Markets framed by culture

The role of local contexts in the rise of contemporary art commerce in Russia and India

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Official art organizations in the emerging markets of China and Russia

The contemporary art worlds in Russia and China have undergone rapid changes over the past few decades. Until the late 1980s, commercial markets for art were practically non-existent in both countries. Although artists had been exposed in a piecemeal fashion to developments in contemporary art from Europe and the USA since at least the late 1970s, the globalization of art markets stopped at the countries’ borders. In both China and Russia, works of art were occasionally sold to foreign diplomats or businessmen in an informal manner, out of an artist’s apartment or in a buyer’s hotel room, but the official distribution of art was, by and large, controlled by state organizations (Solomon 1991). As two examples of an “Engineer State” (Hillman-Chartrand and McCaughey 1989), Chinese and Soviet governments controlled the means of artistic production and promoted art that fitted their political agenda. They did this in various ways, often through similar organizational forms: powerful artists unions and academies formulated a legitimate ideology and provided occupation (and even recreation) for artists (Lazarev 1979; Kraus 2004; Alexander and Rueschemeyer 2005). To be acknowledged as an artist, essentially, one had to be a member of such organizations.

More than twenty years later, the situation has changed dramatically. China now ranks among the largest and most dynamic commercial art markets in the world (McAndrew 2014). Works by the most well-known Chinese artists have sold for millions of dollars at auction, and prestigious art dealers from Europe and the USA have taken an interest in their work (Artprice 2013). Russia’s art market is certainly not as big and flourishing (Bogdanov 2011; Volf 2012). In fact, prominent Russian gallerists complain that the market’s development has halted (Mojst 2012; Moskvicheva 2012). Nevertheless, the commercial trade in contemporary art has also become a legitimate business in Russia.

A key assumption, which many participants, academics, and experts in both established and emerging art markets implicitly or explicitly make, is that these new markets for contemporary art deve-
op in a teleological fashion toward a single, global market model. This global model has its origins in Europe and the USA, and consists of a set of institutions, practices, discourses, and symbolic meanings which define the way contemporary art is traded. Its central actor is the commercial art gallerist who attempts to make and maintain markets for contemporary art by promoting a group of artists. In order to do so, the gallerist tries to establish a reputation for “his” artists by getting museums directors, curators, and art critics, for example, interested in the artist’s work. This reputation enables the gallerist to persuade collectors of the work’s value, resulting in increased sales and higher prices. To put it in the terms of Bourdieu, within this market model, symbolic capital needs to be accumulated before it can be converted into economic capital (Bourdieu 1993). The model, which has also been referred to as a “dealer-critic” system (White and White 1965), would be the only legitimate, sustainable way to organize commercial markets for art. For the state organizations, which were founded before these markets emerged in the 1990s, there is no role within this model.

We do not dispute that this global model has been, to some extent, adopted in Russia and China. Post-industrial gallery districts located in former factories and resembling, for instance, Chelsea in New York, have sprung up in Beijing (798 Art District), Shanghai (M50), Moscow (Winzavod), and other cities. They are crammed with the white cube, minimalist contemporary gallery spaces, which have dominated art commerce in Europe and the USA for decades. Some art dealers who are located there have been quick to adopt the concomitant discourse, using stock phrases like “promotion,” describing the art gallery as a “vehicle for experimentation, not for sales,” and speaking of their attempts to “build up a stable, secure market” for their artists. Annual art fairs are held in Moscow, Beijing, and other cities. An infrastructure of contemporary art museums, biennials, and (independent) art criticism is developing, which is supposed to lay a secure artistic foundation under the uncertain economic value of contemporary art. In short, at first sight Russia and China seem to confirm neo-institutionalist theories in sociology, which suggest that, especially when faced with uncertainty, people are likely to imitate pre-existing organizational models. In order to establish markets that are seen as legitimate by the outside world, they copy European and American commercial templates (cf. DiMaggio and Powell 1983; Meyer et al. 1997; Meyer 2000).

These imitation processes are, however, only part of the story. Paying exclusive attention to these processes would mean that the radically different ways in which the art worlds in these countries have developed, are overlooked. In particular, it would disregard the persistence of the pre-1990s
state-controlled art organizations in an increasingly universal art market environment.2 In this chapter we show that the rise of “free,” commercial markets for contemporary art cannot be equated with the demise of what we will refer to as Official Art Organizations (OAOs). The end of the Soviet era and the beginning of market reforms in China did not mean that the art worlds in these countries started with a clean slate.

Instead, on the basis of in-depth interviews with artists, art gallerists, and officials we show that, in spite of the fact that the OAOs are viewed by some people in the Chinese and Russian art worlds as cumbersome, outdated bureaucratic structures, in spite of the fact that their organizational values are not even endorsed by all their members, in spite of the pressures exerted by cultural and economic globalization, and in spite of the fact that these organizations have only to some extent adapted to a new environment, they nevertheless survive. The first aim of this chapter is to explore the reasons for the remarkable resilience of OAOs.

Whereas OAOs were highly similar in Soviet Russia and Maoist China, they have followed diverging paths in recent decades. This discrepancy adds another layer to our analysis: the second aim of this chapter is to analyze divergent paths of change of initially similar institutional forms. To explain the resilience of OAOs and their divergent development, we focus on the influence of the state on the prestige and roles of the OAOs, on their relationships with the market, and on the concrete benefits which they provide to artists.

Although accounts of limits to globalization exist in academic literature, they have not yet been explicitly applied to art markets. Existing research either proceeds from the assumption of the global art market as an existing fact (e.g. Crane 2009; Horowitz 2011), or non-reflexively studies only those elements of the emerging national art markets that fit the universal global model (e.g. McAndrew 2009; Robertson 2011). This chapter contributes to better understanding of the institutional and organizational diversity of art markets in general, and the art markets of the post-command economies in particular. Discussions of the OAOs in the literature are limited to the pre-market context (Andrews 1994; Sullivan and Murphy 1996; Sullivan 1999), while we are rather interested in their position since the emergence of the art market.

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2 Nowadays, both in Russia and China, there are many organizations recently established by artists or companies rather than governments; they are much younger, may have fewer members and are less widely known. This chapter only focuses on the organizations that stem from the pre-art market times and that were originally established by the countries’ respective governments.
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We focus on two types of OAOs in particular: artists’ unions or associations and governmental art academies (see Appendix 3 for a full list of OAOs). Artists occupy positions of either members or employees at these organizations. Educational art academies where students undergo standardized artistic training are excluded from the scope of our analysis even though they are part of the official, state-controlled art system. Geographically, the focus is on OAOs located in Moscow and Beijing. As the respective countries’ capitals, they have historically been the centers of power in most areas of social life, including arts and culture. Thus, most, if not all, of the countries’ most important OAOs are headquartered in these cities. Moreover, more than, for instance, St. Petersburg and Shanghai, Moscow and Beijing serve as the centers of the respective countries’ art markets.

Empirically, the chapter is based on eleven Moscow and twenty-four Beijing interviews with art gallerists, OAO officials of divergent ranks, and with artists from within and outside OAOs. Moreover, we have studied the organizations’ official charters, as well as archival material and secondary sources pertaining to them. We attempted to reach officials (e.g. presidents, secretaries, heads of the sections, and artist-curators of annual exhibitions) involved in most of the organizations either via public or private contact details, such as phones or emails, via references and introductions, or at events organized by the OAOs. We also discussed membership in or the functioning of the OAOs with artists and gallerists who are outsiders of the official system. Although we sometimes raised the topic intentionally, often it was so relevant for the interviewees that they emotionally elaborated on their position towards OAOs without any prompts.

In what follows, we first describe the history and current modus operandi of the OAOs as well as their contested position within the art worlds of China and Russia. We then introduce our theoretical framework, for which we draw on historical institutionalism and the varieties of capitalism literature in political economy (Hall and Soskice 2001). In the rest of the chapter we develop explanations for the resilience of the OAOs.

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3 Essentially the same organizational form is called a union in Russia and an association in China.

4 The data were collected as a part of a bigger research project on the emergence of art markets in the BRIC countries. 62 qualitative interviews were conducted in Russia and approximately 160 were conducted in China with artists, gallerists, art collectors, auctioneers, art critics, art officials, etc. These interviews provide a general context for the issues discussed in the chapter.

5 In the case of Russia, officials of one out of three Artists’ Unions under consideration responded to our request. In addition, key officials of the RAA could not be interviewed. Nevertheless, we reached artists members of all the OAOs. In case of China, of the major OAOs headquartered in Beijing, we interviewed officials representing all but the BAA, who declined to be interviewed. In addition, in China we interviewed artists who were members of all OAOs but the BAA. As field participants do not make significant distinctions between the organizations, we maintain that our findings are generalizable.
How OAOs operate

OAOs in Russia and China originate from a similar historical and socio-political context. The art academies of both countries trace their history to the Imperial Academies of Arts (founded in 1724 in Russia and as early as the Song dynasty (960–1279) in China). Although origins and histories of the academies differ, they had similar functions in the USSR and Maoist China. The unions and associations were established by the countries’ respective governments to organize and fund cultural production in Soviet Russia and Maoist China where commerce in art was officially prohibited (Andrews 2008; Reid 2006). China’s artists’ associations were originally based on the Soviet model of artists’ unions (Andrews 2008; Kraus 2004), which, in turn, were based on labor unions. These unions are not unique to communist regimes – many European countries and the USA also have artists’ unions of their own. But the difference is that in China and Russia these organizations have quickly outgrown the functions of a labor union and have become “centralized agencies controlling the means of [artistic production] and the instruments of consecration” (Sapiro 2003). Even today, the variety of activities that these associations perform, as well as their participation in the lives of artists, is much wider than their Western European counterparts.

The artists’ associations and academies allowed the governments to group and control artists and the art they made. The governments provided the artists of these organizations with a salary and/or access to artistic materials, official status as an artist, opportunities to exhibit, and studios to work in. As Toepler summarizes the role of the state in the art scenes in Eastern Europe during the Soviet era:

“The supply of artistic and cultural goods and services was plentiful, heavily subsidized, and widely accessible. Artists – as state employees – enjoyed income and employment security, and the production of the arts was – in Marxist terms – largely decommodified: that is, freed of market and economic pressures. State patronage of arts and culture took various forms, including stipends, interest-free loans, and commissions; contracts from the state, mass organizations, and state-run enterprises <…>; as well as employment in state arts institutions and schools.” (Toepler 2000, 7)

In exchange artists usually created propaganda, in addition to what looked like ideologically harmless works for decorating the walls of state organizations, hotels, etc.

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6 See for example, the list of European organizations that are members of the International Association of Art (http://www.iaa-europe.eu/information.htm).
Even when commercial art markets started developing in Russia and China, the official functions of the OAOs remained, at least on paper, by and large the same. In Russia, the main official aims of the unions, according to their charters, are providing economic, social, and legal support to artists as well as the development of cultural awareness of Russian nationals and international relationships with other cultural institutions. In China, the official aims of artists’ associations are grander, such as academic research and “serving society.” The official goals of the academies in both countries include research, educational and artistic activities, such as establishing standards for good art, creating art and organizing exhibitions (the charter of the RAA). But whereas in China OAOs are governed, among others, by the ministries and are, for example, under the Secretariat of the Communist Party’s Central Committee, in Russia this direct connection with the government has been lost. In China, all OAOs continue to receive direct state funding. In Russia, this is only the case for the academy; for the unions, direct funding has been discontinued.

In terms of their structure and governance patterns, the OAOs have hardly changed since pre-market times. All organizations continue to have intricate bureaucratic structures and remain highly hierarchical, with official positions such as presidents, vice-presidents, directors, and deputy directors. The official posts are held by artists themselves and only minor administrative positions may be performed by employees not related to the arts. Management and support staff of the OAOs (as well as artists employed at academies) receive regular salaries. Horizontally, unions/associations are subdivided into research sections or departments for different media, types of art, and/or regions. In both countries, there are official requirements for becoming a member of an association or employee of an academy, such as having an academic art education, participation in exhibitions organized by the OAOs, members’ recommendations and/or prizes awarded by the organization. Selection procedures are multilevel and highly bureaucratized. In general, membership seems easier to obtain in Russia than in China, where the organizations are more selective. All artist members of unions/associations have to pay annual fees.

In terms of the art that is produced, members almost invariably emphasized in our interviews that the OAOs have become more open towards different types of art, including experimental contemporary art forms. Artists associated with OAOs no longer have to produce propaganda. Nevertheless, most members tend to work in classical, academic, or realist styles, using traditional media.

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7 Statistical data are difficult to compare for Russia and China. In Russia, the three unions have about 4,000–6,000, 14,000, and 15,000 current members (including branches across the country). In China, the CAA (excluding local branches, only the central organization) has admitted 13,261 members in total since 1949, some of whom have since passed away (the organization has no statistics on the number of current members). Academies are more elitist: members at the country level number several hundred. The RAA has about 650 members, whereas employees of the BFAA, the oldest and most prestigious academy in China, number only thirty, due to strict selection.
such as oil on canvas and, in China, ink on paper. The emphasis remains on the mastery of technique, rather than on concepts and ideas (see Figure 2.1 and 2.3). As a result, OAO art is looked down upon by outsiders as “outdated” and “not contemporary at all.”

Not only outsiders, also their own members and staff are critical of the OAOs. In China, for instance, they blamed “the system” for problems in the art world and insisted that they do not believe in it, as it is suffocating, corrupt, and unfair. Also in Russia, many artists do not share the OAOs’ goals or values. Union members regularly describe the official art system as “rotten” and claim not to understand “what’s the purpose of it all.”

Since the legitimacy of OAOs is highly disputed both by insiders and outsiders in the Russian and Chinese art worlds today, how can their resilience be explained? Why is convergence with the global art market model not taking place, despite the supposed inefficiency and other flaws of the organizations? To answer these questions we loosely rely on institutional theories in (historical) sociology and the varieties of capitalism (VoC) perspective in political economy (see Hall and Soskice...
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2001 for a programmatic statement). These theories have drawn attention to institutional resilience and explained the persistent diversity of organizational structures in advanced democracies, welfare states or capitalist markets, despite the pressures to converge to an identical model due to, for instance, globalization or the spread of neo-liberal ideologies from the 1980s onwards (cf. Biggart and Guillén 1999; Guillén 2001; Hall and Lamont 2013).

The first explanation for the persistence of differences in institutional arrangements which we propose in this chapter is institutional complementarity, which entails that “various elements of national institutional systems interlock or fit together only in certain ways, producing a small number of stable national configurations” (Schneiberg 2007: 54). In particular, the presence of one institutional arrangement stabilizes, undergirds, or even raises the performance of, or returns available from, another institution (Hall and Gingerich 2009). As a result, the possibilities for one institution to change are slim, as long as the other institutions which it complements are stable. For instance, Hall and Gingerich have shown how on a national level complementarities exist between institutions in labor markets, financial markets, and corporate governance arrangements. As a result of these, the deregulation of labor markets is unlikely to produce positive outcomes in a situation where the organization of financial markets remains the same. A second explanation is path dependency: the notion that contingent historical events set in motion deterministic causal processes which account for the reproduction of particular institutional patterns, and result in inertia (Mahoney 2000).

While the VoC approach has been developed as a theory to explain stability, and has actually been criticized for not acknowledging or accounting for change, we develop a third explanation which shows that the OAOs’ resilience is not just related to “inherited” complementarities to pre-existing institutional arrangements, but also to their capacity to adapt to some extent to a new environment through a process of endogenous change (Pierson 2004; Streek and Thelen 2005). This adaptation process can be seen in terms of what Kathleen Thelen has called institutional conversion, which involves putting existing institutions to new purposes (Thelen 2003; Thelen 2004; Thelen and Mahoney 2009). We find that although formally the organizations did not significantly change in the last decades, informally, new complementarities to the emerging commercial art market were forged, which further enhanced the OAOs resilience.

As will become clear in the remainder of the chapter, of these three interconnected explanations for the resilience of OAOs, some are more relevant for the Chinese art world, while others are more prominent in Russia. Despite the historical similarities and organizational isomorphism of Chinese and Russian OAOs, the two countries represent two varieties of cultural capitalism in themselves. The OAOs in each country resist globalization as a result of various forces and environmental factors specific to each country.
Our understanding of OAOs is in line with sociological studies of post-socialist markets which point at the existence of parallel economic structures in Eastern Europe both in the socialist and post-socialist era. Thus, the notion of transition processes from a socialist planned economy, through an institutional vacuum directly after the collapse of the iron curtain, to a market economy according to the Western blueprint, is problematized. Instead, these studies point at “the persistence of routines and practices, organizational forms and social ties, that can become assets, resources, and the basis for credible commitments and coordinated actions in the post-socialist period” (Stark 1996: 995). In other words, what is happening with the “emerging markets” in Russia and China cannot be understood as the replacement of a defunct state-dominated infrastructure by an either more efficient or more legitimate market model adopted from Europe or the USA. The emergence of art markets amounts to more than the appearance of new actors who sell internationally recognized contemporary art. Instead, it entails mutual adjustment between the new institutional logic of the market and the old institutional logic of the state bureaucracy (cf. Thornton and Ocasio 2008).

Figure 2.2. Many cars parked outside the entrance to the China National Academy of Painting are exclusive luxury vehicles. High-end Audi models are usually perceived as the cars of Chinese officialdom. Photo by Svetlana Kharchenkova.
Complementarity with state bureaucracies

One of the main reasons for the OAOs resilience is their complementarity to state bureaucracies (cf. Amable 2003). This holds in particular for China, where they continue to exist because the Communist Party remained in power and retained funding and support for these organizations.8 The connections with the Chinese state bureaucracy are so strong that the artists resemble state representatives, providing a social service on its behalf. Indeed, many interviewees associated with OAOs emphasized that serving society is one of the goals of the OAOs. This may take the form of creating paintings of, for instance, natural disasters, of “bringing art to people” by organizing exhibitions, or of providing humanitarian help with the revenue from selling artworks.

The close proximity to the state can also be observed on a symbolic level (Figure 2.2). The atmosphere of the official art shows in China resembles that of government events; some artists are hard to distinguish from officials by the way they look. It is mainly OAO artists and not the more internationally oriented artists who take part in the art and cultural events sponsored and promoted by the government (fieldwork observations). As the state and the Communist Party are still powerful and omnipresent in China, the immediate association of an artist with them commands prestige, within certain circles. An artist who retired from relatively high positions both at the BFAA and the CAA said about the latter:

In name it is a mass organization, right? But in fact it’s official, state-funded […] In China, all things official are quite reliable. That’s why everyone strives to be in the CAA.

The institutional complementarity between the OAOs and the state bureaucracy materializes in the artworks by OAO artists, which often serve as gifts or bribes for government officials at different levels. Art recognized by the OAOs, in other words, can function as a social grease for the state bureaucracy.9 Paintings are a safer way to bribe an official than an envelope or a watch, as the value of art is uncertain. On the other hand, since artworks of top OAO artists circulate well on the market, and their price can easily be looked up in auction results, officials may see it as a useful present, which is easily convertible into monetary value. In addition, it is a way to flatter the officials, since in traditional Chinese culture, members of officialdom were scholar-officials who were themselves highly skilled in poetry and calligraphy, among other things.

8 Why the Chinese government continues to support OAOs is outside the scope of this chapter.

9 In her work on the Kazakhstan art world Nauruzbayeva (2011) finds similar uses for art as gift within government circles.
Official art organizations in the emerging markets of China and Russia

In contrast, in Russia the collapse of the USSR was followed by not only economic but also political reforms. The Communist Party was suspended in 1991, while regular support of the state for OAOs was almost completely dismantled: only the art academy continues to receive significant direct funding. Other organizations finance themselves through the exploitation of a wide variety of resources such as real estate (exhibition centers, residential buildings, recreation centers, artists’ studios), factories, and stores of artists’ supplies or publishing houses, as well as through applying for various (often governmental) grants. They inherited these resources in the early 1990s after the collapse of the Soviet Union, when the property of the Artists’ Union and Art Academy of the USSR was privatized. The resources provide the OAOs with a considerable degree of financial autonomy, which, in the absence of institutional complementarities, can partly explain their resilience. Their endowments shield these organizations from cultural and economic pressures, which would have otherwise threatened their survival.

Despite the absence of direct funding, all Russian OAOs still have relationships with cultural administrative organs. The structure of OAOs inherited from the past, as well as the type of art that is produced by the majority of artist members, makes them familiar and attractive subjects for various cultural policies. Thus, for example, individuals and groups of artists can often apply for a governmental grant or a studio only if they are members of OAOs. While Russian OAOs have these connections, and are perceived by the wider public to be close to the state, in contrast to China, this proximity does not confer comparable prestige on the artists, since governmental organizations are often perceived as outdated and inefficient. Moreover, symbolic links to the state are limited and only the highest OAO officials have some political capital. For the same reason, the practice of offering art by OAO artists as gifts to government officials is less widespread in Russia. Only the members of the Russian Academy of Arts and top members of the unions possess enough prestige to be acknowledged by state bureaucracy and to render their art valuable as a gift.

China: selection at the top

Institutional complementarity with the state can be seen as a heritage from the past that is being eroded (in Russia faster than in China). The resilience of the OAOs has, however, been safeguarded by the creation of a new form of institutional complementarity, in which interconnections with the market are at stake. Instead of seeing the market as hostile to, or a threat for, the survival of OAOs, we argue that, paradoxically, the market has in some respects strengthened their position. In both

10 All organizations publish the lists of their property on the official websites and some of them even publish annual accounting reports.
countries, OAOs have become part of the market system, albeit in very different ways. While in China the OAOs are used at the top end of the market as a judgment or ranking device, in Russia, as will be discussed in the next section, the OAOs have found a role in supporting artists at the lower end of the market.

When a commercial market for contemporary art started developing in China in the 1990s, it lacked the cultural infrastructure which consecrates and legitimates art in Europe and the USA (think of art museums, biennials, or independent art criticism; see, e.g., Bonus and Ronte 1997; Bowness 1990; Bourdieu 1993; Moulin 1987). Instead of building this entire infrastructure from scratch, which is a costly and time consuming enterprise, participants in the market partly rely on pre-existing structures including the OAOs. Thus, the OAOs survival became ensured in a process of institutional bricolage, where new arrangements (i.e. a market infrastructure) were developed by incorporating parts of pre-existing arrangements.

Outside the circle of internationalized, global art, the OAOs became and to some extent still are, almost by default, the only organizations to provide structure to the market, consecrate artists, and by doing so create hierarchies among them. Those roles to some extent still cannot be readily replaced by other organizations. To put it in the words of the French sociologist Lucien Karpik, the honors bestowed by these organizations function as a “judgment device” in a market for singularities, where the quality of works of art is uncertain and buyers therefore face a “cognitive deficit” (Karpik 2010). The official positions that artists occupy in the OAO hierarchies, as well as the awards and prizes that they receive from them, contribute to reducing this deficit; they are perceived by potential buyers as quality or status signals (Podolny 2005).

The strength of the signaling effect of the Chinese OAOs was explained by an administrative worker at one of the academies as follows:

[An academy employment] has influence [on the market], a big influence. Because the academy is a brand. It is like a big brand behind an artist. [Works by] the academy’s artists are always good. This is the difference between those within and outside the system. At least, the level is different. Beijing Academy is a standard. It’s different for those outside the system. If you are outside, until they get to know you, they have no way to evaluate you. They might need a very long time to be able to evaluate whether this artist is good or bad.
Apart from facilitating sales, membership may push up prices, since they are linked to one’s official position (Figures 2.2 and 2.3). Even an employee with merely administrative duties who paints in his free time admitted in an interview to having raised his prices once he started working at an art academy. The prices reflect the ranks especially well for traditional Chinese painting and calligraphy by living artists, in a coordinated, almost bureaucratic fashion. An employee of the China Calligraphers Association explained that the price for “regular members” is:

1,000 RMB per square chi. Then, one level higher there is a director [...], a director is maybe 5,000. Then another level higher is a vice chairman, a vice chairman of China Calligraphers Association. A vice chairman is maybe 20,000. Another level higher there is an adviser, maybe 30,000. This is approximately the difference. If he did not enter the association, if he was not a member of the China Calligraphers Association, his calligraphy might have no value.

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11 Wang is, among other positions, chairman of the BAA, vice chairman of the CAA, dean of the BFAA, and vice chairman of Beijing People’s Association of Friendship with Foreign Countries. He is also a member of the Standing Committee of the Chinese People’s Political Consultative Conference (CPPCC) National Committee, a political advisory body in the People’s Republic of China.

12 1 chi equals 1/3 of a meter; 1,000 RMB approximately at the time equalled 115 euros.
Figure 2.4. Despite being far from the top of the OAO hierarchy, this artist showcases his official positions and diplomas on the door to his shop/studio in Liulichang, Beijing. Photo by Svetlana Kharchenkova.
Artists turn out to be well aware of the signaling function of the organizations. In order to advertise their official status, they put their ranks or memberships most visibly on their name cards, booklets showcasing their work, CVs, and webpages (Figure 2.4). Because of the status-effect of rank on prices and sales, and because of many other privileges associated with these ranks, many artists want to get to the top of the hierarchy. As one artist who holds no official position said: “So why do they want to become presidents of artists’ associations? Their prices would rocket.” Or as an owner of a white cube contemporary art gallery put it: “You heard about a story in Shanxi province? In the calligraphy association there is one, there is [sic] two, three, directors and 14 vice directors. 14 vice directors!”

In fact, positions at OAOs are so widely coveted, that they have become commodified and possess clear market value. As is widely known in China, and as was confirmed in the interviews with artist members and employees of the OAOs, positions in associations in particular, such as the CCA, are up for sale. The (unofficial) price for a regular membership is approximately 250,000–300,000 RMB,\textsuperscript{13} according to an employee of the CCA. Artists are willing to pay such high prices as an investment. Since membership increases prices and sales for Chinese OAO calligraphers, they earn their money back “in no time.”

The commodification of positions within OAOs indicates that artists regard them in a rather opportunistic way. Indeed, many who hold or covet such positions, do so without endorsing the OAOs’ organizational values. They may even be highly critical of them. In some cases, internationally successful artists become involved with the OAOs because it enables them to, for instance, be affiliated with art schools or to remain on good terms with the government. One internationally famous Chinese artist, who has had solo shows at such top contemporary art events as the Venice Biennale, is also a member of an artists’ association, as he mentioned rather casually during an interview. He became a member in order to accept a post at an art academy some years ago and has remained a member since:

\textit{It doesn’t matter, I forgot about this, forgot about this. It’s like when you go to a restaurant, and sometimes you spend a bit more and they give you a VIP card, a membership card. And then someone asks, are you a member there? This is not important, right? […] At the time it had its use, and if you go to that restaurant again, they will give you a discount.}

\textsuperscript{13} At the time, approximately 30,000–36,000 euros.
Note that the status signal of membership in an OAO may not be permanent. Once the artist leaves the academy, for instance, because of retirement, or is not re-elected as a president of an association, the signal in many cases fades and his price level plummets. Moreover, the signal has far from universal value within the Chinese art world but is confined to the official, government circuit. It is, however, shared by the majority of the general public, to whom the OAOs are much more familiar than the museums and other organizations of the global art world. This is because of historic reasons and because of the wider presence of the OAOs in general Chinese media.

The strength of the status signal is determined partially by its scarcity. During the interviews, representatives of several Chinese OAOs emphasized the very strict selection processes for membership, involving multiple committees and complicated procedures. Moreover, the signaling function is confined to artists’ organizations that are linked to the government. Newly created non-governmental organizations, established by artists or companies, such as Gongbi Painting Association and Rongbaozhai Fine Arts Academy, do not come close to commanding the same prestige as OAOs.

For these very reasons, the Russian OAOs fail to provide an elaborate system of status signals for the art market and do not function as a judgement device for buyers of art. As previously stated, the link with the government has been loosened in Russia, while the number of signals sent by the OAOs are abundant. First of all, the unions openly claim an inclusive policy of membership and even compete for numbers of members among each other. As a result, membership itself is hardly considered status-enhancing. Moreover, the medals and awards that unions and art academies in Russia give out, or the governmental titles that they apply for on behalf of their artists, are hardly exclusive either. As a president of one OAO expressed it:

*Through our Artists’ Union people obtain the titles: “Honoured Artist of Russia,” “People’s Artists of Russia.” We can apply for any governmental awards, diplomas, for any highest awards and our requests are put in the list of requests, which are considered and complied with.*

In December 2012, while working in their archive, we observed the pre-New Year’s Eve meetings of several sections in one of the artists’ unions. The frequent topic of lively discussions was medals and diplomas. It sounded as if they were dividing corporate New Year presents available for everybody. Artists were ironically shamed for not applying for a medal or for forgetting to collect it on

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14 We do not expect this to happen to artists whose careers do not depend on their official positions only, such as the realist painters Wang Yidong and Ai Xuan.

15 It is no coincidence that both the BFAA and the CAA interviewees talked with pride about China’s Prime Ministers’ role in establishing these organizations, which, according to them, showed the official endorsement.
time. This bestowing of awards in Russia seems to be primarily a matter of common ritual, whereas it is part of a strict selection process in China. As a result, awards from Russian unions send out weak status signals. Their impact on sales and prices is therefore weak as well. Only the highest positions in the Russian OAOs, occupied by artists who seem to have rather active art markets, do provide considerable status and commercial benefits.

Figure 2.5. *The building of the Central House of Artists (on the right), owned by the International Confederation of Artists’ Unions (the former USSR Union of Artists). Its exhibition spaces are regularly rented out to a variety of events, for example, pet exhibitions (above). Recently renovated stalls called “Vernissage” (on the left) are used by artist members of various unions to sell their artworks. Photo by Alexandra Pisareva.*

Russia: welfare at the bottom

Why do Russian artists remain affiliated with the OAOs, in spite of the fact that ties to the government have been severed and membership hardly confers prestige? The main answer is that they provide a variety of everyday, mundane benefits for their members. The majority of Russian artists, and in particular the “official” artists who were educated and started making art during the Soviet era, cannot support themselves in the market alone. Therefore, they have remained actively involved with the OAOs. It is, in other words, the market’s very weakness that has provided the OAOs with a continued reason for existence. Thus, the logic of art associations in Russia resembles that of welfare organizations, based on entitlements of artists to at least some minimal form of support. Indeed, the social insecurity of the artistic profession is still the central organizing idea for
the Artists’ Unions in Russia, as it used to be for their forerunners in the Soviet era (Lazarev 1979: 107-109). Economic resources owned by OAOs enable them to realize their main function, which is not to provide status on top of the hierarchy, but to provide support at the bottom. A functional type of path dependency here safeguards the reproduction of the OAOs. The organizations are embedded in a larger system (i.e. the Russian art world) in which they play functional roles (Mahoney 2000: 519).

One of the main sources of support that the OAOs provide is exhibition opportunities (Figure 2.5). This is important for their members since most of the new, Western-style commercial galleries, which have opened in Russia since the 1990s, are not interested in their work. As an Artists’ Union official mentions: “For many of the artists this annual exhibition may be the only one during the year. So they try to invite everybody they know with the hope to sell anything” (head of a section in an OAO). Union members also tend to exhibit and sell their work in salons operating at municipal exhibition halls, which retain strong relationships with OAOs and almost exclusively exhibit (and sell) art by union members. The salons are not private, and municipal halls have to ask for permission from the local department of culture to open a commercial office. Artworks sold there represent the lower end of artistic production, approaching the level of artworks sold on open stalls near tourist attractions.

Regular membership in a union, moreover, provides access to various kinds of resources, including commissions from the state or publishing houses, legal support, assistance in applying for grants, free studios or travel passports and visas, and entries in catalogues, which the unions print on a regular basis. In addition, the OAOs provide a sense of community and companionship with like-minded people who are critical of the directions contemporary art has taken in Russia. A specific understanding of what good art is – realist paintings made using traditional, academic techniques – serves as a foundation for the “we-feeling” of OAO artists, and enables these artists to engage in boundary work vis-à-vis artists working in contemporary avant-garde styles (Lamont and Molnár 2002). Even just getting together in the unions is considered to empower otherwise weak individual artists to overcome “common hardships”: according to OAO officials, sometimes artist members pay themselves for renting exhibition spaces and for publishing catalogues. In these cases, what one artist cannot afford, an “association of thousands” can afford easily and “of better quality”.

16 Although not strictly operated by the OAOs, art produced by the artist members of the OAOs today is often sold through galleries specialized in union-art. These galleries use extensive regalia of artists as their marketing tools and are frequently run by the members of the unions. They often buy art from artists instead of working on a consignment basis. These galleries prefer to work with paintings (or graphics) and present a mix of works made by nineteenth- or twentieth-century deceased artists as well as contemporary artists working in similar styles.
Membership also functions as a proof of official artistic status, which in turn makes artists eligible for a variety of activities. As an artist and vice-president of an OAO explained:

Many artists need to get commissions at some other regions than in their towns. For this they must have some tangible proof that they are artists [...] In a way our Union gives the only possibility for many of them to regularly and frequently exhibit in different regions of Russia and to publish their works [in catalogues]. [...] With publications in such albums they already can go to their local governments and say: “Yes, I am an artist, my works are published, here is everything about me.” With this they appear as real and functioning artists.

Like their Chinese colleagues, some Russian artists approach the OAOs in highly opportunistic terms, without endorsing their values. Some artists continue to participate in the OAO exhibitions in order to receive some of the organizations’ benefits. When one of the most commercially successful artists in Russia was unexpectedly elected as a member of the Russian Academy of Arts, he “did not turn down” the new position because he thought it might somehow be useful in future. Or as another artist, who has been a member of an OAO since 1997, explained:

Well, through the Moscow Union of Artists I try to get a studio. This is why I always participate in their exhibitions, though it is all horribly boring and I have to overcome myself all the time, anyway. [...] These vistavkomi [exhibition committees] are something monstrous. There sit all these boring greybeards, all moth-eaten, who say: “I don’t like your work.” I mean those who select artworks for these exhibitions. They need a place to play big bosses. Horrible, even flies die there.

Discussion and conclusion

The overarching argument of this chapter has been that the world of art commerce is not flat, to put it in popular terms. Local contexts, in our case populated by organizations that existed before the emergence of commercial art markets, continue to be part of art worlds. In spite of the pressures of cultural globalization, in spite of the diffusion of the very notion of contemporary art, and in spite of the proliferation of a global market model dominated by white cube gallery spaces, glamorous art fairs, and high profile art auctions, these organizations have managed to survive.

Inspired by a rich tradition in political economy, we advocate a “varieties of cultural capitalism” approach to art markets. The upshot of such an analysis is that convergence in the way commerce in art is organized and coordinated is unlikely to take place. Instead, varieties of organizational models and coordination schemes are resilient in local art markets because of path-dependent processes and institutional complementarities.
Although the two countries studied in this chapter are similar, given the shared socialist/communist background of the OAOs and their isomorphic organizational set-up, they represent two varieties of cultural capitalism in themselves. The reasons, as we show in this chapter, have to do with different local contexts, which in turn result in different institutional complementarities and path-dependent trajectories. While in Russia, complementarity of OAOs with the state is limited, in China it is more pronounced. OAOs enjoy a different degree of prestige in Russia and China. This affects the opportunities that they provide to their artist members and their positions vis-à-vis the art markets and the broader art worlds. In China, the official art organizations are closely related to the state, which commands prestige and becomes a powerful resource of the OAOs. Chinese OAOs position themselves as exclusive and strictly academic, denying any direct links with the art market. However, because Chinese artists affiliated with these organizations enjoy high status and are very successful in the market, the OAOs have been reconsidered and appropriated as a judgment device by groups of buyers. The irony here is that while a commercial market has developed, actors fall back on the bureaucratic logic of OAOs in order to valorize the work destined for this market. Within this logic, a higher official rank can be equated with higher artistic and economic value.

In contrast, in Russia, where access to organizations is easier and relatively informal, and links to the state do not necessarily provide prestige, affiliated artists generally play a marginal role in the market. Therefore, the role and status of the state in the two countries indirectly (rather than directly through laws and regulations) influences the market opportunities of particular artists and the functioning of the market in general. In Russia, OAOs create a supportive environment for artists with poor market possibilities and at the same time offer a range of benefits, even for those artists who do not share their values. Despite the weak position of OAO artists in the Russian art world, the organizations survive as they are financially sustainable and can function rather autonomously from the outer art world, creating an alternative internal system of economic relations. Finally, in both Russia and China, artists support the resilience of the OAOs by being involved in them – actively (while pursuing their goals) or passively (by simply staying).

The resilience of OAOs does not mean that they have not changed at all. In fact, their survival is partially conditioned by adaptation: new complementarities involving OAOs have developed as institutions actually begin to partially alter their functions for individual artists and the art system as a whole. We cannot exclude the possibility that in the future the change mechanisms may outweigh the path reproduction mechanisms, which would result in structural changes for the organizations themselves. For instance, during our fieldwork in China, we heard rumors that the government was thinking about stopping funding for the OAOs and making them financially self-reliant, in line with many other Chinese cultural industries. But as the Russian example shows, this is unlikely to result in a sudden demise of those organizations.
Although the OAOs of the two countries we have focused on in this chapter may be rather specific because of their socialist/communist origins and bureaucratic nature, it is safe to say that to some extent each region, country, or in some cases even city, may have its own variety of cultural capitalism, i.e. its own institutionalized ways of conducting and organizing commercial transactions in art. Indeed, artists’ unions are to be found in many countries in Europe as well and, at least historically, managed to exercise some influence on the organization of local art worlds. Varieties of cultural capitalism may also result from a wide variety of factors including specific legal frameworks governing the art trade, wider business cultures and ethics, import and export restrictions regarding art, welfare state arrangements, which impact (the formation of) economic elites, or the historical dominance of specific intermediaries such as auction houses in local art markets. The resilience of these institutions and organizations may be attributed to thick, heavily institutionalized ties to and complementarities with powerful organizations, but may also be attributed to “thin,” everyday, banal reproduction processes related to the costs and benefits that they have for participants.

The current discourse about art commerce, whether in the media, among academics, or among market participants themselves, is dominated by the glamorous global art market, characterized by multimillion dollar prices, populated by high net worth individuals, located in New York and London, and is manifested in thrilling auction sales and powerhouse dealers such as Larry Gagosian or David Zwirner. By contrast, the upshot of our analysis is that to understand how art is traded around the globe, more attention to local varieties of cultural capitalism is warranted.
Opening night at a contemporary art gallery.

New Delhi, February 2013