



Cultural economy, sovereign debt crisis and the importance of local contexts: The case of Athens

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ABSTRACT

This paper presents an overview of the cultural economy of Athens during the last three decades and a preliminary assessment of how it is being affected by the current sovereign debt crisis. Drawing upon the concept of embeddedness and using a combination of statistical and ethnographic data we examine the cultural economy in relation with social stratification and urban policy dynamics. We argue that the cultural economy of Athens acquired a consumption- and import-oriented character. Manufacturing activities shrunk as a result of competitive pressures from both post-Fordist advanced economies and emerging ones. Consumption-oriented activities developed through the meeting of new middle classes' cultural demand with micro-entrepreneurship and large-scale investments of economic elites in a context of deregulation in urban cultural policy and public investments in urban mega-projects. The restructuring of the cultural economy was a part of a broader political-economic arrangement, established following the affiliation of Greece to the EC/EU, where public spending (based on public borrowing and EU Structural Funds) sustained both middle classes' income and corporate profits. The 2010–2011 sovereign debt crisis threatens the whole political-economic arrangement of the last few decades whose symbolic aspect was the restructuring and growth of the cultural economy.

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Introduction

The rise of cultural economy in the cities of the advanced world has been approached critically already in its early stages. In late 1970s Zukin showed how the cultural economy's dynamics fueled gentrification in Manhattan's SoHo (Zukin, 1989) and later criticized the transcription of social power relations in aseptified spaces of middle class consumption and elites' cultural institutions (Zukin, 1991, 1995); Harvey in his famous 1989 article situated contemporary urban cultural strategies in a turn from the post-war era's 'managerial' urban governance to an 'entrepreneurial' one which emphasizes urban competitiveness (Harvey, 1989). The more recent 'creative city' discussion raised criticisms on policy models proposed by authors like Florida (2002) and Landry (2008) regarding the potential contribution of 'creative industries' to urban growth. Scholars focused upon social inequality, arguing that creative city strategies favor elite workers (Peck, 2005) and establish an individualized perception of cultural production (Pratt, 2008a). Critics also assailed the voluntarism that underlies these policy recipes, stressing that the attraction of 'creatives' does not suffice to render a city 'creative'; that requires long-term developments entailing a complex interweaving of traditions, relations

of production, work and social life in urban context (Pratt, 2008b; Scott, 2006). Critical scholars argue further that creative city strategies use culture in an instrumental manner for the attraction of the creative class and put excessive emphasis on cultural consumption rather than production (Peck, 2005; Pratt, 2008a, 2008b). The overall effectiveness of creative city strategies is questioned as it is found that specific projects of urban creative clusters rely excessively on public subsidies and volatile private capital (Evans, 2009; Scott, 2008) and the expected employment growth is not achieved (Evans, 2009). Last, a growing body of case studies on urban cultural economy and creative industries rendered clear has shown that all cities do not coincide with the archetypal models as depicted in popular recipes for making a city 'creative'. From a methodological point of view, there is a need to more systematically take into account local and national contexts within which cultural economy and policies are embedded (Bassett, 1993; Evans, 2009; Kong & O'Connor, 2009; Mommaas, 2004; Pratt, 2011).

The current financial and sovereign debt crisis brings into question the relation of cultural/creative economy with the city in a more dramatic way. What is at issue is the relation of the cultural economy with the financial sector, the leading activity of what we used to call the 'new economy', and state finances. An analysis of this relation focuses upon the *systemic position* of the cultural economy. In this paper we discuss the case of Athens, the capital city of

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the country which came at the epicenter of the sovereign debt crisis in the Eurozone since 2010. Methodologically we draw upon the problematic of the socio-political embeddedness of the urban capitalist economy (Brenner & Theodore, 2002; Polanyi, 1944) and the sociological approach of the cultural economy as a system of actors (Bourdieu, 1979, 1992; Zukin, 1995). By the term 'cultural economy' we mean, following Bourdieu (1992), the set of economic sectors which produce 'symbolic goods', that is, those products 'with two aspects, merchandise and signification' (Bourdieu, 1992, p. 234) which serve the construction of different lifestyles, cultural identities and the accumulation of the capital of social recognition by individuals.¹

Overall, we argue that the rise of the cultural economy in Athens has been a part of wider processes in the advanced world (tertiarization, growth of middle classes and enhancement of cultural capital, aesthetization of consumption, neoliberalization associated in Europe with European Union policies) mediated by the position of the city in the international division of labor and domestic traditions and structures like political clientelism, dispositions of micro-entrepreneurship and economic elites' inclination to patronage of the arts. In what follows we first correlate the formation of cultural demand with the transformation of the social structure of the city; in the second part we overview the field of cultural producers emphasizing the micro-entrepreneurship in night economy, the gallery and theater scenes and the economic elites' symbolic strategies; the third part examines how city competitive strategies affected the cultural economy; we last present some concluding remarks on contrasting perspectives of the Athenian cultural economy.

The social genesis of cultural preferences

During the first three post-war decades Athens, along with Thessalonica, has been the basic field of economic development of the country. The population of the city more than doubled (Kotzamanis, 1997), and reached four million by the late 1970s (where it remains today). Urban growth was driven by light manufacturing industry in housing-related consumer goods and building materials, rural-urban migration and a building boom. Public administration, personal services and invisible assets from shipping, tourism and emigrant remittances were also significant components of the city's economy (Leontidou, 1990; Maloutas, 2010).

This economic structure has changed significantly since the mid 1970s. The secondary sector shrunk and underwent a slow and difficult restructuring due to the oil crisis, the opening of the Athenian economy to international competition following the affiliation of Greece to the European Community and other domestic economic factors (wage increases, rising bank rates, low corporate profitability and reduced private investments, Stathakis, 2010). The end of migration flows in the early 1980s and the return to slow

rates of population growth deprived Athens of yet another major resource that had fueled it post-war economic vitality.

In the 1980s and especially in the 1990s, a new framework of economic development and social reproduction has been gradually established. The Athenian economy started recovering based on traditional but henceforth liberalized and internationalized activities (Stathakis, 2010). Deregulation and privatization gave banks, media and telecommunications a new dynamic (Leandros, 2000; Stathakis, 2010). The construction sector and the real estate services thrived due to the mega-projects implemented since the mid-1990s and to the growth of the housing market (Maloutas, Sayas, & Souliotis, 2009; Tarpagkos, 2010). Leisure and tourism activities benefited from the increase in local and international demand.

For a long stretch of time Athens has been a rather introverted national metropolis due to historical circumstances (difficult Greek-Turkish relations, Cold-War isolation from northern neighbors), a feature which is still reflected in the paucity of foreign corporate investment (Maloutas, 2007, p. 737). Since the mid 1980s it was the transfer of European Union resources through the Structural Funds and private and public borrowing (which was facilitated by banking deregulation, monetarist policies and entry to the Eurozone) that fueled the economy at all scales, from the financing of mega-projects, to the housing market and private consumption. After 1990, waves of immigrants from the Balkans and Eastern Europe offered low cost labor and contributed to the viability of small family businesses (Maloutas, 2010). Last, the growth of the public sector offered middle class employment opportunities in the tertiary and the widening of access to higher education created opportunities in liberal professions.

The main feature in the mutation of the city's social structure was an impressive growth of the upper and upper-middle socio-professional segments (large employers, professional, administrative and managerial occupations): these categories increased from 11.7% of the active population in 1971 to 18.3% in 1981, 21.7% in 1991 and 32.7% in 2001 (Maloutas, 2010). The middle and low-middle occupations grew at a lower rate, while the lower occupations (lower white-collar, skilled and routine occupations) have been reduced significantly (from 45.3% in 1971 to 30.1% in 2001, Maloutas, 2010).

This transformation increased the social segments with enhanced cultural resources and financial means, as well as the population which was 'released' from manual work. The first important outcome regarding the cultural economy was the widening of the social base for the cultural markets. Table 1 illustrates the considerable increase of expenditure in commodified leisure and cultural goods and services since the mid 1970s to the late 1990s by all social strata, especially the middle and upper strata.

The demand for cultural goods and services in Athens has been shaped by three major processes which develop at different historical and social levels: (1) the long-term dynamics of the low class cultural practices which were constantly hybridized since the 1930s through their meeting with the cultural industries (notably the music industry) and the entertainment economy (Economou, 2005); (2) the individualization and hedonism which emerged in a period of relative prosperity and the shrinkage of the interest in social and political collectivities that followed the restoration of democracy in 1974 and the normalization of the political life; and (3) the experience of social mobility which allowed wide segments of the population into the upper and middle classes and the service sector. We can distinguish three main patterns of cultural demand associated with these processes: a 'luxury' segment, 'modernized' versions of low class leisure practices and the appeal of 'urban' cultural identities.

The widening of access to urban cultural and leisure markets for persons experiencing upward mobility (more often inter- than

¹ I also draw upon Zukin's definition of urban 'symbolic economy' (1995, pp. 23–24) which puts in a unified analytical perspective the system of production of space (which involves capital investment and cultural meanings) and the system of production of symbols (which constructs a currency of commercial exchange and language of social identity). The question of which sectors are to be considered as parts of the 'cultural economy' must be approached in a context-sensitive manner. In general, as Scott notes (1997, p. 323) the activities of the cultural economy may emanate from traditional manufacturing sectors (clothing, furniture, jewelry), service sectors (tourism, restaurants, theater, advertising, design and so on) or they may have a hybrid form (music recording, publishing, film production). But there are significant differences in the composition of the cultural economy between cities according to their history as well as to their position in the globalized division of labor (Scott, 1997, p. 327). In this paper, I follow the above-mentioned broad definition of Scott and I focus especially on activities with specific weight for the consumption-oriented cultural economy of Athens: night economy activities (bars, restaurants, cafes), theater, galleries, media and nonprofit organizations.

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