



sociology of the arts

# Art and the Challenge of Markets Volume 1

National Cultural Politics and the Challenges  
of Marketization and Globalization

EDITED BY  
VICTORIA D. ALEXANDER,  
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# Sociology of the Arts

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Victoria D. Alexander • Samuli Hägg  
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Editors

# Art and the Challenge of Markets Volume 1

National Cultural Politics and the  
Challenges of Marketization and  
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Sociology of the Arts

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# Preface

In common-sense thinking, *markets* have usually been understood as locations for the exchange of goods. Economists point out that at a more abstract level, markets can be defined as a special social space in which social agents (individuals, enterprises, communities) act in the roles of seller and buyer, and in which sellers' offers compete with each other for consumers' purchase decisions. Traditional social theory teaches that, in modern Western capitalism, these operations, that is, market competition and the buying and selling of goods, take place within a rational market order. Such market orders are ultimately guaranteed by the state, which controls economic life by means of its laws, policies, juridical norms, and courts of justice.

During recent decades, markets have expanded beyond economic sectors into areas of society which previously had not depended on markets. This occurred first in Western Europe and North America, and then spread across the world, for instance, to former Eastern Bloc nations after the collapse of different socialist experimentations. This process of *marketization* of society has primarily sprung from neoliberalist ideology. Neoliberalism has demanded that the entirety of society must, as far as possible, function in the same way as the private enterprise sector functioned in traditional capitalist and liberal democratic society. In the neoliberal model of society, the state must retreat from the production of goods and services and from the practice of entrepreneurship. Instead,

from a neoliberal perspective, the state should concentrate on the creation of a proper infrastructure and conditions of action for private economic agents.

Market-oriented politics have come to govern the sphere of culture. In the era of the classical welfare state (1945–80), art was, in many ways, under the protection of the state and was situated in the public sector. With the economic support offered by the state, art worlds could operate relatively autonomously with respect to the laws of markets. Since the 1980s and 1990s, however, art worlds have been exposed to market forces both in national societies and in world society. In this way, a great number of public institutions of art have been privatized, and those institutions that remained in the public sector are often required to follow the same operating principles as private enterprises. The latter phenomenon is usually called *managerialism*. Owing to changes such as marketization and managerialism, individual creators and arts institutions must consider the production and display of works as part of a larger commercial whole, considering sponsorship, market attractiveness, and ancillary products, along with (or in some cases, instead of) aesthetic excellence. In this respect, commercialism has become a characteristic feature of current art worlds. In more abstract terms, we can say that art's relative autonomy with respect to the capitalist economy has been reduced, and today, art is often seen as just one branch of an economy and as a source of economic growth. The popularity of conceptions such as “creative economy” and “creative industries” confirms this view.

Our book, in two volumes, demonstrates that the process of marketization has its limits. It has had a firm foothold in Anglo-American countries and in certain postsocialist countries, but several other countries have not carried it out on such a wide scale. The reasons for the resistance to marketization are both structural and normative. In several European countries, for example, in the Nordic countries, the size of the art markets is small and these markets are seen as unable to offer a basis for a well-functioning art world. The states and the public sector are, therefore, still central actors in Nordic art worlds. On the other hand, countries such as France and Germany have held that, in many respects, the creation or consumption of the arts is fundamentally incompatible with the laws of market capitalism. This conception suggests that the sphere of art



can best serve society by retaining its relatively autonomous position, and it rests on a belief that market forces might destroy the special good that a relatively autonomous sphere of art is able to offer.

The first volume of our book, *Art and the Challenge of Markets: National Cultural Politics and the Challenges of Marketization and Globalization*, explicates how European and North American national art worlds have adapted to the growing marketization and globalization of society, and traces changes in national cultural policies across a variety of countries. The volume also considers international and transnational art worlds. When dealing with the operation principles of international and transnational art worlds, the volume asks if the current process of globalization is undermining the traditional cultural hegemony of Western countries. Our book's second volume, *Art and the Challenge of Markets: From Commodification of Art to Artistic Critiques of Capitalism*, focuses on a number of theoretical themes that the turn in question has made topical. The authors of these volumes stand for different academic disciplines (sociology, political science, philosophy, cultural studies, and art studies). They do not share a common theoretical and political background, but they agree on the fact that marketization and managerialism have been important and, in part, underexplored trends in art worlds since the 1980s and 1990s.

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We are grateful for the support of many institutions and individuals who have contributed to this book. Simo Häyrynen and Erkki Sevänen conducted a project, “How Art Worlds Have Reacted to the Market-Based or Neoliberal Turn in Social and Cultural Policy Since the 1980s,” from 2011 to 2014, with a grant from the Academy of Finland (project number 139049). This project’s funding has also gone into some preparation of this book. We would like to thank Gregory Watson, who served as a language consultant at the University of Eastern Finland, as well as the production team at Palgrave, including the commissioning editor Sharla Plant, our editorial assistant Jack Redden and project manager Britta Ramaraj. We are delighted that our volumes will appear in Palgrave’s “Sociology of Art Series,” and appreciate the efforts of the series editors, particularly Katherine Appleford and Dave O’Brien, along with Anna Goulding, David Inglis, and Mark Taylor. The editors also wish to thank each of the chapter authors for their contributions. They are all internationally known experts in their field and we are grateful that they took the time to contribute to this endeavor.

While the preparation of this book was in process, the author of Chap. 2, Vera L. Zolberg, passed away. Vera was an eminent scholar and a marvelous colleague, who was always warm, attentive, and sagacious. Her intellectual contributions to the sociology of art, as well as to the sociology of culture and the sociology of collective memory, are many and important.

**xii      Acknowledgments**

She was an arts sociologist well before it was fashionable, and indeed her work was instrumental in establishing the field, defining its parameters, and situating the work of art as a legitimate object of sociological inquiry. She died peacefully in November 2016, surrounded by family and friends, after a battle with cancer. We shall miss her.

June 9, 2017  
London (UK) and Joensuu (Finland)

Victoria D. Alexander  
Samuli Hägg,  
Simo Häyrynen, and  
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# Part 1

## Introduction

# 1

## Varieties of National Cultural Politics and Art Worlds in an Era of Increasing Marketization and Globalization

Erkki Sevänen and Simo Häyrynen

### Introduction

This book, in two volumes, considers contemporary capitalism from the standpoint of national cultural politics and art worlds. *Cultural politics* is used here as a broad concept, in a way that distinguishes it from the concept *cultural policy*. Usually, the latter refers to the decisions and practices of public cultural administration or, more narrowly, of public art administration, whereas the former is based on the thought that different sub-sectors of political action and decision-making might have cultural implications and consequences. This thought is true, for example, of economic policy, educational policy, media policy, innovation policy, research policy, and technological policy. Besides cultural policy, all of these sub-sectors can shape art worlds' habits of action and structures. Thus, *cultural*

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*politics* refers to the entirety of political action and decision-making that is relevant from the standpoint of art worlds. Our book aims to take this entirety into account, although it also more narrowly deals with cultural policy, that is, with the activities of public art administration. When doing so, we are aware that, in practice, the boundary between cultural politics and cultural policy is usually vague, since cultural administrations or art administrations often adopt—and they have to adopt—points of view, value principles, and ways of operation from other subareas of political action and decision-making.

As for the concept *contemporary capitalism*, it was at the turn of the 1970s and 1980s that the era of “organized” or “social” capitalism, as well as “the Keynesian national welfare state” and its cultural politics, began to come to an end in Western Europe and North America. In social sciences, the ensuing decades have often been called *an era of deregulation or neoliberalist politics*. Expressions like these point to the way in which the economic and political regulation mechanisms and social security arrangements built after the Great Depression in the early 1930s and, in particular, after the Second World War, have been attenuated or suppressed from the 1980s on; and, conversely, how Western European and North American societies have been opened up to market forces on a more global scale. These societies have, thereby, been ruled by a politics that attempts to treat the whole of society and the rest of the world as capitalist markets. Hence, if certain Western European countries, for example, France, Italy, and Germany, as well as the Nordic countries (Denmark, Finland, Iceland, Norway, and Sweden), were formerly state-centric and corporatist capitalist societies, now they have, to a varying degree, changed toward market-based competitive societies.

In “traditional market-liberal” countries such as Canada, Great Britain, Ireland, and the United States, this shift toward a market-based competitive society and neoliberalist politics has perhaps not been equally sharp as in the above-mentioned countries, for economic liberalism was already formerly an important cornerstone in the structure of Anglo-Saxon societies, above all, of the United States. At any rate, they have changed into more market-orientated societies as well, and, within Europe and Northern America, it was precisely Great Britain and the United States that first began to widely practice neoliberalist politics during the right-

winged regimes of Prime Minister Margaret Thatcher (1979–90) and President Ronald Reagan (1981–89). To be sure, before these two regimes, neoliberalist politics was carried out by force in Chile and Argentina in the 1970s and 1980s. David Harvey (2005) points out that, actually, Chile and Argentina were, at that time, testing grounds for neoliberalist ideas.

After the collapse of Eastern European state socialism and comparable experimentations in traditional “underdeveloped” countries, nearly all of the individual countries have, since the 1990s, been parts of this new political–economic world order or global capitalism. It is only countries such as Cuba and North Korea that still attempt to stay outside it—at a price that, when acting in this way, at least North Korea has had to reject the principles of political democracy and human rights. Through this, capitalist economics, which was originally a European invention, seems to have victoriously spread throughout the world.

In the first instance, the contemporary political and economic world order has followed the rules of market capitalism or a free market economy. Besides American and British governments, certain powerful supranational organizations have maintained these rules globally. *Resilient Liberalism in Europe’s Political Economy* (2013), a collection of articles edited by Vivien Ann Schmidt and Mark Thatcher, presents an overview of these sort of organizations, which include the Organization for Economic Co-operation and Development (OECD), International Monetary Fund (IMF), World Bank (WB), and World Trade Organization (WTO), and recent meetings of the world’s economic leaders (Schmidt and Woll 2013, 130–32). Likewise, the states belonging to the European Union (EU) form an area that is based on the free movement of capital, labor forces, services, and commodities. Within the EU, institutions such as the European Commission (EC), European Central Bank (ECB), and the Economic and Monetary Union of the European Union (EMU) have committed themselves to neoliberalist politics (Thatcher and Schmidt 2013, 418–21). Thus, all of the organizations mentioned here have been protectors of market capitalism or a free market economy in the world or in certain of its subregions.

The shift toward a free market economy is not the only significant transformation in the nature of contemporary capitalism. At the same

time, capitalism's internal power structure has undergone a radical change. If "rational capitalism" emerged in Europe from the fifteenth century on in the form of farming and trading capitalism, and if industrial capitalism displaced this economic formation from the turn of the eighteenth and nineteenth centuries on, then we have now come to the era that is dominated by finance capitalism, that is, by powerful banks and finance companies. Banks and finance companies such as these function on a global scale, and by means of an advanced digital technology, they are capable of rapidly transferring huge sums of money from one continent to another continent and, through this, also of fundamentally changing ordinary people's conditions of living.

To date, scholars of art have not systematically described in which ways national cultural politics and art worlds in Europe and North America have moved from the protection of the traditional welfare state or state socialism to the contemporary situation in which market competition and the impacts of a global capitalist economy increasingly shape the entirety of our societal-cultural reality. Have these national cultural politics and art worlds now merged with a capitalist economy, "creative industries," and commercial entertainment culture, as cultural theorists such as Jean Baudrillard (1983, 1997) and Jeremy Rifkin (2000), some decades ago, predicted? Or, do we rather live now in an era when they are being replaced by global cultural flows and by expanding international or transnational art worlds, as the most eager theorists of globalization have presumed?

The first volume of this book addresses these questions by describing how the transition from traditional welfare state or state socialist cultural politics and art worlds to contemporary cultural politics and art worlds was realized in different national societies in Europe and North America. Likewise, it pays attention to the fact that, since the 1980s, international or transnational art worlds have strengthened their position in comparison with national art worlds. This implies that this book regards concepts such as *national society*, *national systems of art*, and *national art worlds* as legitimate tools in an analysis concerning contemporary societal-cultural reality. Thus, the book does not stand for a position that finds them obsolete. The most well-known representative of a position like this is perhaps Niklas Luhmann, who has held that it is chiefly only *world society* and its subconcepts that form adequate tools in descriptions of modern and contemporary society.



## National Societies and World Society

Luhmann differs from sociologists such as Zygmunt Bauman (1992), Ulrich Beck (1997), and Richard Münch (1998), who have tended to speak about globalization and world society chiefly in relation to the contemporary phase of societal development. Their way of conceptualizing current societal changes offers us a picture in which national societies have lost a great deal of their economic, political, and cultural sovereignty since the 1990s. And correspondingly, in the areas of economy, politics, science, education, art, sports, and mass communication, there have, according to this picture, emerged collective agents and webs which act on a worldwide scale, constituting in this way a world society. Due to this, in the contemporary phase of societal development or in “global modernity,” nation-states and national societies would no longer be such important agents as in “classical modernity,” which, roughly speaking, lasted from the latter half of the eighteenth century to the 1960s and 1970s.

Luhmann does not speak about world society quite in this way. His manner of using the concept at issue recalls Immanuel Wallerstein, even if the latter one is known as a Marxist theorist, whereas Luhmann has been seen as a politically conservative sociologist. Yet, both of them have argued for the view that *the modern world system* or world society already began to emerge at the turn of the fifteenth and sixteenth centuries. Wallerstein (2000, 250) regards as its point of departure the late fifteenth century, when Europeans became increasingly aware of other continents and started to exploit their natural and human resources. During the next century, European states, then, launched their colonial conquests of and expansion into other continents. Portugal, Spain, the Netherlands, France, and England led this expansion, and, in a warlike manner, they competed with each other for the possession of these overseas areas. In Wallerstein’s theory, there has, thereby, for 500 years, been a modern world system in which Western states have formed a dominating centrum of power and forced the other continents to adapt themselves to a global division of labor imposed upon them by the Western world. This modern world system has, Wallerstein emphasizes, also been capitalist by nature, as Western countries have utilized and exploited other continents’ resources as a means in economic surplus value production.

Partly in a similar vein, Luhmann starts his description of the birth of world society from the end of the Middle Ages, when Europeans “discovered” the other continents and began to interact with them. Gradually, an interaction such as this deepened and enlarged, and led to the formation of world society. In Europe, this process originally took place in the lap of the aristocratic estate society, which fell into decay by the eighteenth century. At a structural level, the primary hallmark of this aristocratic estate society was stratified differentiation: this society was divided into various estate groups, each of which had its own position in society’s status hierarchy. In the latter half of the eighteenth century, the aristocratic estate society was replaced by modern society, which has been based on *functional differentiation*; that is, modern society has been divided into functional subsystems (economy, politics, law, science, education, art, mass communication, sports, religion, private sphere) that are relatively autonomous with regard to each other. Each of these subsystems has had a specific function in society and its own principles of operation that have differentiated it from other subsystems (Luhmann 1997, 24–25, 30–35). Unlike Wallerstein, Luhmann does not, however, explain the emergence of world society only by economic factors. In addition, he takes into account the introduction of modern printing technology and mass media, for they have made possible a shift from local communicative networks to wider and wider networks; this development has, in part, also accelerated economic globalization.

Perhaps the most astonishing dimension in Luhmann’s theory is his rejection of the concept of national society. He does not state that the concept of national society has lost its credibility as a result of the current wave of globalization. Instead, his stand is more radical, since he suggests that, under conditions of modernity, there can hardly be any national or regional societal systems. Only political administrations and legal systems have clung to national or regional boundaries, while other functional subsystems have functioned as parts of world society since the beginning of modernity (Luhmann 1997, 166–68). Accordingly, it would be theoretically correct to speak about different national political–administrative systems and different national legal systems, but to talk about different national economic systems and different national systems of art would be inadequate (See, also, Sevänen 2001, 85–87; 2008, 50–80).

Wallerstein and Luhmann have presented good grounds for their statement that modernity has inherently been global. Hence, one can say that the contemporary phase of history has just made the process of globalization more and more concrete and intensive, but it did not start it. On the other hand, Luhmann's concept of system threatens to make a comparative study between different national economic systems or between different national systems of art practically impossible. As a critique of his theory, it is better to think that under conditions of modernity, national or regional societal systems have usually been relatively open formations that have been interwoven with comparable international or transnational systems. In this alternative way of thinking, it is theoretically legitimate to speak about the American, Austrian, British, Estonian and Swiss systems of art and to think that they are national social formations that, to a varying degree, participate in the functioning of international or transnational systems of art.

The latter aspect manifests itself widely in American and British systems of art, which have had a firm position in international or transnational art worlds. Austria and Switzerland cannot compare with them on a wide area, but in the area of classical concert music, Austria definitely belongs to the centers of the international world of music, and Switzerland is a commercial center of the international world of visual art, design and luxury goods. On the other hand, Estonian artists and art institutions have a marginal position in international art worlds. The concept of national art world or national system of art is theoretically acceptable also for the reason that national legal and political-administrative systems have regulated the functioning of modern institutions of art within corresponding national societies. Nationally distinctive and relatively stable systems of art have, in part, been constituted just by a regulation like this.

## Varieties of Contemporary Capitalism

In order to be able to explain to what extent cultural politics and art worlds in Europe and North America have carried out market-based ways of action, we must first consider how widely European and North American societies have, at a general level, adopted neoliberalist dogmas.

Originally, the proponents of the neoliberalist politics endeavored to justify the contemporary phase of capitalism by explaining it as a necessary phase in societal development. According to them, for several reasons, the traditional Keynesian or Western welfare state came to its natural end in the 1970s and 1980s: it proved, among other things, to be too expensive, and, at the same time, these proponents regarded it as ineffective. In relation to the latter point, they meant that most of the goods and services that were formerly produced by the states can best be established by means of free competition between private enterprises.

Friedrich von Hayek (2005), the founding father of neoliberalist economic thinking, laid great stress on this point. He believed that a centralist-planned economy of any kind would necessarily lead to the waste of resources, because it could not take into account all of the information that is relevant in economic decision-making. Consequently, in the neoliberal model of society, commercial enterprises, and not the states, are, first and foremost, responsible for the production of goods and services in society. Hence, both global society and national societies must largely be organized in the same way that the private sector has been organized under capitalism. Thus, the neoliberal model has demanded *a marketization* of societies. However, unlike the laissez-faire liberalism of the nineteenth century, usually the proponents of neoliberalism have not been against all kinds of public regulation directed toward economics. To be sure, there is, among these proponents, a group of anarcho-capitalists or hyper-neoliberalists who would like to minimize the role of the state or even to abolish the state. In contrast to this minority group, neoliberalism's main stream has spoken for the strong state, for, according to this doctrine, it is the duty of the state to create and maintain the legal rules that guarantee a rational market order. The state must, thereby, control the behavior of economic actors and punish those actors that, for example, by creating cartels do not respect the principles of free market competition (Schmidt and Thatcher 2013b, 3–7).

After having seen the rise of the Polish Solidarity Movement in the 1980s, as well as the gradual decline of the Soviet Union and, more generally, the Eastern European state socialism, Social Democratic parties in Western Europe also adopted the notion that there is no real alternative to capitalism. This is why neoliberalism, which has, since the turn of the

1980s and 1990s, been the dominant economic and political strategy and ideology in the world, has not only been realized by right-winged (Margaret Thatcher, in Great Britain; Ronald Reagan, in the United States) and liberal democratic (Bill Clinton and Barack Obama, in the United States) politicians. Leftist politicians, such as Francois Mitterand and Lionel Jospin, in France; Tony Blair and Gordon Brown, in Great Britain; and Gerhard Schröder, in Germany, have promoted it as well. In addition, in the 1990s, former socialist states in Europe usually began to carry it out in a straightforward and orthodox way—with the result that, in that decade, they, especially, Estonia and Latvia, formed the most neo-liberal or market-based area in Europe (Hay and Smith 2013, 294–96; Schnyder and Jackson 2013, 330–31; Gualmini and Schmidt 2013, 363–67).

Yet, in spite of capitalism's and neoliberalism's worldwide dominance, there are striking differences between individual capitalist economies or between national capitalist societies. To be sure, social theorists do not agree on how the variety of capitalism should be categorized or what sorts of capitalism exist today. In *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage* (2001), edited by Peter A. Hall and David Soskice, the editors, as well as the authors of the articles, speak about two types of contemporary capitalism: *a liberal market economy* and *a coordinated market economy*. According to this classical book, the coordination of economic activities takes places differently in them.

A liberal market economy prevails in Anglo-Saxon countries such as Australia, Canada, Great Britain, Ireland, New Zealand, and, above all, the United States. The markets have, in this type, a decisive role in the coordination of economic activities, whereas the role of the external regulation that is directed toward economic activities has been minimized. Thus, this type is based on the belief that capitalist markets can, within established legislation, largely form a self-regulating and self-correcting system in which economic actors have to adjust themselves (Table 1.1).

A coordinated market economy prevails in Austria, Belgium, Germany, the Netherlands, the Nordic countries, Switzerland, Japan, South Korea, and Taiwan. In this type, the coordination of economic activities is dealt with by social actors. In Germany, for example, such coordination has taken place in the industrial sector; in the Nordic countries, the state and

**Table 1.1** Three types of contemporary capitalism and their political backgrounds, with representatives of these types

	Liberal market capitalism	Coordinated market capitalism or managed capitalism	State capitalism or state-led capitalism
Liberal democratic political system	Australia, Canada, Great Britain, Ireland, New Zealand, the United States, Estonia, Lithuania, Latvia, Poland, Russia of the 1990s, Latin American countries in the 1990s	Austria, Belgium, Czech Republic, Denmark, Finland, Germany, Iceland, the Netherlands, Norway, Slovenia, Sweden, Switzerland, Japan, South Korea, Taiwan	France, Italy (?), and India. Since the beginning of the twenty-first century, also Argentina, Brazil, Uruguay, and Venezuela
Semi-democratic or semi-authoritarian political system	Hong Kong		Singapore, and since the beginning of the twenty-first century, also Bulgaria, Hungary, Romania, Russia, and Turkey
Authoritarian political system Dictatorship	Chile 1973–90 Argentina 1976–83		China

Sources: Crouch (2005), Ebenau and Liberatore (2013), Gilpin (2001), 304–40. Hall and Soskice (2001), Hucka et al. (2016), Jackson and Deeg (2006), Jessop (2002), Kashara (2013), Lechevalier (2014), Schmidt (2002), Schmidt and Thatcher (2013a)

economic–political interest groups have been important agents in the coordination of economic activities; and in Japan and South Korea, the state and the conglomerates of banks and industry have, in this respect, played a major role. However, Sébastien Lechevalier (2014, 79–85) remarks that, since the 1990s, the coordinating role of banks and industry has been on the decrease in Japan, and, conversely, governmental innovation policy and a cooperation between companies and universities have created new forms of coordination in the Japanese economy.