

CHINESE ART AND THE MARKET IN THE 1990S (1996)

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MARKET-ORIENTED OIL PAINTING FADS

As it entered the 1990s, the world of Chinese art was no longer under the impact of New Wave art or the confusion brought about by Western modernist art. Instead, it confronted changes in artistic concepts and values engendered by the commercialization of art within a commodity economy. A few years earlier, popular topics in the art world included style, artistic expression, art philosophy, and ontology. At the time, people grappled with questions about art from inside the art system. This led to the emergence of various art schools, art groups, and symposia. Today, even if these questions have yet to be theoretically or practically resolved, the focus of attention has shifted outside of art itself to the market, pricing, and venture opportunities. Thus, the most representative features of today's art world are found in the various exhibitions and promotions aimed at selling art.

Chinese art since 1989 has undergone a series of fundamental changes. The naïve, impulsive idealism and humanistic fervor [of the 1980s] have been thwarted as reality muted artists into dormancy. In October 1990, the first unabashedly commercial exhibition, *Masterpieces of Chinese Oil Painting (Zhongguo youhua jingpin zhan)*, broke the silence in this ambiance of depression and seemed to have found a new point of entry into reality. The exhibition attracted immediate popular attention and interest in the Chinese art world. Held at the Zhejiang Academy of Fine Arts (today's China National Academy of Fine Arts), co-sponsored by the Chinese Artists' Association, and financed by the Japanese Chiyoda Club, this exhibition provided a model for market operations for subsequent official and private exhibitions. The exhibition required participating artists to follow international standards in determining the dimensions for their canvases; solicited artwork from across the country through advertisements; elected gold, silver, and bronze medalists for outstanding work; and purchased these works in the name of the sponsors. Works consisted, without exception, of the classical, realistic, pastoral, and ethnic subject matters that were favored by overseas art galleries in the preceding period. Apparently, standards adopted by the overseas art market and international patrons became the actual "academic yardstick" to measure the quality of the works. Inadvertently, these standards furthermore became the invisible hand that steered the direction of Chinese oil painting. This example shows that the art market for Chinese oil paintings originated from the trade in "professional paintings" (*hanghua*). The term *hanghua* refers to paintings that are low in artistic quality but require certain artistic skills and are appreciated for generic aesthetic enjoyment. This type of painting basically has no collecting value. But, because its subject matter includes nudes, romantic landscapes, portraiture, and still lifes, it is suitable for interior decoration and is well received by middle-class families with an ordinary intellectual level. Overseas art dealers purchase this type of painting mostly to serve this specific market niche. People with a modicum of artistic taste can critique the level of painting, and can tell that the only basic requirements [for these professional paintings] are that the pleasantness, demeanor, quality of materials, and measurements are in accordance with internationally accepted standards. For low-income Chinese artists who have acquired skills through academic training, this type of oil painting constitutes an important source of income. Owing to the drastic discrepancy in living standards inside and outside China, foreign art dealers can pay extremely low prices and satisfy the artists. They purchase Chinese oil paintings "at cost and resell them in the overseas art market. In this sense, the so-called [Chinese] art market is nothing but a cost-

efficient source of raw materials." When this [now] obsolete relationship between supply and demand was exposed and became public after 1989, it underwent two important changes. Namely, overseas galleries as well as important domestic galleries and art institutions stepped in, and collectors began to offer much higher prices than what had been demanded by professional artists (take the *Masterpieces* exhibition for instance, the price of purchase for the gold, silver, and bronze medalists were 10,000 RMB [yuan], 5,000 RMB, and 3,000 RMB, respectively). [The collectors] are cautious in placing their bets. In selecting domestic artworks, they mainly rely on their own taste and the name recognition of the artists in China. Various institutions and galleries organized exhibitions to meet the needs of the overseas market and promoted high-quality, realist, commercial oil paintings (this also included a few artists working with more sophisticated realist styles). Chinese oil paintings later auctioned in Hong Kong mainly came from the string of exhibitions organized by the large-scale, state-run gallery Beijing International Art Salon (*Beijing guoji yiyuan*) as well as the *Annual Exhibition of Chinese Oil Painting (Zhongguo youhua nianzhan)* organized by the Oil Painting Art Committee, and the Oriental Oil Painting Gallery's specialized *Refined Oil Painting Exhibition (Fengqing huazhan)*. These exhibitions became sites for displaying and selling artworks by young artists. Art flowed from these galleries to overseas secondary markets. International art dealers also used agents inside of China to conduct their business, or directly organized exhibitions to tour overseas. The channel also expanded from Beijing and coastal cities to the inner provinces. There are two prominent features in this market operation. First, because the buyers are international, artworks are dictated by overseas collectors' tastes, regardless of where and in what name the exhibitions are held. Second, the inevitable result of this is the dealing in professional paintings, which became a significant component of the art market.

Among the variety of exhibitions held in China, "national exhibitions" possess their own significant cultural stature — for many years, they set the benchmarks for the genesis and growth of numerous artistic styles. On the one hand, "national exhibitions," such as the sixth and the seventh editions [of the *National Fine Arts Exhibitions*], and the *Seventieth Anniversary Exhibition of the CCP (Jiandang qishi zhounian meizhan)*, all observed the standardized requirements of upholding thematic elements from important political events, policies, and commemorative dates. In terms of the particular operational mode and artistic styles of the artworks included, these national exhibitions tried to incorporate new art developments and academic pursuits, unperturbed by any commercial considerations. What emerged since the 1990s has been the breakdown of this type of national exhibition. In the *Annual Exhibition of Chinese Oil Painting* held in late November 1991, a new exhibition model relying heavily on classical and realist styles started to arise. This was distinct from the previous "thematically dominated" art exhibitions. In recent years, after more than seventy years of development since the introduction of oil painting in China, realism has become the established mainstream style in oil painting in the Chinese art world. With oil paintings categorized according to painting technique, after the mid-1980s, realism emerged as the most mature and influential style. In the wake of the Open Door policy, China was flooded with Western art dealers. Western commercial galleries focusing on realism, such as the Hammer Galleries, the Hefner Gallery, and the Hawk Gallery, promoted classical and realistic styles. The news of Chinese oil paintings entering the Western market and fetching good prices spread instantly in the art world. The classical-realist style mushroomed, and within a few short years, a prominent group of artists emerged. However, except for a few artists who produced serious artwork, the vast majority suffered from "anemia" in spite of their painting techniques. There even

emerged artists who specialized in Native Soil art, images of ethnic minorities, still life, or landscape, mainly catering to Western exoticism [toward China]. It was against this backdrop that the 1991 *Annual Exhibition of Chinese Oil Painting* was held. Its inclusion of a larger number of classical and realist artworks made works of such styles indispensable components for future Chinese oil painting exhibitions. The status quo of being manhandled by overseas commercial standards foregrounds the problems underlying Chinese art with regard to the increasingly entrenched influence of the market economy. Whether through proactive acceptance or negative influence, and whether giving rise to catering through concession or passive resistance, the commercialization of art and its concomitant problems already pose an enormous task for 1990s Chinese art to undertake. Although the organizing committee of the *Annual Exhibition of Chinese Painting* insisted upon rectifying the untoward side effects of art commercialization, the actual result of the exhibition attested to necessary compromises under the general climate of Western-style commercialization. The exhibition only differentiated the more skillful professional paintings from the less skillful ones, while academic evaluation was marginalized and could only be conducted in the limbo of domestic and overseas galleries. Curators and committee jurors cannot possibly surpass the ironclad market rules and this irreversible state where China is the source of raw materials.

Since the autumn of 1991, the art world in China has been keeping track of the ups and downs of contemporary Chinese oil paintings in international auctions. From September 1991 to March 1993, Sotheby's and Christie's held several successful auctions with a broad coverage of prominent mainland Chinese oil-painting artists such as Chen Yifei, Wu Guanzhong, Wang Yidong, Shao Fei, Luo Zhongli, Wang Huaqing, Ai Xuan, and He Duoling, among others. In Christie's second auction of oil paintings in Hong Kong, Chen Yifei's *Night Banquet (Yeyan)* was sold for HK\$1,980,000 to Sir Run Run Shaw, setting the auction record for Chinese oil paintings.

The sensational performances by the two auction houses in Hong Kong and Taiwan raised questions regarding the new ecology of Chinese art. Christie's and Sotheby's attention to Chinese artworks is closely related and attributable to the booming Southeast Asian economic zone and reforms in mainland China brought on by its Open Door policy since the 1980s. Before the 1970s, Chinese art mainly consisted of antiques, ceramics, ink paintings, and calligraphy, and they were often sidelined in international auctions held by the two aforementioned houses. After decades of preparation, Sotheby's held in Hong Kong an auction of ancient Chinese ceramics in 1974 (in which paintings and calligraphy remained marginalized). After the 1970s, even though Christie's held an auction of Chinese paintings and calligraphy in New York, the auction house, known for its business prudence, did not rush to establish an office in Asia. It was only after Sotheby's made inroads in Hong Kong auctioning Chinese paintings and calligraphy that Christie's arrived in Hong Kong in the 1980s. In 1987, Christie's held an auction of Chinese art in Hong Kong, but still in a fairly conservative manner — ceramics were held separate from paintings and calligraphy. Among the paintings and calligraphy, all were in ink except two oil paintings, which were meant to test the waters. Sotheby's and Christie's had the determination and the strategy to enter the mainland and Taiwan markets a long time ago, only to be held back by the less than adequate laws and regulations addressing the taxation of artworks. Among the forces driving Christie's decision to set up shop in Hong Kong were that Hong Kong's laws and policies contributed to a prosperous art market. In the meantime, the Southeast Asian art market underwent dramatic changes due to the governments' adoption of new economic policies and cultural decrees. This, in turn,

invigorated Taiwan, where after 1987 the authorities terminated thirty-eight years of martial law. As restrictions on foreign currencies relaxed and the stock market soared, Taiwanese buyers were able to freely enter the international art market. For instance, the total sales of Chinese ceramics to Taiwanese collectors in 1988 jumped tenfold compared with the previous year. Taiwan all of a sudden became a strong competitor with Hong Kong in this respect. In October 1989, subsequent to a depressed market for ink paintings and calligraphy, Taiwan China Trust Corporation successfully bid on an Impressionist painting by the master Monet for US\$6,600,000. This marked the transition of Taiwan collectors' attention toward oil paintings. Moreover, after more than seventy years of progress, oil painting in mainland China also began to show vast potential. Christie's vied to be first by holding an auction in Hong Kong on September 30, 1991, during which a core of young and middle-aged Chinese oil-painting artists attracted the most conspicuous attention. Their works showed both their sensitivity to a fundamental Chinese taste as well as their understanding of Western classical and modern realist styles. Domestic media coverage even took the high prices fetched at the overseas auction houses as a sign of "hope for Chinese oil painting." However, in terms of the intrinsic quality, these works rarely impressed one with a high level of sophistication, the lack of which, of course, did not affect their continued commercial success at auction. In comparison, the Sotheby's auction held in Taipei five months later, as well as the numerous auctions by the two houses in Hong Kong and Taiwan, started to show an increasingly pronounced awareness of the regional culture, with interest groups rallying behind the actual auctions. These complex and clamorous auctions, occurring once every six months, clearly showed the auction houses' optimism for the sources of Chinese oil paintings and its collection base as well as the opportunistic motivations of Hong Kong and Taiwanese dealers. In the 1990s, when the Western economy slipped into recession at the prospect of warfare in the Middle East, the art market in Europe and the U.S. also collapsed. Among galleries, those in the business of selling contemporary Chinese art suffered the most. Galleries dealing Chinese art either went out of business or had to re-strategize and reconsider the latent potential of the Asian market. Against this backdrop, the group of Chinese artists that had initially "gone international" in the American commercial art market had no choice but to retreat back to "Chinese circles." Brokers and dealers representing prominent overseas Chinese artists such as Chen Yifei and Ding Shaoguang used the auction houses to bolster their market prices and establish their presence in the market. Taiwanese galleries, which traditionally endorsed domestic art, also jumped on the bandwagon in promoting domestic artists' prices through auctions. Galleries licensed to deal certain mainland artists' works adopted tactics to "safeguard market prices." They intentionally drove up their represented artists' notoriety in hopes of building a future base of collectors for their works in the Hong Kong and Taiwan markets. All this gave the two auction houses' operations in Hong Kong and Taiwan a certain stigma. At the same time, the new model of operation centering on the auction houses quickly broke down the earlier small-scale market exchange structure. This transformed the competition previously based purely on fame, style, and subject matter to a competition of economic power among the various institutions (galleries, associations) representing different groups of artists. Take, for instance, Sotheby's first auction in Taiwan on March 22, 1992; the five lots that received no bids included ones by the world-famous artist Zao Wou-ki and Ai Xuan, the most prominent follower of [Andrew] Wyeth in China. The reason was apparent — no agent would serve as a "protective escort" for their biddings. The remarkable success of Sotheby's and Christie's in Hong Kong and Taiwan is certainly an encouraging factor for the Chinese art world, but we

must also realize that the difference between the East and the West is not limited to the difference between a six digit and eight digit auction price. Even more importantly, it is a discrepancy in the overall quality of culture. Even if Chinese paintings of a higher caliber can freely compete in an international auction, even if Chinese domestic legislation on the market regulation of art and culture becomes increasingly transparent, and even if collectors and consumers are willing to pay high prices, nothing can remedy the tremendous cultural deficit of the Chinese-speaking world in modern history — it is precisely this that has induced the Westerners' bias and their sense of superiority in cultural values. In the long run, the advancement of the aesthetic evaluation and qualifications of collectors depends on the advent of a high-quality, historically and spiritually rich art criticism in the Chinese-speaking world. A generous input of economic resources is indispensable for procuring the equivalent amount of worth in artwork, as well as the dissolution of a "regional" cultural complex into a broader, historically significant value system.

ARTISTS' AND ART CRITICS' STATES OF MIND IN THE MARKET CONTEXT

In the wake of increasingly vibrant market activity for artwork, domestic art journals started to look comprehensively at questions raised by the art market. In January 1991, the first journal to focus exclusively on the art market, *Art • Market* (*Yishu shichang*), published its inaugural issue. However, debates over the "art market" and "art and money" failed to truly attract attention from the international art market toward Chinese art. These debates, instead, had a strong impact on artists and art critics working inside China with regard to their preexisting notions of art and culture. Even though artists hoped to sell more paintings through the market and art critics yearned for increases in royalties by promoting art-market transactions, the majority of artists and art critics found it hard to accept the reality of having to survive and struggle within a social structure based on the market economy of the 1990s. Would money, which had received constant disdain by Chinese intellectuals for thousands of years, serve as the catalyst for Chinese art? Would it be a blessing or a curse?

The artist Zhang Peili, in his interview on "art and money" published in the journal *Art • Market*, talked about the positive as well as negative impact money has on art:

The important point is that [money] gradually changed people's perception of the function and value of art, which is significant for Chinese artists who have for a long time followed the doctrine that art serves politics. However, the benefits commercialization bring to contemporary art are easily dwarfed by the costs it incurs. . . . The tremendous temptation of commercialization has discouraged the pursuit of meaningful questions. More people now unconditionally accept an alienated reality. The consequences of these changes is that contemporary art has lost its proactive and progressive spirit and verve in the name of development.

Lü Peng, on the other hand, believes that "in a future market, without agents and managers, it would be difficult to socialize artists' work — it's a question of the social division of labor." The reality is that the social division of labor brought about by artists is multifarious (including publication, exhibition, and collection) and is not limited to agents and managers. In the 1980s, the way a certain artist, an exhibition, or an art school established status and influence was mainly through official prizes and critics' endorsements. Today's value system of "success" and "effectiveness" has started to be pegged to price, and the channels connecting domestic artists to the overseas market have become increasingly publicized. The consumerist spirit — obsessed with

commercialization — induced recent mainland realist artists to indiscriminately and obsequiously cater to overseas middle-class tastes. The previously lofty and self-important "avant-garde" was also prized by overseas customers, because of the pressures it was under in mainland China. The misshapen institution of this buyers' market on the one hand utilizes the preexisting literature of art criticism, yet on the other hand eliminates the role art critics play. The art critic Yi Ying wrote in "The Position of Art Criticism in the Art Market" ("Piping zai yishu shichang de weizhi") that

under such circumstances, art critics are actually facing a far more complicated and onerous task than taking part in a modern art movement. As the domestic art market has still not begun to function properly on its own, the position of art critics cannot be established. However, the ultimate goal is to build up a theoretical structure which would help one to come to terms with contemporary Chinese art — only those artworks interpreted and recommended by art critics would stand the chance of becoming the most competitive products in the art market.

Because one of the features of modern art is that the audience cannot effectively judge the value of artworks from classical standards or individual life experience, interpretations by art critics should become "the main source of authority for customers to understand modern art; this principle also applies to buyers of artworks." Huang Zhuan describes art criticism that is far removed from the market context in "Who Will Sponsor the History?" ("Shei lai zanzhu lishi"):

In China, art criticism . . . is either that kind of rambling spiritual analysis by philosophers and aestheticians, or — in most situations — a secret, friendly exchange of favors between the critic and the artist. Those kinds of flattering essays written for particular social occasions are the main indicator that art criticism in China has not reached maturity. It cannot suit the needs of the development of modern art, and furthermore obstructs Chinese art from achieving international recognition. This is why places like Sotheby's — in the international art market — are not interested in auctioning modern Chinese art. To some extent this is because China lacks a tradition of influential criticism that addresses artwork from the dual standpoints of historical positioning and commercial value.

He believes that in the market context art critics should play the role of an "arbiter," which "points to the capacity and authority to make judgments on artistic quality and [predict] changing art trends for those involved in the business of art." Huang Zhuan sharply criticizes "rambling spiritual analysis," yet to jump to a conclusive negation of spiritual analysis and to attribute all artistic questions as monetary issues is also dangerously misguided. Radical positions have been taken in Yang Xiaoyan's "Market-Oriented Art Criticism" ("Zouxiang shichang to yishu piping") and Lü Peng's "Heading Toward the Market" ("Zouxiang shichang"). The former article posits that market-oriented art criticism needs no historical evaluation, no theoretical analysis, and no aesthetic reasoning — all that matters is to seize the moment, to control trends, and to create stars — critics are opportunists. The latter article believes that "art ought to be produced for the purpose of sale" and that "in a commercial society monetary pricing is the most effective arbiter. With no God to provide a decree over endless academic debates, money becomes the most effective referee." On another occasion, he claimed that "the basic premise for today's art activities is money" [Lü Peng, "Do We Still Love Art?" ("Wo men rengran re'ai yishu ma?")]. Many other critics beg to differ

from this reverence toward the myth of the market. Wang Lin believes that "art criticism has its own value, and this value exists independent of the market," because "art criticism first and foremost concerns our intellect and then our history, and the nature of criticism is not to establish a price but to establish a position, that is, to comment on the connections between art creation and mankind's intellect and cultural history. Such history, when presented in a critical form, is art history." He further believes that the meaning of art criticism as a guide for the market is mainly realized through artwork collected for investment purposes. Any economic benefits arising out of investment purchases are dependent upon artists' eventual accomplishments as evaluated by history in the future. Here, "the starting point of criticism remains in the art world and the historical context," "to explicate the spiritual value, cultural value, and historical value of art phenomena." Accordingly, "the guiding function that criticism serves for the market arises naturally from the nature of criticism, instead of an appropriation of the critical discourse (for instance, in many solo exhibitions of young artists held in Beijing since 1993, the combination of criticism and exhibition has reduced criticism to verbal embellishment). We cannot say that criticism has been degraded to the subordinate status of a server. In fact, there is no market that unconditionally requires the participation of criticism; there is also no single ubiquitous market principle. Criticism and the market are two separate fields. They overlap, but are not identical. Ding Fang's comment was incisive in answering the question "what do you think of the role art critics play in the art market?":

I feel that critics should have a leading position in the transaction of artworks. Dealing artwork is a process of commodity exchange that turns cultural values into social values. Within this, it's critical to have a strong grasp of the direction of the values, which determines whether or not the transformation [from cultural to social values] is complete. In a society, the circulation of artworks rich in value judgments perhaps constitutes the main site where contemporary society deposits its culture. But, to actually orient values is not easily accomplished. It requires a profound understanding of history and a sharp intuition toward the contemporary, which is what art critics can offer to society.

THE CONTRADICTION BETWEEN IDEALS AND IMPLEMENTATION

The *First 1990s Biennial Art Fair (Shoujie 90 niandai yishu shuangnian zhan)* held in Guangzhou in October 1992 jump-started the era of domestic companies investing in exhibitions and purchasing artwork. The preface to the exhibition summarizes its characteristics: "In terms of economic operation, 'investment' has replaced 'endorsement'; for sponsors, enterprises have replaced cultural organizations; for procedure, legal contracts supersede official 'notices'; for academic operations, a critic-organized jury has replaced the past 'selection committees' consisting mainly of artists; for operational objectives, 'efficacy' in the economy, society, and academy substitutes the singular, narrow, and endlessly debated field of artistic 'success.'" It is therefore not hard to see how — through this exhibition — biennial organizers became conscious of how economic power interferes with social life, and the subsequent weakening of influence of outmoded ideological and political power on contemporary art. Because the economic model is capable of supporting contemporary art, it becomes possible to expand the cultural space. In fact, the artworks that won awards in the *First 1990s Biennial Art Fair* were mostly contemporary artworks that diverged from conventional modern art aesthetics. The investor in these works — the Western Sichuan Art Company — bought out the works for 450,000 RMB and then resold all twenty-seven

works to Shenzhen Donghui Ltd. for 1,000,000 RMB, all conducted pursuant to legal processes; this attracted extensive media coverage. The procedure of "election first and acquisition second" not only divided the labor — Chinese critics commented on art while Chinese businessmen invested in art — but also kept commercialization from further invading academic meaning. This operational model maintains a certain amount of idealism and instigated a great deal of questioning and debate. After the exhibition concluded, Li Xianting wrote about the biennial in his article "Contemporary Chinese Paintings under the Siege of U.S. Dollars" ("Meiyuan chongji xia de dangdai Zhongguohua"):

Critics distributed the awards among young contemporary artists, and attempted to promote the social image of artists in contemporary culture by raising prices. This approach comes from Western society, but such commercial instantaneity is fundamentally contradictory to the time required for art to be built up. Modern society has curtailed this distance, but only by a slight amount. In fact, the Western consumerist society has yet to create any top-notch artists through the market. Moreover, the commercializing tendencies in China have not revealed a market discipline that could control the art market. Therefore, I suspect that before Chinese contemporary art is fully absorbed and accepted, Chinese investors will again find themselves shortchanged during idealistic ventures such as the *First 1990s Biennial Art Fair*.

The operations of the Biennial were based on corporate investment. This was subsequently borrowed by, among others, the *First Chinese Oil Painting Biennial (Shoujie Zhongguo youhua shuangnian zhan)* in 1993 and the *Annual Exhibition of Chinese Oil Painting*. "Investment" implies economic returns, so when the relationship of "investment" and "return" does not appear to be profitable, the cooperation between the "investing" side and the side of organizers and critics who devise the "rules" and targets for "returns" will rupture. Due to limited knowledge, abilities, and experience, the Biennial from the very beginning restricted the consignment period to six months, and arranged for the ultimate destination of the exhibition to be the Asian International Art Expo held in Hong Kong. The two aspects mentioned above reflect the deficiencies in experience and knowledge of the biennial's organizers in putting together commercial art exhibitions. The media coverage on the biennial's award-winning artworks also unduly exaggerated their promise [as investments], putting art in the same category as real estate and stocks. Full-page advertisements in the *Economic Daily (Jingji ribao)*, the *Guangming Daily (Guangming ribao)*, and the *Guangdong and Hong Kong Information News (Aogang xingxibao)*, proclaimed in eye-catching print: "Following real estate and the stock market, the art market will be the hottest investment of the 1990s." The media also reported Shenzhen Donghui Ltd.'s purchase of the award-winning works for 1,000,000 RMB and Western Sichuan Art Company's sale of what it purchased for 450,000 RMB, and regarded this move as similar to "real estate underwriting."

All this seemed to be heralding a hot art market, but fads are transient and hot spots cool off. The art market is ultimately different from soccer matches and music concerts. After the applause and the brouhaha, after the crowds disperse, managers of sports matches and concerts can still stand to profit. But, for an art fair, that might just be the beginning. Chinese art investors today do not possess the cast of mind to face long-term investment and its accompanying risks. The intent to invest, when misled and exaggerated by shortsighted frenzy, can only lead to "extraordinary mis-

takes" and "sacrifice" (comments by Luo Haiquan, chief manager of the Western Sichuan Art Company). Among the public opinions preceding the biennial, *Art • Market* published exciting comments by entrepreneurs such as "buy out a great piece of history." History here can only be understood to refer to works that are considered by critics to be of historical significance. However, if they can be bought out, they cannot be of extraordinary historical significance. The only truth is that they can be bought out and be sold off the next moment, thus fashioning a new history of entrepreneurial art investment — this has a number of precedents in the Western and Japanese commercial and cultural contexts. The difference is that for business investment in developed countries, art collecting is one form of "financing" and "property investment," with explicit investment purposes. Their business model is of a longer term in comparison to that of Chinese companies. These foreign companies and wealthy people view art collecting capital as a regular item of expenditure. Even though their purpose is to make a profit, with the aid of art consultants, they are capable of detailed plans and strategies tailored to art history and art trends directed by the market. Take the collection of Higashiyama Kaii by Andomori Corporation, which amounts to around ¥2,260,000,000 with a period of investment running from 1990 to 2000. Once every decade, the corporation sells Higashiyama's works on the market for gradually increasing prices. The final aggregate sales reached ¥4,470,000,000. This relatively conservative Japanese investment model may be an inspiration for Chinese institutions and individuals who invest in art. Art investment relies on accurate art consultation services, and the collection and sale of artworks ought to be coordinated through systematic and standardized scientific administration, which requires not only financial clout but also patience and opportunities. Before an entire system for art investment takes off, the lack of space for a secondary market exchange and the lack of confidence make art a very risky investment. Relying solely on idealist impulses and individual taste, art investors will often be misled by erroneous art advice and fall victim to market speculation. In times like this, the art market is just like the stock market — chances to turn around are few and far between, and investors ought to exercise caution.

As we all know, the influence of art fairs is becoming increasingly significant for contemporary art and society, such as the French FIAC in Paris, the Spanish ARCO in Madrid, and international art expos in Hamburg, Frankfurt, Chicago, and Tokyo. These large-scale commercial expositions not only attract the participation of visitors and thousands of galleries, but also offer a snapshot of the contemporary art world by condensing hundreds of individual galleries from every corner of the world to one place in the span of a few days. Art critics are able to feel the pulse of the latest news and trends; buyers enjoy unprecedented opportunities and choices; and artists and art dealers enter the broad international market through more open-ended and direct communication. Perhaps for this very reason, the *First 1990s Biennial Art Fair* submitted the winning artworks to the Hong Kong Asian International Art Expo. However, from the perspective of art galleries, the nature of the art fair is really a trade show for "products." For the vast majority of galleries, the goal is not to sell works during the fair as much as to advertise themselves, to sign more artists, and to build a broader clientele, in order to win out in the competition against other galleries. Therefore, even though sales often total tens of millions of U.S. dollars, most galleries would be satisfied as long as they could earn their rent and, thus, break even. The *First 1990s Biennial Art Fair*, as the only participant from mainland China, did not submit a single work by an artist that is represented by an agent (they only had managerial authority over the twenty-seven awarded works). In terms of the business

nature of art expos, buyers from all over the world are only interested in collaborating with galleries that represent artists. The initial strategy of the biennial was at odds with the art fair model, and the biennial's short-term business cycle also had trouble when faced with the longer operative convention widely adopted among art fair patrons. In light of this, the hundreds of thousands of yuan spent on renting the space achieved few actual benefits, except for the lessons taught. Biennial organizers not only failed to pay back funds initially invested by corporations, but also fell short of publicizing, promoting, and pushing contemporary Chinese art into the international market. To a greater extent, the biennial reflected an anxiety shared among Chinese artists, critics, and investors toward being culturally and economically "effective" in a transitional period.

THE RELATIONSHIP BETWEEN ACADEMIC SCHOLARSHIP AND MANAGEMENT

The *First 1990s Biennial Art Fair* experimented with every step of market operations (e.g., financing, selection, marketing, advertising, law, tax, and insurance), which provided many valuable lessons and experiences for the development of the Chinese art market. One aspect of the biennial's failure lay in its disconnect from economic realities. Without a domestic base of collectors, organizers hastily bombarded collectors rather than approaching them step by step in a gradual manner. As a result, they lacked support for the later stages of their operations. The accompanying scholarly production was also too individualistic. Fan Di'an put it in an interesting way: the rules of Chinese chess are well-known, but there are two ways to play the game. One is to start from the very beginning, and the other is to scatter pieces across the board and play from wherever the pieces fall. In the latter case, the challengers only lose and never win — they can call it a draw at most. Fan believes that the operational model adopted in the Biennial was the latter rather than the former. In fact, the reason why the biennial did not include artists from important cities such as Beijing, Shanghai, and Guangzhou was because the jury had preexisting biases. Throughout the review and selection process, the final word in appointing the winners always rested with the chairperson. Even though the selection process to a certain extent incorporated the judgment of some critics, the end result remained the same, to a large degree nullifying the meaning of these critics' input. Such a result had a lot to do with the individualistic operations of the exhibition chairperson. Numerous problems surfaced after the exhibition. Disbursement of the award money and return of the artworks were expressly stipulated in the rules of the exhibition, but the sponsors and the curators refused to follow the rules and make good on their promises. Shui Tianzhong's resentment against the biennial's misuse of critics' suggestions is not entirely without merit.

The establishment of market mechanisms and corresponding regulations implies the ethical principles of equality, fairness, and disclosure. Ethics itself is a historical concept. The irrationality of barbarism and deceit lies in their opposition to the normal functioning of today's market.

The establishment of an art market is a serious undertaking, and unlike what some would like us to believe, is not premised upon the sacrifice and degradation of academic scholarship. How to negotiate the relationship between scholarship and business, and between criticism and operational administration, is an overarching question we must face in order to further the development of Chinese art.

In June 1993, the '93 *Art Critics Nomination Exhibition (Ink)* [*Meishu pipingjia, 93 niandu timing zhan (shuimo)*] was held at the National Art Gallery in Beijing. The exhibition adopted a new operational model from its conception to execution, and

made a renewed effort to sort out the relation between scholarship and business, and between criticism and operations. The '93 *Art Critics Nomination Exhibition (Ink)* emphasized long-term cultural impact, and possessed two unique characteristics:

1. TO PRESENT CREATIVE AND ACCOMPLISHED ARTISTS THROUGH COLLECTIVE CRITICISM

The invited critics consisted of eighteen influential domestic critics. Among them, a nominating committee was formed. The critics committee elected a chairperson, who, in turn, put together the final review committee. Members of the final review committee were also subject to a majority vote by the nominating committee. For the exhibition, critics first made individual recommendations and nominations. The entire nominating committee reviewed the submitted works, inclusive of both their visual and textual parts, and voted on each work. Any nomination receiving more than two-thirds of the critics' votes would pass, and would then be submitted to the final review committee. The final review committee then voted on the works, with the chairperson having two votes and the other two committee members having one vote each. The final review committee members enjoyed veto power on up to 20 percent of the nominated works. These rules were designed to guarantee the worthiness of the nomination, to avoid any personal favoritism, and to promote the impartiality of academic scholarship. With regard to this, Wang Lin said in his essay "The Market Myth and the Authority of Criticism" ("Shichang shenhua yu piping quanwei"): "Perhaps a single critic's viewpoint may be inaccurate, but the opinion shared by many critics merits attention. Maybe the selection in a certain year is mistaken, but the continuum observed across many years possesses its own accuracy. Instituting a mechanism for collective criticism facilitates the advantages of collectivity and establishes critical authority. To gain social recognition through objective criticism and selection is the normal conduit to historical critique. Collective criticism can not only influence societal opinion and set aesthetic trends, shortening the time it takes for the public to accept avant-garde art, but can also direct the market on a macro-level to induce a mutually beneficial relation between criticism and the market." Certainly, precautions are also in order against any possible abuse committed through collective criticism. First, the collective shall not devour the individual. Second, the individual shall not dominate in the name of the collective. Accordingly, when formulating regulations for activities, one needs to keep in mind a few guidelines: critics' critical activities will not be inhibited by the exhibition; all members of the nominating committee enjoy independent nominating rights and voting powers; the chairperson is to be elected by the nominating committee, and the final review committee is to be governed by the chairperson and voted upon by the nominating committee; the chairperson and the members of the final review committee are entitled to two and three votes each, and neither party shall have the sole power to determine the voting result, with the voting power leaning slightly toward the chairperson to some extent; the chairperson cannot be elected to two successive terms; the change in the number of the critics on the committee is to be decided by the committee as a whole; participating critics reserve the right to publicly report on and monitor activities.

2. IMPLEMENT THE PRINCIPLE OF SEPARATING SCHOLARLY ACTIVITIES AND COMMERCIAL ACTIVITIES, AND FORM THE OPERATIONAL MODEL OF "EARLY STAGE EXHIBITION FINANCING, MIDDLE STAGE SCHOLARLY PLANNING, LATE STAGE MARKET OPERATION"

Financing for the exhibition followed proposals arrived at by the critics as a group. The budget was put forth by the sponsors, who also solicited funding. Investors would not interfere with the scholarly components of the exhibition, and the critics group would stay out of business operations. Scholarly activities, such as nomination, selection, exhibition, and publication, were independently conducted by the critics with assistance from the sponsoring institution. The investors and the artists directly negotiated and agreed on the operating model and compensatory plans. In principle, artists and agents representing these artists were expected to take the exhibition expenses into consideration in negotiating deals with investors. At the end of the exhibition, the investors independently market the artworks. Since the exhibitions are held for particular genres and are limited in scale, steps may be taken gradually to expand the domestic market for art. Long-term market expansion may also be beneficial for investment opportunities provided that the buyers pay attention to the works' potential for appreciation in price.

The principle of separation between scholarly and business activities eliminates the investors' monopoly over the exhibition. It differs from both charitylike cultural patronage and the contamination of scholarship by money. Critics' compensation for their contribution to the exhibition activities, including royalties and attendance fees, is provided directly through the planned budget pursuant to the "Art Critics' Convention on Intellectual Property," and is not subject to interference from investors. Likewise, scholarly activities related to the exhibition are also funded through the planned budget, so as to guarantee academic independence and proper conduct. [Such procedures] can avoid the embarrassing outcome of the [Second] 1990s *Biennial Art Fair* in which "the academic conference and the opening ceremony were suddenly called off and participating critics were not invited back to attend the exhibition."

Admittedly, the rules, operation, and relevant laws for the critics' nomination exhibition still need to be improved, and its development is contingent upon domestic collectors. However, a progressive, serious, and fair operational model is obviously beneficial to the continual advancement of academic criticism, as well as the gradual establishment of the art market.

LAW, INVESTMENT, AND CULTURAL SPONSORSHIP

Under the conditions of a modern society, the proper functioning of a cultural and economic system necessitates relevant legal, tax, and insurance regulations. However, in China, art transactions are not governed under any legal framework; nor are there any taxation and insurance regulations controlling the art market. The ostensibly fledgling art market in our country and the corresponding market operations have in fact fallen into a lawless limbo. The taxation of artwork is not clearly stated in any special rules or regulations. The current practice has to make do with an elastic spectrum between the individual income tax at the rate of 20 percent and the tax rate for commodities at 60 percent. The tax on artwork in China is the highest in the world, while the starting point is set at the lowest. Foreign countries commonly maintain a low tax rate for artworks in order to encourage artistic creation. For instance, Hong Kong has a rate of 5 percent; European countries reduce the cost for housing by half for those who are identified as artists; the U.S.'s tax rate is slightly higher, but the price point at which it becomes

effective is higher as well; many countries allow artists to deduct raw material expenses, traveling costs related to fieldwork, and public relations expenses as reasonably related to the trade and business of art. German artists can deduct a relatively high amount, and therefore are very conscious of reporting taxes. All of this is beneficial to the development of their cultural enterprise. Accordingly, the introduction of laws and regulations on taxation and insurance with regard to the art and cultural market is among the critical steps toward the healthy and gradual progress of the Chinese art market.

The phrase "art market" has become widely used in China in recent years. In the past, art objects were seen as spiritual phenomena and were collected only by aficionados and collectors. Therefore, although collecting has been consistently practiced in China, it was after the rise of the market that artworks became publicly traded and exchanged like "commodities." Artworks are "spiritual phenomena" as much as they are "objects of value": the commercialization of art objects brings art collecting to a whole new level. In October 1992, the first auction sanctioned by government officials, the *Beijing International Auction (Beijing guoji paimai hui)*, was held in Beijing. Many of the rules set during this auction were trailblazing, such as the issuing of admission tickets for controlling the number of participants (to participate, one had to put up [the equivalent of] 15,000 Taiwan dollars), the quota set for different regions (among the 1,000 admissions tickets in total, Taiwan received 300, Hong Kong 200, and Europe 300), and certain items in the auction were neither publicly disclosed nor reproduced in the catalogue in advance. Because this auction was the first of its kind, and the organizing committee guaranteed the debut of seven ceramic items deemed to be at the level of "national treasures," the art world was elated by the prospect of the deregulation of the domestic market for art and antiques, as well as the fact that almost all high-quality fine art objects in China qualified as "cultural relics." However, unexpectedly, the Beijing authorities made an about-face and said "now is not the time," and the *Beijing International Auction* turned out to be a disappointment for expectant buyers. Allegedly, the government feared that the auctioning of cultural relics would be charged as "treason" and the "loss of precious cultural heritage." However, for a nation rich in culture such as China, the refusal to deregulate the art market and the absence of lenient yet rational policies and laws would only perpetuate the "black market" status for the Chinese art market. While not overt, private trading remains rampant. Furthermore, the flow of large quantities of cultural relics to overseas was exacerbated through smuggling. While these art objects are sold for a low price inside China, once they are smuggled across the border they fetch huge sums. The difference in price amounts to an enormous loss for our country. However, this situation also directly lowers the price of Chinese cultural objects overseas. How much of a loss? An antique dealer from New York, Ralph Chait, reports: "Fifteen years ago, a piece of Chinese Neolithic pottery would sell for twenty thousand to thirty thousand, or even more. But today, the same item goes for four thousand to six thousand." Masterworks of Chinese art are underpriced!

It seems that cutting off the flow of art objects would not work for the Chinese art market. That would only backfire. What should be cut off cannot be effectively cut off, and what we cannot afford to lose has been lost. The current policy in fact only protects smuggling, and will not facilitate the normal exchange of artworks.

In October 1992, the *First Auction of Calligraphy and Painting by Contemporary Chinese Masters (Shoujie dangdai Zhongguo mingjia zihua jingpin paimaihui)* was held at the birthplace of China's opening and reform, the southern city of Shenzhen. Mainland Chinese ink painting artists were featured in the auction, such as Lu Yanshao, Xie Zhiliu, Cui Zifan, Ya Ming, Deng Lin, Chang Jin, and Chen Xiangxun. The auction

was a hit, and the bidding was heated. The most heartening and unexpected aspect was that more than 95 percent of the artists whose works were sold were mainland Chinese artists. This undoubtedly brings hope and confidence to the growth of a mainland Chinese art market. However, the exchange and distribution of Chinese artworks continue to be plagued by the lack of internationally accepted rules and the lack of normal market discipline and transparency. Until problems such as counterfeiting and lack of [proven] provenance can be resolved, even Chinese investors will not buy the works by their compatriots, not to mention foreign buyers. Without a sense of economic security, the investment cannot retain its value, and appreciation is out of the question.

"Art investment" is a topic that has been discussed a lot lately. In foreign countries, art investment has become a means of business and profiting on its own, much like securities transactions, the stock market, and real estate. When it was introduced in China, it was seen as a new field of investment for recently prosperous companies and individuals along with the new activity of judging artwork in terms of its success in the marketplace. Art's status as a special commodity, as run through market mechanisms, naturally contributes to the popularization of art and brings it closer to people's lives. This is a normal and encouraging sign of social development, but "art investment" also contains a more profound significance. Commercial investment propels economic activity, and directly furthers social prosperity. Besides its commercial function, art is also a product of the human spirit. Once an artwork becomes a commodity, it comes out of the confines of the artist's studio and can be enjoyed by society at large. Commercialization is the most effective avenue for achieving this. Through market mechanisms, art can be disseminated to the public, realizing art's objective of popularization. On the other hand, however, if "investment" is misconstrued as an exclusive pursuit of profit and wealth, it necessarily gives rise to a mindset that is dominated by considerations of marketability and the hope for art to follow the market. The more profound spiritual meaning of "art investment" is to open another window into society and life, to accumulate spiritual wealth, and to perfect the measures and means of "cultural patronage." In some developed countries, while investing in art, companies and individuals also "sponsor art and culture" and devise tax breaks for such initiatives as beautifying the built environment. This is not directly related with investment, instead it has more to do with the existence of serious art that represents a nation's cultural identity. Otherwise, even if a country provides sufficient legal underpinnings for the trade, taxation, and insurance of artworks, even if a consumer base for art investment starts to form, and even if the domestic art market is compatible with international market protocols, the operational space of art and culture remains incomplete in that there is only "investment" and no "sponsorship." Art investment and art sponsorship, whether for companies or individuals, or society at large, are not mere embellishments for well-fed and well-clothed societies, but the healthy road toward elevating the quality of economic and material life through the spiritual space. We expect more professional market operations, agency institutions, and auction regulations. Only in such an art market can we recommend truly outstanding artworks to the people and to society, and to function competently within the totality of the cultural and artistic ecology and play the role of art advocates.

— Excerpted from a section titled "90 niandai Zhongguo meishu yu shichang" in a text originally published as "90 niandaichu yishu shichang xunli" ["Survey of the Art Market in the Early 1990s"] in *Jiushi niandai Zhongguo meishu 1990–1992 [1990s Chinese Art, 1990–1992]*, ed. Zhang Qing (Urumqi: Xinjiang Fine Arts and Photography Publishing House, 1996), 155–69. Translated by Kela Shang.