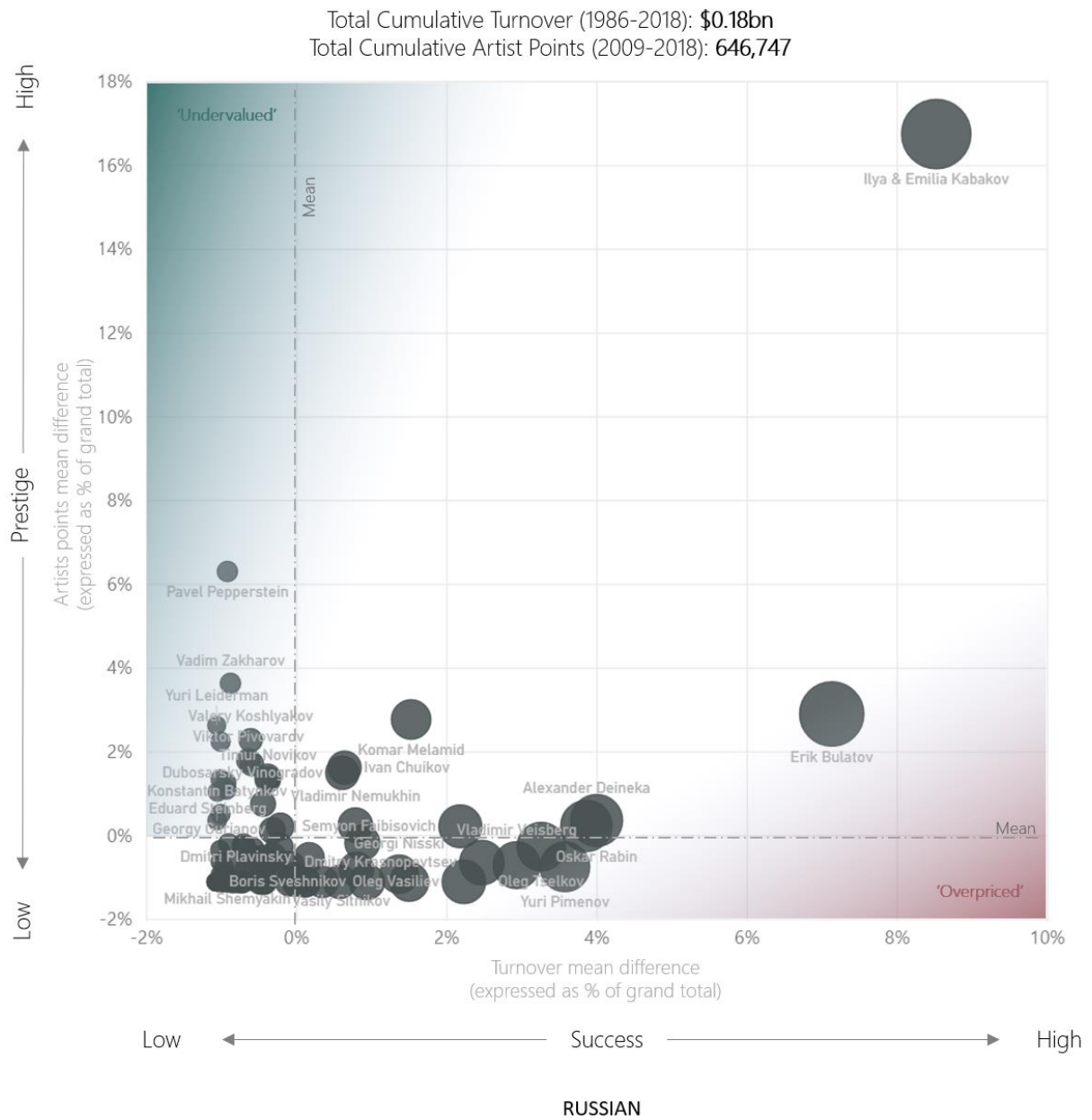
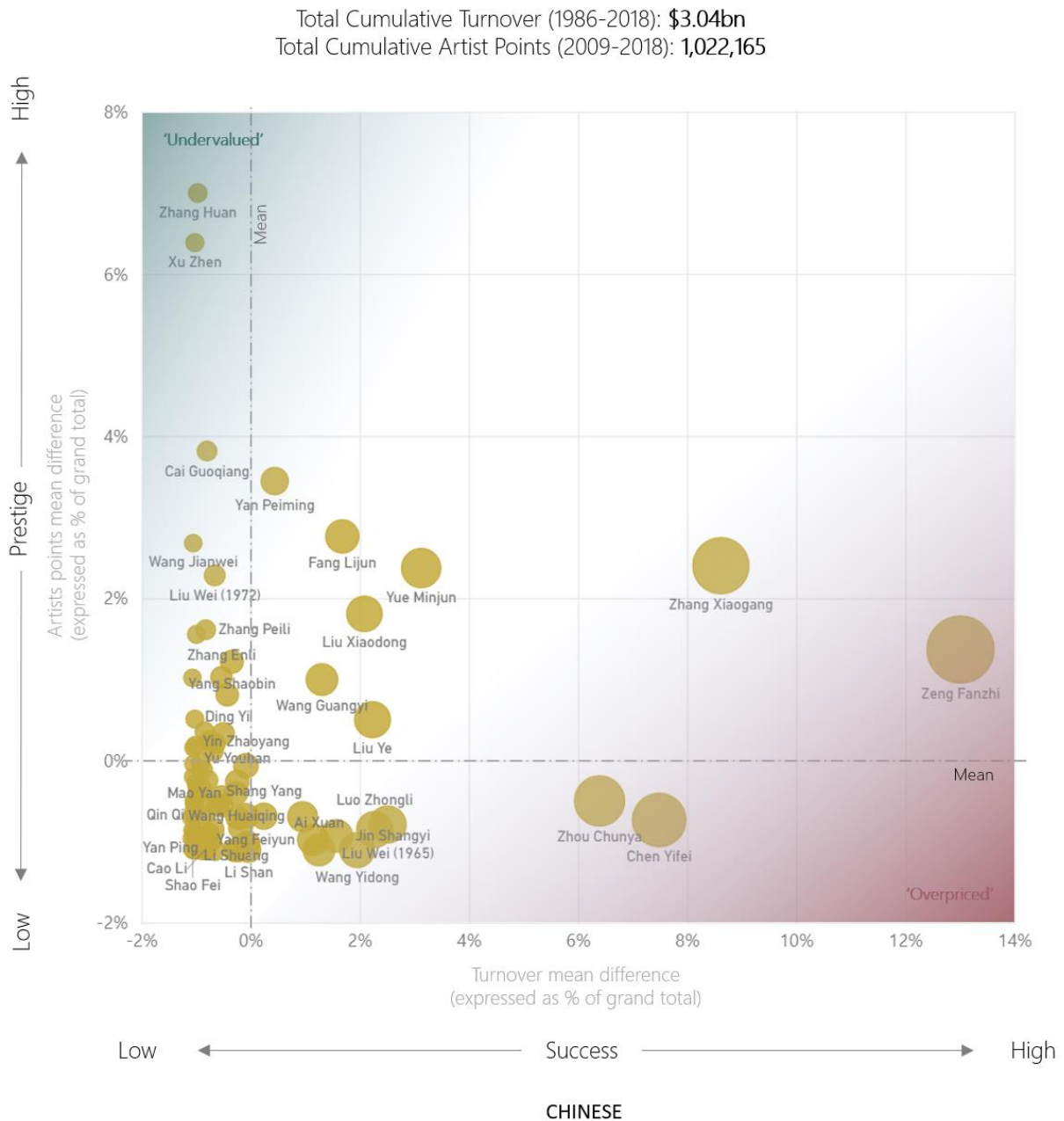


Figure 4.26. Market Success vs Prestige – Chinese Sample



To demonstrate the efficacy of social capital, Figures 4.27–4.29 and 4.30–4.31 visualise Kabakov’s and Zeng Fanzhi’s respective ‘sandpits’⁷⁷⁴ as they expand over different stages of their careers. Kabakov, whose career started in the early 60s, was among the first Soviet ‘unofficial’ artists to exhibit abroad, often as part of a group with other artists from his close

⁷⁷⁴ The flexible lines in the charts indicate the fluidity of relations that become more solid/dense as the artists’ ‘sandpits’ become institutionalised.

circuits (e.g. Bulatov).⁷⁷⁵ He also occupied a central position within the early ‘unofficial’ artistic circuits, gaining respect and recognition among his peers. His ‘sandpit’ expands exponentially during the 90s, becoming highly institutionalised in the 2000s (Figures 4.27–4.29). As discussed in the previous chapter, branded international museums and high-prestige non-profit organisations have been Kabakov’s main target, access to which successfully placed him in the centre of a dense cluster of prominent (Western) institutional networks. One could further argue that Kabakov’s extensive social capital has created path dependency for his position, which (more or less) automatically translates into more stability in institutional prestige (symbolic value) and higher auction price (economic value).

Zeng Fanzhi, too, started his appearances in the international art field as part of a group (Figures 4.30–4.31). From the beginning of his career, his network was more commercially oriented (Figure 4.30). This is particularly evident from the visualisation of his ‘sandpit’ during the maturation stage of his career that features multiple connections with top commercial galleries (Aquavella, Gagosian), high-profile collectors (François Pinault, Jack Ma) and dealers (Johnson Chang) (Figure 4.31). Institutional lock-in is not evident for Zeng Fanzhi’s position, which, nevertheless, remains highly plugged into multiple interconnected circuits. As discussed in the previous chapter, at the time of writing, none of the high-prestige Western institutions has awarded Zeng a retrospective survey. Despite his self-promotional attempts to place himself in the purview of Western institutions (e.g. the donation of his own artworks to the Van Gogh Museum and Los Angeles County Museum of Art), his position in the symbolic order of the field remains relatively low.

⁷⁷⁵ Although Kabakov became a more successful artist (both culturally and financially), before 2005 Bulatov’s prestige abroad was higher (10,410 exhibition points for Bulatov vs 2,246 for Kabakov, cumulative from 1986 to 2005), indicating that Kabakov was more effective in using his people skills to gain more prestige and to advance his position in the field.

Figure 4.27. Kabakov's 'Sandpit': The Early Years

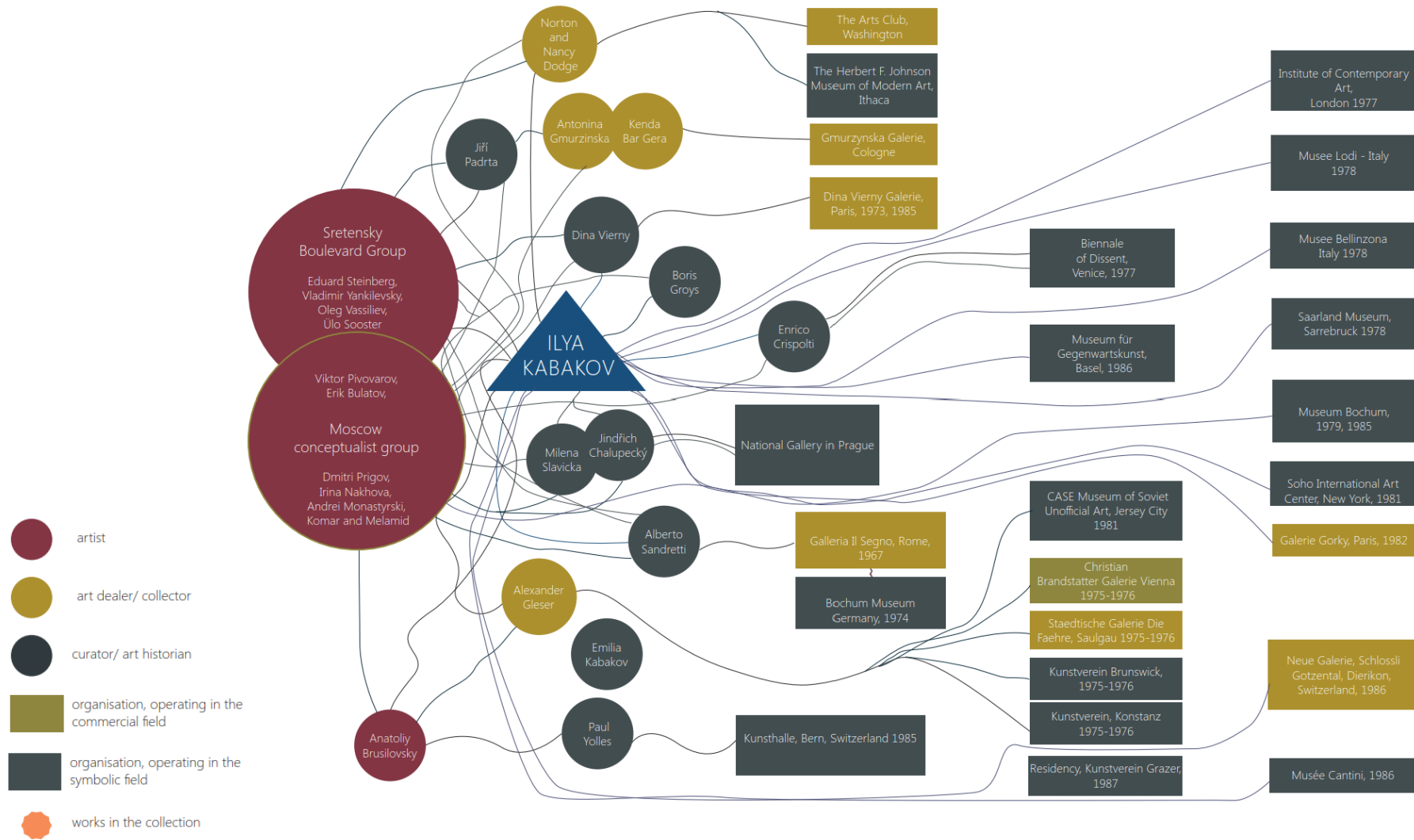


Figure 4.28. Kabakov's 'Sandpit': Pre-Market

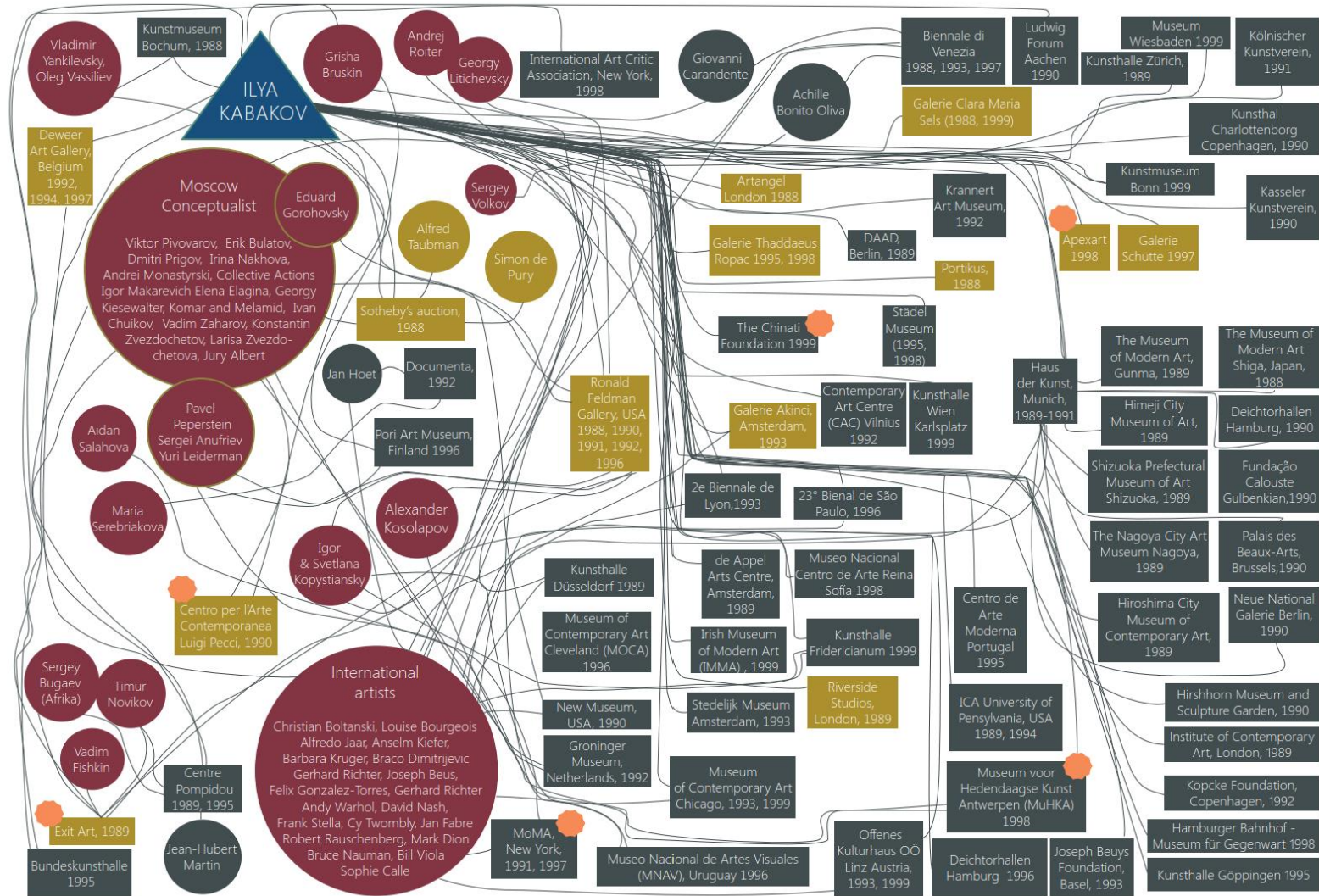


Figure 4.29. Kabakov's 'Sandpił': Maturation

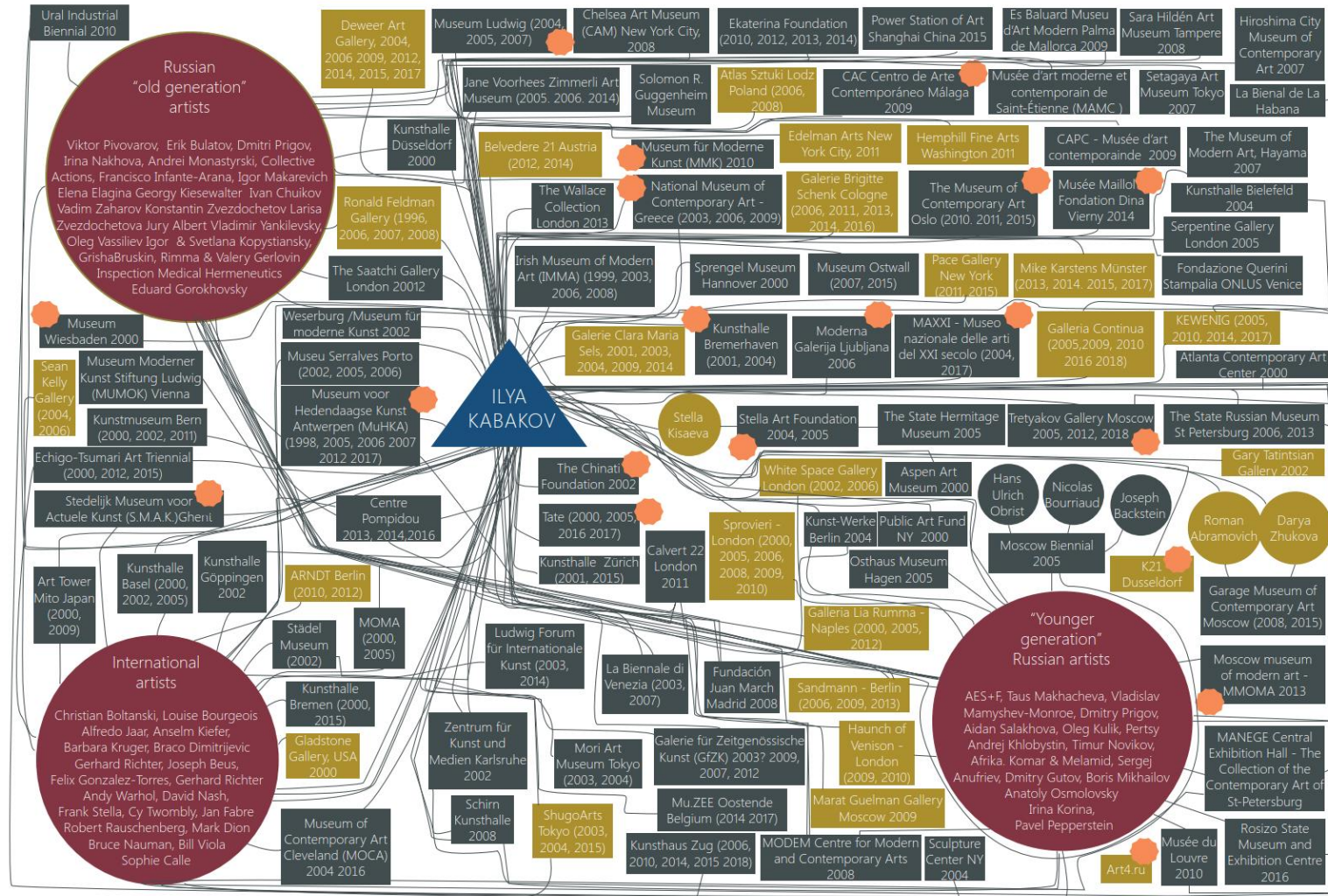
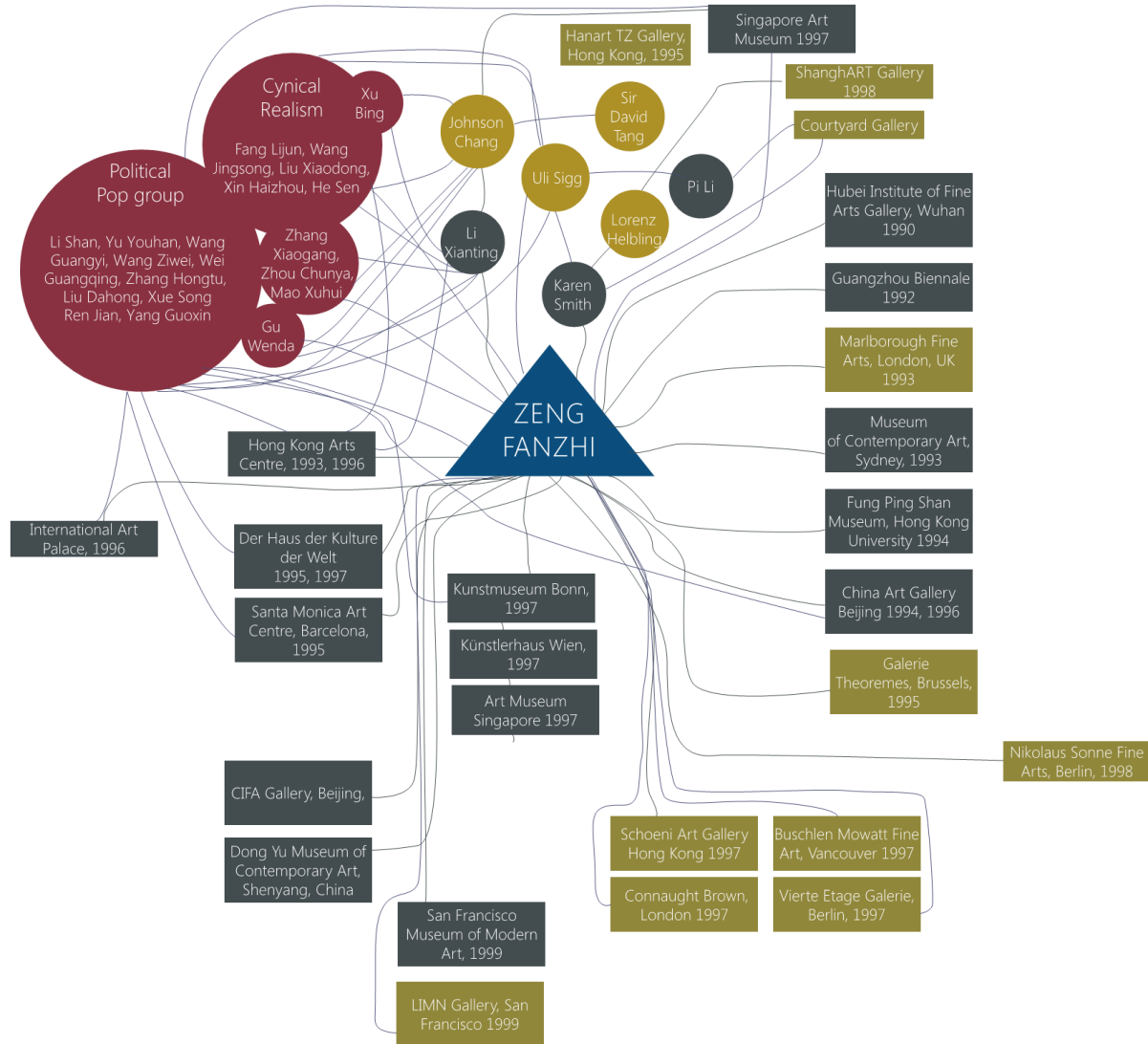


Figure 4.30. Zeng Fanzhi's 'Sandpit': Pre-Market

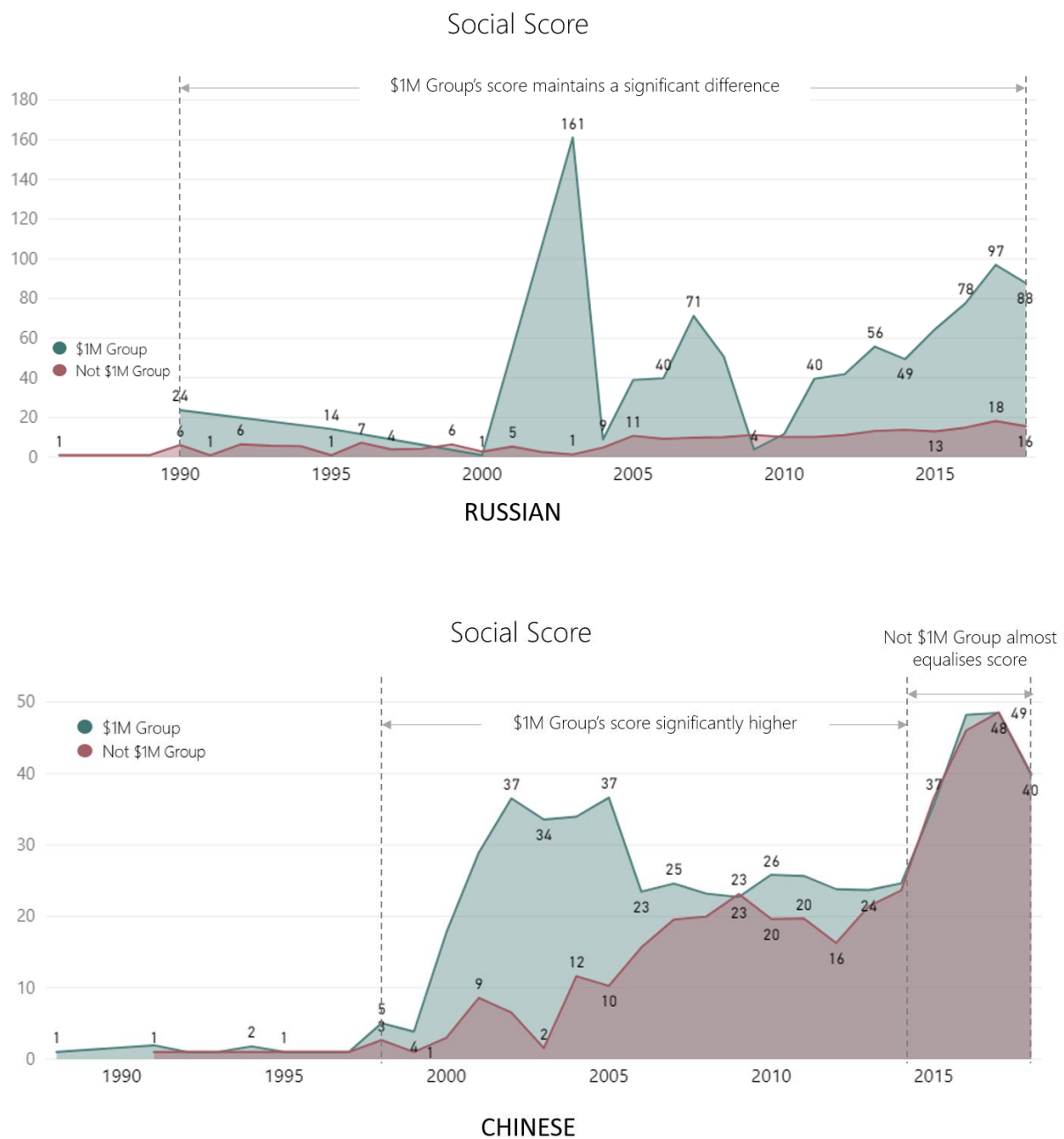


To emphasise, in the early years of their careers, both Kabakov and Zeng Fanzhi, as well as many other artists from the sample, were promoted (in the West) as part of groups (comprised of the artists from their immediate 'sandpits'), which provided each member with access to collectively owned capital. Since social capital is never completely independent of other forms of capital, it also acts as a multiplier on the capital it possesses, creating the earlier examined 'sandpit effect'. The greater the size and volume of the 'sandpit', the more chances and opportunities it provides to its members to attract even larger amounts of capital.

This observation is reinforced in Figure 4.32 that maps the accumulation and distribution of social capital between the Russian and Chinese artists in the \$1M vs Not \$1M groups. Social capital is expressed as a social score synthesised from the artist's distinct institutions (where the artist exhibited), distinct countries of those institutions and other artists from the group exhibitions. For the Russian artists, the social score of the 'winners' (those who achieved \$1M) is significantly higher than that of the 'losers' (Not \$1M).

A similar pattern is observed in the Chinese sample up until 2014. After that the social score for both \$1M and Not \$1M groups levels. This could partially be explained by the fact that some (especially younger) Chinese artists in the Not \$1M group are consciously expanding their networks, gaining access to a wider selection of institutions, which, in turn, are looking to diversify their artist roster. Social media, too, plays an increasingly important role in the accumulation of social capital. Overall, the Chinese remain far better 'networkers' than their Russian colleagues (social score of 5.5 for Not \$1M Chinese group vs 3.5 for the Russian Not \$1M group). The disparity in social capital could also be explained through the 'sandpit effect' at the national level. In comparison to the relatively small, isolated Russian 'sandpit' located at the periphery of the global art field, the Chinese 'sandpit' is plugged into the wider, more interlaced and interconnected central networks that gives the Chinese artists a much better access to resources and rewards.

Figure 4.32. Social Capital Accumulation and Distribution \$1M vs Not \$1M Groups



5. Russian and Chinese Art as an Investment

Over the last three decades, both Russian and Chinese art has been promoted by various agents and financial institutions as part of a growing recognition of art as an investment asset class by global investors. As observed in the earlier sections, the economic values of Russian and Chinese art are affected by global equity market trends and aggregate economic growth.

At the same time, the performance of Russian and Chinese art as an investment is largely dependent on several 'local' factors including national economic growth, financial equity returns on the national and regional stock markets, and national wealth. Although the

international auction houses set the prices for the top-end segment (in London for Russian art and Hong Kong for Chinese art), for the mid- and low-end segments the prices are set locally. In the ultra-top segment of Chinese art, however, the power of value creation is shifting to the leading local auctions (Poly and Guardian). Empirical evidence also suggests that Chinese art has not become more integrated into the global art market since its peak performance in the 2007. It is tradable predominantly in Greater China. Although selected international auctions occasionally include Chinese contemporary artists in their (more prestigious) evening sales, they usually appear under the indigenous art category. Russian contemporary art remains a small, isolated segment featured primarily in designated 'Russian art sales'. Several interviewed Western collectors consider Chinese contemporary art more 'universal' than its Russian counterpart.

In terms of liquidity – an important characteristic of an investment asset, alongside return and risk – many artists (especially Russian) are highly illiquid, due to the weak demand and a narrow pool of buyers. Illiquidity also plagues selected Chinese artists (especially former stars who have lost their positions in the field); only 'top quality' works, usually from a historically important artist period, have a chance to attract buyers. Among other drawbacks, both national markets remain opaque and under-regulated (with high tax burdens, import duties, VAT and a lack of incentives for corporate buyers, all of which inhibits the free flow and consumption of cultural goods).

Despite these shortcomings, there are numerous examples of successful returns on investment in both Russian and Chinese art. For instance, the sale of Uli Sigg's collection of 47 works to Hong Kong M+ Museum in 2017 brought him a total of \$22.7 million (a remarkable return given the fact that Sigg purchased most of his works in the low \$4-digits apiece in the 1990s). In 2007 another player, controversial dealer Michael Goedhuis, negotiated the sale of the Estella Collection for \$23.5 million which had been purchased only 3.5 years earlier for \$3.8 million, generating a return of CAGR +83.6%. Four years later, the Ullens collection of 106 lots (then about 10% of Mr Ullens' Chinese art holdings he has been assembling since the 1980s) fetched an astonishing HK\$477 million (over \$60m), more than four times in excess of its pre-sale estimate. In all cases, high returns have been achieved by insiders who had access to the 'high capital sandpits', knew the rules and how to play them.

Even Russian art, if held long enough, generated some modest returns for the investors. According to the analysis by AI⁷⁷⁶ of the market value development of selected artist positions from the legendary Sotheby's auction in 1988 until 2018, 85% of the Russian artists represented in the Sotheby's sale have seen an increase in prices, albeit with various growth rates. Among the winners are, unsurprisingly, Kabakov (his lot, sold at Sotheby's for \$37,600 in 1988, was valued at \$1,000,000 by AI);⁷⁷⁷ Bruskin (whose then top selling *Fundamental Lexicon*, hammered at \$413,000, is estimated by AI at \$800,000, or CAGR: 2.2%); while the price of the 'official' artist Glazunov barely moved (sold at \$52,000 in 1988, his painting was estimated at \$60,000 in 2018, CAGR: +0.48%).⁷⁷⁸ It remains to be seen whether these returns can actually be realised in a highly illiquid Russian art market. Nevertheless, the buyer sentiment prevalent in the field supports AI's optimistic evaluation. As one Russian collector summarised it: *'The [Russian artists'] positions are solid. The prices are at the very bottom. The only way it all can go is up.'*⁷⁷⁹ This positive outlook, determined not only by the macro-economic factors, stock market growth and individual expectations of income, but also based on a fundamental belief in the value of art, strongly affects liquidity, price levels and art investment returns.

Russian and Chinese Art Capital Index (1986–2018)

Most methodologies used to calculate the financial returns on art investments are based only on auction prices. In this analysis, the main objective has been to construct an 'art capital index' that would reflect the value creation of Russian and Chinese art by incorporating all three forms of capital and show how they correlate with one another. A pragmatic choice was made against a repeat sales estimator or a hedonic regression.⁷⁸⁰ Instead, the capital index aggregates three indicators used as proxies for economic capital (based on average price per square metre), cultural and social capital (based on the respective scores also used in the previous sections). Figure 4.33 confirms the earlier observations that, over the full timeframe, the prices of Russian and Chinese art increase, despite the cyclical behaviour during boom-and-bust periods. Both samples continue to accumulate more social and cultural capital in parallel. There is a stronger correlation between economic and cultural

⁷⁷⁶ 'Sotheby's-1988 in Prices of 2018,' *ArtInvestment* (28 February 2018)

https://artinvestment.ru/news/exhibitions/20180228_sothebys_moscow_1988.html (accessed 5 January 2021).

⁷⁷⁷ AI used the 2018 price levels. If the price were to be realised, it would have returned a profit at CAGR: +17.8%.

⁷⁷⁸ https://artinvestment.ru/news/exhibitions/20180228_sothebys_moscow_1988.html (accessed 5 January 2021).

⁷⁷⁹ Telephone interview with the author, 18 December 2020.

⁷⁸⁰ For the former, the dataset of auction sales is too small to trace purchase-and-sale price pairs of oil paintings that trade more than once. For the latter, the relatively uniform dataset does not have enough distinct value-determining characteristics to run the regression.

capital accumulated by the Chinese sample, indicating a higher dependency of the Chinese art values on external institutional judgement devices. Furthermore, 'spikes' in the price have been preceded by higher accumulation of cultural capital up until 2012. From 2015 onwards, both samples demonstrate a higher correlation between economic and social capital (Figure 4.33).

Figures 4.34 and 4.35 reinforce the above observations by examining the performance of the 'official' and 'unofficial' art separately. Chinese 'official' (academic) art occupies a much stronger position (reflected in steadily growing prices) than its more volatile Russian counterpart (Figure 4.34). The difference can be explained by a much larger volume of capital supporting the Chinese academic artists. To maintain its position, both Russian and Chinese 'official' art requires a constant reaffirmation of its value. A rise in exhibition activity by the 'official' artists is rewarded by an increase in their market value, especially for the Chinese sample that shows a higher correlation between price and institutional validation (Figure 4.34).

The above is also true for the 'unofficial' (or contemporary) artists who direct their energy towards accumulation of symbolic and cultural capital whenever there is a drop in prices (Figure 4.35). This is especially the case for the Russian artists, whose economic values have been declining since the market peak in 2008. Russian art's cultural/ symbolic values, however, continue to increase.

On the individual artist's level, as demonstrated by the art value index for Kabakov and Zeng Fanzhi (4.36), a significant drop in the prices of the former and stagnation in the price level of the latter seem to have compelled both players to increase their exhibition activities and to work on their social networks. A relative slow-down in the accumulation of cultural capital by Kabakov may be explained by his senior age.⁷⁸¹ The sharp rise in Zeng Fanzhi's social score around 2015–2016, followed by an increase in cultural score, indicates that the artist is using his rich social capital to convert it into cultural capital, thus strengthening his position in the symbolic order of the field (Figure 4.36).

Despite limitations and biases associated with a relatively simple methodology and a small sample size, the art capital index establishes correlations between various forms of capital, reveals interesting patterns in value creation and provides a richer perspective on the value of art.

⁷⁸¹ The artist was born in 1933.

6. Outlook to 2025

The values of Russian and Chinese art are inextricably linked to the position the country-specific field occupies in the global marketplace, as well as the position the artist occupies within their respective national field. Any predictions of the future vector of value creation, therefore, must take into account the volume and structure of capital that may potentially be allocated to art's position simultaneously on global, regional, national, group and individual levels.

Russian contemporary artists have little chance of seeing their values increase exponentially by 2025. As their position in the global art field remains unchanged, the only prospect of economic capital may come from the weak home market. This also means that the values in the top segment will continue to decline, while a slight increase in prices in the mid-segment is not unrealistic, especially for 'undervalued' positions that have a high cultural score. On the individual level, this means that Kabakov in his lifetime will not see another work beating his *Beetle's* record, but Pepperstein might, given the artist's relative 'misalignment' of cultural and symbolic capital. The internet may boost liquidity of Russian art in the low-end price segment through the growing online sales.

The values of Chinese contemporary art will continue to increase but at a more measured pace and will depend on whether the growing Chinese upper-middle class supports or subverts the hierarchies created by previous generations of players. Some of the former stars will not be able to recover their positions during the next five years, although their selected 'historically important' paintings will continue to command premium prices. The 'undervalued' artists will increase their market share (Cai Guoqiang). Zeng Fanzhi will not be able to hold his 'overpriced' position. Without the support and consecration of high-prestige (Western) institutions, the artist will not be able to achieve the institutional path dependency (enjoyed by, for example, Kabakov or Cai Guoqiang). Overall, Chinese artists will continue to face increasing competition from their more agenced Western colleagues and have to rely on consecration and legitimation by Western judgement devices due to the lack of unbiased agenced local institutions.

As for the 'official' art in both fields, as long as it continues to serve the interests of the dominant, the positive lock-in will hold during the next five years, as the art has already become part of the money memory of the field. This is especially true for the Russian and Chinese artists positioned in the top segment. With access to (vast) state resources, 'official' art will retain its relative autonomy from other fields, which makes its values less sensitive to cyclical macro-economic fluctuations and external influences.

Figure 4.33. Art Capital Index – Total Sample

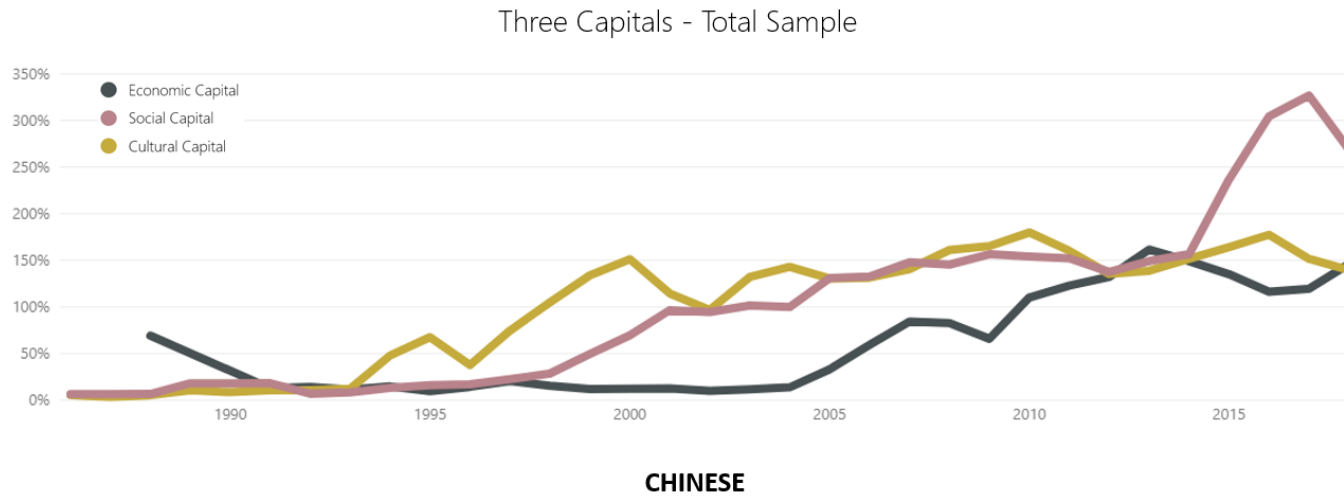
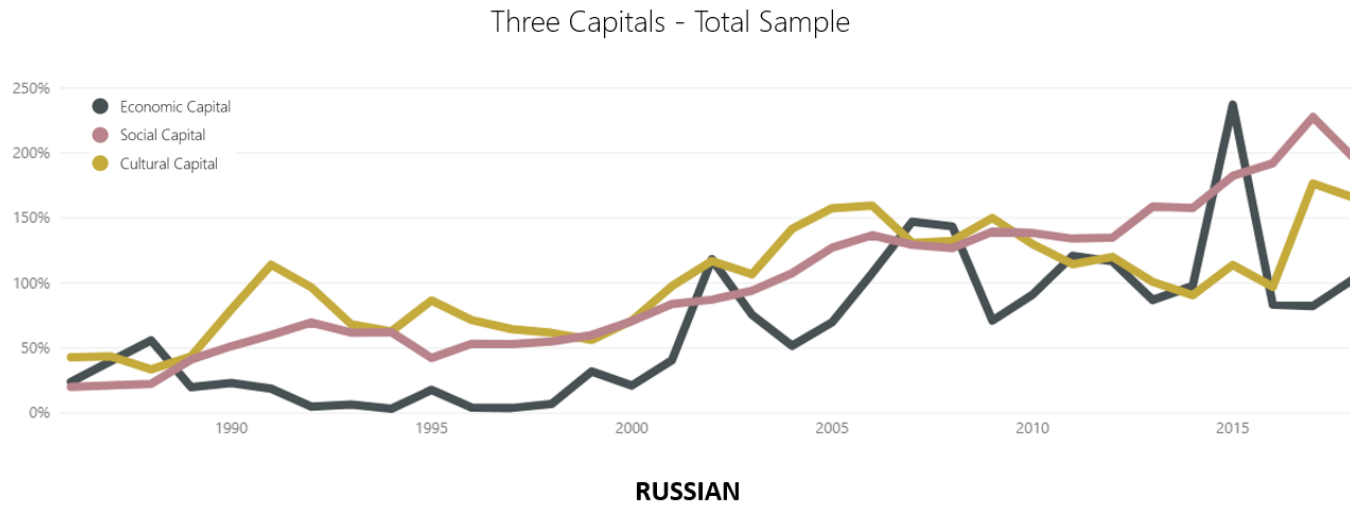


Figure 4.34. Art Capital Index – ‘Official’ Art

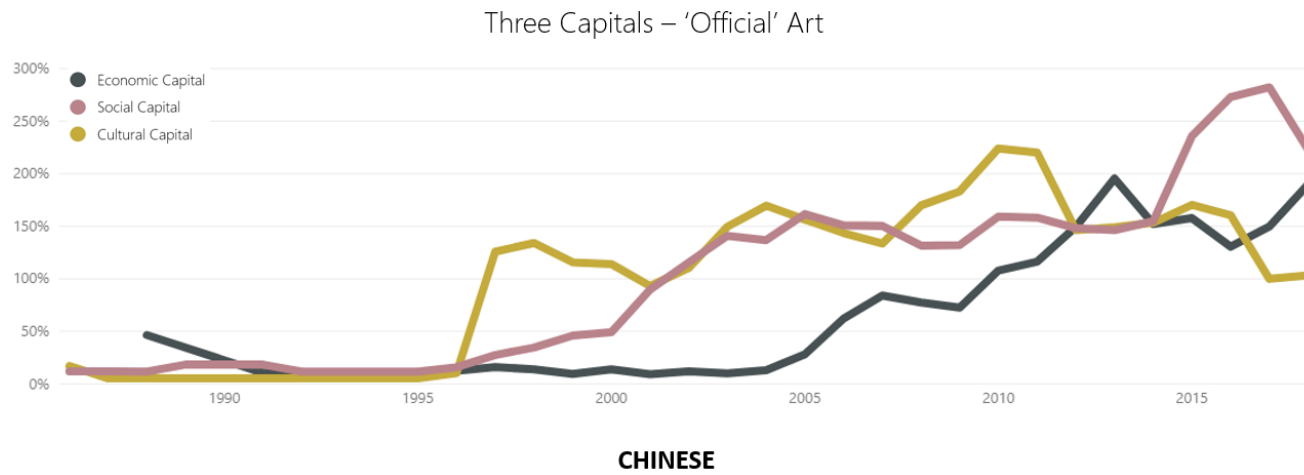
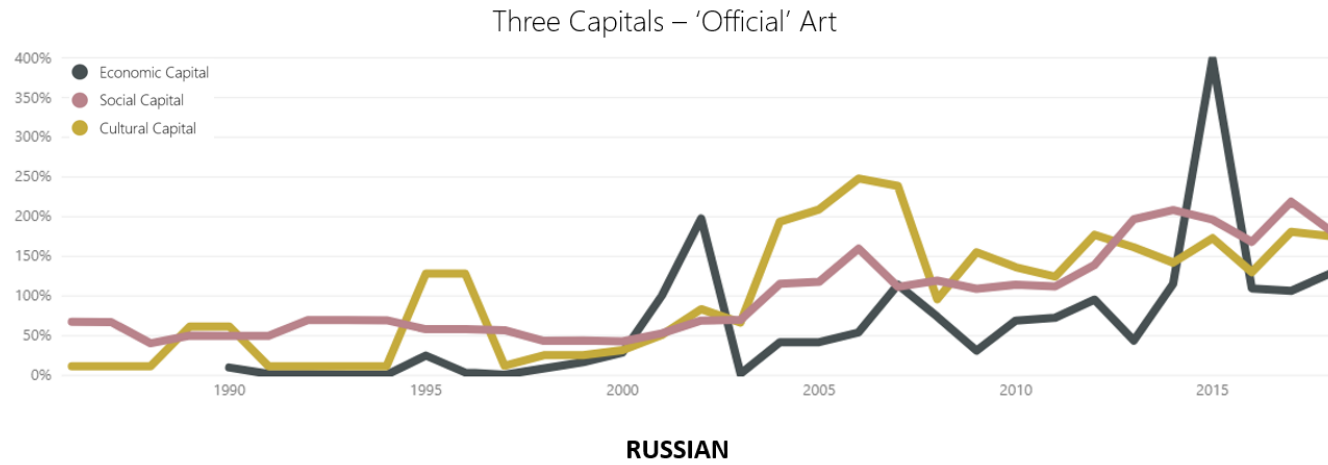
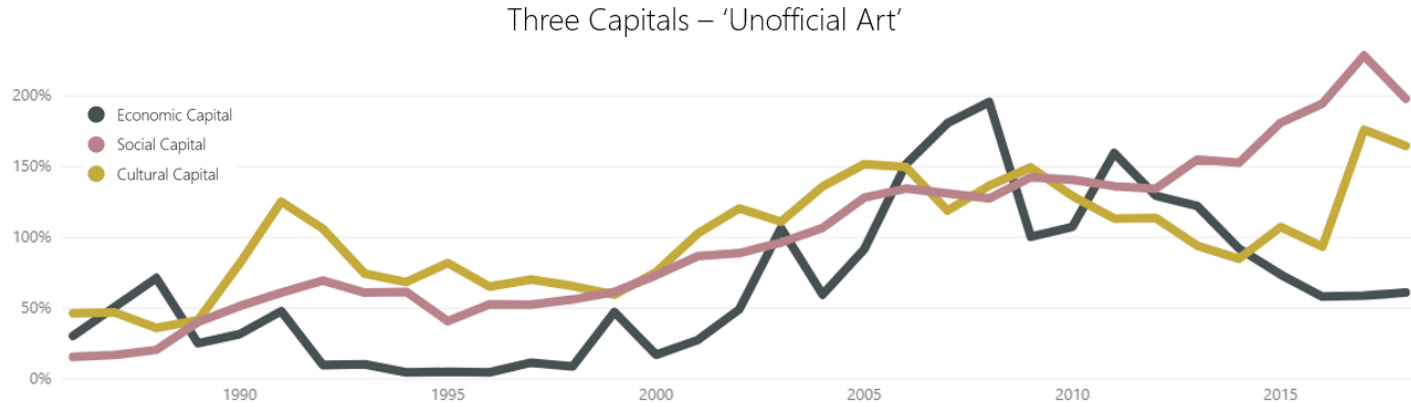
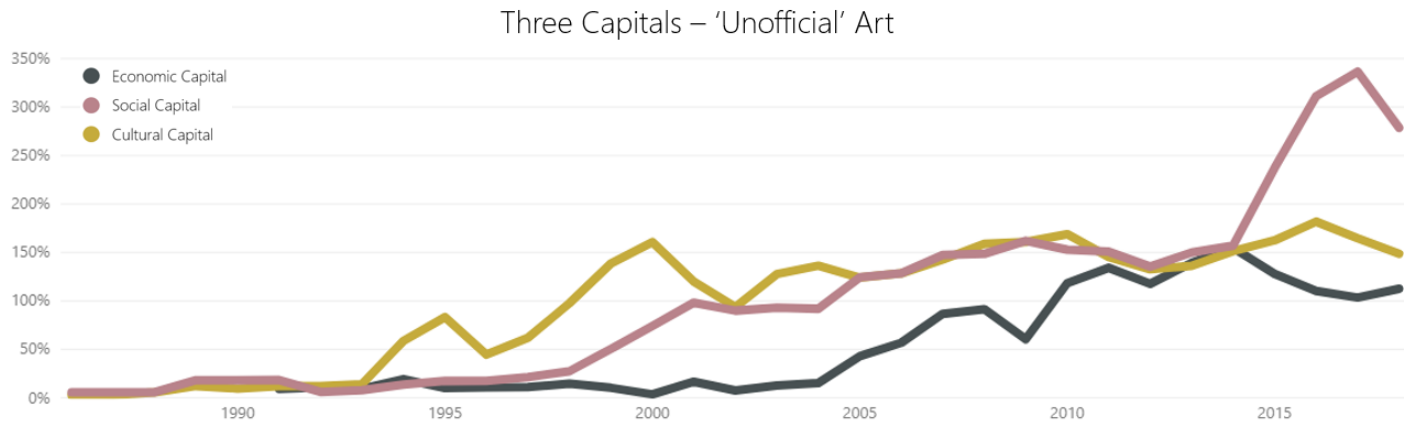


Figure 4.35. Art Capital Index – ‘Unofficial’ (Contemporary) Art

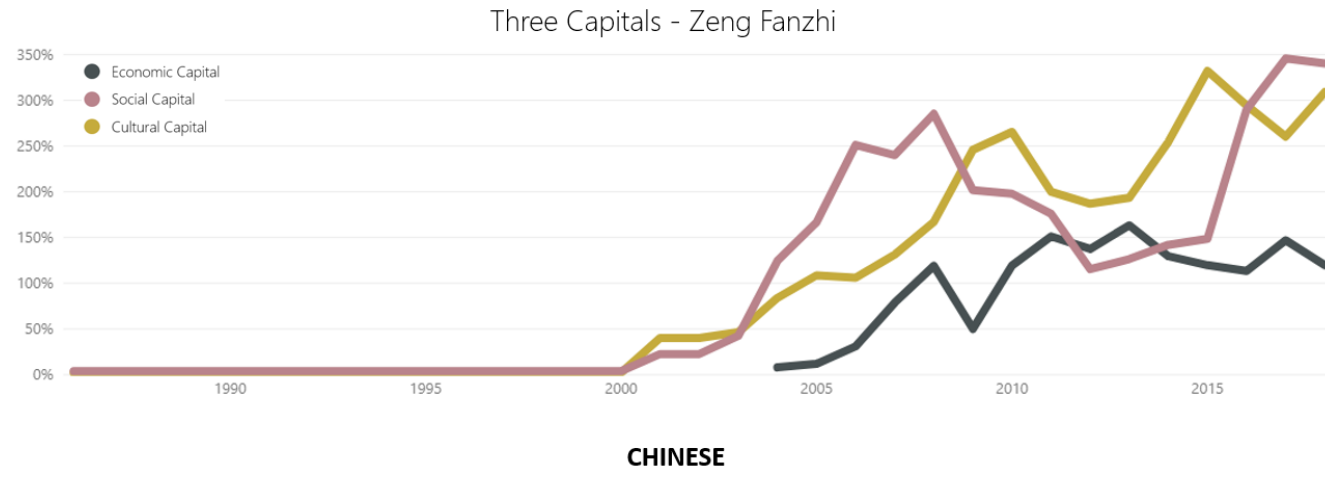


RUSSIAN



CHINESE

Figure 4.36. Art Capital Index – Kabakov and Zeng Fanzhi



Conclusion

Since 1997, when the author left her hometown for Beijing, the world has become a much more complex, layered and interconnected place. The Russians and the Chinese, no longer confined to their habitats, move relatively freely across the borders. Large-scale socio-economic and political transformations unfolding at global and national levels have shaped their societies, national identities, and relations among individuals, groups and institutions in those societies. Embedded within these transformations is the emergence of Russian and Chinese contemporary art markets.

One could argue that the prominent position occupied by contemporary art in the global art field derives from the fact that it has been able to attract a high-speed global circuit of capital. This is evident in the status-conscious Russian and Chinese economic elites that single out contemporary art to construct their new international identities in order to gain membership in the global ruling class. Deployed to disseminate and propagate their values on a much larger scale, contemporary art becomes a soft power of the dominant and a global matter.

The elevation of the position of Russian and Chinese contemporary art within the value hierarchy and symbolic order of the national and global art fields is reflected in the remarkable appreciation of its economic, symbolic and social value over the last three decades. Capital accumulation by artistic positions was, however, slow and uneven. How exactly was Russian and Chinese art value created through the system of relations among the positions of artists, collectors, curators, critics, auctioneers, dealers, experts and various art organisations? To answer the key research question, the investigation, based on a mixed-method approach combining qualitative and quantitative data from primary and secondary research, examined the Russian and Chinese art markets during different stages of their development.

During the pre-market stage, the Russian and Chinese art fields enjoyed a relative autonomy from external influence but were subject to constraints imposed by the state. Access to symbolic power was a success-defining factor in art value creation. The artists who gained initial validation by ('official' or 'unofficial') judgement devices with high symbolic capital (peer-to-peer circuit, collector-dealer, critic-curator-dealer, foreign and local patrons) were later able to join their respective canons. One could argue that the early stage was the 'era of symbolic capital' with low dependency on the economic field.

The marketisation stage of the 1990s was effectively a transitional period from the 'era of symbolic capital' towards the 'era of economic capital'. Some artists were able to make their

first conversions of symbolic capital into commercial profits using their social capital as the mediating currency. The Western auction-centric model replaced the old state-centric model, breaking down intimate local circuits while enabling larger cross-border flows. The dependence on the global art field increased to the medium level. The value creation of Russian and Chinese art was also caught between the (often) conflicting logics of symbolic and economic power, as well as de-agencing state structures, agenced Western judgement devices and agencing local entities.

The maturation stage in the value creation of Russian and Chinese art during the 2000s was marked by its high dependency on the global art field and integration into the global cultural and economic flows. This stage could also be characterised as the 'era of economic capital'. The influx of money from the global elites to the national art fields, especially during the first decade of the new millennium, expanded the value scale of Russian and Chinese contemporary art to unprecedented levels. The artists occupying higher positions in the symbolic order of their respective fields were able to take up corresponding (homologous) positions at the top of the value hierarchy. Uneven distribution and redistribution of capital in the aftermath of the financial crisis of 2008 led to a 'reshuffling' of value hierarchies within both fields. The artists plugged into wider local and international 'sandpits' benefited from cumulative advantage of capital and were able to hold (or to take up higher) positions within their respective fields. Social capital has played an increasingly important role in the conversion of symbolic capital into economic winnings, and vice versa.

The integration of the national fields into the global art market, however, is uneven. In comparison with Russian and Chinese contemporary art, value creation within the 'official' (academic) sub-field remains relatively autonomous. It is supported on the one hand by resilient state structures that continue to hold validation and consecration power, and, on the other, by economic capital from the national ruling elites because of their homologous positions.

To summarise in more conceptual terms, the value of Russian and Chinese art is determined by the relative positions their respective art fields occupy within the field of power on the national, regional and global levels. Chinese art is set in a much denser and more central system of relationships that enables it to attract a larger volume and value of capital, while the position of Russian art has access to much smaller amounts of capital and resources.

Within the Russian and Chinese fields, the artistic position simultaneously exists in both symbolic and economic hierarchies. At first glance, these hierarchies do not correlate. Closer observations of both fields reveal, however, that the seemingly opposing and irreconcilable

forces influencing both hierarchies also bring them to an equilibrium. On numerous Russian and Chinese examples, the analysis demonstrated that the 'undervalued' positions (high symbolic capital but low economic capital) are eventually recognised by the market, while the 'overpriced' positions (low symbolic capital but high economic capital) lose their place over time. Because of the equilibrium inherent in the field, the positions at the opposite ends of the field try to balance each other. For example, the leading (Chinese) auctions are now expanding into the non-commercial field (publishing house, educational centre); the rise of art fairs corresponds to the increase in art biennales, the power of commercial galleries is 'offset' by non-profit foundations; or on the individual level, the artist becomes the curator of commercial shows. The same 'balancing principle' applies to the value of art that simultaneously and inextricably exists in its economic, symbolic and social forms. Based on the empirical evidence collected from the Russian and Chinese art fields, a high volume of capital in one form is eventually converted into another form. The efficacy of social capital makes it an ideal mediating currency for such capital conversions through which a position of greater equilibrium is attained.

These observations open up new avenues for future research. It is the author's conviction that during the next decades the art market will be driven by demand (as opposed to supply-driven by 'market makers' as it has been over recent decades), primarily due to the rise of social media and agencing wealthy millennials, marking the beginning of the 'era of social capital'. What would this mean for art value creation? How will a 'social media score' correlate with other forms of capital? Will the technology-savvy 'influencers' with a significant social media following be able to bring about the subversion of the existing value hierarchies and conceive a new logic in the art field? More research is warranted to find out.

Last but not least, the author hopes this investigation creates value for future scholars, professional art market participants, but also a wider audience with an interest in art, culture and socioeconomics. The findings that uncover the 'mystery' of the little-studied phenomenon of art value creation in the Russian and Chinese art fields could be generalised and transferred to other markets and socio-economic contexts. The validity of the examined concepts and theories could also be tested further by applying them to sub-fields, circuits and even individuals (e.g. capital conversions and 'sandpits'). This unique large-scope comparative study contributes to the knowledge of the Russian and Chinese art markets and sheds lights on their economies, societies and cultures. It also identifies the existence of specific domains and sub-fields with idiosyncratic interlaced economic and symbolic hierarchies that function on different value scale. Such in-depth studies of non-Western markets are important for challenging Eurocentric views and contribute to wider debates about cultural globalisation.

Appendices

A.1. The Role of Taiwan and Hong Kong in Integration of Chinese Art into International Value System

The integration of Chinese contemporary art into the international context was driven by the regional agents from the significantly more advanced art markets in Hong Kong and Taiwan. Several interviewed artists and critics from the mainland emphasised the importance dealers and galleriests from Hong Kong and Taiwan played in driving the Chinese contemporary art market.

Hong Kong, with its strong economic growth, friendly business environment, zero tax and no art tariffs, employed its premier position as a gateway to China to establish itself as an international art market centre, where the record prices for major established contemporary Chinese artworks would be set. Specifically, Christie's and Sotheby's, which arrived in Hong Kong in the mid-1980s, have been reaping large rewards ever since, constantly expanding their sales offerings to include not only Chinese antiques, ceramics, ink paintings and calligraphy, but also academic oil paintings and, towards the end of the 1990s, avant-garde art. During the 1990s a great number of Hong Kong-based galleries showed contemporary art from China. In fact, many dealers used a more developed Hong Kong art market to project the new artworks by Chinese artists onto an international stage and to set the benchmark for the artists' international prices.

Undoubtedly the most influential Hong Kong gallery that brought the world's attention to contemporary Chinese art and launched the international careers of many Chinese artists was the Hanart TZ Gallery, founded by Johnson Chang, dubbed 'The Castelli of Hong Kong'. Knowledgeable about major PRC art developments, Chang was also extremely well connected and had a profound understanding of the Western art system. He was the mastermind behind the seminal exhibition *China's New Art, Post-1989* which put Chinese contemporary art on the global stage. Opened in the massive Hong Kong Arts Centre and Exhibition Hall in January 1993, the exhibition comprised more than 200 paintings, prints, sculptures and installations by approximately 50 artists from all over China. An abbreviated version of the exhibition later travelled to Taiwan, Australia, the UK and Canada and to five venues in the USA over the course of a five-year period.

Chang's contribution to the value creation of Chinese art was pivotal. Throughout the 1990s Chang continued to heavily promote a stable of his artists. With Chang's support, several mainland artists from *the Post-89*, such as Wang Guangyi, Yu Youhan, Li Shan, Ding Yi took part in the 45th Venice Biennale curated by Achille Bonito Oliva in 1993. Thanks to Chang's

efforts and vast connections in the art world, he was able to 'place' six of his gallery artists⁷⁸² at the Sao Paulo Biennale in 1994. A year later, two of Chang's protégés, Liu Wei and Zhang Xiaogang, enjoyed a big success at the Venice Biennale of 1995. Chang also utilised Marlborough's network⁷⁸³ to promote Chinese contemporary art to (high-profile) European and American buyers. The high visibility of his artists on the international market allowed Chang to command premium prices for them (as much as \$50,000 for political pop art), with his 'star artists' seeing a dramatic increase in the value of their works through the 1990s. Most importantly, they gradually began to enter major Western museums and important public and private collections, while gaining the attention of powerful international dealers, galleries and auction houses.

The first Taiwanese dealers and experienced collectors came to China in the 1980s, with the mainstream following in the early 1990s.⁷⁸⁴ They became one of the most important powers behind the development of the Chinese art market in the 1990s.

The founder of Lin Lin Gallery, Lin Shouyu, also known as 'the godfather' of the Taiwanese art market, recalled:

*When we first came to China and got in touch with the artists' families, they were very glad to meet us. Literally nobody was interested in that art. All those great modern masters were forgotten. We purchased works by the hundred. [...] We knew these artists were important from the art history perspective.*⁷⁸⁵

The prices for Chinese art and antiques were very low, about a tenth of the price in Taiwan, Japan, Singapore or Hong Kong. There were rich pickings to be had for the Taiwanese galleries, who, according to Robertson, 'often bought a mainland's Chinese artist's entire output outright, only to unload the works gradually at greatly inflated prices in Taiwan'.⁷⁸⁶

The earliest Taiwanese buyers had a financial background and had made their fortunes during the stock market boom. Influenced by a popular motto from Japan – 'a work of art is an investment mounted on the wall' – the Taiwanese were eager to buy art to increase their investment, to hedge against inflation, to raise their social status and to avoid taxes.

Following in the footsteps of the financiers were landowners, construction company tycoons,

⁷⁸² Wang Guangyu, Yu Youhan, Li Shan, Zhang Xiaogang, Fang Lijun, and Liu Wei.

⁷⁸³ Gilbert Lloyd, then one of the Directors of Marlborough Fine Art, (who was also behind the promotion of Chen Yifei), was a business acquaintance of Chang.

⁷⁸⁴ According to official statistics from the Tourism Bureau in China, the number of Taiwanese tourists visiting China reached 7 million between 1989 and 1994 alone. Suliang Tseng, 'The Art Market, Collectors and Art Museums in Taiwan since 1949' (PhD diss., University of Leicester, 2001), 74.

⁷⁸⁵ Interview with the author, Taipei, 17 November 2016.

⁷⁸⁶ Robertson 2000, 73.

architects and the like who made their profits in the real estate market and used art to diversify their investment portfolios. Some of these players became financial backers behind the Taiwanese galleries and auction houses.

Taiwanese collectors' and dealers' tastes gradually expanded from traditional antiques, classical ink and native art to become more inclusive, extending towards modern oil paintings and contemporary art. Considerable quantities of works by modern and contemporary artists from China started to pour into the Taiwanese art market. In Robertson's opinion, it was Taipei, not Hong Kong, London or New York, that set the international price standards for major modern and contemporary Chinese artists. For instance, some of the highest prices for works by the contemporary Chinese abstract painter Zao Wou-ki were achieved during the 1990s by Sotheby's and Christie's in Taipei, with the highest record at \$314,632 for an oil painting, *1.4.68*.⁷⁸⁷ Several influential Taiwanese dealers used [and still use] various manipulation strategies to boost the market for their represented artists, from putting the works at auctions and bidding up the price, through advertising on prestigious media platforms, to placing the works with museums and prominent collections. For example, the influential art dealers Lin Shouyu and Tina Keng (who used to work together as the Lin & Keng Gallery, but now have separate galleries of their own) heavily promoted mainland-born modernists such as Chang Yu (Sanyu), Zao Wou-ki, Guan Liang, Wu Da-yu, Yun Gee and George Chann, along with younger Chinese 'avant-garde' artists such as Zhou Chunya and Liu Wei (whom Lin regards as one of the most important contemporary Chinese artists, calling him 'the Chinese Picasso' due to his constant changes of painting style). In 1995 Lin & Keng co-organised a solo exhibition of 'the Chinese Matisse', Sanyu, that opened on 14 October at the National Museum of History, with half of the exhibits borrowed from collectors or dealers. The exhibition was immediately followed by an auction dedicated to Sanyu's works at Sotheby's Taipei. Within a couple of years, thanks to the well-coordinated efforts of Taiwanese art dealers, museum curators and collectors, works by this completely forgotten artist had become highly sought-after commodities, fetching high 6-digit prices at auctions.⁷⁸⁸

⁷⁸⁷ Robertson 2000, 104.

⁷⁸⁸ In March 1992 *Bouquet de Marquerites* (1930, 80x46 cm) was hammered by Sotheby's Taipei for \$101,000. On 15 October, a day after the National Museum exhibition opening, a very similar larger painting, *White Lotus* (1930, 195x92 cm) depicting a 'matisseque' vase with flowers in a pale four-colour palette, fetched \$431,000 (NTD11,600,000) at the abovementioned sale at Sotheby's Taipei. Sanyu's market continued to rise during the 2000s, supported by prominent collectors and dealers. His iconic flower vases have been fetching between \$60,000 to \$12,000,000 (hammer) over the last five years, with most of the records achieved by Christie's and Sotheby's in Hong Kong, signifying an important shift in purchase power towards mainland China (Artprice database).

Through the 1990s the Taiwanese art market remained stubbornly national (no foreign gallery established a presence in Taiwan and only a handful of dealers were plugged into the wider international networks). Marlborough Gallery was the only big Western dealer to participate in the Taipei Art Fair on a regular basis, mainly due to Chen Yifei's popularity in Taiwan. Despite Taiwan's relative isolationism, its substantial domestic art consumption stimulated development of the Chinese art market, giving the mainland a model to follow.⁷⁸⁹ Thanks to interactions among Taiwanese and Chinese art dealers and collectors, the art market mania originating in Taiwan had spread to the art market in China, forming fads and fashions, and driving the prices of Chinese artworks higher and higher – so much so that when the Taiwanese art market began falling into recession in 1995, the reverse trend developed with the Chinese emerging as a formidable buying power.⁷⁹⁰ They could afford higher prices on the international and regional markets, so that Chinese fine art started to flow back to China. Beijing art dealers even began to acquire works of art from Taiwanese art dealers to meet the increased demand in China; in 1996 buyers from China bought 17% of the Chinese calligraphy and paintings from Zhencang Art Auction in Taipei.⁷⁹¹ Towards the end of the 1990s the prices in Shanghai and Beijing were equal to the price levels in Taiwan.

⁷⁸⁹ '[N]umerous art dealers in China [had] taken advantage of Taiwanese art dealer's experiences and management to build up their own businesses since 1990.' Suliang Tseng, 'The Art Market, Collectors and Art Museums in Taiwan since 1949' (PhD diss., University of Leicester, 2001), 76.

⁷⁹⁰ Tseng marked the beginning of the trend as early as 1992.

⁷⁹¹ Tseng, 75.

A.2. Critical Discourse in the late 1990s and the Shanghai Biennale of 2000

The Chinese critic Wang Nanming objected to the 'Western hegemony' that defined the values of Chinese contemporary art; he also criticised 'Chinatown culture' (artificial distinctions between Chinese and Western cultures) and artists who appropriated tradition in order to formulate 'markers of Chinese-ness', producing artworks 'made for tourists' that conformed to Western standards in order to gain admittance to Western exhibiting systems.⁷⁹² Another critic, Zhang Qing, criticised 'new export paintings', lamenting that (Chinese) artistic phenomena were controlled by supply and demand within the Western art market and conformed to the 'imagination and discourse of cultural colonialism'; while Western biennales appropriated 'made in China' specimens for use in 'First World international cultural strategies to rebuild and control the world'.⁷⁹³ Similarly, another critic, Liu Xiaochun, expressed concern that Chinese artists had 'emerged from the underground only to go abroad'; and while the West adopted 'a position of strength' towards Chinese contemporary art, the Chinese (official) position had not been clearly articulated.⁷⁹⁴

In order to confront 'Western cultural-centrism' and to take away the 'power to evaluate and to choose (contemporary Chinese art) from the hands of foreign biennial curators',⁷⁹⁵ the Shanghai Biennale was launched in 1996; its third edition, *The Shanghai Spirit*, in 2000 became 'the first genuinely internationalised Biennale held in China'.⁷⁹⁶ Organised by Chinese critics and international curators, the exhibition included a number of international artists from 18 different countries as well as several 'internationalised' Chinese artists. Most importantly, the Biennale was jointly sponsored by the MOC, Shanghai's municipal government and the Shanghai Art Museum, elevating the status of contemporary art and indicating that the question of its 'legitimisation' at home had finally been resolved.⁷⁹⁷ Furthermore, while the previous two editions had mainly shown oil paintings and ink-and-wash works, the 2000 Biennale included photography, video and installations, reflecting broader transformations in contemporary artistic values. According to the organising critic Zhang Qing, the Biennale's goals were nothing less than to 'guide mainstream contemporary Chinese art and to create a system of values and standards for it' and, through this, to 'continually acquire authority over it'.⁷⁹⁸ Paradoxically, while aiming to build 'a contemporary

⁷⁹² Wu Hung and Peggy Wang, eds., *Contemporary Chinese Art: Primary Documents* (MOMA, 2010), 353.

⁷⁹³ *Ibid.*, 347–9.

⁷⁹⁴ Lü Peng (2012), 1120.

⁷⁹⁵ *Ibid.*, 348.

⁷⁹⁶ Lü Peng (2012), 1119.

⁷⁹⁷ *Ibid.*, 1121.

⁷⁹⁸ Wu Hung and Peggy Wang, eds., *Contemporary Chinese Art: Primary Documents* (MOMA, 2010), 348.

culture with Chinese characteristics', the Biennale's organisers continued to draw on Western values.⁷⁹⁹ Not only did the Biennale adopt a Western international multimedia exhibition model (departing from the national art exhibition format set by the Chinese Artists Association that followed the traditional separation into different mediums), it also sought international attention and integration into the global dialogue, which, in turn, increasingly demoted the values of the old ideology and helped the agencing of Chinese contemporary art at home.

⁷⁹⁹ Ibid., 350.

A.3. Case Study: M WOODS

Another young individual whose position in the Chinese art field is gaining more weight is Michael Xufu Huang, a 1994-born graduate from the University of Pennsylvania, caught collecting bug visiting Tate while attending boarding school in London. Although he was aware of such Chinese painters as Zhang Xiaogang and Zeng Fanzhi, his wider exposure to other Chinese contemporary artists⁸⁰⁰ was ironically via London's Hayward Gallery that he first visited in 2012. This was the time when he realised that China is desperately lacking contemporary art museums. In 2015, at the age of 21, Huang, together with two partners Lin Han and Lei Wanwan (both 1987-born), co-founded a not-for-profit private art museum M WOODS, an ambitious Kunsthalle in a former munitions factory in 798 Art District, financed by Lin with the help of his wealthy investor parents with ties to elite Beijing political, business and cultural circuits, and sponsorship from Christie's, Hubolt, Ferrari and other companies.⁸⁰¹

M WOODS's ultimate goal is to become 'the MoMA of China'.⁸⁰² By catering to the young internet-minded art consumers, the museum wants to fulfil an educational function lacking in the Chinese marketplace. M WOODS effectively kick-started their exhibition program in 2016 with a show of a lesser known works by Andy Warhol (a widely recognised brand name in China), that drew 3,000 visitors a week during its six months run.⁸⁰³ Since then, the array of exhibits, featuring both international and Chinese artists such as Ai Weiwei, Lu Yang, Paul McCarthy, Richard Tuttle among others, has been primarily focusing on the 'post-internet' art to reflect the current international youth culture movement of China, cutting across the boundaries of art history and medium, while implementing modern-age technology.

In parallel to the exhibition programs, M WOODS has been building a permanent collection based on the founders' private collection of international and Chinese art. The collection claims to set alternative guiding principles outside of what one normally expects from art history. It comprises the assortment of artworks by, for example, Olafur Eliasson, the Northern Qi dynasty's sculptures by Buddhist monks, the painting by the follower of Hieronymus Bosch, George Condo, Jean Baptiste Camille Corot, Ouyang Chun, Richard Lin,

⁸⁰⁰ Among them were Xu Zhen, MadIn Company, Chen Zhen, Gu Dexin and Wang Jianwei.

⁸⁰¹ M WOODS was founded by the couple Lin and Lei in 2014 but the museum was dormant for the most part of the first year. Huang joined them in 2015.

⁸⁰² Dylan Kerr, 'Meet Michael Xufu Huang, the 22-Year-Old Museum Co-Founder Who's Building "The MoMA of Chiina"', *ArtSpace* (15 May 2016).

https://www.artspace.com/magazine/interviews_features/tastemaker/michael-xufu-huang-interview-53718 (accessed 11 June 2019).

⁸⁰³ <https://www.forbes.com/profile/michael-xufu-huang/#5f04bc4a5534> (accessed June 10, 2019). Prior to the Warhol show, the museum has organised 5 shows, 4 of which were de facto a display of works from the MWOODS permanent collection. <http://www.mwoods.org/en/exhibition/archive> (accessed June 11, 2019).

Sterling Ruby, Chiu Ya Tsai, Yang Fudong, Amalia Ulman, Zeng Fanzhi and Tracey Emin.⁸⁰⁴ Huang explained: ‘Our collection, we gave it the term FAT art, F stands for “freedom”, A is “alchemical” and T is “timeless.” We always do shows that bring in a range of media and influences—from Chinese antique art to contemporary Western video art.’⁸⁰⁵ In spring 2019 highlights from M WOODS’s permanent collection (promoting Zeng Fanzhi, Lu Yang, Ouyang Chan and Richard Lin among Chinese names) went on view in seven specially created gallery-like pavilions through the Dubai Mall’s Fashion Avenue. According to the Head of the Dubai Mall, the idea behind presenting ‘significant works from M WOODS Museum [was] the connection that luxury fashion brands have to contemporary art.’⁸⁰⁶ This self-promotional show, very much in the style of K11, was also an exercise in soft power by the increasingly influential young Chinese generation that begins to promote their own values, cultural icons and stories to other regions across the globe, transcending the borders of their own country.

M WOODS’s case is exemplary of value creation not only for the institutional brand, its represented artists but also for the individuals associated with it. Since the founding of the museum, all three partners became celebrities in their own right, frequently appearing on the covers of lifestyle and fashion magazines, ranking lists and attracting hundreds of thousands of followers in social media. Huang now sits on the board of the New Museum’s International Leadership Council. He was listed as one of Apollo magazine’s ‘40 Under 40 Asia Pacific’ in 2016 and one of Forbes magazine’s ‘30 Under 30’ in the Art & Style category in 2017. His popular Instagram account, littered with the images of his fashion-obsessed self posing with art and fashion luminaries including Hans Ulrich Obrist, Gucci’s Alessandro Michele, Wendi Murdoch at glamorous events, has over 110,000 followers. Another founder, picture-perfect Wanwan, a former muse and model for the Chinese painter Liu Ye, a Columbia University graduate and a former David Zwirner Gallery intern, racked up a massive social media following with over 680,000 Sina Weibo and 257,000 Instagram followers with her ‘it girl’ status. While her UK-educated husband Lin, a fu’erdai who also runs a successful public relations firm for luxury brand companies, has established himself, according to Forbes, as one of China’s ‘new power collectors’.⁸⁰⁷ Lin famously bought his first artwork, *Mask Series*, 1997 by Zeng Fanzhi for just above \$600,000 from Sotheby’s Hong Kong. He saw the work on the cover of Sotheby’s 40th Anniversary day sale catalogue and decided to buy it, knowing

⁸⁰⁴ <http://www.mwoods.org/en/collection> (accessed 10 June 2019).

⁸⁰⁵ Rebecca Proctor, ‘M Woods Collaborates with The Dubai Mall’ *BAZAAR* (14 March 2019).

<https://www.harpersbazaararabia.com/art/fairs-and-events/m-woods-dubai-mall> (accessed 11 June 2019).

⁸⁰⁶ *Ibid.*

⁸⁰⁷ <https://www.forbes.com/sites/alexandreerrera/2014/11/11/chinas-new-power-collectors-part-1/#6f4cc29472b4> (accessed 11 June 2019).

he would instantly draw attention from the media and the art world: 'I was studying his work, as well as the market, for a long time and realised that in order to be taken seriously as an emerging collector it would be wise to buy this piece as my first.'⁸⁰⁸ His strategy worked. Soon all major galleries were welcoming him. Since then, by earmarking \$2 million a year for the art acquisitions, Lin has bought up more than 300 artworks, following a remarkable trajectory from a novice collector to a museum owner within just 6 years.

⁸⁰⁸ "Collector's Eye: Wanwan Lei and Lin Han," *The Art Newspaper* (20 March 2017).
<https://www.theartnewspaper.com/news/collectors-eye-wanwan-lei-and-lin-han> (accessed 11 June 2019).

A.4. Long Museum – A Conspicuous Paradox

Another relatively young institution that has created a recognisable name for itself within a very short space of time is Long Museum, owned by ‘China’s gaudiest billionaire’ couple, Liu Yiqian and Wang Wei.⁸⁰⁹ The first branch having opened in 2012, the museum has since then expanded across four branches, becoming the largest private museum in China.⁸¹⁰ As with many other recently emerged Chinese art museums, Long’s eclectic collection and exhibition programme reflect shifting values in a rapidly changing Chinese society rife with internal tensions and paradoxes. The couple’s collecting journey started with the acquisition of a wide range of art and antiques reflecting China’s ‘dynastic glory’.⁸¹¹ They continued to expand their collection by adding modern and contemporary Chinese and international pieces. Liu’s choices are primarily influenced by the market which, he believes, is the best judge of an artwork’s value:

I like to buy the star lot on the cover of auction catalogues, because if you think about it, there are hundreds of works in a catalogue, so why has this work been selected to be on the cover? Basically, the auction house and the market think that this work is unique, and the market recognises it. So, this becomes very simple, you just need to buy the cover lots.⁸¹²

Targeting the top lots and setting the records at public auctions provide Liu with much needed publicity, which, in turn, helps to generate customer flow to the Long branches. Aside from the auctions, Liu, who also frequents international art fairs, buys from well-established galleries which also influence his buying decisions.

In parallel, Liu’s wife Wang Wei has built one of the country’s richest collection of 200-strong pieces of ‘Red Classics’ (*hongse jingdian*), a niche segment of the official realist art from Mao Zedong’s era glorifying the splendours of Chinese Communism. The impetus for the collection arose out of competition during an auction, when Wang lost the bidding over Chen Yanning’s *Chairman Mao Visits the Guangdong Countryside* to Uli Sigg, whom she did not know at the time:⁸¹³

⁸⁰⁹ <https://www.bloomberg.com/news/articles/2015-04-17/the-expensive-antics-of-china-s-gaudiest-billionaire> (accessed 12 August 2019).

⁸¹⁰ Two branches in Shanghai, one in Chongqing and the fourth coming in Wuhan. <http://www.thelongmuseum.org/> (accessed 12 August 2019).

⁸¹¹ It included such categories as calligraphy, ink paintings, furniture, musical instruments, ceramics, jades and bronze. Accounting for over 4,000 pieces in the meantime, the collection features such record-breaking trophies as a 600-year-old Tibetan Buddhist silk tapestry (for which the Lius set an auction record of \$45 million), a Song-dynasty Guan vase (\$15 million), an ink landscape by Zhang Daqian (\$35 million), a Meiyintang ‘chicken cup’ (\$36 million), and a Qing dynasty Zitan Dragon throne (\$11 million).

⁸¹² <https://www.bloomberg.com/news/articles/2015-04-17/the-expensive-antics-of-china-s-gaudiest-billionaire> (accessed 12 August 2019).

⁸¹³ Several years later Wang Wei was able to buy out the work from the Uli Sigg’s Collection in a private sale.

When the bidding hit RMB9.4 million [...] I gave up. After the auction I said, those knowledgeable foreigners made a special trip here to buy these things. Can't we buy too? China's most outstanding entrepreneurs can't compete with foreigners? This is the best 'Cultural Revolution'-era painting, if I could buy it, it would be an honour for my collection, but what a pity to miss out on it.⁸¹⁴

Since then Long Museum has organised over a dozen exhibitions⁸¹⁵ dedicated to the official realist art, promoting it across its branches to a wide audience, setting a new trend⁸¹⁶ and driving up the auction prices.⁸¹⁷ Wang's promotion of socialist art has paid off, earning her recognition from Party members. After the success of the Pudong museum, the Communist Party of China's secretary of Xuhui District, Sun Jiwei, invited the couple to open a second branch in the West Bund Cultural Corridor, providing free land and a generous discount on the property,⁸¹⁸ a former industrial building. Inaugurated in 2014, Long West Bund costs about RMB40 million per year to run. While the Red Classics theme with strong nationalistic messages continues across the exhibitions⁸¹⁹ at the Pudong branch, the West Bund branch focuses on exhibiting modern and contemporary Chinese and international art, continually relying on collaboration with foreign institutions, renowned curators and branded artists in order to strengthen its brand and position in the field. According to Liu Yiqian:

There are two points of focus for Long Museum and we have been working on these since we opened. The first is about the permanent collection, the other is about works from well-known artists. [...] Chinese audiences are getting more and more interested in exhibitions of famous Western artists

⁸¹⁴ Li Feng, 'Wang Wei tanhua: shoucang shi womenxinfude suozai' (*Yachang Yishu Wang*: 2011) <https://news.artron.net/20091111/n91415.html> (accessed 12 August 2019).

⁸¹⁵ In December 2012 the Long Museum Pudong opened its doors with a first red classic exhibition *Revolutionary Art Since the Yan'an Era*, curated by a renowned expert in the area, curator Chen Lvsheng. Among nearly one hundred works from the Yan'an era (1933-2007) featured in the exhibition, there were such widely known revolutionary classic as *Sentinel of Our Great Motherland* by Shen Jiawei (bought by Wang from China Guardian in 2009 at \$1.04 million hammer) and *Thinking of History at My Space* by Chen Yifei (bought from Poly Beijing in 2009 at \$5.3 million).

⁸¹⁶ The trend for the red classics was not difficult to set. Wang Wei believes that that the enduring appeal of Socialist Realism lies in deep societal conditioning: 'Red Classics are totally rooted in China. Think back to when they were made, the people at that time were going through all kinds of pain and sorrow, ups and downs, these times are deeply imprinted within our bones. This kind of thing isn't something that market interest can create'. Li Feng, Wang Wei tanhua: shoucang shi womenxinfude suozai, (*Yachang Yishu Wang*: 2011) <https://news.artron.net/20091111/n91415.html> (accessed 12 August 2019).

⁸¹⁷ Among other Long's record-breaking acquisitions of official artworks are Jin Shangyi's *Chairman Mao Inspected No.3 Factory of Shang Gang*, 1969 (bought from China Guardian in 2009 for \$2.6 million), Sun Zixi' *In Front of Tian'anmen* (bought from China Guardian in 2009 for \$1.5 million on estimate \$440,000 – 580,000), and *Spring Rain of Jingtang Mountain*, 1976, by Tang Xiaohe and Cheng Li (bought from Beijing Huachen in 2013 for \$2.4 million, almost doubling its low estimate of \$1.3 million).

⁸¹⁸ Larry's List and AMMA (Ed.), Claire Bouchara, *Private Museum Report*. Modern Art Publishing (January 2016): 79.

⁸¹⁹ To give the most recent examples: *Building the Motherland*, *Looking Back: for the 70th Anniversary of the Liberation of Shanghai*, *Standing Guard for our Great Motherland*.

because they might not get the chance to see their works even though they travel abroad. [...] We are also talking to artists like Zeng Fanzhi about holding solo exhibitions and we have all types of artists coming up. Well-known star artists from the West can create better publicity.

Since I already opened this museum, I must hold good exhibitions. When you are in Long Museum, you feel like you could be in a great museum anywhere in the world, both to foreign visitors and to Chinese audiences. Most of our visitors are interested in contemporary Western artists, more than one third of our visitors are foreigners and the majority of our visitors are young people.⁸²⁰

Committed to a mission 'to educate the Chinese public, and to present quality work that is on a par with state-of-the-art museums around the world', Long's eclectic solo and group exhibitions, often curated by renowned curators such as Li Xianting, 'Godfather of Chinese avant-garde art', Klaus Biesenbach of MoMA and Hans Ulrich Obrist of the Serpentine Gallery, have featured the art world's most recognisable names including Louise Bourgeois, Yayoi Kusama, Yoshitomo Nara, Harmenszoon van Rijn Rembrandt, Johannes Vermeer, Frans Hals, Olafur Eliasson and Antony Gormley.⁸²¹ At the same time, Liu's aggressive public pursuit of top works has put his name on the list of most powerful art collectors in the world and boosted his image as China's *tuhao* ('uncouth and wealthy') and *renxing ge* ('headstrong brother'), attracting considerable criticism, but also fascination and a huge following at home. One of Liu's brand-strengthening high-profile acquisitions was Modigliani's *Reclining Nude* at a world record of \$170 million (with fees). Liu does not conceal a strong nationalist sentiment: 'The message to the West is clear: We have bought their buildings, we have bought their companies, and now we are going to buy their art.' He added: 'Every museum dreams of having a Modigliani nude. Now a Chinese museum has a globally recognised masterpiece, and my fellow countrymen no longer have to leave the country to see a Western masterpiece. I feel very proud about that.'⁸²²

Several interviewed insiders, although positive about the Long founders' efforts to promote art to the general public, were rather dismissive of their strategy of buying 'trophies' based on their price tag or position on the catalogue cover, calling it 'immature' and 'tasteless'. Some criticised them for over-dependence on foreign curators and dealers. For example, a local artist invited by the Long to have a solo exhibition, told that the owners rely a lot on the

⁸²⁰ Kejia Wu, TEFAF Art Market Report: The Chinese Art Market, TEFAF (March 2019): 181.

⁸²¹ Jiayang Fan, 'The Emperor's New Museum', *The New Yorker* (7 November 2016). <https://www.newyorker.com/magazine/2016/11/07/the-emperors-new-museum> (accessed 13 August 2019).

⁸²² Amy Qin, 'With Modigliani Purchase, Chinese Billionaire Dreams of Bigger Canvas', *The New York Times* (17 November 2015). <https://www.nytimes.com/2015/11/18/arts/international/with-modigliani-purchase-chinese-billionaire-liu-yiqian-dreams-of-bigger-canvas.html> (accessed 14 August 2019).

opinion and suggestions of Hans Obrist. The latter has allegedly suggested to promote underappreciated Shanghai abstract artists such as Ding Yi and Yu Youhan (both received solo shows at the Long in 2015–16).⁸²³ Another interviewee commented: *‘they are so rich, they don’t have to have taste, they just buy the most expensive things. They are not connoisseurs. [...] They thrive on publicity which they need to build their image.’*⁸²⁴ One interviewee suggested that being at the centre of international and domestic attention serves as a shield against the Party’s probes during the anti-graft campaigns.⁸²⁵ Whatever the founders’ true motives behind running the museum, by successfully converting their economic capital into symbolic, they are developing into a rapidly agencing judgement device that is growing its soft power and strengthening its position in the domestic and international fields.

⁸²³ Yu Youhan is known for his participation in political pop movement, however, before that he was focusing on abstract art, which was the centre of the Long’s exhibition that surveyed Yu Youhan’s abstract period from 1973 to 1988.

⁸²⁴ Interview with the author, Beijing, 26 October 2016.

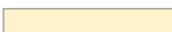


⁸²⁵ A Chinese art collector, who wished to remain anonymous, gave the example of the short disappearance of Guo Guangchang (China’s 17th richest person, the head of the aforementioned Fosun conglomerate), pointing out that *“as long as they [Liu and Wang] buy art and hang it on the walls of a public museum, they are going to be safe.”* Guo Guangchang, known as ‘China’s Warren Buffet’, disappeared for over a month, as he was placed under investigation in 2015 in connection with the anti-graft case against former Shanghai vice mayor and director of the Shanghai free trade zone Ai Baojing. Interview with the author, Beijing, 26 October 2016.

A.5. Sample: Russian Artists – Heat Map

A total of 92 Russian artists were included in the analysis. The ‘heat map’ shows distribution of capital by turnover (economic) and exhibition points (symbolic). The intensity of green colour corresponds to the highest value.

	Artist	Total Turnover (\$)	Total Exhibition Points
1	Aidan Salakhova	146,219	3,369
2	Aleksandr Laktionov	347,218	133
3	Aleksey Gritsay	678,215	
4	Alexander Deineka	8,976,613	2,862
5	Alexander Kharitonov	1,813,686	173
6	Alexander Kosolapov	1,289,279	3,497
7	Alexander Labas	959,730	546
8	Alexander Tyshler	1,938,485	41
9	Anatolii Belkin	160,417	300
10	Anatoly Slepyshev	444,948	98
11	Anatoly Zverev	1,455,901	219
12	Andrei Myinikov	1,185,190	288
13	Andrei Tutunov	152,339	120
14	Andrej Roiter	79,049	4,368
15	Andrey Grositsky	76,055	96
16	Arkady Petrov	237,595	386
17	Arkady Plastov	512,718	449
18	Boris Orlov	151,450	2,512
19	Boris Sveshnikov	3,680,060	516
20	Dimitri Zhilinsky	156,142	628
21	Dmitri Nalbandjan	2,191,540	
22	Dmitri Plavinsky	2,291,228	706
23	Dmitry Krasnopenstev	6,455,385	406
24	Dubosarsky Vinogradov	3,090,413	4,547
25	Eduard Bragovsky	103,580	
26	Eduard Gorokhovskiy	706,153	1,395
27	Eduard Steinberg	1,594,512	2,281
28	Eiy Bielutin	284,775	375
29	Erik Bulatov	14,895,020	10,410
30	Ernst Neizvestny	1,414,800	954
31	Eugene Rukhin	3,028,501	
32	Geli Korzhev	516,283	749
33	Georgi Nisski	4,458,902	262
34	Georgy Gurianov	1,573,401	1,477
35	Grisha Bruskin	1,177,416	4,603
36	Igor Kopystyansky	296,229	1,097
37	Ilya & Emilia Kabakov	17,416,028	86,475
38	Ilya Glazunov	1,188,454	245
39	Ivan Chuikov	3,143,142	4,195
40	Komar Melamid	4,748,723	15,266
41	Konstantin Batynkov	68,431	1,498
42	Konstantin Zvezdochotov	905,478	5,152
43	Leonid Purygin	3,431,292	159
44	Leonid Sokov	285,473	3,948
45	Lev Kropivnitsky	631,017	143
46	Lev Tabenkin	417,950	14

	Artist	Total Turnover (\$)	Total Exhibition Points
47	Lydia Masterkova	1,283,603	455
48	Max Birshtein	79,009	
49	Maxim Kantor	718,229	2,927
50	Mikhail Roginsky	915,666	1,239
51	Mikhail Schwartzmann	1,977,400	197
52	Mikhail Shemyakin	2,208,332	21
53	Natalya Nesterova	3,572,085	1,359
54	Nikolai Timkov	419,388	138
55	Nikolay Andronov	228,441	54
56	Nikolay Vechtomov	222,242	
57	Oleg Tselkov	7,888,128	984
58	Oleg Vasiliev	6,021,954	1,329
59	Oskar Rabin	9,223,919	1,885
60	Pavel Nikonov	40,310	123
61	Pavel Pepperstein	318,863	12,721
62	Pyotr Ossovsky	199,412	96
63	Semyon Faibisovich	5,935,688	1,641
64	Sergei Grigoriev	36,321	32
65	Sergei Shutov	292,370	2,823
66	Sergei Volkov	1,176,970	1,669
67	Sergey Gerasimov	958,579	84
68	Sergey Shablavlin	372,991	271
69	Sergey Tkachevs	68,648	33
70	Svetlana Kopystyanski	345,554	76
71	Tahir Salakhov	459,202	52
72	Tatiana Nazarenko	347,989	577
73	Tatiana Yablonskaya	173,533	32
74	Timur Novikov	1,292,078	3,781
75	Vadim Zakharov	392,121	9,668
76	Valery Koshlyakov	878,044	6,407
77	Vasily Sitnikov	4,702,892	2
78	Vlatcheslav Kalinin	1,206,528	
79	Viktor Pivovarov	819,817	4,239
80	Viktor Popkov	1,825,216	819
81	Vladimir Nemukhin	3,404,540	1,577
82	Vladimir Ovchinnikov	1,114,236	307
83	Vladimir Serov	207,536	27
84	Vladimir Stozharov	2,606,967	
85	Vladimir Veisberg	7,293,225	503
86	Vladimir Yakovlev	140,697	1,092
87	Vladimir Yankilevsky	1,402,713	2,222
88	Yuri Albert	154,420	5,102
89	Yuri Leiderman	58,322	9,400
90	Yuri Petrovich Kugach	81,075	82
91	Yuri Pimenov	8,458,307	599
92	Zurab Tzereteli	800,245	541

Lowest column value:	
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No values available:	




	Total Turnover (\$)	Total Exhibition Points
Grand Totals for 92 Artists of both tables	183,079,240	244,144

A.6. Sample: Chinese Artists – Heat Map

A total of 92 Chinese artists were included in the analysis. The ‘heat map’ shows distribution of capital by turnover (economic) and exhibition points (symbolic). The intensity of green colour corresponds to the highest value.

	Artist	Total Turnover (\$)	Total Exhibition Points
1	Ai Xuan	70,330,825	234
2	Cai Guoqiang	8,741,717	18,879
3	Cai Jin	2,165,808	1,341
4	Cao Li	7,428,498	30
5	Chen Danqing	30,319,629	982
6	Chen Fei	2,930,663	575
7	Chen Ke	5,894,701	1,619
8	Chen Wenbo	2,304,917	3,511
9	Chen Wenji	3,466,206	594
10	Chen Yanning	23,696,999	105
11	Chen Yifei	257,489,047	1,107
12	Cheng Conglin	12,977,307	191
13	Ding Fang	9,223,502	363
14	Ding Yi	19,840,447	6,043
15	Fang Lijun	83,129,689	11,560
16	Feng Zhengjie	17,750,182	3,208
17	Geng Jianyi	10,095,821	5,547
18	Gu Wenda	2,005,558	5,148
19	Guo Runwen	25,809,435	373
20	Guo Wei	7,377,770	1,211
21	He Duoling	27,146,257	622
22	He Sen	5,752,802	2,075
23	Hong Ling	14,977,976	1,838
24	Huang Rui	1,239,450	2,552
25	Huang Yuxing	2,772,802	747
26	Jia Aili	14,829,602	1,106
27	Jin Shangyi	79,836,135	305
28	Leng Jun	30,975,960	159
29	Li Shan	31,573,133	2,242
30	Li Shuang	1,537,138	188
31	Li Songsong	7,372,859	3,354
32	Liang Yuanwei	1,056,635	1,758
33	Liu Dahong	3,206,530	1,781
34	Liu Wei (1965)	108,089,468	1,971
35	Liu Wei (1972)	12,952,570	9,388
36	Liu Xiaodong	95,320,166	7,498
37	Liu Ye	99,769,210	4,266
38	Luo Erchun	8,444,343	318
39	Luo Zhongli	100,948,202	507
40	Ma Desheng	709,696	673
41	Ma Kelu	336,951	547
42	Mao Lizhi	3,995,001	158
43	Mao Xuhui	17,205,850	1,908
44	Mao Yan	24,562,547	1,522
45	Pan Dehai	8,439,861	733
46	Pang Maokun	12,340,807	603

	Artist	Total Turnover (\$)	Total Exhibition Points
47	Qi Zhilong	7,586,668	1,438
48	Qin Qi	1,498,372	1,224
49	Qiu Xiaofei	5,225,125	2,664
50	Quan Shanshi	2,390,982	25
51	Shang Yang	40,005,367	884
52	Shao Fei	838,804	217
53	Shen Jiawei	1,308,552	690
54	Shi Chong	25,566,794	1,377
55	Song Kun	1,669,034	1,242
56	Song Yongping	276,159	1,336
57	Wang Guangle	9,263,137	2,118
58	Wang Guangyi	71,938,840	6,008
59	Wang Huaqing	61,284,210	1,603
60	Wang Jianwei	1,136,614	10,674
61	Wang Jieyin	2,219,448	361
62	Wang Jinsong	2,750,689	3,111
63	Wang Xingwei	12,082,731	4,306
64	Wang Yidong	91,356,783	493
65	Wei Guangqing	1,064,682	1,264
66	Wu Shanzhuan	1,276,179	3,840
67	Xia Xing	4,034,975	58
68	Xie Nanxing	4,766,826	3,003
69	Xin Dongwang	11,030,988	320
70	Xu Mangyao	8,424,364	128
71	Xu Zhen	2,011,774	18,891
72	Yan Peiming	45,965,013	15,573
73	Yan Ping	9,925,595	565
74	Yang Feiyun	67,107,231	279
75	Yang Jiechang	655,655	6,002
76	Yang Shaobin	22,384,478	6,616
77	Ye Yongqing	16,635,613	1,602
78	Yin Zhaoyang	30,110,596	2,159
79	Yu Hong	6,430,663	3,592
80	Yu Youhan	25,328,330	3,097
81	Yuan Yuan	4,131,327	245
82	Yue Minjun	126,541,825	8,648
83	Zeng Fanzhi	423,312,013	5,361
84	Zeng Hao	3,079,156	2,035
85	Zhang Enli	16,651,959	5,257
86	Zhang Huan	3,640,641	20,722
87	Zhang Peili	8,004,256	11,351
88	Zhang Xiaogang	291,480,817	10,025
89	Zhao Bandi	12,995,735	4,534
90	Zhong Biao	4,183,494	1,894
91	Zhou Chunya	224,687,688	1,529
92	Zhou Tiehai	2,933,160	7,806

Lowest column value: 
 Highest column value: 
 No values available: 

	Total Turnover (\$)	Total Exhibition Points
Grand Totals for 92 Artists of both tables	3,035,564,014	297,607

A.7. Relational Database Methodology

The complete database consists of over 870,000 rows of data spread over 16 interlinked tables (illustrated on the following page) with a total of over 20,000,000 data points that took over 6 months to fully process and analyse. Its aggregated tables and calculated columns are derived from two datasets, Artprice and Artfacts, which include all available data for 92 Russian and 92 Chinese artists up to 2018. Both datasets have gone through an extensive process of cleaning, filtering and structuring using a combination of Microsoft Excel spreadsheets and Power BI. The presence of inconsistent formatting, inconsistent sequencing and erroneous special characters and handling missing items from the original two datasets added to the complexity of the task. For instance, data tables were created to look up instances where artists' names were spelt differently, or last name was first and did not match another dataset where it was last; therefore an Alias table was created to correct inconsistencies and return the corrected names and ID numbers so the data could be correctly linked from one dataset to another. Due to the possibility of mistakes, further tables and formulas were created to highlight the uncaught errors which often meant several repeated cycles of editing and checking until no error messages appeared. In some cases, data was even corrected manually. Power BI was used extensively to further merge and query tables and create new calculated columns using DAX formulas, so it could be cross-analysed and help group the data and provide statistics ready for visual analysis.⁸²⁶ Over 500 visual charts with various filters were created just to be able to make sense of vast amounts of information and the countless possible permutations before settling on the final set of charts and data that best describe the findings.

⁸²⁶ Data Analysis Expressions (DAX) is a library of functions and operators that can be combined to build formulas and expressions in Power BI.

A.8. Glossary of Terms and Abbreviations

Abbreviation or Acronym	Description
5 th NAE	The Fifth National Art Exhibition
AF	Art Fund (in USSR/Russia)
CAA	Chinese Artists Association
CAFA	Central Academy of Fine Arts
CCP	Chinese Communist Party
CPSU	Central Committee of the Communist Party of the Soviet Union
CUSA	Board of Creative Unions of Soviet Artists
guohua	'National painting' or 'native painting' refers to the traditional Chinese paintings usually executed using ink on Chinese paper or silk.
ICA	Institute of Contemporary Art (in Russia)
MinCult	Ministry of Culture (in Russia)
MOC	Ministry of Culture (in China)
NAMOC	Beijing National Art Museum of China
Native Soil	An artistic movement in China in the early 1980s that focused on the depiction of the countryside and national ethnic minorities. It sought to honour the ordinary people and daily life. Its style (small, bitter and old) was in stark contrasts with the pictorial aesthetics of the Cultural Revolution (red, bright and shining). Its popularity reached its highest level with the early works by Luo Zhongli and Chen Danqing.
NYAE	National Youth Art Exhibition
OAO	Official Art Organisation
Peredvizhniki	Known in English as the Wanderers, refers to a group of Russian realist artists from Moscow and St Petersburg who formed an artists' partnership in protest of academic restrictions imposed by the Imperial Academy of Arts in St Petersburg which evolved into the Society for Travelling Art Exhibitions. The latter operated from 1870 until 1923 and arranged 48 mobile exhibitions shown across various cities in Russia. The identity of the Peredvizhniki movement was later altered and politicised. During the Stalinist era, the group's <i>narodnost</i> (feel for the spirit of the nation) was emphasised, the facts surrounding the movement falsified, reshaping the identities of the Peredvizhniki from dissidents to academic painters of the official art establishment, forefathers of Socialist Realism.
Political Pop and Cynical Realism	The terms are coined by Chinese art critic Li Xianting to describe the art movement emerged in China in the late 1980s that combined western pop art with socialist realism imagery and focused on apathy to create art that commented on political and social status quo in rapidly developing China. It's 'twin brother' style Cynical Realism took a more humorous, sarcastic realist perspective to interpret the transition that Chinese society has been through during the 1990s.
PRC	People's Republic of China
RCAM	Russian Contemporary Art Market
RF	Russian Federation
Severe Style	The movement in Socialist Realism in the USSR around the 1960s. The term coined retrospectively in 1969 by Russian critic Aleksandr Kamensky is used to describe works in severe or harsh or austere style by a limited number of painters active in Moscow and Riga, such as V. Ivanov, A. Vasnetsov, N. Andronov, P. Nikonov and V. Popkov.
SFAI	Sichuan Fine Arts Institute
tizhinei	Within the official system (Chinese)
tizhiwei	Outside the official system (Chinese)
USSR	Union of Soviet Socialist Republic

A.9 Interview List

	Interviewee	Position	Location of the Interview	Date
1	Alshibaya, Mikhail	Collector	Moscow	08 April 2015
2	AR	Collector	London	13 December 2018
3	Babulin, Konstantin	Auctioneer	Moscow	26 March 2015
4	Backstein, Joseph	Expert/ art critic	Moscow	18 April 2017
5	Belkin, Anatoly	Artist	St Petersburg	23 October 2016
6	Berezovsky, Vladimir	Collector	St Petersburg	25 October 2016
7	Bernell, Robert	Collector/ publisher	Beijing	22 September 2016
8	Blagodatov, Nikolay	Collector	St Petersburg	23 October 2016
9	Bleze, Sergey	Artist	Moscow	23 March 2015
10	Bliok, Andrey	Artist	St Petersburg	19 July 2019
11	Borovsky, Alexander	Art critic/ curator	St Petersburg	26 October 2016
12	C., Joyce	Auctioneer	Hong Kong	26 April 2017
13	CCY	Auctioneer	Beijing	26 October 2016
14	Chen Wenhua	Artist/ collector	Beijing	24 September 2016
15	Dashevsky, Alexander	Artist	St Petersburg	26 October 2016
16	Ding Yi	Artist	Shanghai	20 May 2016
17	Dolmogombetov, Galim	Artist	Moscow	05 December 2018
18	Fabien Fryns	Dealer/ collector	Beijing	13 May 2016
19	Faizulin, Boris	Collector	St Petersburg	22 October 2016
20	Gisich, Marina	Gallerist	St Petersburg	23 October 2016
21	He Yu	Artist	Beijing	10 May 2016
22	Helbling, Lorenz	Gallerist	Shanghai	20 May 2016
23	Ivasilevitch, Marc	Collector/ dealer	Paris	14 December 2018
24	Ji Ming	Artist/ dealer	St Petersburg	25 October 2016
25	Kugayevsky, Andrey	Artist	St Petersburg	03 July 2019
26	Kulik, Oleg	Artist	Moscow	11 September 2018
27	LDH	Collector	Beijing	27 October 2016
28	Lebedeva, Elena	Expert/ educator	Moscow	05 December 2018
29	Li Lanfang	Gallerist	Beijing	09 September 2016
30	Li Shan	Artist	Shanghai	21 May 2016
31	Lin Lei	Collector	Taipei	31 March 2016
32	Lin Mingzhe	Collector	Kaohsiung, TW	19 November 2016
33	Lin Shouyu	Dealer	Taipei	17 November 2016
34	Lin, Frank	Gallerist	Beijing	24 November 2016
35	Liu Guosong	Artist	Taipei	11 November 2016
36	Logsdail, Nicholas	Gallerist	London	08 February 2018
37	Lu Hao	Artist	Beijing	10 May 2016
38	Ma Xuedong	Expert/ analyst	Beijing	12 May 2016
39	Markina, Tatiana	Expert/ journalist	Moscow	31 March 2015
40	McAndrew, Clare	Expert/ economist	Basel	12 June 2018
41	Misiano, Victor	Art critic	Moscow	05 October 2018
42	Mitin, Alexey	Artist	St Petersburg	21 October 2016
43	Nikonov, Pavel	Artist	Moscow	28 Moscow 2018



Interviews were conducted by the author's proxy

Interviews were conducted by the author

	Interviewee	Position	Location of the Interview	Date
44	O., Viktor	Collector	Russia	18 December 2020
45	Obukhova, Alexander	Expert/ curator	Moscow	03 April 2015
46	Osmolovsky, Anatoly	Artist	Moscow	11 September 2018
47	P., Arteom	Art critic	St Petersburg	25 October 2016
48	Pi Li	Expert/ curator	Hong Kong	16 May 2016
49	Podporenko, Yury	Expert/ writer	Moscow	17 April 2018
50	Popoff, Sergey	Gallerist	Moscow	01 April 2015
51	Prudnikova, Alisa	Curator	Moscow	06 April 2015
52	Pushnitsky, Vitaly	Artist	St Petersburg	21 October 2016
53	Qi Zhilong	Artist	Beijing	24 September 2016
54	Qiu Leilei	Artist	London	10 February 2016
55	Rabichev, Leonid	Artist	Moscow	15 March 2015
56	Rodionov, Alexey	Collector	St Petersburg	22 October 2016
57	Safronov, Nikas	Artist	Moscow	19 November 2018
58	Sasonko, Grigory	Collector	St Petersburg	02 July 2019
59	Savina, Liza	Curator	St Petersburg	26 October 2016
60	Schachter, Kenny	Dealer/critic	London	22 November 2017
61	Semileotov, Slava	Artist	Moscow	31 March 2015
62	Severyukhin, Dmitry	Art historian	St Petersburg	23 October 2016
63	Shagin, Dmitry	Artist	St Petersburg	24 October 2016
64	Shmelkova, Natalya	Expert/ collector	Moscow	09 April 2015
65	Spivak, Marina	Artist	St Petersburg	24 October 2016
66	Su Gaoli	Artist	Beijing	24 September 2016
67	Su Yang	Gallerist	Qingdao	23 September 2016
68	Sung Kun	Artist	Beijing	11 May 2016
69	Tinari, Philip	Expert/ curator	Beijing	23 November 2016
70	TWG	Collector	Kaohsiung, TW	15 November 2015
71	Vindelstein, Tatiana	Collector	Moscow	01 April 2015
72	Wang Guangle	Artist	Beijing	21 November 2016
73	Wang Qiang	Expert/ dealer	Beijing	16 May 2016
74	Wang Yu	Collector/ dealer	Taipei	18 November 2016
75	WH	Collector	Beijing	26 October 2016
76	Wu Jing	Dealer/ publisher	Beijing	24 September 2016
77	Xie, Sophie	Gallerist	Beijing	20 May 2016
78	Yang Wei	Critic/ curator	Beijing	16 May 2016
79	Ye Nan	Artist	Beijing	12 May 2016
80	Yi-ting Chaung	Dealer	Taipei	16 November 2016
81	Yu Youhan	Artist	Shanghai	20 May 2016
82	Zhang Meng	Artist	Beijing	10 May 2016
83	Zhang Rui	Collector	Beijing	23 November 2016
84	Zhang Zhenyu	Artist	Beijing	13 May 2016
85	Zhirov, Danyl	Artist	Moscow	23 March 2015
86	Zhou Zhiyu	Artist	Beijing	14 May 2016
87	Zhu Qi	Art critic	Beijing	11 May 2016



Interviews were conducted by the author's proxy

Interviews were conducted by the author

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