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Article

How to become a judgment device: valuation practices and the role of auctions in the emerging Chinese art market

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Abstract

This article studies the role of judgment devices in the emergence of markets for singularities. In particular, it seeks to understand how specific judgment devices become dominant in resolving uncertainty within these markets. Building on Karpik's seminal theory, we argue that institutional environments (e.g. government regulations, political economic factors, the level of informality within business environments) as well as the level of expertise of consumers, co-determine which devices come to be used in new markets. Empirically, we focus on the emerging market for contemporary art in China. While auctions and auction prices are widely used in valuing contemporary art in China, this is highly illegitimate in international art markets. We argue that auctions act as a judgment device in China because of strong government backing, because other validating organizations, such as museums and art critics, are seen as untrustworthy, and because auctions send strong, easily interpretable signals to novice collectors.

Key words: economic sociology, markets, valuation, China, culture

JEL classification: Z13—Economic Sociology; Economic Anthropology, Z11—Economics of the Arts and Literature

1. Introduction

New markets are constantly created around the world, be it markets for novel products or markets in new geographical locations. For these new markets to function, it should be clear for participants how to cooperate, compete and resolve value uncertainty in them (Beckert, 1996; Fligstein, 2001; Aspers, 2009; Karpik, 2010). Institutions, networks and cognitive structures need to be created to solve these 'coordination problems' (Beckert, 2009).

Sociologists studying market emergence have primarily focused on the production side of markets (White, 1981; Fligstein, 2001). They have shown how competition and cooperation become ordered as markets emerge (White, 1981; Fligstein, 2001). In this article we shift attention to the demand side of the emergence process (cf. Beckert, 2009, p. 253). We focus on what Lucien Karpik has called ‘markets for singularities’, where uncertainty about the value of unique, incommensurable goods is particularly strong, and information asymmetries prevail. Karpik has convincingly argued that cognitive deficits among consumers within these markets are resolved through what he calls ‘judgment devices’: instruments such as rankings, brand names, certifications or expert opinions, which serve as ‘guideposts’ for consumers in judging the value of goods, and assist in completing consumer choice. Without such judgment devices, Karpik argues, uncertainty would paralyze consumers and ‘the market of singularities could not function’ (Karpik, 2010, p. 44). The logical implication of this reasoning is that the creation of judgment devices is a *sine qua non* for markets to emerge (cf. Beckert and Rössel, 2013). This article, therefore, explores how entities assume the role of judgment devices in emerging markets, and how the value of singular products then gets judged.

The empirical case that this article focuses on is the emerging market for contemporary art in China. China’s transition toward a market economy since 1979 has led to the rise of a new economic elite (Davis and Wang, 2009), who seek to buy art for a number of often interconnected reasons, including for investment, as decoration, as a show of status and as bribes (cf. Moulin, 1987; Belk, 1995). China’s art market has existed for only a few decades, yet it is already one of the world’s largest (McAndrew, 2014). It constitutes an excellent case to study valuation in emerging markets for a number of reasons. The value problem is especially pronounced in markets for cultural products, such as artworks, that are unique and lack clear quality standards (Karpik, 2010; cf. Caves, 2000; Hutter and Throsby, 2011). In international contemporary art markets, different agencies and organizations, including museums (Moulin, 1987; Plattner, 1996), curators (Yogev, 2010), art critics (Eyck and Busch, 2012), and prizes and awards (Pénet and Lee, 2014), are widely used as important devices to judge the artistic and economic value of art. Our study of the Chinese market, of which there is currently scant sociological research, shows, however, that its valuation practices and judgment devices differ from established markets in Europe and the USA (Moulin, 1987; Velthuis, 2005; Horowitz, 2011) as well as from other emerging art markets (see e.g. Favell, 2011; Brandellero, 2015; Komarova, 2015). In particular, our in-depth fieldwork has revealed that auction houses are ubiquitous in the Chinese contemporary art world, and appear in contexts where their presence would be considered illegitimate in other countries (Horowitz, 2011). The most remarkable aspect about Chinese auctions, which many observers of China’s art market have noted, is that in addition to older artworks by established artists, new artworks and artworks by unestablished artists, can be traded there (Velthuis, 2011).

In order to explain why new art and art produced by unestablished artists appear at auction, we argue in this article that auctions and auction prices are used as marketing and judgment devices in China. To understand how auctions could take up these roles, we need to rethink how judgment devices emerge. Karpik is agnostic about ‘the specific causes of their presence’ (Karpik, 2010, p. 44) and argues rather vaguely that judgment devices are ‘built by a great number of actors: producers, sellers, marketers, mass media, and public authorities’. Once in existence, they get ‘freely chosen and rejected’ by consumers (p. 45), usually in

a competitive process of ‘a *battle of judgments*, with each device attempting to win out over the others’ (p. 52). This competition is, however, structured by different ‘regimes of coordination’, which specify relations between ‘particular qualified products, particular judgment devices, and particular forms of consumer commitment’ (p. 96). By making distinctions between characteristics of the product or service (personalized versus non-personalized), the size of the market (small versus large), and the profit-orientation of producers (moderate versus high), Karpik develops a classification of seven regimes of coordination with concomitant judgment devices. Visual art, being a small market with a moderate profit orientation, is part of a regime of authenticity, in which consumers predominantly rely on cicerones (‘the critics and guides that offer specific evaluations of singularities’ (p. 46) such as art critics, curators or museum directors to judge quality.

The dominance of auctions in the Chinese art scene suggests, however, that variation in the use of judgment devices for identical goods is possible. In order to account for this variation, we step away from the notion of regimes of coordination and argue instead that competition between judgment devices is structured, on the one hand, by the (changing) needs and preferences of consumers, and on the other hand, by the institutional and political-economic contexts in which new markets emerge (cf. Beckert and Musselin, 2013). Our argument unfolds in three steps: first, we show that auction houses managed to gain traction as judgment devices because the signals they send are clearly visible and fit the needs and understandings of novice consumers in China’s emerging art market. Second, we demonstrate that auction houses prevailed over other judgment devices because other trusted devices, including cicerones, were not supported or failed to become trustworthy. We attribute this lack of trustworthiness, in turn, to the informality of the Chinese socioeconomic environment. Third, we argue that auction houses had powerful political backing, and were part of China’s state-led cultural capitalism.

2. Methods and definitions

This study relies on 10 months of ethnographic fieldwork conducted primarily in Beijing, the center of the Chinese contemporary art world, during the period 2012–2014. We conducted 140 semi-structured interviews mostly in Beijing ($n=128$), but also in Shanghai, Hong Kong and the Netherlands, with dealers ($n=48$), artists ($n=38$), collectors ($n=15$), auction house representatives ($n=12$), art critics, curators and museum representatives ($n=11$), art fair representatives ($n=5$), and other art market participants, including art journalists, art funds, etc. ($n=11$).¹ Rich interview and ethnographic data are arguably most appropriate to understand the intricacies of market functioning. Comprehensive statistical data on whether an auction is the first place where artworks are sold are not readily available, and it would be difficult to determine the reasons behind the auction practices based on such data. Interviewees were all participants in the mainland Chinese contemporary art world. They were recruited by a combination of a snowballing method and approaching market actors at art galleries, auctions and art events. To enable generalization, the sampling aimed to maximize variety in terms of age, sex, length of presence in the market, level of symbolic and economic success, and international experience and exposure. The sample thus covered the range from internationally famous actors to those who were only

1 For market actors with several roles, only the dominant role has been counted.

starting their careers locally. Some of these actors collaborated with each other, which allowed for triangulation. The relatively small number of collectors interviewed is due to the difficulties of access. However, interviews with these collectors, supplemented by and triangulated with other data, allow us to draw conclusions.

The interviews were aimed at understanding the roles of auction houses and valuation devices, as well as the institutional composition and workings of the Chinese contemporary art market more generally. Considerable attention was devoted to discussing practices and attitudes concerning auctions and the auctioning of new artworks and artworks of unestablished artists. The topic of auctions emerged inductively because our respondents often talked about auctions without prompting, and because of their ubiquity in the field and unusual role. Valuation was often connected with auctions, which led us to focus more on valuation and judgment devices. If interviewees did not bring up the topic themselves, it was introduced by us. Artists, art critics, collectors, galleries and others were invited to elaborate on their past experiences with auctions, their own or their artists' auction results, and on their decision-making regarding their engagement with auctions. Artists, for example, were asked to relate and reflect on their auction history. Various actors were also asked to talk about how they, their peers, and collaborators make judgments about artistic and economic value. Those who denied having had direct encounters with auction houses, nevertheless expressed their stance toward them. Auction house interviewees elaborated on their market practices and attitudes generally, and about their experiences with, and attitudes toward, the auctioning of new works and works by unestablished artists specifically. Interviews with young artists proved especially important as they turned out to be the best informants on how to establish oneself and the value of one's work in the market.

Interviews usually lasted between 1 and 2 hours and were conducted in Mandarin Chinese ($n = 113$), English ($n = 22$), Dutch ($n = 2$), or Mandarin/English ($n = 3$), depending on the interviewee's preference. All translations from Mandarin and Dutch are the first author's, English interviews are quoted directly. All 140 interviews (with two exceptions) were audio-recorded. The interview transcripts and field-notes were analyzed inductively by developing codes that focused on auction-related practices and attitudes of various market actors, and construction and judgment of value by various actors. Triangulation of data from different types of actors was crucial to ensure validity.

All interviewees were engaged with contemporary art, defined as artworks created by living artists after the late 1970s and grounded in the 'Western' artistic tradition. This article primarily concerns paintings, which are the main commodity sold at art auctions both internationally and in China (McAndrew, 2014). Although it is even more common to auction new artworks in traditional styles, such as mountain-water ink paintings or traditional calligraphy, such art has been excluded from consideration. This is because the dynamics of this local art market circuit partly differ. As the Hong Kong art market developed and functions differently, it also lies outside this article's scope.

We conducted fieldwork at auction previews and during auctions at eight different auction houses during the period 2012–2014. Typically, we would first visit auction previews and then sit through contemporary art auctions on one of the following days. Observations at numerous galleries, art fairs, museums, artists' homes and studios were held over a period of 10 months to discern the overall structure and functioning of the market, and to understand when and how auctions are positioned and evoked. Numerous conversations with various art market actors in the contemporary art world in Beijing, and an additional

40 interviews with artists, dealers and other actors engaged with recent artworks in traditional Chinese styles, also helped to further our understanding of the contemporary art market and the role of auctions in China. The study was also informed by consulting archival sources, art periodicals, published interviews and media reports, as well as auction databases and catalogues, which were used as additional sources of data, to prepare interview guides and for triangulation.

3. The role of auctions in markets for contemporary art

Markets come with specific models of how value is constructed and judged. Although different models are permanently being invented and proposed, they risk being seen as illegitimate, which means that ‘belief’ in the value of a good fails to emerge. In the art market, a strict distinction is made between what is called the primary market, where new works of art are sold for the first time, and the secondary, or resale market. The primary market is, since the rise of modern art in 19th-century France, a ‘dealer-critic system’ (White and White, 1965): it is the almost exclusive territory of commercial galleries or dealers, who promote the artist’s work and try to convince cicerones, such as art critics, curators of exhibitions and directors of museums and other art spaces, to validate the work (Velthuis, 2005) or, to put it in terms of Bourdieu, to ‘consecrate’ it. Consumers traditionally rely on these cicerones in order to judge the artwork’s value (Yogev, 2010). When many of these experts have validated an artist’s body of work, consumers are willing to pay more for it. As a result, a ‘concordance’ between quality and price comes about (Karpik, 2010, pp. 214–215): works made by artists with a higher reputation will also be the ones with higher market prices, as some of the rankings that have been produced in the art world demonstrate (Quemin and van Hest, 2015). Auction houses only feature in this organization of the market in the resale or secondary market, and only a small percentage of artworks by living artists are sold at auction (Velthuis, 2011). Such artworks have been sold previously, and these artists normally have established reputations.

Members of the art world usually feel very strongly about auctions not being a proper market place for new art. When asked why, they argue that auctions hardly assist in promoting an artist’s career, do not build up long-term relationships with artists, and fail to get cicerones interested in an artist’s work. Moreover, auction houses would be overtly commercial: they are market places that define art as commodities rather than cultural goods (Appadurai, 1986). This, in turn, would harm the status and reputation of artists, and, as a result, negatively impact the economic value of their work in the long run (Bourdieu, 1993). Artists, therefore, do not deal directly with auction houses, or at least, not openly, with few exceptions (Velthuis, 2011). Galleries present themselves as being interested in art and in long-term artistic careers, and vehemently construct symbolic boundaries between themselves and ‘parasitic’ auction houses with their commerce-oriented, short-term mentality (Velthuis, 2005).

In the Chinese art market we encountered a different situation (see Figure 1). Boundaries between the world of auctions and of galleries are highly porous and are constantly crossed. We heard auctions being mentioned in a celebratory speech at a gallery opening, auctions routinely exhibit on a par with galleries at art fairs, and auction house representatives act as judges in artistic contests (I121; field-notes 1 December 2012–1 March 2013). These would all be considered illegitimate practices in the international art world.

Figure 1. Exchange relations in contemporary art markets.

More importantly, at Chinese auctions, in addition to works by established artists and artworks that are being resold, we would regularly find artworks created by an artist in their 20s just months prior to the sale. China Guardian, one of the country's main auction houses, has auctioned artworks by living artists since 1994, with a significant proportion of artworks being new. Although most artists we interviewed claimed not to know who consigned their artworks to auctions, some respondents reported that when galleries consulted with them, they gave permission to auction their works. One artist, aged 29, told us he was willing to auction his work, and he did not mind that his work had been auctioned before:

... it's totally fine. I think, more people will know about you, will understand you. ... It's also an [appropriate] channel. (I55)

Certainly not all Chinese contemporary art is sold through auctions: our observations and interviews confirm that sales also take place at galleries or artists' studios. But as became clear from our interviews and observations, some artists consign their artworks directly to auction, bypassing the gallery scene, and some galleries auction new works by young artists instead of selling from their space. An artist's works from the same series can be simultaneously found at auction and in a gallery. Auction houses work with young artists, even cooperating with art academies to organize sales exclusively devoted to works by recent art academy graduates.

Our interviewees, including artists and gallerists, indicated that buyers who want to know the career prospects of a particular artist do not just look at an artist's résumé with their exhibition history, but also research their auction history, which is openly available in online databases such as artron.net, before buying.² Although not common, we have seen an artist's CV mention auctions alongside exhibitions. Some galleries (and even artists) use them instrumentally to create, what could be called, an auction résumé. During an interview with an artist, aged 32, we discussed a table listing her auction results, which was openly available in an online database, and which she was up-to-date on. The sheer availability of such information for young artists and for new works is specific to China. When consulted by a gallery, she agreed that a gallery auctioned her work, because if 'everyone knows the

2 At the time of writing, simple online registration was required.

price of the painting, it's beneficial for sales' (I80). Her husband, aged 33, who is also an artist, said that, although they did not agree with it, it is what inexperienced buyers who have entered the market 'in the last one or two years' want (I81). According to him, having come across an artist, for example, at a gallery, they check auction results before purchasing:

... they have to learn about the artist and their price, and the first thing you can see directly are auction results. So they check them, and only then decide whether to invest in this artist's works. (I81)

Another artist in her early 30s did not see a problem with auctions either. She told us that it is 'common' for a gallery to auction your work after some works have been sold:

They [gallery] think, now you need an auction record to define your price: what size painting goes for which price. They will help you determine your market price. I think in this case it's okay to auction. (I59)

4. Auctions as marketing and judgment devices

So how can one account for these deviant practices? From a neoclassical economic perspective, one could argue that auctions are better suited than galleries for price discovery, especially when it comes to unique goods whose value is highly uncertain (Smith, 1989; Velthuis, 2011). It would follow then that it is the European, the US, and other art markets that are anomalous. Yet, from a sociological perspective, the Chinese art market practices deviate, and are seen as illegitimate outside China as well as by some market actors in China. In the media, stories proliferate of the 'wild' Chinese auction 'fever' (Pollack, 2010). Moreover, a common narrative among those Chinese market participants who are aware of 'Western' art markets' workings, also among auction house representatives, is that 'auction houses are doing the galleries' job' and that the Chinese market is 'upside down' (I12; I29; I100).

Based on our ethnographic data and our interviews with actors within the market, we argue that one reason why auctions are so popular in China, is that they are used as a marketing device rather than just a device for price discovery: auction sales tend to generate publicity and make an artist's work more visible than the relatively reclusive gallery space would enable. Our respondents, including gallerists and auction house representatives, claimed that auction houses function as a 'loudspeaker' or 'advertising company' for artists (i.e. I42; I98, I99; I101; I103). A gallery employee said that they use auctions as a 'tool' to create a visible price. She explained that publishing an article about an artist in a magazine, for example, does not attract as much attention. A manager of the contemporary art department of one of the top auction houses said the following about galleries with which he cooperates that auction new works:

They think by auctioning they can broaden their market, their client base, discover new clients for their artists ..., promote in a way that is impossible at a gallery. I think, for them it's marketing, marketing and sales, of course. (I102)

A Beijing gallery is a case in point; it organized the first solo show of a 28-year-old artist, which is an important event that is generally considered to be the launch of an artist's career

(field-notes 16 April 2013). Gallerists generated special interest for one large painting by, among other things, placing it on the cover of the exhibition catalogue and positioning it prominently in the gallery space. Several buyers were interested. However, rather than choosing one of them, gallerists consigned the painting to an auction prior to the opening night. The gallery had bought the artwork from the artist for 28 800 RMB, or 3700 euros, based on the standard price per square meter paid to the artist by that gallery, and aimed to earn the price difference. Another purpose was to provide exposure and to create a wider interest in her work. The dealers saw such a consignment as a way to introduce an artist to a broader collector audience, based on the initial positive response:

Of course, we auction her work. It's a way to present her, because if [the artist] is so popular that several buyers seek her work at auction, she would surely become a new star. For [her], it's a way to quickly enter the market. (I21)

Auctions, rather than, for example, museums, are also places where novices first encounter contemporary art. According to one gallerist, 'many [buyers] learn about art from auction catalogues' (I6). For novice collectors, this is the clearest and most available source of information about value. Once a work has been sold publicly at auction and new collectors have become aware of the artist, dealers hope that potential buyers will be drawn to their galleries, where more works by the same artist are available. The director of a large Beijing art fair said in an interview that although he knew it was illegitimate internationally, he invited auctions to exhibit on a par with galleries because:

These days auctions attract so much attention, they gather so much wealth, so I'm using it. I'm using their influence to promote the primary market, galleries, so that everyone notices galleries. (I112)

Auction houses do not simply passively accept new art and art by unestablished artists. Auction house managers told us it was unprofitable to auction such artworks, because of low prices and commission. They called this 'charity', which they did to put young artists and galleries on the map, and to draw collectors from investment to consumption. They claimed to be interested in the development of stronger galleries, which would help auctions become a truly 'secondary' market mechanism.

Thus, although Chinese galleries present themselves as more invested than auction houses in promoting artists' careers, for some galleries, auctions are not an adversary to complain about, but a partner that they, and some artists, rely on: they perceive auctions as constructive, rather than 'parasitic' (cf. Velthuis, 2005). Some galleries and collectors, who distance themselves from auctions, nevertheless admit to their positive influence on the market as a stepping stone from pure investment to 'real collecting' and art appreciation. Various actors use auctions for market-building. Thus, auctions have a different role and identity within the Chinese market than they have in other art markets.

Auctions are, however, not only seen as a marketing device, but also as a judgment device that is well equipped to resolve the uncertainty and cognitive deficits troubling markets for singularities. Attesting to these deficits, some collectors we interviewed admitted to their lack of understanding. A well-known collector said: 'I don't have vision where it comes to art, if you let me distinguish good from bad, we think our ability to judge isn't strong'

(I86). Auctions are one of the main devices for these novice buyers to judge quality. As a Chinese gallerist who is active in both international and Chinese art markets put it, ‘in the Western value system, museums [confer] the highest value, in China, auctions [confer] the highest value’ (I31).

We found that auctions operate as judgment devices in two ways. First, for some nouveau riche buyers, auctions are what Karpik calls ‘confluences’: they are part of a repertoire of ‘techniques’, including displays of products, the shop’s design and location (e.g. clustered together in exclusive streets), and selling skills, which are used to channel buyers in shopping malls or luxury shops to specific products (Karpik, 2010, p. 46). Auctions and their previews take place in five-star hotels and massive exhibition centers, often in the vicinity of the central business district. The plush comfort of auctions, held in lavishly decorated and carpeted halls, differs markedly from the industrial gallery aesthetic. Auctions strike a balance by being glamorous, but not intimidating, provided one has the financial means: those who wanted to bid at China Guardian in 2012, for example, needed to pay a deposit of up to one million RMB (130 000 euros) depending on the auction. Auction houses print luxurious glossy catalogues. At previews, numerous impeccably trained auction employees are ready to answer questions and guide one through the registration process. Formally dressed managers, reminiscent of obliging sales persons at luxury boutiques, hang around in the halls, eager to offer clarifications. Auctions create a familiar VIP experience for the rich, which is both pleasant and convenient. This aura of luxury, which surrounds products there, contributes to validating the work. In that respect, an artwork that features at an auction is akin to a brand name sold at a luxury shop: it helps reduce uncertainty as it appears to guarantee quality. Moreover, the mere fact that the work is included in the auction attests to its value, just like the inclusion of a restaurant in Michelin’s guidebook in itself signals the restaurant’s quality (Bouty *et al.*, 2013; Karpik, 2010). As one auction manager puts it:

Collectors think that artists whose works have been auctioned are the elite among artists, because auction houses have strict selection. It’s not like any work can be auctioned, only the best works are chosen from the pile. So if an artist’s work has appeared at auction, that means an artwork is good. (I107)

Following this logic, one of the most famous Chinese collectors, Liu Yiqian, used to buy all the artworks that featured on auction catalogue covers, a practice for which he was nicknamed ‘cover boy’ (I124; cf. Geismar, 2001).

Second, not just the auction house itself, but also the prices that it generates in a relatively transparent and public way are seen as judgment devices, which assist consumers in assessing an artwork’s worth. This use of price as a judgment device is a possibility that Karpik does not acknowledge, but it does fit with what he calls the ‘common opinion regime’, where, akin to e.g. hit charts or box office or bestseller lists, the aggregated market transactions of relatively large groups of consumers assist others in making judgments. In particular, collectors we interviewed see the high auction prices an artist’s work has commanded in the past, in itself, as a reason to purchase the artist’s work. A prominent collector commented as follows on the popularity of auctions:

Why did so many bosses appear at auctions? They don’t care whose artworks these are, they just buy the most expensive ones. . . . From an investment point of view, it’s smart, because the more expensive an artwork is, the more attention it attracts. So this artwork becomes famous, and

when later they want to sell it, everyone would already know this work, they would know it had sold for so much in the past. (I86)

According to him, some buyers perceive a high price to be a sufficient reason for acquisition, also because of investment motives. One auction manager detailed this reasoning, linking investment to the public character of auctions:

Auction results are public. Everybody knows this work has been openly auctioned, so many people want it. The more people are bidding, the higher the price, and that means the work is popular. Such a result attracts other collectors. They think, this young person must have a lot of market potential. All these people collect his works, shall we also buy some? And then they wait for the value to rise. (I107)

We found different practices related to this use of auction price as a judgment device. During our fieldwork, collectors paid a lot of attention to price estimates listed in auction catalogues, looked up past prices in auction databases, and used auction prices as a ranking tool: they would look for top 10 or top 100 lists of artists based on their auction revenue, and let their judgments be guided by these rankings. Galleries and artists, in turn, used this aspect of auction prices in highly strategic ways: they utilized auctions as a tool to ‘make a price’ (*zuo jiage*), which then worked as a benchmark for future private transactions at the gallery, a practice widely discussed in the Chinese art world (I2; I33; I38; I42; I47; I121). As one auction manager said:

Because of their public character, auctions are very convenient. They allow young artists to become known by everyone and to define their price. (I107)

Take the artwork consigned to auction prior to the exhibition opening by the above-mentioned Beijing gallery. At auction it sold for more than twice the gallery price (60 000 RMB, or 7750 euros). The gallerist commented on this price:

Young people should have a market reference standard [set at auction]. Now many young artists have no such reference standard. They sell randomly, blindly ... If you entered the auction system, this means that your artworks are already worth this price. If a gallery sells for cheaper than that, it means it makes a lot of sense to buy at a gallery, because the price standard is already there. ... Galleries just set a price, but an auction price is the real market price. (I21)

Managers of two major auction houses, Beijing Poly and China Guardian, said they often receive emails from artists with images of artworks that the artists offer for auction, hoping to establish a ‘fair’ price and promote their art (I98, I102). One artist told us he had difficulty justifying his price to buyers, and decided to auction one work to create a visible price (I78). Another artist, aged 29, told us that she auctioned two artworks ‘to test the waters’—to check the value of her work—which indicates that she also took auction prices seriously (I52).

This characteristic of prices has been found in international art markets as well (Smith, 1989; cf. Geismar, 2001 and Heath and Luff, 2007, who have shown how prices eventually paid at auction are constructed). For instance, informants in Velthuis’ study of the Amsterdam and New York art markets called auction prices ‘barometers of value’ (cf. ‘buyers’ rankings’ in Karpik, 2010, p. 46). But given the volatile nature of auction prices,

they would exacerbate rather than diminish uncertainty on markets for singularities: an artwork that fails to sell or sells for a lower price than expected, signals a lack of confidence in the artist. This can disrupt the stable pricing of an artist, which, in turn, is detrimental to an artist's career (Moulin, 1987; Plattner, 1996; Velthuis, 2005). Dealers in international markets, therefore, seek to avoid this particular judgment device from becoming deployed.³ They prefer to control prices and set them in a way that they do not signal value, but reflect it: first an artist builds up a reputation through a trajectory of exhibitions, prizes and reviews, and only then can higher prices be set (Bystryń, 1978; Becker, 1982; Crane, 1987; Moulin, 1987; Caves, 2000).

Every now and then, we heard similar concerns in China. According to one gallerist, having an artwork unsold ('bought in') at an auction is viewed 'like a criminal record, you can't wash it off' (I14). Like him, the majority of the more experienced art world insiders whom we interviewed were acutely aware of the dangers of fluctuations in auction prices and overly high prices for artistic careers.

5. Institutional contexts shaping judgment devices

So why are Chinese gallerists, artists, collectors and auctioneers more inclined toward the benefits of auctions as judgment devices, rather than toward the doubts related to their volatile, and therefore destabilizing potential, which prevail in international art markets? Why did auctions become dominant in China, but not elsewhere? One explanation is the newness of the market, and the high number of novice, inexperienced buyers who, more than their counterparts in established art markets, are in need of clear, strong signals in order to reduce cognitive deficits. Auctions fulfill this role. Straightforward numerical signals, and the readily available hierarchies generated by auctions and their catalogues, are especially appealing in such an environment.

This is in contrast with galleries, where pricing is perceived as opaque, and prices tend to be quoted orally rather than listed on paper, enabling the possibility of variations in prices depending on the buyer. Gallerists we interviewed acknowledged that their prices are not trusted; one dealer lamented that Chinese collectors 'have equated the value of contemporary [art], sadly, [with] auction results' (I26). Moreover, many novice collectors and artists, remain unaware of the possibility that fluctuating auction prices may have negative long-term consequences for artists' careers.

However, in other new art markets such as Russia, India or Brazil (Velthuis and Baia Curioni, 2015), where novice buyers may likewise be in need of strong judgment devices, auctions did not assume the roles they have in China. The virtual absence of auctions in other emerging art markets indicates that the newness of a market is, in itself, insufficient as an explanation for the auction's rise as a judgment device in China.

To understand why the Chinese art market works differently, we argue that the broader institutional context, in which it emerged, needs to be taken into account. First, this context lacked alternative organizations that could equip buyers with judgment devices (Karpik, 2010). Alternative judgment devices did exist but have been perceived as unprofessional and inexperienced. In particular, the international art world's commonplace 'cicerones'—

3 Dealers occasionally try to prevent artworks from being auctioned too soon by signing contracts with buyers that forbid them to auction artworks within the first years of their purchase.

museums and art critics—do not succeed in reducing Chinese consumers' cognitive deficits. The Venice Biennial, MoMA, and other institutions structure the international market and contribute to the valuation of Chinese artists with international careers (see, e.g. Kharchenkova and Velthuis, 2015). However, similarly strong judgment devices are absent domestically. Although an infrastructure does exist for 'official' art in traditional styles, contemporary art remains mostly excluded from it (Kharchenkova *et al.*, 2015). This makes it difficult for novice buyers to navigate the Chinese art world.

When contemporary art emerged in China in the late 1970s and throughout the 1980s and early 1990s, there were hardly any institutions structuring contemporary art commerce (DeBevoise, 2014). The first sales were sporadically conducted in private interactions, and art was initially mainly sold to foreigners, such as diplomats and journalists. Unlike calligraphy or ink-wash paintings, contemporary art was unfamiliar in China, and throughout the 1980s and 1990s, Chinese people showed little interest in contemporary art.

Both the state and economic elites in China have shown little interest in developing an infrastructure for contemporary art worlds. For instance, tax breaks for contemporary art, funding for museums, and art critics are all lacking. Our interviews and observations reveal that local contemporary art museums and the writings of art critics have low status. Most respondents, including gallerists, artists and collectors, complained about their incompetence and corruption, reflecting the overall informality of the Chinese socioeconomic environment (Guthrie, 1999; Goodman, 2008). It is widely known that museum exhibitions and positive art critical writings can be arranged as a favor or for a fee. As one collector said about one of the most well-known Beijing contemporary art museums: 'anyone can exhibit there' (I94). Contemporary art museums have mushroomed only recently. They are mostly private, with no stable management, funding, reputable collections or strong academic programs. Our interviewees were routinely skeptical about their sustainability. As one collector said, 'museums' influence is very weak' (I85). Thus, exhibitions and publications in China cannot provide strong signals of quality.

This absence of cicerones distinguishes the Chinese case not only from established art markets, but also from new art markets in, e.g. Brazil (Brandellero, 2015), Japan (Favell, 2011), or Russia (Komarova and Velthuis, 2017), where both private and public museums, art critics and private foundations have a much stronger role and guide consumers in their choices. Due to the lack of trusted critical judgment devices focusing on aesthetic value, more commercial standards of adjudicating value have prevailed in China. A curator, who has been active in the Chinese art world since the mid-1990s, and is now responsible for putting together a large private collection, recalled how auctions have been successful in narrowing down the choice for buyers from the start:

In the 1990s some people started having money, and the market appeared. A lot of rich people couldn't judge these oil paintings and paintings by living artists. Because they hadn't seen [art] for such a long time. All of a sudden there is this market, all these artworks in front of you. Whose works to buy? ... Whose works are good? ... They didn't know how to judge, because they didn't have dealers, or advisors, nobody. And then they believed, because they are all doing markets, doing economics, so they thought, I'll buy at auction. So they went to auctions, and auctions helped them choose. Out of 2, 000 artists they selected 50. ... So starting from then, auctions have had a leading function in the development of the market. (I124)

The fact that auction houses came first, when the market had just started developing, helped them in being perceived as standards of value and allowed them to gain popularity among

Chinese buyers early on. In the 1990s, some auction houses even charged admission fees in order 'to restrict the audience to manageable proportions' (Dewar, 1995).

In contrast, contemporary art galleries only began to proliferate in the 2000s. Although there are hundreds of commercial galleries in China (McAndrew, 2014), these galleries still do not manage to resolve uncertainty within the market. They are perceived as young and unstable and, unlike in other art markets, fail to act as judgment devices. Many art market actors, including collectors, but also artists, art critics and even dealers themselves, view the majority of galleries (they usually named a few exceptions) as unprofessional and untrustworthy in the advice they provide. They point out that many such galleries are unable to survive. During our fieldwork we witnessed one gallery, for example, open and close within half a year. In other words, galleries that have only existed for a few years do not manage to perform as 'confluences', which attract buyers because of their trust-inspiring character. Their future and current status is unclear: as one art fair director put it, many people 'don't know about galleries and which art is in which galleries' (I112). One gallerist-cum-collector said likewise:

I won't just trust a gallery. Why? Because '798'[art district] with its contemporary art, has only existed for 10 years, so [galleries] are too young and can't instil trust. (I15)

The mere fact that alternatives were not available is, however, not sufficient to explain why auctions were endorsed as judgment devices. A consequence could have been, for instance, that the art market simply would not have emerged, or not as strongly, in China. We argue that it was not only the absence of alternatives, but also their state support and close affiliations with political elites, which explain the prominence of auctions as judgment devices. While Karpik argues that judgment devices 'do not enter into a command chain' and are 'foreign to proscription or prescription' (Karpik, 2010, p. 44), our data suggest that we need to include the political economy of judgment devices in order to understand which devices eventually come to dominate. And while within the sociology of markets, the role of governments in market construction has been widely discussed (see, e.g. Fligstein, 2001), their role in establishing valuation structures that enable the establishment of market order, has in our minds been ignored.

Auctions in China enjoyed government backing from the start in at least two different ways. First, they fit the official course toward economic reforms, which was reaffirmed in 1992, as well as the government's agenda of developing a cultural economy. Therefore, although the first art auction houses were introduced by individual institutional entrepreneurs in the early 1990s, rather than top-down, the state embraced them through official regulations (Kharchenkova, 2017). After being forbidden for decades, auctions were allowed again in the 1980s, and art auctions were legalized as early as 1991, in an attempt to control the cultural relics trade (Kharchenkova, 2017). A separate auction law was adopted in 1996, further legitimizing their role. In contrast, organizations and institutions that were exclusively oriented toward contemporary art—new foreign-oriented art forms, associated with artists living an alternative lifestyle and active on the fringes, outside the official art system—such as commercial galleries, art criticism and museums, were tolerated, but mostly ignored by the government until the 2000s. This government backing is especially crucial in a transition economy, as exemplified by that of China in the early 1990s. Despite the decentralization of control over the economy, as the state set firms adrift to find ways to

operate in the new economic climate, the proximity to the central government was important for opportunities and organizational success (Guthrie, 1999). The new legal system for the economy was just being developed, and the scope and details of economic transformation were uncertain. Clear government guidelines and legitimation were beneficial for the quick development and proliferation of certain organizational forms.

Second, the auction houses had backing through social networks. Some auction houses were founded by children of former political leaders (China Guardian, Sungari), and Beijing Poly is part of a state-owned enterprise and is connected with military elites. The Chinese government still exercises control over the economy, in which state ownership continues to be central, despite the emergence of private firms (Fligstein and Zhang, 2011). Such links to the government or outright government ownership assisted auctions in becoming trustworthy judgment devices among (aspiring) collectors, many of whom have close ties with business and political elites. Take the case of a manager for China's oil and gas giant Sinopec, who, during an informal conversation at an evening sale at Beijing Poly in 2012, said he was looking into collecting art. At a dinner, it later transpired that he knew virtually nothing about art or the art world, and was interested in auctions. When we commented on how animated the sale was, he responded:

You know, Poly has a government background, they do everything: military, art, oil ... They are closely linked with the government. (I90)

In other emerging markets, such governmental backing of auctions is absent. In Brazil, for instance, governments were more interested in promoting the role of private foundations through tax deductions (Brandellero, 2015), while in India, the government hardly cared about the organization of the art market to begin with. The market there emerged out of family networks, which provided social, cultural and economic capital for new gallerists to enter the market (Komarova and Velthuis, 2017).

6. Discussion and conclusions

This article has analyzed valuation dynamics in an emerging market and, in particular, how specific judgment devices come to dominate in such a market. We have focused on the case of the contemporary art market in China, and have shown that auctions and their prices are a major judgment device through which value uncertainty in this market is managed, highlighting variation in organizational roles and meanings across contemporary art markets. We have argued that auction houses prevailed because few other trusted mechanisms to resolve uncertainty existed in China's informal business environment (cf. Aspers, 2013) and because the clear-cut, highly visible character of auction prices resonated well with novice buyers who were inexperienced in judging the value of art. The fact that the auctions were so successful early on could partly explain the Chinese art market's rapid growth. Moreover, auctions have been government-backed, which is crucial in China's transition economy.

This study has the following wider implications. First, it contributes to theories of market creation. For markets for (singular) products to emerge successfully, we hypothesize that judgment devices, which contribute to solving cognitive deficits, need to be established. Think, for instance, of online marketplaces like eBay (Resnick *et al.*, 2000), Amazon

(Pinch and Kesler, 2011), or booking.com (Yacouel and Fleischer, 2012), which have been able to emerge because of trust-building judgment devices, such as in-built rating and scoring systems (with almost incessant adjustment of the judgment device to ensure its optimal contribution to market development), or of markets for environmental products which without certification systems would not have been able to develop (King and Pearce, 2010).

Second, not just any device, but clear and easily understandable devices seem to be particularly helpful for markets for singularities to emerge successfully. We expect novice consumers in new or established markets to start out with relatively simple, transparent and understandable judgment devices that commensurate quality, such as price signals, ratings (cf. Robert Parker's 50–100 scale for wine consumers), or online rankings (such as the website Vivino.com and its corresponding app for judging 'good' wine). As these consumers gain experience, we expect them to become socialized into using more legitimate and complex devices (such as in-depth, non-commensurable assessments by wine critics, cf. Karpik, 2010, pp. 135–138). Studies of judgment devices in new markets could further elucidate the concrete dynamics between these devices and market emergence.

Third, this study contributes to valuation theory, and, more specifically, to our understanding of what it takes for judgment devices to become dominant. We show that judgment devices need not have been purposefully constructed as such, but may adopt this role within market emergence unintentionally. More importantly, this article develops Karpik's theory by proposing a different explanation of how judgment devices become popular, or win the 'competition between judgment devices' (Karpik, 2010, p. 54) within markets for singularities. We have argued that judgment devices become shaped and selected by institutional contexts, and do not just correlate with characteristics of markets, such as their size or profit orientation. The fact that auction prices send clear signals was necessary for them to become dominant in the Chinese art market, but it was not sufficient: governmental backing, among other things, was needed as well. Because such backing, either from governments or from other powerful authorities, was absent in other new art markets, such as those of Brazil, India or Russia, auctions did not emerge there as value adjudicating mechanisms.

Our perspective enables us to understand cross-national differences in the use of judgment devices, beyond the art market examples provided above. In that respect, our conclusions fit with cultural sociological literature that highlights how valuation and evaluation depend on national cultural repertoires (Lamont, 1992; Lamont and Thévenot, 2000), as well as with comparative institutional perspectives, which emphasize cross-national variation in market organization, and attribute this variation to, among other things, 'such socio-political aspects as ideologies, traditions, cultural norms, domestic politics, and state structures' (Guillén, 2001, p. 15; see also Hamilton and Biggart, 1988).

Recent research on judgment devices tends to be centered on the new, online apparatuses, which are fundamentally reshaping the configuration of markets for singularities, and are propelling a move away from expert-based to common opinion-based regimes across the world (see, e.g. Orlikowski and Scott, 2013). Nevertheless, we predict that contextual factors, including government regulations, cultural dispositions of market actors, the level of informality of business environments, or political economic factors will continue to play a role in deciding through which judgment devices uncertainty is resolved.

Our empirical case allows us to hypothesize about which judgment devices are likely to emerge as important in which contexts. For example, we would expect cicerones to emerge in markets for singularities within societies with clear, non-permeable cultural hierarchies,

more use of personal networks in familial, low-trust societies and more state-supported devices in institutional contexts characterized by state-led economies or strong welfare regimes. Although in this article we have only provided the first building block of a theory of how judgment devices become dominant, and further theoretical and empirical work is needed, some of our predictions are borne out by existing work. For instance, from our perspective it makes sense that university rankings are used much more widely in the privatized, competitive educational system of the USA, as opposed to the use of accreditation by means of bureaucratized, periodic quality assessment in the government-dominated educational systems of continental Europe (Salmi and Saroyan, 2007; Espeland and Sauder, 2016). Likewise, in assessing restaurants, the elitist model of Michelin's guides reflects the stratification of French society, while Zagat's guide that allows for a layman's rather than an elite assessment, fits with the openness of taste structures in the USA (Mellet *et al.*, 2014). Our findings are also in line with those of Gerlach (2013), who showed that judgment devices utilized to promote engineers in automotive firms in Germany and France differ because of national institutional contexts and cultural factors, which results in national styles of evaluation. For instance, psychological tests are used as judgment devices in Germany to promote engineers to managerial ranks, but not in France, reflecting 'the relatively low status of psychology in France ... and the reluctance of firms to subject their cadres to such procedures, which are perceived as an illegitimate threat to their status' (Gerlach, 2013, p. 140).

A final advantage of our perspective is that it enables us to make sense of changes in the use of judgment devices over time, which has also been noted by Karpik (e.g. Karpik, 2010, p. 138). For instance, our interviews and observations suggest that the practices that are the focus of this article were especially widespread in the boom years of 2005–2008, and that the dominance of auction houses in the Chinese art world has recently been waning. We interpret this as the result of changes in institutional context: the further integration of the Chinese into a global art world, and a proliferation of knowledge and interaction of Chinese artists, dealers and collectors with this global art world. As a result of this integration, international conventions are learned, and increasingly more consumers are aware of foreign practices. Like their foreign counterparts, they increasingly start questioning the usefulness of auctions and their prices as judgment devices. In interviews, some artists and gallerists said they had stopped consigning new works to auction, although they claimed it had been justified and appropriate in the past. At the same time, alternative judgment devices become available and gain legitimacy because of the global integration of the Chinese art world, including new, more professional, private museums. As a result, the dominant role of auctions in China may turn out to be temporary, as the market may be transitioning toward a new, more internationally integrated, logic.

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