



The Subsidized Muse: Government and the Arts in Western Europe and the United States

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Abstract. Using the neo-classical justifications for government support of the arts that Dick Netzer discussed in *The Subsidized Muse* as a starting point, the article contends that market failure is not an useful concept to understand and explain cultural policies and the degree of government involvement, particularly when viewed from a comparative perspective. The basic fault is that historical-institutional arrangements and the role of non-state actors in the formation of cultural policies are not taken into account. Discussing some aspects of the institutional framework in the development of French, Swedish and U.S. cultural policies, the article concludes with a call for the use of neo-institutionalist perspectives in analyzing government intervention in the arts field.

Key words: cultural policy, neo-institutionalism, market failure, cross-national research, welfare state

1. Introduction

While continental European countries, in particular, have provided substantial support for the arts and culture for a number of centuries, the development of explicit and clearly defined cultural policies is a relatively recent phenomenon. The nation that took the lead in the inauguration of a specific cultural policy was France, where the Ministry of Culture was founded in 1959 (Wangermée, 1991, p. 57). Shortly thereafter, the National Endowment for the Arts (NEA) was established in the United States (1965); in the same year, the first junior Minister with special responsibility for cultural policy was appointed in Great Britain (Ridley, 1987, p. 229); and a Ministry of Culture, Recreation and Social Work was established in the Netherlands (Dutch Ministry, 1994, p. 53).

When *The Subsidized Muse* was published in 1978, Dick Netzer thus looked back to what essentially were the first two decades of the new field of cultural policy. And it had been two quite successful decades: In almost every country in the Western world, public support for the arts had increased significantly since the post-war period, and arts and culture had become a more or less accepted field of public policy. Netzer's remarkable study was also the first explicit policy analysis

of this new arena of public policy. According to Thomas Dye's (1976) definition, "policy analysis is finding out what governments do, why they do it, and what difference it makes". Indeed, Netzer did just that by discussing patterns of public support as well as direct subsidy programs ("what"), making the case for state support ("why"), and analyzing the effects of public support on the arts ("what difference does it make").

For the purposes of this article, we are especially interested in the second issue, i.e., the rationales underlying public support for the arts and culture. Why are governments in the United States and elsewhere engaged in subsidizing the muse? Before further proceeding, we want to be very clear about two points: First, we use Dick Netzer's overview of justifications for government support of the arts as a starting point for our reflections on the development of cultural policies; thus we do not aim at reviewing or even evaluating *The Subsidized Muse*. Second, while Dick Netzer's path-breaking study examined the United States case, we take a cross-national perspective.

2. Justifying Government Support: Market Failure and Welfare State Policies

To answer the question, "on what ground government should intervene" (Netzer, 1978, p. 13), Netzer referred to the classic market failure arguments as well as to basic issues of social and cultural equality, which were features of the so-called "welfare state doctrine" in the 1960s and 1970s. Of these two alternative strands of rationales that Netzer discussed, market failure arguments have clearly come to dominate the debate in cultural economics and neighboring disciplines. As a consequence, concerning the arts and culture, public policy research has almost exclusively focused on the role of government. With market failure as a convincing and also convenient rationale for government intervention in the arts and culture, the extent of public support and the ways in which governments are subsidizing the muse became a major focus of research, especially cross-national research. With the ascent of the state-centered research paradigm focusing exclusively on government funding, an in-depth analysis of the role of other forces and actors in the emergence and formulation of cultural policies has therefore by and large not taken place. While market failure justifies government support for the arts, it does not explain when, on whose behalf (other than for the arts' sake), and to what extent governments actually do intervene.

The second strand of justifications for state involvement that Netzer discussed relates to issues of equality and democratization of the arts. Insofar as we conceive of cultural policy as a component of welfare state policies, differences in cultural policies are related to variations in welfare state regimes, which helps account for cross-national variations (Zimmer and Toepler, 1996). According to this approach, the discovery of arts and culture as a specific policy arena was closely connected to the expansion of the welfare state. The breakthrough of this new policy field took

place during the heyday of the social-democratic doctrine with its emphasis on equity and egalitarianism. Step by step, the field of cultural policies was integrated into the spectrum of social policies and educational reform. The growth rate of public funding for the arts and culture may serve as an indicator for the growing acceptance of this new policy arena in the 1960s and 1970s. While the budget of the Ministry of Culture in the Netherlands increased rapidly (Fenger, 1987, p. 128), public support for the arts and culture grew by about ten percent annually in Sweden (Zimmer and Toepler, 1996, p. 178), funding of the National Endowment for the Arts multiplied more than eight times (Heilbrun and Gray, 1993, p. 252), and the budget of the French Ministry of Culture expanded sevenfold (Wangermée, 1991, p. 97) in the 1970s. By the end of the decade, public funding for the arts and culture had indeed developed into an integral part of overall welfare state policies, at least in Western Europe.

Today, public policy and in particular the concept of the welfare state with its focus on “big government” is in a severe crisis. Worldwide, governments are short of funds to support encompassing policies; and, as in most other policy fields, government support for the arts and culture is deeply affected by the crisis of the welfare state concept. In addition, due to the fact that the egalitarian approach no longer harmonizes with the complexity and heterogeneity of post-modern societies, the social-democratic doctrine has begun to lose its legitimacy. While the focus on equality has been the driving force of cultural policy in the 1970s, social and cultural egalitarianism has largely been discarded as a primary rationale for government support for the arts and culture in the 1990s. The welfare state approach applied to cultural policies does help to account for the growth of the field from the 1960s to the 1980s – reflecting the *zeitgeist* of the time – but it provides only limited guidance to the understanding of cultural policy developments beyond this period.

With the obvious shortcomings of the market failure approach and a rationale that is closely related to the “welfare state doctrine”, it might perhaps be time to search for alternative analytical concepts in order to understand the driving forces of government’s engagement in the arena of the arts and culture, thus analyzing how cultural policies are shaped cross-nationally. In our view, a promising avenue to address these questions is a neo-institutionalist perspective. Whereas rationales for government intervention that are based on neo-classical equilibrium economics are essentially ahistorical and fail to account for the embeddedness of specific policies, neo-institutionalists view public policy to be shaped, mediated and channeled by the history and public policy tradition of any given country. While North (1990) has shown that institutions matter in economic development, we argue likewise that tradition and more specifically path-dependency matter with respect to cultural policy. In most continental European countries, support for the production and consumption of the arts and culture is deeply rooted in the history of the nations. From this vantage point, government support for the arts and culture today is not the result of market failures, but of former policies. In addition, we argue that changes

of cultural policies in any country are deeply path-dependent leaving therefore only little room for variation.

3. Cultural Policies in France, the United States and Sweden

We turn now to a closer look at the historical roots and the institutional embeddedness of cultural policy of three selected countries: France, Sweden and the United States. We chose these countries, because they represent three distinct cultures of policy formation and implementation, with each policy regime being deeply embedded in the history and power structure of the country. While France provides a textbook example of a public policy approach that is dominated by the state bureaucracy, the United States serves as a prime example of a country in which a variety of private actors play a very significant role in the policy process. Finally, Sweden stands out for its high degree of corporatism. In this country, public policy formation as well as implementation is achieved as a joint venture through an ongoing consultation process between corporate actors in particular parties, trade unions and associations. We do not provide comprehensive and nuanced case studies of cultural policy and politics of these countries; rather, we attempt to characterize the more salient differences in style, structure and strategy of cultural policy formation and implementation in order to highlight the specific institutional arrangements of these countries that are often not taken into account.

3.1. THE BUREAUCRATIC TOP-DOWN APPROACH OF CULTURAL POLICY IN FRANCE

A strong tradition of bureaucratization, centralization or, more specifically, “*parisization*” is a very explicit feature of public policy in France. During the 16th and 17th centuries, French reformers such as Descartes and Richelieu took a very rationalistic approach to public policy. According to Huntington (1968), the “differentiation of functions and centralization of power” provides the clue for the understanding of public policy formation and implementation in France. In order to differentiate the various functions of the maturing modern state, an encompassing bureaucracy was set up in the capital of Paris. Paris becoming the center of political, economic and intellectual life deprived not only the French provinces, but also traditional intermediary societal organizations and institutions, such as the guilds, of any political power. Even in the aftermath of the French revolution, bureaucratization and centralization intensified because the Jacobin tradition considered regionalist aspirations as well as intermediary bodies as reactionary and hostile towards the state. Paris therefore gained an exceptional influence attracting the élite by providing career possibilities in the state bureaucracy.

This top-down approach with the bureaucracy being the driving force of policy affects every aspect of public life including the economy in France. While during the *Ancien Régime* the state-bureaucracy became the most important en-

trepreneur under the doctrine of mercantilism, in the Fifth Republic the French government launched an ambitious and very successful program of “*planification*” or centralized economic planning. French cultural policy corresponds nicely with this top-down approach and pattern of centralized planning and is vested almost exclusively in the hands of the cultural bureaucracy in Paris.

Traditionally, the state, and more specifically Paris, play an important role in the artistic and cultural life of France. Support of writers and artists can be traced back to the *Ancien Régime*, as can the creation and public funding of such institutions as the Comédie Française founded in 1680 or the Royal Music Academy, which was to become the Paris Opera House (Andraut and Dressayre, 1987, p. 18). During the revolutionary period, the first museums were created by the state. In 1793, the Louvre, the city-palace of the French monarchy was turned into the “Museum of the Republic”, and some *dependances*, or satellites, of the Louvre were established in the provinces to be used as places where the “excess” holdings of the Louvre could be stored.

Today France is among the very few countries in the world where a dedicated centralized Ministry of Culture (with 16,000 employees) is exclusively focusing on the arts and culture. Most museums and art galleries are either directly run by the Ministry or by local state authorities, which are designated out-posts of the Ministry of Culture and therefore highly dependent on its directives. The most prestigious French theater companies including the Comédie Française are also under the control of the Ministry forming the so-called state theater sector. French governments have always been very generous supporters of the arts and culture. Founded in 1959, the Ministry of Culture’s budget increased sevenfold by the late 1980s when France surpassed all other European countries in terms of government spending for cultural policy (Wangermée, 1991, p. 57). On the other hand, private patronage and, especially, sponsoring by the business community were actively discouraged until the 1980s, and are therefore still almost non-existent (Essig and de la Taille Rivero, 1993; Marc Nicolas in van Hemel and van der Wielen, 1997).

There is a specific rationale underlying the generous government funding of the arts and culture in France that is closely related to the historic development of the country, and more specifically to its legacy of absolutism. Due to the building mania of the former French kings, the majority of French cultural institutions have in technical terms always been public entities and therefore have had to be financed by public monies from the very beginning. Under a more structural and strategic perspective, French cultural policy and government funding for the arts and culture has, however, also served as a very sophisticated tool to express the grandeur of the French nation. Versailles is a prime example of this strategy of providing the world a showcase of the power of the French King and the superiority of the French nation. As in many other countries in continental Europe, government support for the arts has always been highly politicized in France, thus serving as a medium to express the grandeur and superiority of “French Culture”, which under the *Ancien Régime* had already developed into a synonym of statehood or nationhood. In con-

trast to many Western European countries, however, this rationale for the support of the arts and culture – to express the grandeur of the nation-state – has never been changed dramatically in France. Particularly from a comparative point of view, there is a striking continuity of French cultural policy from the times of Louis XIV until today. The reasons for this continuity are twofold: First, the administrative structure of the country as a highly centralized state does not provide countervailing powers such as independent regional states or powerful local governments. Therefore, beginning with the *Ancien Régime*, French cultural policy followed guidelines and directives developed by the Paris bureaucracy. Second, the French bourgeoisie or upper middle-class does not support an anti-state or anti-government attitude. As already mentioned, the government has traditionally played a quite significant role in the economic development of the country. State ownership of major companies has always been a characteristic feature of the French economy. Managers in France are therefore not primarily entrepreneurs, but very often Grand Ecole trained bureaucrats.

Very much in accordance with the historical legacy of the country, the panel of European experts evaluating French cultural policy in 1991 came to the conclusion that the driving force of French cultural policy is either the Minister of Culture or the President himself depending on the personality of the office-holder (Wangermée, 1991, p. 43). French Presidents are generally in favor of large-scale endeavors, such as the Centre Pompidou or the *Grands Travaux* of the 1980s, thus in harmony with the tradition of absolutism trying to associate their names with prestigious projects that are most likely realized in the capital of Paris.

In sum, the specific features of the style, structure and intent of French cultural policy can be summarized as follows:

1. Since the *Ancien Régime*, cultural policy has always been highly operationalized for the sake of underlying purposes, stressing the importance and grandeur of the French nation, thus using the term “culture” as a synonym of nationhood as well as of a specific expression of statehood;
2. Due to this historical legacy, the government and its centralized state-bureaucracy have played a dominant role particularly in the production of high culture, resulting in high levels of public spending for the arts and culture. However, cultural production and consumption are concentrated in Paris leaving little room for artistic development in the provinces;
3. With almost no interference from the business community or other societal actors, the powerful bureaucracy of the Ministry of Culture is responsible for agenda setting as well as for implementation of cultural policy.

3.2. THE CORPORATIST APPROACH OF CULTURAL POLICY IN SWEDEN¹

A strong emphasis on consultation and the integration of various societal groups and actors as well as a tradition of arm's length bureaucracy and decentralization are the specific features of public policy in Sweden. In comparative political science research, Sweden ranks high with respect to its degree of corporatism. This means that corporate actors such as trade unions, professional and business associations, umbrella organizations of nonprofit organizations, and, of course, the political parties play a very significant role in the process of policy formulation as well as implementation in Sweden. In contrast to France, the central bureaucracy in Stockholm is therefore comparatively limited in size and manpower, while the public sector counts among the most important employers at the local level. There is a long tradition of self-government by local communities, which are very important with respect to public policy implementation as well as government spending. Finally, Sweden is the country where the social-democratic doctrine was not only created, but where it has until recently most strongly been in force. In contrast to France, continuity and the legacy of history do not have a significant impact on Swedish public policy today. Indeed, the actual pattern of public policy formation and implementation dates back to the 1930s, when the Swedish Social Democratic Party came to power and the trade unions and the business community agreed on a very specific form of organized capitalism by signing the famous agreement of Saltsjobaden.

Nevertheless, some traits of history and tradition remain in Swedish support for the arts and culture. The establishment of the major high-culture institutions situated in Stockholm dates back to the era of Swedish absolutism. As early as the 17th century, a government office for the maintenance of archives and the care of cultural monuments was established in Stockholm. In the following century, the Crown founded many cultural institutions, including the opera (1771), the theater (1788), and the national museum (1792). All of those endeavors primarily served the sophisticated taste of the nobility (Swedish Ministry, 1990, pp. 69–71; Kleberg, 1987, p. 175).

In the late 19th century, however, the emerging “popular movements”, including the labor, temperance and nonconformist movements, “internally developed their own cultural traditions . . . putting early emphasis on music and singing” (Blomkvist, 1982) and “contributed to new political ideas as well as supporting popular education and fine arts for the population” (Kangas and Onsér-Franzén, 1996, p. 18). Particularly at the local level, a variety of voluntary associations, such as adult education organizations, amateur theaters, traditional folk music and dance groups and amateur choirs, gradually emerged. Those groups and organizations were closely affiliated either with the parties, in particular the Social-Democratic party, the trade unions or the state church, thus forming specific cultural and ideological milieus. In line with the late modernization and industrialization of the country, these voluntary associations were gaining importance in the local com-

munities in the 1920s and 1930s (Myerscough, 1990, pp. 128–132). Under the influence of the social democratic doctrine with its emphasis on equity, they eventually became eligible for public support and were integrated into the system of public funding, which had been restricted to high culture institutions in Stockholm.

In the 1930s, there was no specific rationale or explicit policy underlying government support for high culture institutions or popular activities (Kangas and Onsér-Franzén, 1996, p. 25). This, however, began to change during the heyday of the social democratic doctrine with its strong emphasis on social change and educational reform. Under Olaf Palme, at that time Minister of Education and Cultural Affairs, a commission was established to analyze and research the current situation of the arts and culture in Sweden and to make recommendations for improving public support. The commission's report, programmatically titled "New Cultural Policy", served as the blue print for the parliamentary resolution of 1974 (Kleberg, 1987, p. 178), which outlined the objectives of a specific cultural policy with close ties to social reform and welfare state policies in Sweden. In harmony with the social democratic paradigm, "cultural democracy" became the key issue of the New Cultural Policy, proclaiming equal access to the arts and culture to be as important as social and economic equality (Swedish Ministry, 1990, p. 77). For the implementation of the New Cultural Policy, a National Cultural Council (NCC), closely affiliated with the Ministry of Education and Cultural Affairs, was established. In accordance with the Swedish style of policymaking and implementation, the various groups and corporate actors representing different strata of the Swedish society have a voice in the National Cultural Council. The council's decisions concerning the allocation of public monies and funds for the arts and culture are furthermore bound by detailed guidelines from the parliament and the government. Therefore, government support for the arts and culture is based on a broad decision making process including corporate actors particularly, but resulting nevertheless in very generous levels of public funding.

The adoption of the New Cultural Policy brought Sweden to the forefront of government arts spending. Particularly in the 1970s, in comparative terms Sweden ranked among countries such as France, the Netherlands or Germany, which are the most highly committed to public funding for arts and culture (Myerscough, 1984, 1990, p. 30; Schuster, 1986). While there was a slight moderation and slowing down of the support for the arts and culture in the 1980s due to a change of government and fiscal constraints, public funding is still considered to be quite important (Swedish Ministry, 1990, p. 89). A revision of public funding and cultural policy was controversially discussed in the 1990s (Myerscough, 1990, p. 31) but ultimately not implemented (Irjala, 1996).

As mentioned earlier, Sweden has enjoyed a long tradition of self-rule at the local level. Unlike the French case, the municipalities are therefore strong supporters of the arts and culture in Sweden. Up until the early 1990s, about 60% of total public funding was provided by the local level, but the municipal share of cultural funding has since dropped to 43% as compared to 49% from the central govern-

ment and 8% from county councils (Swedish National Council, 1997). The largest share of appropriations is earmarked for so-called “basic grants” to individual arts institutions covering costs of personnel. Government support goes to the major cultural institutions in Stockholm and in the larger cities, which are predominantly state-run, although some are semi-independent, quasi-governmental organizations in the legal form of an operating foundation or corporation.

On an equal footing, numerous voluntary organizations of folk and popular culture are subsidized by public monies and play a quite significant role in cultural politics (Irjala, 1996). Since the “New Cultural Policy” takes special notice of amateur groups and institutions (Swedish Ministry, 1990, p. 74), federal and local authorities have to provide sufficient financial resources. Still today popular culture, which is indeed generously supported by the government, is a part of specific social milieus, which due to their historical roots are closely tied to the political parties and trade unions (Myerscough, 1990, p. 128). Thus, resources channeled through these popular movements are reinforcing the pursuit of consensus and solidarity but also the tendency towards uniformity in Swedish society. Finally the New Cultural Policy stands out for a decisive rejection of private support, in particular sponsorship by business. Again, the absolute prevalence of public funding accompanied by a strong disapproval of private support and mass-marketization was backed by a broad consensus among the political parties, trade unions and industry that regarded the provision of basic resources for cultural institutions to be a public rather than a private matter (Swedish Ministry, 1990, p. 101). In other words, public support for the arts is considered a statutory government responsibility. Therefore, cultural institutions are not expected to increase earned income or to engage in fundraising.

In sum, the style, structure and strategy of the Swedish cultural policy can be summarized as:

1. Government support for the arts and culture is guided by the New Cultural Policy which is closely linked to the social-democratic doctrine of equity and egalitarianism.
2. While aiming to maintain a universal, egalitarian approach through encouragement from the central level, the funding system for arts and culture is largely decentralized guaranteeing communities a high degree of self-rule.
3. In accordance with Swedish public policy, funding patterns for the arts and culture are based on a broad consensus backed by the political parties, the labor unions, and other corporate actors representing the various strata of Swedish society.
4. Due to the neo-corporate embeddedness of cultural policy (cf. Osland and Mangset, as cited in Irjala, 1996), popular and grass-roots cultural activities are treated on an equal footing with high culture institutions, resulting in high levels of spending with the government retaining almost exclusively the financial responsibility for the arts and culture.

3.3. THE THIRD-PARTY APPROACH OF CULTURAL POLICY IN THE UNITED STATES

A characteristic feature of public policy in the United States is its heavy reliance on third parties to implement federal government programs. This feature is rooted in the strong resentment of “big government” and the assumption of a crowding-out of private initiative by an ever growing state apparatus (Olasky, 1992). According to Salamon (1995, p. 19), such norms have led to “a shift from direct to indirect or ‘third-party’ government, from a situation in which the federal government ran its own programs to one in which it increasingly relies on a wide variety of ‘third parties’ – states, cities, special districts, banks, hospitals, manufacturers, and others – to carry out its purposes”. While such “third-party government” arrangements, which predominately rely on private institutions, have allowed the growth of government programs without actually increasing the size of the public sector since the 1960s, they have also shifted the control of programs to a large degree to private actors in the respective program fields. Arts and culture have not been among the main areas with third-party government dominance, while traces of this specific style of policy formation and implementation are clearly evident in the U.S. approach to cultural policy development.

Prior to the mid-1960s, public support for the arts was largely limited to indirect subsidies via tax-exemption for arts organizations and comparatively generous deductions for benefactors in a system of “private policy making”. Among the reasons for the traditionally low involvement of government are the lack of a feudal-aristocratic heritage of cultural institutions, puritanical beliefs which regarded the arts as unnecessary luxury, and a strong republican tradition of limited government (Toepler, 1991). Since arts patronage is widely perceived as a private rather than a public responsibility, cultural venues are usually either commercial or nonprofit. In sharp contrast to France and Sweden, where the production of high culture is almost exclusively in the hands of public entities, nonprofit organizations dominate this field of cultural activities in the U.S. (Netzer, 1992; DiMaggio, 1987). The dominance of nonprofits in the high culture industry of this country is largely a historical legacy.

In the second half of the 1900s – relatively late compared to Europe – upper class elites began to establish and support arts institutions in American cities (DiMaggio, 1987). At the same time, popular cultural activities were also fairly common. In particular, European immigrant groups imported their cultural traditions, such as singing clubs and contest traditions, which were widespread during the 19th century and persisted for a long time (Plotinsky, 1994). However, these cultural activities were not connected to any ideological “camps”, nor did they line up with any particular political movement or party, as was the case in Sweden. On the one hand, this was due to the heterogeneity of the American population; on the other, the highly individualized political system of the United States did not provide avenues for the development of neo-corporatist arrangements based on strong intermediary institutions.

Funding of the arts remained almost exclusively the domain of private patrons until the 1950s. However, at that time a major change took place. The Ford Foundation, soon followed by other private foundations, commenced a comprehensive program that helped establish the arts as a legitimate recipient of public funds and a relevant policy issue (DiMaggio, 1986; Cummings, 1991). The most important rationale underlying the engagement of the Ford Foundation was a growing recognition that the arts could not be sustained by private sector income alone due to the economic characteristics of the services they produce (Baumol and Bowen, 1966). In the American case, the market failure argument indeed provided a way to justify economically direct government intervention. These developments coincided with the *zeitgeist* of the “Great Society” that finally caused a shift in the posture of government towards the arts culminating in the establishment of the National Endowment for the Arts in 1965.

Although the economic problems endemic to high cultural institutions provided the main rationale for the agency’s establishment, in accordance with the tradition, structure and style of U.S. public policy, the preamble of the legislation creating the National Foundation of the Arts and Humanities explicitly reiterated the preeminence of “third-party government” through either private or local public initiatives (Wyszomirski and Mulcahy, 1995, p. 122). The prevalence of “third-party government” is further reflected in the specific form of NEA support that almost exclusively takes the form of co-financing, covering only up to half of project costs. The most important aspect of the NEA’s funding is what is referred to as imprimatur; public grants are perceived as a recognition of quality, and therefore facilitate the grantee organization’s fundraising from private foundations, corporations, and individuals. Therefore, from an institutionalist point of view, fostering various forms of “third-party government” provides the major rationale underlying NEA’s funding activities. A case in point are the block grants which are traditionally designated to the State Arts Agencies (SAAs) serving as a policy tool to decentralize the production and consumption of the arts and culture in the U.S. NEA’s block grants amount to the largest share of the Endowment’s allocations (Wyszomirski and Mulcahy, 1995, p. 133). The availability of these federal funds nurtured the establishment of SAAs in all states, which in turn generated additional public arts spending at the state and local levels as well as substantially decentralized the public support system (Cobb, 1996). Moreover, both state and local arts agencies have shown strong patterns of growth, especially during the 1980s. This holds true even for the 1990s, despite the recession-induced declines in legislative appropriations for SAAs and in the budgets of local arts agencies (Institute for Community Development and the Arts, 1997).

Against the growth of both public and private third-party funders in the field, the recent cuts in NEA appropriations seem less threatening. On the other hand, the increased availability of funding sources over the past three decades has also spurred a concomitant growth of (nonprofit) arts organizations. The continued relative scarcity of both public support and private donations is therefore forcing

arts organizations to seek ways to increase earned income (Stevens, 1996). Indeed, the interest in arts marketing techniques and other ways of “profit” generation has grown considerably over the past decade. Among the more savvy types of arts groups in this respect has been the museum community, where commercialization strategies range from expansion and modernization of museums shops and restaurants to off-site retailing and large-scale direct merchandising, although the actual financial impact of increased commercialization remains somewhat doubtful (Anheier and Toepler, 1998). Moreover, the marketization of the arts field is further complemented by the shift of corporate support from philanthropic giving to cause-related marketing and sponsorships requiring a direct quid pro quo.

In sum, American cultural policy is distinguished by:

1. A dominance of the private nonprofit sector both in the delivery and financing of arts and culture, with government only playing a supporting role;
2. A decentralized and dispersed net of private and public funding, in which the federal government has performed a stimulating function, which, however, still leaves the need for a stronger market-orientation even in the nonprofit sector; and
3. The lack of a clear and unambiguous overall agenda for the cultural policy process beyond the initial market failure justification.

4. Discussion: Politics of the Arts and Culture in Western Europe and in the United States

In the European context, the state’s responsibility for, and commitment to, the arts and culture is in many ways a historical legacy. The institutions that the aristocracy built all over the continent were left to the emerging nation states, which seemed to have had little choice but to continue and preserve the tradition. In the French case, the absolutist monarch definitely passed the torch directly to the state bureaucracy. The supremacy of the crown was replaced by the supremacy of the bureaucracy of the government. In the later republics, the centralist pattern of Absolutism remained strongly in place in France. Clearly, the *Ancien Régime* established an institutional pattern whose path subsequent regimes, though radically different, never left. This holds even true for the socialist era of François Mitterand and his powerful Minister of Culture, Jack Lang, who had also to operate within the tradition institutional pattern of cultural policy, although he tried to deviate from that course. “Business as usual” (Hanimann, 1997) may therefore serve as an appropriate characterization of French cultural policy today as well as in the past. With the bureaucracy being the most important actor, the style, structure, and strategy of French cultural policy show a remarkable degree of continuity bridging not only various centuries but also significant changes of regime. The legacy of history and more specifically of an encompassing bureaucratic tradition is facili-

tated by the administrative set-up of the country with its extreme centralism leaving little room for activities and initiatives which are not directly linked to Paris. The legacy of Absolutism is furthermore strengthened by the French political system providing its President with a very independent and powerful position as compared to the leaders of other countries with presidential systems like the United States. Although times have changed since the 18th century, there is no significant difference between the major projects, which have been realized under the monarchy, and the *Grands Travaux* undertaken in the 1970s and 1980s under the Presidents of the French Republic.

As in France, the Swedish monarchy of the 17th and 18th centuries established high-culture institutions as a demonstration of the countries' grandeur and national superiority. In contrast to the French case, however, while the tradition of absolutism of funding and maintaining high-culture institutions was maintained in Sweden, a new actor emerged with the popular movements and their voluntary organizations in the late 19th century. The popular movements did not develop into a powerful force in public policy formation as such, but they were able to gain significant influence in politics due to their close connections to the trade-unions, the parties, in particular the Social Democrats, and finally the state church, thus being part of specific social milieus. When the social democratic doctrine with its emphasis on welfare state policies was adopted as the most important principle of Swedish politics, popular culture with its close ties to the social movements had already gained a voice in policy formation, because the movements formed a vital part of the constituencies of crucial actors in the policy process, such as the state church, the trade-unions, and the parties. Generous government funding for high culture as well as popular culture institutions and activities was therefore the outcome and result of bargaining processes that took place when "the institutional culture of the state was confronted with the alternative culture of the popular movements" (Kangas and Onsér-Franzén, 1996, p. 18). The favorable position of popular culture was furthermore supported by the administrative structure of Sweden with its emphasis on self-rule and decentralized local government. The New Cultural Policy of the 1970s incorporated the various strains of public politics – namely corporate arrangements, the tradition of self rule at the local level, and the social democratic doctrine stressing equity and egalitarianism – thus providing a paradigm for cultural policy that was perfectly in accordance with the welfare state concept and the Swedish style of policy making.

From an institutionalist point of view, the legacy of history has therefore had a significant impact on Swedish and French cultural policy. Whereas in the case of France, the aristocratic tradition of centralization and government by bureaucracy had its roots in the *Ancien Régime* and was continued in modern times without any significant challenges from other societal actors, Sweden followed a quite different path by developing a corporatist approach toward politics, thus incorporating the representatives of the different strata of Swedish society into the process of policy formation and implementation. In Sweden, this specific approach to politics also

holds true for cultural policy, which became an integrated part of the Swedish welfare state. In accordance with its underlying rationale, cultural policy is closely linked to social policy and therefore serves as a tool for empowerment in Sweden, whereas in France cultural policy is primarily regarded as a vehicle to symbolize the grandeur of the nation.

Against this background, the American case stands in stark contrast. Shunned as the “inmates of corrupt and despotic courts” in Europe (Verplanck, as cited in Grindhammer, 1975, p. 2), the arts did not take a foothold in the New World. A limited institutional pattern probably did not crystallize until the second half of the 19th century, when the fine arts were appropriated by urban elites. In contrast to Europe, urban elites, business communities, and institutional philanthropy were to become the driving force of cultural policy development in the United States and the primary financial supporters of high-culture institutions. The entry of government into the field was neither carried by broad societal support nor welcomed by the arts field and its elite patrons (Cummings, 1995; Heilbrun and Gray, 1993, pp. 227–228). Against this institutional framework, the approach taken was limited in terms of the extent of direct support, billed as “policy in support of the arts” rather than explicit arts policy, and put a strong emphasis on the preeminence of private initiative, all in keeping with the general “third-party government” norms that characterize many American federal government policies. From this perspective, it is easily understood why the United States lags so significantly behind Europe in terms of government spending on the arts.

5. Conclusion

While market failure provides a strong argument why government *should* intervene, it fails to explain international variations in the extent of public support. To put it pointedly, should we not expect that the arts are the same public goods, produce the same externalities, and are subject to the same market failures everywhere? If so, why does government spending vary so substantially? Is the European median voter more culturally attuned and artistically inclined than the American one? Or are Europeans more in tune than Americans with their hidden “true” preferences so that they vote for the provision of merit goods? As we noted, the United States is perhaps among the few countries in which market failure considerations indeed facilitated the intervention of the state in the arts arena. There are, however, good reasons to make the point that the market failure approach does not account for cross-national variations; it is not a useful tool to understand and analyze cultural policy from a comparative perspective.

Therefore, new approaches to explaining cultural policies and the role of government in the arts internationally need to be developed. A promising perspective is provided by the *New Institutionalism* paradigm that is gaining ground in various fields of economics (North, 1990; Alt and Shepsle, 1990; Clague, 1997) as well as in other social science disciplines (Powell and DiMaggio, 1991; Brinton and

Nee, 1998). In sketching out certain features of the French, Swedish and the U.S. cases, we attempted to draw attention to some of the more salient historical and institutional factors that influence the development of cultural policies. It is beyond the scope of this article to develop a more fully articulated neo-institutionalist theory of cultural policy. Rather, it aimed at demonstrating the usefulness of this approach. If *The Subsidized Muse* were to be re-written with twenty years of distance and as a comparative study, an analytical approach based on the emerging neo-institutionalist paradigm would seem to be the most appropriate.

Note

1. The sections on Sweden and the United States draw in part on Zimmer and Toepler (1996).

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