The creative industries after cultural policy: A genealogy and some possible preferred futures

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ABSTRACT

How can we most usefully appropriate the rhetorics of the new economy to advance a contemporary understanding of the production and consumption of creative and informational content? Can the concept of creativity be broadened, but not so much that it becomes everything and nothing – the newest business lit fad and just as ephemeral as the rest – such that claims for its role as a driver of economic growth can be sustained? Can the analytical and research context for 'experiential' or 'cultural' consumption – core business for cultural, communications and media studies academics – be helpfully developed through new economy models? This piece takes an explicitly policy-orientated line and tendentiously tracks a genealogy and some possible preferred futures for the creative industries beyond their framing within a cultural policy problematic. I track the fate of creative and informational content as it passes across three grids of understanding: 'culture', 'services' and 'knowledge'. These grids also serve as historical and/or possible rationales for state intervention in the creative industries as well as industry's own understandings of their nature and role.

While there was a cultural industries and policy 'heyday' around the 1980s and 1990s as the domain of culture expanded, cultural policy fundamentals are being squeezed by the combined effects of the 'big three' – convergence, globalization and digitization – which are underpinning a service industries model of industry development and regulation. This model, despite some dangers, carries advantages in that it can mainstream the creative industries as economic actors and lead to possible rejuvenation of hitherto marginalized types of content production. But new developments around the knowledge-based economy point to the limitations for wealth creation of only microeconomic efficiency gains and liberalization strategies – the classic service industries strategies. Recognizing that such strategies won't push up the value chain to innovation and knowledge-based industries, governments are now accepting a renewed interventionist role for the state in setting 21st-century industry policies. But the content (and, as a sub-sector of them, the creative) industries *don't, as a rule, figure* in R&D and innovation strategies. The task is, first, to establish that the content industries indeed engage in what would be recognizable as R&D and exhibit value chains that integrate R&D into them. Second, to evaluate whether the state has an appropriate role in supporting such R&D in the same way and for the same reasons as it supports science and technology R&D.

Culture

Culture is very much the home patch of us content proselytisers, being where many of us grew up intellectually and feel most comfortable. It has also been around as a fundamental rationale for government's interest in regulation and subsidy for decades.

The ‘cultural industries’ was a term invented to embrace the commercial industry sectors (principally film, television, book publishing and music) which also delivered fundamental popular culture to a national population. This led to a cultural industries policy ‘heyday’ around the 1980s and 1990s, as previously mentioned. (In some places, it is still expanding, but is not carrying much weight in the way of public dollars with it, and this expansion contains elements leaning towards the – perfectly reasonable – social policy end of the policy space, with its emphasis on culture for community development ends.) Meanwhile, cultural policy fundamentals are being ‘squeezed’. They are nation state-specific in a time of the World Trade Organization and globalization. Cultural nationalism is no longer in the ascendency socially or culturally. Policy rationales for the defence of national culture are less effective in the convergence space of new media. Marion Jacka (2001) shows that broadband content needs industry development strategies rather than cultural strategies, as broadband content is not the sort of higher end content that has typically attracted regulatory or subsidy support (see also Cunningham, 2002a). The sheer size of the content industries and the relatively minute size, economically speaking, of the arts, crafts and performing arts sub-sectors within them (John Howkins [2001] estimates the total at $US2.2 trillion in 1999, with the arts at 2 percent of this) underline the need for clarity about the strategic direction of cultural policy. Perhaps most interestingly and ironically, cultural industries policy was a ‘victim of its own success’: cultural industry arguments have indeed been taken seriously, often leading to the agenda being taken over by other, more powerful industry and innovation departments (see Cunningham, 2002b; O’Regan, 2001).

Services

This doesn’t get talked about much in the cultural/audiovisual industries ‘family’, but is sine qua non in telecommunications and much of the rest of the economy. All OECD countries display service sectors that are by far the biggest sectors of their respective economies (the service sector in Australia represents 65 percent of total businesses, 63 percent of total gross value added and 73 percent of employment) and this relative size has generally been growing steadily for decades. This is the broad sectoral basis for thinking through a new approach to industry development in the creative industries sector.

Much convergence talk has it that a potent but as yet unknown combination of digital TV and broadband will become a, if not the, prime vehicle for the delivery or carriage of services. Education, banking, home management, e-commerce and medical services are some of the everyday services that types of interactive TV and broadband might deliver.
However, for media content to be considered as part of the service industries requires taking the convergence tendency to a new level. For most of its history, media content and the conditions under which it is produced and disseminated have typically been treated as issues for cultural and social policy in a predominantly nation-building policy framework. They have been treated as ‘not just another business’ in terms of their carriage of content critical to citizenship, the information base necessary for a functioning democracy and as the primary vehicles for cultural expression within the nation.

In the emerging service industries policy and regulatory model (which some, for example, Damien Tambini [2002], in talking about the UK's recent communications bill, might dub 'new' public interest), media content could be treated less as an exception ('not just another business'), but as a fundamental, yet everyday, part of the social fabric. Rather than TV's traditional sectoral bedfellows of cinema, the performing arts, literature and multimedia, it is seen as more related to telecommunications, e-commerce, banking and financial services and education.

The model carries some dangers. It subjects all TV systems to a normative globalizing perspective and thus weakens the specifics of a cultural case for national regulation and financial support. Its widespread adoption would see the triumph of what might be called the US regulatory model whereby competition is the main policy lever and consumer protection rather than cultural development is the social dividend. The application of this model across the board is not a universal panacea for all industry regulatory problems, as most mid-level and smaller countries need to, or do, acknowledge.

However, there are also possible advantages. Hitherto marginal programming could be significantly upgraded in a service industries model. Programming produced for and by regional interests might be as fundamental as the guarantee of a basic telephone connection to all, regardless of location. The need for programming inclusive of demographics, such as that for youth and children, might be as fundamental as free and compulsory schooling.

Moves in various jurisdictions, including the EU and Canada, to give greater weighting to regional, infotainment, youth and children's programming signal a shift in the priority of content regulation to include these alongside a continuing emphasis upon drama and social documentary (see Goldsmith et al., 2001, 2002). While the latter advance core cultural objectives such as quality, innovation and cultural expression, the former warrant greater consideration in a service industries model of media content regulation in terms of their contribution to diversity, representation, access and equity.

The knowledge economy

We are not nearly as comfortable with this association. This is higher up the value chain than the service industry sector. I believe that our sector needs to learn to see itself as part of the knowledge-based economy and as an integral and arguably central part of any decent innovation or R&D agenda and to begin to win some degree of recognition for this association. Because this is the unfamiliar grid, I want to spend some time on it.

From where has this new macrofocus emerged? In part, it has been around for a long time, with notional subdivisions of the service or tertiary industry sector into quaternary and quinary sectors based on information management (fourth sector) and knowledge generation (fifth sector). But the shorter term influence is traceable to new growth theory in economics which has pointed to the limitations for wealth creation of only microeconomic efficiency gains and liberalization strategies (Arthur, 1997; Romer, 1994, 1995). These have been the classic service industries strategies.

Governments are now attempting to advance knowledge-based economy models that imply a renewed interventionist role for the state in setting 21stcentury industry policies; prioritization of innovation and R&D-driven industries; intensive reskilling and education of the population; and a focus on universalizing the benefits of connectivity through mass information and communication technology (ICT) literacy upgrades.

Every OECD economy, large or small, and even emerging economies (such as in Malaysia) can try to play this game because a knowledge-based economy is not based on old-style comparative factor advantages, but on competitive advantage (i.e. what can be constructed out of an integrated labour force, education, technology and investment strategies, such as in Japan, Singapore and Finland). But the content (and, as a sub-sector of them, the creative) industries don't, as a rule, figure in R&D and innovation strategies

When they do, it is as last-minute concessions to dogged lobbying and they are usually damned with faint praise or condescended to with benign indifference. Several recent examples from Australia include: Backing Australia's Ability (Commonwealth of Australia, 2001), An Agenda for the Knowledge Nation (ALP, 2001), The Queensland R&D Strategy (DIIE, 2002) and Developing National Research Priorities (DEST, 2002).

An Agenda for the Knowledge Nation

Knowledge Nation (ALP, 2001) was the Labor Party's compendium of policy options for stimulating a knowledge-based economy and society leading into the federal election in November 2001. For Knowledge Nation, the creative industries are coterminous with the arts. The result of this conflation is that recommendations for advancing the creative industries are residual at best, being lumped in with some afterthought recompense for universities' humanities and social sciences rather than upfront in the document as the sector that will deliver the content essential for next generation ICT sector growth. (ICTs are seen as one of the five key knowledgebased growth hotspots of the Australian economy in the future, along with biotechnology, environmental management, medical services and education export.)

While Knowledge Nation can claim against its political rivals that 'There was not one mention of the creative industries – the arts – in the Howard government's innovation statement', the patent limitations of the total equivalence of the arts and the creative industries has at this time escaped Australian Labor.

The Queensland R&D Strategy

The DIIE's strategy paper (2002) is clearer and more explicit than Knowledge Nation about the relevance of creative industries to the broad R&D

field. In the paper, ICT infrastructure or the ‘enabling technologies’ for R&D includes multimedia, broadcasting, 3D and games. ‘Creative retail’, like the arts and entertainment, is also acknowledged as an ‘applications field’ for R&D. However, to date, none of these areas, acknowledged as R&D or R&D-influenced sectors, has been targeted under an R&D label for state-level investment; indeed, the term ‘creative industries’ is used only once in the entire document.

Yet, the principles on which Queensland wishes to build its R&D profile, such as opportunities to leverage private sector investment through strategic state involvement and the value of leveraging existing infrastructure and traditional industries (such as the broadcasting infrastructure that exists today in Queensland), could both be centrally addressed by R&D in the creative industries in Queensland. The need to develop virtual clusters and bandwidth capacity would also be addressed in significant ways if the creative retail or consumption end of demand for broadband in the broader business and consumer sectors, as much as in the research community, was engaged with by an R&D strategy.

Why should the content industries be considered a knowledge-based sector, with R&D integral to its value chains?

Worldwide, the creative industries sector has been among the fastest growing sectors of the global economy. Several analysts, including the OECD (1998), the UK government’s Creative Industries Task Force (CITF, 2001), Jeremy Rifkin (2000) and John Howkins (2001), point to the crucial role that the creative industries play in the new economy, with growth rates better than twice those of advanced economies as a whole. Entertainment has displaced defence in the US as the driver of new technology take-up and has overtaken defence and aerospace as the biggest sector of the southern Californian economy (Rifkin, 2000: 161).

Rather than being relegated to marginal status in the new economy, sociologists Scott Lash and John Urry (1994) and business analyst John Howkins (2001: Ch. 4) claim that creative production has become a model for new economy business practice (outsourcing; the temporary company; the ‘producer’ model of project management; just-in-time teams, and so on). Rifkin (2000: 163–4) claims that cultural production will ascend to the first tier of economic life, with information and services moving to the second tier, manufacturing to the third tier and agriculture to the fourth tier.

Most R&D priorities reflect a science and technology-led agenda at the expense of new economy imperatives for R&D in the content industries, broadly defined. The broad content industries sector derives from the applied social and creative disciplines (business, education, leisure and entertainment, media and communications) and represents 25 percent of the US economy, while the new science sector (agricultural biotech, fibre, construction materials, energy and pharmaceuticals), for example, accounts for only 15 percent of the economy (Rifkin, 2000: 52). In fact, all modern economies are consumption driven (60 percent of GDP in Australia and 62 percent of GDP in the US; see Hearn et al., 1998), and the social technologies that manage consumption all derive from the social and creative disciplines.

We can no longer afford to understand the social and creative disciplines as commercially irrelevant, merely 'civilizing' activities. R&D strategies must work to catch the emerging wave of innovation needed to meet the demand for content creation in entertainment, education and health information and to build and exploit universal networked broadband architectures in strategic partnerships with industry.

Not only is R&D in the applied social and creative disciplines required for its own commercial potential, but also because such R&D must be hybridized with science and technology research to realize the commercial potential of the latter. Commercialization depends on 'whole product value propositions', not just basic research.

Why don't the content industries figure as knowledge industries with R&D needs?

Now, we can 'curse the darkness' or we can 'light a candle'. We can rehearse the reasons, deeply embedded in western cultures, for the chasm that separates the arts and sciences which C.P. Snow (1959) rehearsed decades ago. Let us instead 'light a candle' by trying to understand the problem from the other side, as it were.

Services versus R&D

It should be acknowledged that the great majority of the 'good news' economic data adduced to point to the economic dynamism and centrality of the creative industries to the new economy are services sector data. They relate to creative retail rather than to any R&D process that may be argued to be essential to the generation of creative content. That part of the large and growing creative industries sector that is also a part of an emerging industries sector (that is, one requiring R&D-style investment in experimental technologies or applications – the arena inscribed by the 'digital applications for creative industries') is not big enough to justify anything but a marginal policy focus supported by mainstream economic data.

Not recognized and justified before as R&D

Both the digital applications sub-sector and the larger sector from which it is growing have been sectors supported by public subsidy and, in those sectors where there is a fully industrialized and commercial focus, such as film, TV, games and music, Australia is a significant net importer of such products. Thus, their dynamism has real social and cultural benefit for a country, but problematically-established direct economic benefits. This can be reasonably sharply contrasted with the ICT sector which is perceived to drive significant productivity growth throughout the economy and be a substantial sector in its own right, with greater export potential.

But a small peripheral country cannot afford to bow to the perceived iron law of comparative advantage enjoyed by the US and the UK in creative industries pre-eminence (note that all of Howkins's [2001: Ch. 3] creative industries sectors are dominated by the US and the UK, with very few exceptions). This fact is well accepted in the science/engineering/technology fields, where relative competitive advantage is constructed, partly through state interventions.

The government's role is to seed risky innovation in those sectors with most potential for growth and wealth creation, just as in science, engineering and technology (SET) R&D. To be schematic, we progress from the cultural to the services frame by the application of contemporary industry policies. We progress from the cultural and the services to the knowledge frame by the application of R&D policies.

The commercial nature of the big creative industries

Another reason has to do with the thoroughly commercial nature of R&D investment in the big creative industries. There simply might not be robust enough arguments for state interventions in what are, after all, massive multinational commercial enterprises and sectors. The argument against this is essentially the same as the one above. While this may, to a significant (but by no means complete) extent, be true of the US economy, it is true of probably no other economy. While the private sector is the major driver of creative industries such as film, broadcasting, music, games, leisure software, architecture, and so on, smaller economies always need public sector involvements. This is reinforced by the risk-averse nature of private sector investment in smaller economies like Australia's. For the creative industries, R&D, properly defined, will always be in need of public sector understanding and involvement.

The creative industries are intrinsically hybrid

The creative industries can be thought of as intrinsically hybrid in their nature. They are at once cultural, service-based – both wholesale and retail – R&D-based and part of the volunteer community sector. In this sense, one can make a general case for the creative industries being central to a knowledge-based society. But their specific focused connection to the knowledgebased economy, and to public policy interventions specific to it, might, to some, remain diffuse.

Practical problems with R&D investment in the creative industries

Access to capital through seed and venture funding is often particularly difficult within this sector. Where venture capital players are looking for intellectual property that can be exploited and thereby result in substantial growth, the intellectual resources in the creative industries sectors are often the people themselves rather than a new product or service. This represents a more difficult assessment process for investors, with higher risk factors and often lower growth potential. But it could also mean that industry departments need to structure their programmes of assistance better to engage this sector.

Concluding comments

The services model for understanding the emerging role of content is valuable, as it tells the story of the ever deeper embedding of content in the mainstream economy. However, it won't get us up the value chain to R&D investment and innovation.

The task is, first, to establish that the content industries indeed engage in what would be recognizable as R&D and exhibit value chains that integrate R&D into them. Second, to evaluate whether the state has an appropriate role to support such R&D in the same way and for the same reasons as it supports SET R&D.

Major international content growth areas, such as online education, interactive TV, multiplatform entertainment, computer games, web design for business-to-consumer applications or virtual tourism and heritage, need research that seeks to understand how complex systems involving entertainment, information, education, technological literacy, integrated marketing, lifestyle and aspirational psychographics and cultural capital interrelate.

They also need development through trials and prototyping supported by test beds and infrastructure provision in R&D-style laboratories. They need these in the context of ever shortening innovation cycles and greater competition in rapidly expanding global markets.

Perhaps we can say it better, and finally, if we say that the creative industries are simultaneously cultural industries delivering crucial representation, self-recognition and critique in a globalizing world. They are service industries delivering basic information and entertainment services in a converging services environment and knowledge industries requiring very significant levels of R&D to continue to innovate and to provide content and applications that 'make the wires sing'.

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