Markets framed by culture

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

Komarova, N.

Citation for published version (APA):
Komarova, N. (2018). Markets framed by culture: The role of local contexts in the rise of contemporary art commerce in Russia and India.

General rights
It is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), other than for strictly personal, individual use, unless the work is under an open content license (like Creative Commons).

Disclaimer/Complaints regulations
If you believe that digital publication of certain material infringes any of your rights or (privacy) interests, please let the Library know, stating your reasons. In case of a legitimate complaint, the Library will make the material inaccessible and/or remove it from the website. Please Ask the Library: https://uba.uva.nl/en/contact, or a letter to: Library of the University of Amsterdam, Secretariat, Singel 425, 1012 WP Amsterdam, The Netherlands. You will be contacted as soon as possible.
Local contexts as activation mechanisms of market development
Contemporary art in emerging markets

How markets emerge remains one of the central questions of economic sociology, marketing and management alike (see e.g. Geiger, Kjellberg, and Spencer 2012; Aspers 2011). In this paper, we address this question by studying the emergence of art markets. Before the 1990s, contemporary art markets outside of Western Europe and United States were practically non-existent. Then they suddenly started emerging or re-emerging (Joy and Sherry 2004) in different corners of the world, such as China, South Africa, Vietnam, Russia, India. Scholars usually put these markets in a general category of ‘emerging art markets’ and analyze common trends in their development (McAndrew 2009; Kraeussl and Logher 2010; Robertson 2011). These common trends concern either the socio-economic changes at the macro-level that drive art markets (e.g. liberalization of economies, lasting periods of fast economic growth, the coming into being of new cultural and economic elites with a taste for art), or the highly isomorphic organizational forms that art markets adopt in these countries, of which commercial art galleries, auction houses, and art fairs are the three most important ones (Velthuis and Baia Curioni 2015). If and how local contexts contribute to the development of art markets, and influence the shape they take, has so far hardly been analyzed. In this paper, we aim to look at the ways in which local contexts motivate prospective art dealers to enter an emerging market. We coin these factors as ‘activation mechanisms’ of market emergence. We define an activation mechanism as a resource, or set of resources, which enable actors to exploit latent market opportunities, and thereby can turn favorable socio-economic conditions at the macro-level into actual market emergence at the micro-level.

This influence of local contexts can be seen by studying the lived experience of key mediators, whose decision to start a commercial activity is crucial for the emergence of a market. In the case of art markets, these key actors are art dealers. Thus, in this paper we seek to understand how dealers came to the decision to open an art gallery and, by doing so, contributed to the market’s emergence.

1 This chapter has been published as: Komarova, N., and Velthuis, O. (2018) Local contexts as activation mechanisms of market development: contemporary art in emerging markets. Consumption Markets & Culture, 21(1), 1-21.
Chapter 3

The opening of a gallery is a crucial step in an art market’s emergence, since galleries are the market’s main intermediaries that match supply and demand of art (Caves 2000) and contribute to constructing its value (Smith Maguire and Matthews 2012). They function as gatekeepers to the art market by selecting a limited number of artists whose work they seek to market (Bystryn 1978; Moulin 1987). Also, they actively seek to ‘make markets’ for new art. In order to do so, they have exhibition spaces where they regularly organize solo and group shows. They develop networks among curators, critics, museum directors and others who, to put it in the terms of the French sociologist Pierre Bourdieu, possess the symbolic capital to consecrate art, or to produce belief in its value (Bourdieu 1993). Only once this belief is produced, and an artist establishes a reputation, are art dealers able to sell their work and increase its price (Joy and Sherry 2003). In short, both for the valuation and for the intermediation of art, art galleries perform crucial roles. Thus, the opening of commercial galleries is one of the constitutive processes of an art market’s emergence.

Empirically, the paper takes a comparative approach and focuses on two countries – Russia and India, which are among the main art markets to have emerged globally over the last three decades. The two countries were selected because they make for an illuminating comparative case. On the one hand, both countries’ economies are characterized by high economic growth and by profound economic restructuring processes occurring in the 1990s; for these reasons, they were grouped together with China and Brazil in the now widely used BRIC-acronym. The way the art markets are organized in these two countries, approximately 25 years after the beginning of profound economic reforms, is highly similar as well, with commercial art galleries as the market’s main intermediaries. But on the other hand, the two countries are strikingly different when it comes to, among others, social stratification, socio-political history, cultural repertoires or the involvement of the state in arts, providing different local contexts in which their art markets are embedded (cf. Joy and Sherry 2004). Comparison of these two fast-developing contemporary art markets, with their radically different socio-cultural national contexts, highlights the multiplicity of ways in which a similar market practice can be enabled. Moreover, the recent nature of the two art markets is a methodological advantage in studying market emergence: actors who have played important roles in this process can still be interviewed, unlike art markets, for example, in Europe and the United States.

Thus, in this paper we show how, within the unifying process of cultural and economic globalization, variations in local national contexts structure the ways in which actors decide to open up a commercial art gallery. In India, art dealers frame their decision to open a gallery by-and-large in terms of continuity: they talk about it as an easy, ‘natural’ thing to do. Their interest in the art market is, in multiple ways, activated by repertoires and resources that are linked to their family backgrounds. In Russia, however, no such repertoires and resources stand out. Russian dealers present their decision to open an art gallery as a ‘contingent event’ in their biography. Nevertheless,
opening a gallery is activated, albeit negatively, by local, pre-existing institutional settings, and the
dominant role of the state in the cultural field in particular, which our respondents seek to develop
an alternative for. Also, they refer to the turmoil of Russian society that destabilized pre-existing
career trajectories and life courses, and forced them to reinvent themselves and look for new pro-
fessions. Thus, the trajectories of actors who started a commercial art gallery are characterized by
continuity in India but by change in Russia.

The paper contributes to the literature on how new markets are ‘built’ and how culture has an im-
pact on market emergence (for an overview, see Geiger, Kjellberg, and Spencer 2012). Our study
suggests that market emergence cannot be limited to studying the institutions that enable actors to
engage in transactions and competition in predictable and coordinated ways (Fligstein 2002); nor
can it be limited, as more recent Callonian approaches to market emergence suggest, to studying
market devices which enable actors to shape market practices and valuation procedures (for an
overview, see Muniesa, Millo, and Callon 2007). It should include the motivational side of market
emergence as well, in order to understand why, on a micro-level, actors decide to ‘enter’ markets
and thereby contribute to their emergence. Or, to put it in the terms of Callon, what is it that puts
individual actors in motion, that turns passive bystanders into active agents within markets (Co-
choy et al. 2016).

In particular, we show that local contexts, including cultural resources, are key in this decision-mak-
ing process. That local contexts matter is obviously far from a new insight in the literature on
market making or market emergence (Geiger, Kjellberg, and Spencer 2012). A steadily growing
body of literature indicates that global economic flows and global markets, which at first sight seem
strikingly footloose, are locally embedded (Tonkiss 2006). The shape that local markets take, is de-
termined by pre-existing institutional settings including the role of, for example, labor unions and
employer’s organizations (Hall and Soskice 2001), national cultural repertoires (Lamont 1992), the
state, or the strength of traditional institutions such as the family and the church, which each oper-
ate according to their own institutional logic (Greenwood et al. 2010; Thornton 2004). These logics
may either conflict with the logic of a nascent market (Greenwood et al. 2010), or, instead, may be
incorporated into this logic and serve as a resource for nascent firms (Biggart and Guillén 1999).
Either way, the result is that the homogenizing effects of global market forces and disembedded
financial capital are partial at best; comparative studies of industrial organization across different
regions almost invariably show persistent variation and, over time, only limited convergence of
organizational models (Scott 2007; Amin and Thrift 1995; see Marquis and Battilana 2009 for an
overview). Indeed, globalization may itself be a source of diversity when it comes to organizational
models (Nederveen Pieterse 1995; for empirical examples from different markets see Guseva 2005;
Our argument differs in an important respect, however. We show how local contexts matter for market development even in the situation where market structures are highly similar and organizational forms are strongly isomorphic. In the case of contemporary art, there is an international market model, which has been by-and-large adopted in emerging countries around the world. For instance, Brandellero (2015) shows how different isomorphic mechanisms have contributed to the emergence of an art market in Brazil, where foreign practices of art commerce were brought into the country by international art dealers, and, later on, Brazilian art dealers copied foreign practices as a result of travelling abroad. Thus, in our case, local contexts do not have a profound impact on market structure; they do not shape unique organizational forms or significantly influence organizational behavior. Nevertheless, we claim that local contexts play an important role in starting up a new market by functioning as an activation mechanism for market emergence. Akin to Fourcade-Gourinchas and Babb’s (2002) study of the rise of neoliberalism in Mexico, France, the UK and Chile, the outcome was highly similar, but the trajectories to get there differed radically in Russia and India.

A second contribution of our study is to show that not only the presence of stable, pre-existing institutional structures, but also their very absence, may assist in market emergence. In other words, not only social organization, but also social disorganization can be a resource in market emergence. In our case, relatively stable family networks and the absence of government support (in India), socio-economic disruption and too dominant an involvement of the state in contemporary art (in Russia) prompted actors to open a gallery. However, in the long-run, our case suggests that while social disorganization may stimulate entrepreneurs to become active in the market, it may not assist them to become successful and may actually hinder further market development. In other words, local contexts may have different impacts at different stages of market emergence: social and economic disruption may initially contribute to market emergence but may hinder further development at later stages.

Finally, we contribute to theories of market emergence by linking these to Bourdieu’s notion of capital. While previous research has, from a Bourdieusian perspective, studied the ways in which cultural intermediaries contribute to the reproduction of cultural inequality (see, e.g., Bourdieu 1993; Durer and Miles 2009; Smith Maguire and Matthews 2012), we instead ask how the ways in which intermediaries themselves take a position in a newly emerging ‘field’ is co-determined by resources that allow both understanding the possibilities of a new practice, and exploiting these possibilities and taking the risk of failure (cf. Buchholz 2016). These resources can take the form of cultural, economic and social capital (Bourdieu [1986] 2010). To what extent an actor does indeed have access to these resources depends, in turn, on her structural position in wider social fields (such as economy and power), as well as on the class background or, as Smith Maguire and
Matthews phrase it, on 'his or her place within the conditions of existence' (Smith Maguire and Matthews 2012: 553).

At the same time, the two empirical cases hint towards the limits of the Bourdieusian interpretation of “position taking” in an emerging market. We observe that a composition of the different forms of capital served as an activation mechanism for Indian art dealers, while in the Russian case, access to similar forms of capital might have been limited and did not play such a prominent role in their decision to open a gallery. Yet, the market has started and some art dealers entered it throughout the past 25 years. Other activation mechanisms, including negative ones such as socio-economic disruption, which we observed in Russia, cannot be completely accounted for within a Bourdieusian perspective.

Table 3.1. Sample composition

<table>
<thead>
<tr>
<th>Location</th>
<th>Moscow</th>
<th>Saint Petersburg</th>
<th>New Delhi</th>
<th>Mumbai</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>N art dealers</td>
<td>18</td>
<td>11</td>
<td>23</td>
<td>13</td>
<td>65</td>
</tr>
<tr>
<td>Dealer gender female)</td>
<td>39%</td>
<td>73%</td>
<td>57%</td>
<td>69%</td>
<td>57%</td>
</tr>
<tr>
<td>N galleries</td>
<td>15</td>
<td>11</td>
<td>21</td>
<td>12</td>
<td>59</td>
</tr>
<tr>
<td>Gallery age</td>
<td>minimum</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>maximum</td>
<td>25</td>
<td>19</td>
<td>78</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>average</td>
<td>14,5</td>
<td>9</td>
<td>16,5</td>
<td>16</td>
</tr>
<tr>
<td>National art fair²</td>
<td>12</td>
<td>5</td>
<td>17</td>
<td>9</td>
<td>73%</td>
</tr>
<tr>
<td>International art fairs³</td>
<td>5</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>22%</td>
</tr>
</tbody>
</table>

Methodology

This paper is based on qualitative interviews with 65 art dealers from 59 galleries in New Delhi, Mumbai, Moscow and Saint Petersburg, conducted between October 2012 and June 2013 (see Table 3.1). The study had an exploratory character. Therefore, the selection of interviewees was informed by a maximal variation sampling strategy. In approaching gallery directors or founders for interviews, diversity was actively sought in terms of the age of the gallery, the location (two

² These galleries participated at least once in Art Moscow (2007-2013) or the India Art Fair / India Art Summit (2008-2013).
main art market cities were studied in each country and within each city we interviewed dealers from galleries located in various art districts as well as ‘standalone’ galleries), the type of art that is exhibited and sold (galleries very rarely specialize in just one medium, but some prefer to focus on traditional formats such as paintings, drawings and sculptures, while others also exhibit more alternative media such as installations and video art), participation in international events, and local peer-recognition. Thus, for example, the majority of art dealers in both countries never made it to prestigious international art fairs, such as Art Basel, but most of them have participated in their main national art fairs over the years. While some represent artists with strong international reputations and commercial success, most represent artists who by-and-large have local careers. The gender of interviewees was not one of the selection criteria, yet the resulting sample shows diversity in this criterion as well with, on average, slightly more female art dealers (58%) than male. Only in Moscow more male art dealers (61%) were interviewed. Yet, we have not observed significant gender differences in the factors that influenced the decision to open a gallery raised by art dealers. While we do not claim that our sample is fully representative of the gallery worlds of Russia and India, we suggest that the diversity within the sample allows us to grasp the variety of experiences of art dealers and their perspectives on the functioning of art markets in four cities.

While aiming for maximum variation among interviewees, the selection was limited to those galleries that market contemporary art, defined as art produced by living artists, and most closely described as fine art, i.e. made by visual artists who consider themselves professional, and recognized as art within the art worlds (Becker 1982). Ensuring the comparability of data collected in Russia and India, we intentionally excluded other forms of art commerce that exist around popular and religious arts, crafts, tourist memorabilia and design objects.

As a result of this sampling strategy, there is a lot of natural variation in personal accounts of opening a gallery. Galleries under consideration opened in different cities, in different decades, by dealers with different backgrounds, etc. These factors have some influence on which elements of the accounts are more prominent. Nevertheless, there was a striking similarity in answers from art dealers in each country. In both India and Russia, some country-specific themes were repeated in practically every interview. This paper highlights and analyzes these themes, but does not delve into differences within the countries. The aim of the paper is primarily to find patterns in the accounts of art dealers, and to see to what extent these patterns are country-specific.

The interviews lasted between 40 minutes and 2.5 hours and covered a range of topics on how art dealers run their business, and organize their relationships with other key players in the market (mainly artists and collectors), and what their marketing strategies, aims and ambitions are. Every interview started with a general inquiry into what brought them into this business in the first place:
how, when and why they decided to open a commercial gallery. These accounts serve as the primary data for the analysis, accompanied by relevant information from other parts of the interviews. In addition, since this paper is a part of a larger project on the globalization of high art commerce, we draw our interpretations from ethnographic observations conducted in the same period. During the period when the interviews were conducted we attended a variety of art events: vernissages, art fairs, artists residencies, press conferences, special events organized by art dealers for collectors, etc., had a number of informal conversations with art participants, and followed the media coverage on the art markets in general and our interviewees in particular.

Individual recollections of past events can hardly be a reliable source of information. Yet, the art markets that this paper focuses on emerged recently and are still in the process of development. This means that, on the one hand, there is a lack of more structured or historical sources of data that would allow for other approaches to the analysis of the markets’ emergence. On the other hand, it means that the key players taking part in this emergence are still available for interviews, which justifies the chosen methodological approach.

Since our respondents may not be conscious enough to acknowledge or remember all the factors that motivated them to open a gallery, the accounts of art dealers are not taken as a source of factual and historical information about the development of the art market as such. Instead, the paper takes an interpretative approach to the analysis of interviews and understands these accounts as socially and culturally situated stories (Schiffrin 1996) that build on art dealers’ shared understanding of the environment and processes relevant for market development. By taking an interpretative approach, the paper reconstructs the lived experience of dealers with the help of ethnographic observations and secondary literature. It relates these accounts to social and cultural characteristics of art worlds and of the societies which art markets are embedded in.

Market development in Russia and India

The two contemporary art markets in question have distinct pre-histories. During the Soviet era, the art trade in Russia was officially forbidden. Since art played an important role in the Soviet society as an ideological, educational and recreational tool, the distribution of it was controlled by state organizations (Lazarev 1979; Toepler 2000; Yankovskaya and Mitchell 2006). Artistic production was also censored by the government (cf. Joy and Sherry 2004). The official style was so-called soviet realism, but classical realism and, to a lesser extent, some forms of abstract art were also tolerated. Unofficial (non-conformist) art was, with a few sound exceptions, exhibited underground, in private apartments or at outdoor happenings (Kholmogorova 2014; Slovaeva 2014). Nevertheless,
there was an unofficial market for this art: foreign diplomats as well as some members of the local intelligentsia bought artworks from these apartment exhibitions. Because of its clandestine character, this market was small, unstructured and hardly institutionalized (Starodubtseva 2014). In Russia, until 1988 no single private commercial art gallery existed. Although some of our Russian respondents represent artists who were part of these unofficial movements, the respondents themselves were not active in them.

Until the 1990s, the art market in India had not been developing either, but for different reasons. The first private art galleries opened as early as 1936 (Dhoomimal Art Gallery in New Delhi) and a small number of established elite families had been known for being art connoisseurs, patrons and collectors for centuries (Joshi 1985). Art societies, based on the model of French art salons were introduced in India during the British rule (the first one was established in 1873 in Pune). They promoted the Western style of realist painting and aimed at the substitution of personal patronage by institutional support (Mitter 1994). However, their importance had ceased by the 20th century. More importantly, a group of young artists with a strong modernist, European orientation, the so-called Progressive Artists’ Group, gained relative prominence shortly after India’s independence (Kapur 2000; Brown 2005). Yet, until the late 1990s, they had had only limited commercial success. While the art trade was legal, art itself had a relatively low societal status (Jain 2007). The audience for art exhibited in galleries was small and formed a closed group; public conspicuous consumption had negative connotations (Brosius 2012). The number of commercial art galleries was limited to less than a dozen in the late 1980s (Kapur 2000).

**Similar global trends**

Since the late 1980s, both India and Russia underwent deep structural economic changes. Both countries embraced, with different levels of enthusiasm and to different degrees, capitalist markets as the main economic model. To that purpose, after the collapse of the communist regime and the subsequent disintegration of the Soviet Union, government companies were privatized and markets liberalized (Blasi 1997). Although these changes were less dramatic in India, under Prime Minister P. V. Narashima Rao profound economic reforms were introduced from 1991 onwards (Kaushik 1997). These entailed, among other things, the opening up of the country’s economy, resulting in an explosion of foreign direct investment in the country (Singh 2005). While the Indian economy had been characterized by prolonged periods of economic stagnation until the 1980s, between 1999 and 2014, GDP growth was 7.1 percent on average. In Russia it amounted to 4.7 percent according to World Bank data. In both countries, the economic reforms contributed to the formation of a rich upper class with enough disposable income to be able to afford to buy art. Indicatively, the number of billionaires in Russia rose from 0 in 1996 to 101 in 2011. In India, the number rose from 3 to 55
Local contexts as activation mechanisms of market development

over the same period according to data compiled by Forbes.

For art markets to emerge, the rise of these economic elites is *sine qua non*. As with other luxury goods, buying art requires a high disposable income. Moreover, new, aspiring elites tend to look for status goods to position themselves (Brosius 2012; Veblen 2007/1899). Alongside other luxury goods, such as branded commodities, expensive wines, and resort holidays, ‘a burgeoning middle class with increased disposable income’ has singled out art, and contemporary art in particular, in order to construct new identities (Sooudi 2015: 266). While emerging art markets specifically cater to the needs of the nouveau riche (Jakobson, Koushtanina and Rudnik 2000), collecting art enables the elites to display taste and wealth simultaneously (Bourdieu 1984).

Thus, on a macro-economic level, the emergence of art markets in both countries was similarly enabled by economic reforms, followed by fast economic growth and the coming into being or expansion of economic, status-conscious elites (cf. Stallabras 2004). Moreover, in the same period, the art market itself globalized, creating interest from Western dealers, auction houses, and collectors in art produced in new regions (Belting 2009; Khaire and Wadhwani 2010; Joy and Sherry 2004).

This combination of local and foreign interest in Russian and Indian art enabled art markets to emerge in both countries. This happened by-and-large through the adoption of international models of art commerce. Western firms looking for new business opportunities played a symbolic role in this process (Crane 2009; Horowitz 2011). Already before the collapse of the Soviet Union, in 1988, the originally British auction house Sotheby’s organized in Moscow a highly successful and well publicized sale of underground art produced during the Soviet era (Solomon 1991); Sotheby’s held a highly successful charity auction for the newspaper *Times of India* in 1989. In neither country, however, did Western auction houses establish a strong local presence until very recently.

The two seminal sales marked the beginning of the process of market emergence. Afterwards, the number of commercial art galleries started rising steadily in both countries (according to our database of galleries opened between 1987 and 2012, and still operating in 2013). Like their counterparts in Europe and the United States, these galleries usually represent a limited group of artists. They are often located in neighborhoods which seem hardly appropriate to contemporary art (with unpaved roads, street vendors and outright poverty on the streets in New Delhi, or in non-descript, grey residential areas in Moscow) and act as the early seeds of gentrification. Inside, these galleries also look highly similar to those found in New York, London or Berlin: the exhibition spaces are designed minimalistically, with white walls, little furniture and neon lighting. References to commerce such as price tags, advertising or cash registers are mostly absent (Velthuis 2005).
Although some references to local contexts are visible (such as Buddha images or the sari's often worn by female gallery owners in Indian galleries), the overall organization of art galleries by and large follows the established, international model. Moreover, because of the strikingly similar ways in which these dealers talk, the cosmopolitan lifestyles they embrace, the references they make (for example, to prestigious museums in the United States and Europe, the Biennale of Venice and the German art exhibition Documenta, which are undeniably seen as the global art world’s main taste-making institutions), and the sheer endless travels they undertake, these dealers form part of the same ‘cosmopolitan tribe’ (Kuipers 2012a) with a shared ‘professional ethos.’ In fact, these travels (such as visiting contemporary art galleries in, for example, London, Berlin or New York, participating in international art fairs, attending art events such as the Venice Biennial) constitute one of the ways in which Indian and Russian contemporary art dealers learn their craft. Such travels were repeatedly mentioned in our interviews.

As in American and European art capitals, the galleries are frequently centred in gallery districts, such as Lado Sarai in New Delhi, and Colaba in Mumbai, or in the premises of a former wine factory, Winzavod, in Moscow. The latter, in particular, resembles the European and American gallery districts in derelict industrial areas such as SoHo or Chelsea in New York. Later on, another organizational form was adopted from Western art markets: the international art fair, an annual event where local and foreign galleries gather for four or five days, show works by the artists they represent, and try to sell these to the thousands of visitors to the fair. From the 1990s onwards, these fairs have spread rapidly across the world (Baia Curioni 2012). Art Moscow was established in 1996, and, with the exception of 1999, took place annually until 2014. In India, the Indian Art Fair was established in 2008 (see Vermeylen 2015 for more details); in 2012 two European art fair entrepreneurs, who earlier had started an art fair in Hong Kong, took a stake in the fair. Moreover, both India and Russia saw the establishment of non-commercial biennials (the Moscow Biennale of Contemporary Art in 2005; the Kochi-Muziris Biennale in 2012), which further integrated both countries into the global art world (cf. Bydler 2004).

In short, the organizational forms of these emerging art markets are highly isomorphic. This is especially striking given the different social, political and cultural contexts in which these markets are embedded, or, for that matter, the differences with the contexts of Europe and the United States from which these dealers take their organizational cues. A thorough analysis of the reasons for this organizational convergence goes beyond the scope of this paper, but our data suggests that a combination of mimetic and coercive isomorphism is at work. Coercive pressures are exerted by international art fairs such as Art Basel, Frieze London, or FIAC in Paris, to which many art galleries aspire to being admitted, because of the institutional recognition this bestows on them and because of the sales opportunities that they think participating in those fairs offer. In order to gain access
to these fairs, galleries need to conform to the international model of art commerce when it comes to, for example, the type of art that is marketed, the way it is marketed or the discourse that is used to mediate it (Posthofen et al. 2015). Mimetic isomorphism, i.e., copying pre-established organizational models, is a means for these actors to deal with the uncertainty associated with establishing a new market for goods whose value is highly instable (Beckert and Rössel 2013). Moreover, the European and American gallery model is attractive because of its seemingly de-contextualized and disembedded character: it symbolizes the cosmopolitan ethos and the aura of internationalism of contemporary art. It has strong ideological roots in the notion of art’s autonomy, and serves to create a symbolic boundary between (pure) art and the commercial market (O’Doherty 1976; Velthuis 2005).

But if local contexts hardly matter in the organizational models that are introduced during market emergence, we find in our analysis that they do matter in the trajectories to attain these models. Here, strong differences between the two countries appear.

Opening a commercial gallery: family driven natural urge vs. unforeseen constellation of factors

India

In the accounts of the Indian art dealers we interviewed, opening a gallery was recurrently framed as ‘a natural thing to do’ (I8). By this, our respondents did not mean that they were eager to exploit market opportunities provided by India’s rapidly expanding upper middle class. A new demand for art was never mentioned in the accounts as a reason to open a gallery. More generally, in talking about their decision to open a gallery, the socio-economic changes that have shaken up their country since the early 1990s, hardly surfaced. Instead, they presented their decision to open a gallery in terms of continuity rather than rupture with the past. Opening a gallery was something ‘that probably shifted into my consciousness’ (I6), one of them said, while another emphasized that ‘aesthetics and attractions towards colours are embedded in me’ (I7). When we asked them to elaborate what ‘naturally’ exactly meant to them, their answers almost invariably revolved around the families that they grew up in. They suggested that it was their own family’s interest in the arts which had steered them, from an early age onwards, in the direction of the art market. Indeed, answering the question ‘how did you open a gallery?’ a family member was staged in the first or second sentence in two thirds of the interviews with Indian art dealers.
Chapter 3

We identify three distinct mechanisms linking family backgrounds to the opening of an art gallery, which can be seen in Bourdieusian terms, as the provisioning of three forms of capital within those families: cultural, economic and social capital (Bourdieu [1986] 2010). First of all, our respondents credited the families in which they grew up with supplying them with cultural capital: generating an interest in, knowledge of, and (high-brow) taste for art (Bourdieu 1984). They would recount how their parents took them to exhibitions or would describe the works of art hanging on the walls of the houses where they grew up:

*Well, actually, how art happened to me was my mom, [who is] an interior designer. And since I was a child, we would, you know, watch art and we would see great masters’ art come home. I was never so interested in art as a child. And when I would see art coming home, I would just look at it and you know, just kind of not really look into it. And I think it all started in 2002, when I started, you know, folding the pages of important artworks in catalogs. So that’s when my mom noticed that and she said, “You know, you’ve got a really good eye for art.”* (I24)

Before the 1990s, apart from a small group of foreigners, only the members of old elites were the connoisseurs and collectors of modern art in the country (Ciotti 2012). Some of the art dealers we interviewed were raised in those elite, ‘old money’ families that continue to be highly influential in Indian society and the economy (Morck and Yeung 2004). As a result, they were able to appreciate art since childhood and were able to accumulate the cultural capital that they could put to use as beginning art dealers. As one of them phrased it:

*I am a textile designer by profession and my father is a very big collector. He has been collecting for the past 25 years because of which I have always been seeing art around me and that is the reason I got into the dealing of Indian contemporary art in 1993.…. Really from the early ‘90’s, when nobody knew about Indian art and nobody was buying. It was really tough. If we sold one work it was a big thing, like that.* (I4)

In fact, following the example of their elder relatives, many art dealers started out as collectors and only subsequently ventured into the market themselves. In other words, within these families, younger generations were enabled to convert the ‘inner drive’ to appreciate and collect art into an institutionalized activity. As another one put it:

*It started with visiting galleries as a child with [my mother] and eventually a lot of artist friends who were her mentors and who were her friends got me more hooked into this field. I opened the gallery in 1997, but for about four-five years before that I was collecting art.* (I6)
In some cases, starting a gallery was even presented as an instrument to pursue their collecting interests. Opening a gallery would give them better access to coveted works of art, or would enable them to develop their skills in judging the quality of contemporary art. The purpose of opening a gallery was, in other words, not confined to earning a living within the art world: ‘Also to be at the helm of affairs and collect great art is another reason why we wanted to pursue the gallery.’ (I7)

The second mechanism linking family background to the opening of a gallery resides in family wealth, or, to put it in Bourdieusian terms, economic capital, which many of our Indian respondents could draw on. Because of the economic capital which their families provided, art dealers would not need to survive on the basis of gallery sales alone. The Indian art business is in this respect not unique. Inherited wealth still plays an important role in Indian economic development more generally (Petras 2008). For beginning dealers, it meant that they could often survive from selling parts of their or their family’s private collection, or use family money generated by other businesses. Due to this ‘Indian familism’ (Orenstein 1961), starting galleries could, at least to some extent, be sheltered from market forces. As a result, for some of our respondents, the commercial sustainability of their gallery did not seem to be a primary concern. In some cases, the opening of a gallery was even framed as a philanthropic rather than a commercial decision:

*My parents have been ardent art collectors and so is my father-in law. As a family, I got married into an industrial family and they believe in a lot of community service. <...> Me and my husband have decided that we should support young artist in the country, in whatever little way we can. That’s the reason we started the gallery primarily.* (I7)

Likewise, another respondents talked about opening a gallery as a means to ‘care and share’ (I22). This philanthropic frame should be interpreted against the backdrop of a lack of other forms of support for fine art. The government by-and-large neglects the contemporary art field (Adam 2014, Ciotti 2012, Kirpal 2015); as a result, artists have few opportunities to either generate income or to exhibit their work. By opening a gallery, dealers claimed that they hoped to achieve both for the artists they worked with.

Finally, the third mechanism linking the family background of our respondents to the opening of a gallery regards the social networks their families were embedded in, or, again in Bourdieusian terms, social capital. This capital mostly concerns artists with whom their parents were befriended, and who would visit their homes. This social capital was partially transferred from parents to children. The children, in turn, could convert this capital (Bourdieu 1986/2010) into an emotional, professional, symbolic and commercial resource when opening a gallery. Emotionally, some of the artists were credited by our respondents for instilling in them a passion for art, and for stimulating
them to open a gallery:

*I think I came into art because of destiny. <...> I have got to say that, [it happened] because MF Husain designed my home. And he said – his friends said, “Why don’t you start a gallery?” And that’s how we started a gallery.*

Apart from functioning as a source of inspiration and motivation, these family networks also turned out to be a professional resource. For instance, artists would provide them with advice and would bring their own friends to a newly opened gallery. One artist in particular was frequently mentioned: MF Husain, one of India’s most successful post-war artists, who was part of the aforementioned Progressive Artists’ Group. Husain has been depicted, in the media, as an artist with a glamorous lifestyle, who enjoyed courting rich patrons, and was disposed of limitless energy (Guha-Thakurta 2011). His work has been consecrated and is commercially highly successful (for example, MF Husain’s work ‘Untitled’ made in 1956 was sold on June 10, 2015 at Christies auction in London with a hammer price of € 1.223.730). Other artists of his generation, such as, for example, Akbar Padamsee, Krishen Khanna, SH Raza, FN Souza, were mentioned by our respondents in a similar context, but much less often. And even if no names were mentioned, involvement in the *artistic circles* of the previous generation is something that art dealers would emphasize.

The family ties to artists of the Progressive Artists’ Group also function as a source of symbolic legitimacy for our respondents in opening their galleries. From the 1990s onwards, this group gained prominence in the artistic field and came to be seen as an important symbol of national identity (Kapur 2000; Brown 2005). By emphasizing the ties that our respondents had with this group of artists, they suggest symbolic continuity between the culturally consecrated and commercially successful modern Indian art of the past, and the risky contemporary Indian art of the present. Thus, emerging art dealers seek to lend credibility to their own business venture (see Khaire and Wadhwani 2010 on how creative work of a various of actors, such as art critics and auction houses, shaped a commercially viable category of ‘modern Indian art’, that gave a boost to the market development). As one of them put it:

*I have not been able yet to create a Souza of my time, which is something I would like to do. Because, of course, it is very good to sell the expensive works, which have been promoted by our parents (...) [T]hey have got the signature value.*

Finally, the ties to these artists assisted art dealers commercially: some of the consecrated modern Indian artists had produced a significant body of work (according to estimates, MF Husain made 40 thousand paintings during his lifetime - Guha-Thakurta 2011). For some of the new galleries,
selling their paintings, or, in lower price segments, their prints and drawings, provided a relatively secure source of income. Therefore, art dealers are often keen on acquiring art in a wide variety of formats by Indian masters. ‘As I mentioned earlier I have Hussain toys, I have Hussain paper works, prints also, lithographs also, so I do focus on all, everything,’ is how one of our informants explained this business strategy. (I15)

Our understanding of the ways in which family relationships have functioned as an activation mechanism, channeling new economic wealth and latent demand for art into the actual emergence of a gallery scene, fits into the much wider, well-documented importance of family ties in Indian society (See, e.g., D’cruz and Bharat 2001; Manikutty 2000; Patel 2005). The persistence of extended families or ‘Indian familism’ (Orenstein 1961), does not cease with industrialization and urbanization (Owens 1971; Conklin 1988) and continues to be important at the beginning of the 21st century among those working within the art market. For instance, it is still common in India for more than one generation to live together and/or to have joint budgets or businesses (Harriss-White 2003). Thus, especially in New Delhi, art dealers sometimes organize their white-cube spaces in the basements or annexes of their familial mansions, where they live with their parents, spouses and/or children. Despite legal prohibition on running commercial enterprises in residential areas, enforced by the Delhi High Court in 2006 (Tribune India, February 16, 2006), a lot of art dealers still keep ‘offices’ or ‘show rooms’ at their homes.

The close historical connection between exclusive wealth and art appreciation (Ciotti 2012; Mitter 1994) became a fertile ground on which the art market could develop in India. When the Indian economy started growing and public consumption of art became a legitimate way to expose new wealth (Brosius 2012), family networks enabled a group of people to start the commerce of art: they had elaborate skills of art appreciation; they relied on pre-existing wealth which made them relatively independent from the revenues of the rather uncertain art business; moreover, they had access to collections of art that could be their first commodities and connections with both artists and wealthy potential buyers. All of these features were, to a large extent, inherited from the art dealers’ families. However, they did not have a lasting impact on the organizational forms that the art business would assume. Instead, in choosing their organizational models and designing their galleries, art dealers rather eradicated local influences, and instead, by-and-large adopted the international model of art commerce.
Table 3.2. Different paths to market emergence

<table>
<thead>
<tr>
<th></th>
<th>India</th>
<th>Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts of opening a gallery</td>
<td>Natural thing to do</td>
<td>Contingent event</td>
</tr>
<tr>
<td>Personal biographies</td>
<td>Continuity</td>
<td>Rupture</td>
</tr>
<tr>
<td>Role of the state</td>
<td>Weak: provide alternative</td>
<td>Historically strong: provide alternative</td>
</tr>
<tr>
<td>Role of family</td>
<td>Source of social, economic, cultural capital</td>
<td>Absent for art dealers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Present in rival, parallel cultural field</td>
</tr>
</tbody>
</table>

**Russia**

The family ties, which figure so prominently in accounts of opening a gallery in India, hardly surfaced in our interviews with Russian art dealers (for an overview of the differences, see Table 3.2). Famous, newly wealthy “daughters” or “wives”, often featured in the media on the Russian contemporary art world, preferring to engage in patronage – a recently rediscovered tradition abandoned during the Soviet period – instead of opening their own private art galleries (Milam 2013). At the same time, currently active contemporary art dealers in Russia are rarely members of the lasting Soviet economic and/or cultural elite families. On the contrary, the contemporary art market in Russia exists as a parallel, rival institutional structure to the system of government-sponsored Artists’ Unions and Art Academies, which persist as a remnant of the Soviet art world (see Chapter 2 for more details). Within this official system, the cultural elites of the Soviet Union still participate and ‘familism’ is vivid and easily observed. For example, the son of the head of the Russian Academy of Art is the director of the Moscow Museum for Modern Art. Another example is the annual Artists’ Unions’ exhibitions, where up to three generations of artists participate in the same exhibition.

Currently active contemporary art dealers rarely ‘grew up among art.’ And even if they did (more common among marginalized galleries selling ‘traditional’ or ‘decorative’ art or if a gallerist herself happened to also be an artist, which is not very common), family members did not have the role of art collectors, but, more likely, of artists. This background could serve as a basis for acquiring social or cultural capital, but hardly as economic support for running a business. Similar to India, some of the art dealers mentioned that they started as collectors, which enabled them to accumulate some cultural capital necessary to work as art dealers. But unlike their Indian counterparts, their families did not socialize them into art appreciation and a passion for collecting. Instead, they spoke about the first mistakes that they made as novice collectors on the way to opening a gallery. Some art dealers decided to work directly with artists (by opening a gallery) after they realized that nothing they had been collecting had any artistic value. In relation to this experience, one of the most famous Russian art dealers describes in his personal online blog the decision to open a gallery as an outcome of a sequence of random deceptions and contingencies. Other collectors went abroad,
Local contexts as activation mechanisms of market development

got introduced to contemporary art, and decided to switch to this genre after having collected more traditional art. All-in-all, the decision to open a gallery is often presented as being caused by the coincidence of seemingly unrelated circumstances: the road towards opening a gallery was paved with ‘casual causalities’ (I99), as one of them put it. Another art dealer stressed that there was not much consideration behind it:

[The gallery] emerged completely spontaneously. I mean, it wasn’t decided through suffering or some cherished idea, something I was long preparing for – no, completely the opposite. (I92)

That Russian art dealers can hardly rely on family support or see opening a gallery as something that happened to them rather than the result of some reasoned decision, is due to a complex set of reasons related to the transition from the Soviet to the Russian system of art distribution. While the 1980s and 1990s were an era of profound change, both in Russia and India, political transformations in Russia covered not only the country’s economy, but all domains of social life. It challenged existing hierarchies and broke down pre-existing correlations between social strata and cultural taste (see in Shevchenko 2002).

Unlike their Indian colleagues, who emphasized that they could directly build on the past, art dealers in Russia had to break with it in order to construct an art market. In our interviews, they stressed that the opening of a gallery was ‘contingent’ instead of ‘natural’. Most of the art dealers mentioned straight away that they were initially involved in other types of business, or had taken an educational degree in other fields. They stumbled upon art they liked or met artists rather ‘by chance’, which completely changed their ideas about art. These artists later gave them the opportunity to sell their works, or even hinted at opening a gallery. For example, see the account of one of the art dealers:

It happened unexpectedly out of my acquaintance with an artist, [name of the artist]. I suggested to him to publish his catalogue, because I liked his works. <...> Out of this everything, a sort of alliance has developed. (I92)

Note that, unlike their Indian counterparts, the artists mentioned by dealers as being influential in their biographies are very diverse. They do not belong to the same artistic group, and are not necessarily well known within the national or international art scene.

We argue that for these dealers, economic and societal turmoil functioned as the main activation mechanism. Russian society, which first witnessed the dramatic collapse of the Soviet Union, then the transition to capitalist markets, and at the end of the 1990s, a deep financial crisis, forced its middle class citizens to adjust their life trajectories, re-invent their biographies (Giddens 1991), and
Chapter 3

look for new business and employment opportunities. Although this turmoil created deep uncertainties and destabilized the livelihoods of many Russian citizens, it also prompted some to try their luck in other fields. For a small group, this other field was the art market. The specific turmoil, which dealers referred to in order to explain how they came to open a gallery, differed depending on the age of the gallery. We distinguish three ‘generations’ of art galleries opened in the three decades of the Russian contemporary art market. The most experienced art dealers in the country, who opened their galleries in early 1990s, recalled the late 1980s when they got new opportunities to organize their artistic activities. Those opportunities emerged predominantly because, after the Soviet Union dissolved, the state no longer controlled the production and distribution of art:

In 1989, the circumstances took shape in such a way, that I decided not to do theatre, cinema, business, oil extracting ..., but to open an association of independent artists with my friends.... The state by that time actually didn’t do anything. The Artists’ Union dissolved and everything was in ruins. ... (1110)

Instead, the generation of art dealers who became active in the early 2000s, saw the end of the 1990s as the crucial time of change for them. They experienced these years as an era of economic uncertainty in the country, which forced them to come up with alternative business activities in order to make a living. Because of the economic turbulence the country was going through in those years, they ended up exploring commercial initiatives in art:

And then [in 1998], I had such a moment, [I didn’t know] what to do, and I went into art. Knowing artists informally helped me a lot, it changed my idea about artists. (1130)

As with their Indian counterparts, social capital within the field of cultural production, to put it in Bourdieusian terms, assisted them in opening their galleries. Finally, the youngest generation of art dealers, who opened their galleries only a few years ago, also stressed the moment of change, which prompted them to open a gallery, but see it in the present:

I suggested [to my partner] to open a gallery of contemporary art in order to be at the cradles. All right, in order not to offend anybody: not at the cradles, but at the turning point. Because all these galleries that opened [in the past], they are in apathy... If to do anything here, we have to do it now <> in the moment of crisis. (1100)

Younger art dealers stress that by opening a gallery they want to bring change to the Russian art scene – engage younger collectors, change dominant practices of art commerce, and promote different art: young, more conceptual, or on the contrary, more commercially viable. In their accounts,
Local contexts as activation mechanisms of market development

opening a gallery is presented as a possible remedy for the existing problems of the contemporary art market in Russia. They argue that there is a different way of running an art market: that it should address wider groups of consumers and their tastes and follow explicit rules. Here the references to some Western standards are often made. Education abroad (not necessarily art related) combined with exposure to the international art world are seen as cultural capital which suffices to make normative statements about the “right” art market practices. The turmoil, which made them decide to switch from passive observers to active art dealers, was the cultural turmoil of the art market itself (professional discussions about the stagnation of the Russian art scene are ongoing since 2008; see, for example, Douglas and Russeth 2012; Kamensky 2015), not the economic turmoil of the late 1990s, or the political turmoil of the Soviet Union's collapse in the late 1980s. Thus, while the type of rupture with the past varies, these three ruptures have in common that they have prompted people to become active as art dealers.

The second activation mechanism in the Russian art market, apart from the cultural, political and economic turmoil, is the state and its cultural policies. The state has historically participated in the cultural sphere in Russia in active ways. During the Soviet era, governmental institutions (Artists’ Unions and Art Academies) dominated cultural production and were the only legitimate agents for the distribution of art (see more in Lazarev 1979; Reid 2006). Thus, our respondents, regardless of the age of the gallery, frequently referred to Artists’ Unions, which are still functioning in Russia (see Chapter 2 for more details), as something they wanted to move away from by operating a private gallery. Artists in these unions ‘didn’t feel necessary and important, and couldn’t fulfil themselves,’ as one of them put it (I132).

With the collapse of the Soviet Union and the cultural liberalization accompanying economic and political reforms, new forms of art (as well as new forms of private art organizations) became legitimate (Dyogot 2012), yet the state did not completely quit its ambition to participate in the production and distribution of contemporary art (Budraistikis 2015). It did so, among other ways, by trying to impose the value of ‘conservative modernisation’ in the local art scene (Chukhrov 2011), by opening a number of federal and municipal contemporary art museums and by creating contemporary art departments in some of the classical, prestigious state museums (see Ruutu 2010 on municipal cultural policies in Moscow and St. Petersburg). Moreover, in some cases the government wants to have a say in what is allowed and what is not allowed in the field of art, as a number of scandals have made explicit (e.g., the exhibition ‘Forbidden art – 2006’, the arrest of Pussy Riot in 2012, and the recent lawsuit against the political artist Petr Pavlensky; see Johnson 2015 for more on art and politics in contemporary Russia). This strong government involvement and the disturbing aspects of government policy have rendered working in public museums less attractive, leaving opening a private gallery as a viable alternative:
Chapter 3

*The gallery allowed me to do many things and I don’t depend on anyone. This is the most important for me, because many times I was invited to work in state run organizations [museums]. I am not interested in this.* (I108, opened in early 2000s)

As opposed to the hostility of the government, the gallery world is characterized by our respondents as ‘autonomous’; those inside it are ‘friends’ (I110), and private galleries are ‘island[s] of freedom, where you are independent from everyone and can do anything you think is right’ (I133). Thus, for Russian art dealers, the governmental cultural policy serves as an activation mechanism to motivate them to open a private gallery as it entails a political act of resisting the dominant power of the state. This comes as a noteworthy difference to the Indian case, where the state also figured in some of the interviews, but rather as lacking any interest in contemporary art. As a result, opening a gallery is more likely to be seen by our Indian respondents as a philanthropic act, meant to compensate for the lack of government support (Ciotti 2012).

In short, art dealers perceive their entrance into the market as a contingent event that was driven by political and economic turmoil as well as by their willingness to create alternative opportunities for themselves and for artists. The state’s political transformations and economic crises on a larger scale, as well as intrusive cultural policies at the level of the art field, play an important role in creating the environment that motivates art dealers to open a private gallery. In other words, the art market of Russia was presented by art dealers as continuously being built from scratch in a hostile, instable environment.

In contrast to their Indian colleagues, Russian art dealers clearly underplay the role of the resources necessary to open a gallery. Quotes by a few art dealers hint at some social or cultural capital they possessed when opening a gallery. Anecdotal evidence also suggests the importance of economic capital – Russian art galleries rarely survive on the profits from selling art and employ external resources of other art dealers’ businesses or wealthy patrons (related to, for example, real estate or the financial sector). We interpret this difference by arguing that while opening and operating a gallery normally requires significant resources, in the Russian case these were not serving as activation mechanisms that motivated actors to enter the emerging art market. Thus, while in India established elites were the only group in society that had a long history of art appreciation, in post-soviet Russia, the link between being rich and being interested in fine art was something that had to be established (by the art dealers themselves).
Local contexts as activation mechanisms of market development

Activation mechanisms and market performance

Once art dealers ‘got activated’ to open a commercial art gallery in Russia or in India, their efforts were funneled into highly similar organizational forms in both countries. Nevertheless, the question arises if one activation mechanism has been more conducive to market development than the other. While our research design does not allow us to answer this question in detail, we hypothesize that the Indian case, in which dealers were provided with social, cultural and financial capital, is more prone to be a stable market environment than the Russian case, in which the main activation mechanism is to distance oneself from the state and its old cultural elite families. Russian dealers in our interviews admit that they had to learn by doing, and could not build on the symbolic legitimation, resourceful networks, and financial support provided by previous generations. As one of them put it:

Frankly speaking, for me the first one and a half, or maybe two years, this was more like ‘first attempt at writing’. I didn’t put any objectives, I wanted to understand how it works, in general. I always worked in business, so I had an idea how it works, how to organize everything, that this is not a problem. <...> But I didn’t have any connections or imaginary about all this [art marketing]. (I95; former CEO at a non-art related business)

Available evidence suggests that, ever since its emergence, the Indian art market has indeed been performing better than the Russian one. While both art markets observed rapid development and international interest in the early 1990s, in Russia it has slowly evaporated, whereas the Indian art market has continued with a steady rise, resulting in an impressive investment boom in the mid-2000s. Hit by the financial crisis, the Indian contemporary art market bubble has, in the meantime, burst, and has not yet returned to the pre-crisis volumes of sales and levels of prices (see Chapter 6 for more details). Nevertheless, the Indian market still seems to be more stable and sizable than the Russian one. For instance, while in Russia the domestic auction market for contemporary art is practically non-existent, India has at least three local auction houses active in the market. Novice Russian auction house Vladey had two sales in 2013, with a total revenue of €1.8 million according to media reports. In comparison, the three biggest Indian auction houses (SaffronArt, Pundoles, AstaGuru) had a total revenue of more than €13 million in 2013, and a 23% share of the global sales of Indian modern and contemporary art. In 2014 this share increased to 34% (Kumar et al. 2015). Moreover, Art Moscow, which had been the main international art fair in Russia since 1996, closed after the 2013 edition, after steadily falling numbers of participating galleries (40 in 2011, 34 in 2012, 20 in 2014). In contrast, India Art Fair, founded in 2008, had 98 participating galleries in 2013.
Chapter 3

Quantitative indicators of the performance of the so called primary market (the market where new works of art are sold for the first time) are unavailable, since no public sales data or official directory of art galleries are available in either country. Nevertheless, the closure (or change of format) of the three oldest and most established Moscow galleries in April 2012 (Guelman Art Gallery, Gallery XL and Aidan Gallery) was widely seen as a sign of crisis in the Russian art market.

It is hard to single out the factor or set of factors, which lie at the heart of this crisis. One frequently mentioned factor is an instable socio-political situation that does not promote wealth exposure in the form of buying contemporary art within the country (see Tolstaya 2012; Drobinina 2014). This paper suggests, however, that specific socio-cultural contextual factors in Russia may have hindered the development of a stable art market from the very beginning. Opening and running a gallery is often presented as an act of defiance against the existing institutional structure and dominant artistic trends, which means that, instead of ‘fertile ground’, Russian art dealers feel that they are working in a hostile environment. While this environment does activate people to enter the market, it does not foster this very market’s further development. In India, by contrast, family involvement and a high overlap between consumers and mediators of contemporary art may have been a more productive driver of the art market development.

Conclusion

This paper aimed to further our understanding of market emergence. While existing studies on this issue often focus on formal and informal market institutions (see, e.g., North 1990; Fligstein and Dauter 2007), market devices (Muniesa, Millo, and Callon 2007), diffusion mechanisms of market models (cf. Powell and DiMaggio 1991), or agencies, such as governments or non-governmental regulators, which assist in stabilizing a market order (see, e.g., Fligstein 2002), what has often been left out the analysis of market emergence is what prompts or motivates novice entrepreneurs to enter new markets and try their luck. To put it in Callonian terms: what type of ‘agencing’ of markets is it that transforms people from passive bystanders into active, agents within markets (Cochoy et al. 2016)? These motivations, our research shows, go beyond a mere profit orientation.

In particular, we have looked at the way local contexts co-determine the ways in which new markets emerge. We show that even in markets, such as those for contemporary art, which are internationally oriented, highly globalized and are characterized by a homogeneous institutional infrastructure, local contexts still matter. We single out the moment of influence of local socio-cultural contexts on markets’ emergence that has not been studied before, namely the moment when prospective market actors get activated to start a new commercial activity, when they make a decision to enter the market.
Local contexts as activation mechanisms of market development

By focusing on the lived experience of key mediators in the two emerging art markets – Russian and Indian – this paper shows that various local contexts can serve as activation mechanisms of market development. As our study suggests, the emergence of markets in developing countries is not a matter of seizing the opportunities created by prolonged periods of high economic growth, and the rapidly expanding upper middle classes with their latent demand for new forms of conspicuous consumption. In fact, in their accounts of how they came to open a gallery, our respondents hardly even alluded to these straightforward commercial concerns. Instead, from their accounts it became clear that what had activated them were local contexts, which differed considerably between India and Russia: family resources and the absence of a supportive state in the first case, socio-economic turmoil and the presence of a dominant state in the second case. We find that while there is continuity between past and present in the Indian art market enabled by the families of current art dealers, past and present are by-and-large disconnected when it comes to the Russian art market. The Russian case is interesting in particular, since it suggests that social and economic disruption may not, in the short run at least, hamper market emergence, but may actually contribute to it by motivating potential entrepreneurs to explore and enter new markets. Yet, in the long run, these moments of social and economic disorganization still seem to hinder market development by depleting entrepreneurs of the resources needed to become successful. Indeed, in our interviews, the Indian art dealers were, on average, more confident about the future of the market than their Russian counterparts.

Overall, this paper argues that local socio-cultural contexts function as (positive or negative) activation mechanisms for the processes of cultural globalization in the art worlds of the two countries. Our two research sites are highly specific in terms of, for example, the goods that are traded, and the societies in which they are embedded. Yet, because of our research design, we cannot infer to what extent this embedding impacts the type of activation mechanisms we identified and the ways in which they function. Using the interview data and an interpretative approach to its analysis has certain limitations in relation to the argument that we make. While the study has a comparative setup, we are only able to interpret what is “present” in the data but not estimate to what extent the elements observed in one case are prominent or absent in the other. Therefore, the conclusion about the possible impact of observed activation mechanisms on relative market performance can only be formulated as a proposition that requires further research. Moreover, our study had an explorative character. Future research could either study activation mechanisms in a more systematic, quantitative way, for instance by using measurements of different forms of capital of previous Bourdieusian studies of cultural fields (see, e.g., Anheier et al. 1995; Dumais 2002), or delving into the mechanisms with even more richness and depth by taking a biographical approach to the actors involved. A final limitation is related to our focus on existing cultural intermediaries, which could be seen as an instance of sampling on the dependent variable; by interviewing only those who did
The decision to become dealers, we know little of those who considered opening a gallery, but in the end decided not to, or of those who failed to be affected by existing operating activation mechanisms.

We think that emerging contemporary art markets are a good case to study the activation of markets due to their recent history. Yet, the relevance of the paper goes beyond the context of art. We believe that the argument can be potentially spread to other consumption markets. This paper highlights the active role of intermediaries in markets’ development. By focusing on the factors that influence the decision of key market actors to enter (or not enter) emerging and developing market sectors, we study the role local cultural resources play in the process of marketization. In doing so, from a Callonian perspective, other agents involved in the production, commercialization and consumption of goods, and therefore contributing to *agencing* the market (Callon 2016), could also be studied. For the case of art markets, these would also include the availability and specific use of market devices, such as gallery spaces, art price databases or judgement devices, which are used to evaluate contemporary art artistically and economically (see, e.g., Herrero 2010; Velthuis and Coslor 2012). Finally, future research should address the impact that different activation mechanisms have on the further development of markets. For instance, in our own case, the fact that the development of the Russian art market would stall in the early 2010s, while the Indian market continued to develop even after a short-lived crash, may be related to the relatively haphazard ways in which Russian dealers came to the trade, as opposed to the relatively structured ways (structured by forms of capital) in India. Thus, studying the lived experiences of key market actors in relation to local socio-cultural contexts can improve our understanding of market dynamics.
Open day at an artists’ residency.

Mumbai, April 2013