



The Cultural Economy Moment?

Terry Flew

*Professor of Media and Communications
Creative Industries Faculty,
Queensland University of Technology*

ABSTRACT

This paper explores the rise of *cultural economy* as a key organising concept over the 2000s. While it has intellectual precursors in political economy, sociology and postmodernism, it has been work undertaken in the fields of cultural economic geography, creative industries, the culture of service industries and cultural policy where it has come to the forefront, particularly around whether we are now in a 'creative economy'. While work undertaken in cultural studies has contributed to these developments, the development of neo-liberalism as a meta-concept in critical theory constitutes a substantive barrier to more sustained engagement between cultural studies and economics, as it rests upon a caricature of economic discourse. The paper draws upon Michel Foucault's lectures on neo-liberalism to indicate that there are significant problems with the neo-Marxist account that became hegemonic over the 2000s. The paper concludes by identifying areas such as the value of information, the value of networks, motivations for participation in online social networks, and the impact of business cycles on cultural sectors as areas of potentially fruitful inter-disciplinary engagement around the nature of cultural economy.

The Cultural Economy Moment?

The term “cultural economy” has gained considerable intellectual currency over the course of the 2000s.¹ We have seen edited collections on cultural economy (du Gay and Pryke, 2002), a reader on the subject (Amin and Thrift, 2004), and the launch of the *Journal of Cultural Economy*. Such developments arise in part out of a growing interest among both academics and policy-makers in the creative industries (Hartley, 2005) and the associated notion of a creative economy (Venturelli, 2005; Scott, 2008a; UNCTAD, 2008). The growing international interest in creative cities and global city-regions can be connected to such developments (Scott *et. al.*, 2001; Florida, 2002, 2008; Scott, 2008b), as can the rise of hybrid fields such as cultural-economic geography (James *et. al.*, 2008). Such developments are also reflective of shifts in cultural policy towards conceiving of culture as a resource (Yúdice, 2003), and the rise of economic discourses within arts and cultural policy which, in cultural economist David Throsby’s account, see cultural policy ‘rescued from its primordial past and catapulted to the forefront of the modern forward-looking policy agenda, an essential component in any respectable economic policy-maker’s development strategy’ (Throsby, 2008: 228). Throsby associates this with a reframing of the arts, which are now seen as ‘part of a wider and more dynamic sphere of economic activity, with links through to the information and knowledge economies, fostering creativity, embracing new technologies, and feeding innovation’ (Throsby, 2008: 229).

Cultural Economy: Intellectual Precursors

While the term ‘cultural economy’ does not gain widespread currency until the 2000s, we can identify some significant intellectual precursors to such a discourse, which involve a relationship between culture and economy². Herbert Schiller’s pioneering *critique of international communications* posited a relationship between the rise of the media entertainment and information-based industries (what he termed the *Entertainment-Communication-Information (ECI) Complex*) to the centre of the United States economy, and the extension of global media and communication industries, systems and ideologies as an instrument of cultural domination on non-Western societies and cultures. Schiller adhered to a vision that saw these processes as interconnected over a 30-year period of research and publication (see e.g. Schiller, 1969; 1991).

From a quite different perspective, the sub-branch of economic theory known as *cultural economics* has sought to extend such understandings, although it has had to do so in an environment where it has neither successfully challenged the utilitarian assumptions of mainstream neo-classical economics nor built strong bridges to the arts and humanities, often leaving it as an applied sub-discipline concerned with assessing the impact of public subsidy to the arts and cultural activities. An interesting feature of cultural economics is that, in contrast to the often heated debates in cultural studies and related fields about whether one should refer to cultural or creative industries, writers in this field are quite relaxed about the label used for these industries (Towse, 2003). The more critical question is how to define what are cultural activities, and hence the nature of markets for cultural goods and services. Throsby (2001: 4) proposes a definition of cultural activities as being those:

- involving some form of creativity in their production; and
- concerned with the generation and communication of symbolic meaning; and
- whose output embodies, at least potentially, some form of intellectual property.

A third and less obvious inspiration for cultural economy discourse was postmodernism, particularly as it was developed in the early work of Jean Baudrillard (Poster, 1994). Baudrillard argued that a feature of contemporary capitalism was that the distinction between use-value and exchange-value that Marx saw as defining the nature of the commodity form was less and less relevant to consumer society where both were subsumed under the more general category of *sign-value*. Rather than moralizing against the inauthentic nature of, say, entertainment at a theme park as a poor substitute for “real” culture, Baudrillard instead proposed the “negative strategy” of celebrating the theme park as a simulacrum of the real, or the hyper-real of postmodern culture. While the impulse to link Baudrillard to political economy was one that in practice not many followed, a notable series of contributions that draw upon Baudrillard’s insight have been made by Scott Lash and John Urry (Lash and Urry, 1989, 1994; see also Lash, 2004). For Lash and Urry, Baudrillard’s work hints at a series of developments – the semiotization of everyday life, reflexive accumulation, and niche consumption leading flexible production – whereby it is not the case that culture is being increasingly industrialized, but rather that the whole economy is being increasingly culturalized. Their argument that cultural industries ‘were irretrievably more innovation intensive, more design intensive than other industries’ even in the heyday of mass media (Lash and Urry, 1994: 123) is echoed in Yochai Benkler’s (2006) recent argument that cultural and information-based industries are today at the forefront of what he terms social production as they have always been the most difficult to industrialise.

A more obvious sociological influence on contemporary theories of cultural economy has been the *sociology of culture* literature, with Pierre Bourdieu's work being highly significant here, particularly *Distinction* (Bourdieu, 1984). In positing a relationship between cultural consumption and the reproduction of social class relations, and in proposing that this occurred at least in part through the denial of "material" concepts such as that of class being relevant to the domains of art and culture, Bourdieu established a relationship between the distribution of economic capital and that of cultural capital which places socio-economic relations at the heart of considerations of culture. In championing Bourdieu's work as a contribution to the sociology of culture, Raymond Williams and Nicholas Garnham observed that 'the cultural field serves as a marker and thus a reinforcer of class relations ... [as] a field in which *par excellence* the struggle is governed by a pure logic of difference or distinction ... [and] because the creation of art as a special social object and practice ... objectively depends upon the distance from economic necessity provided by the possession of economic capital' (Garnham and Williams, 1986: 124).

Finally, there is the work of Nicholas Garnham, whose contribution has been central to British traditions of thinking about cultural economy, but whose work has led in two quite distinct and possibly contradictory directions. In general, Garnham's approach to the political economy of media and culture has been one that insists that the development of capitalism has involved the "industrialization of culture", so that it does not make sense to think in terms of culture as superstructural forms (as in theories of ideology, for example), but to instead consider the dynamics of cultural industries in terms of the general forms and practices of capitalist commodity production. This in turn shaped Garnham's famous critique of what he termed the "left-pessimist" approach to cultural policy, with its focus upon residual cultural practices and the state-subsidized arts, and the influence that such work would have upon later developments in British cultural policy and the development of creative industries (O'Connor, 2007). Garnham called for a shift in progressive cultural policy thinking towards the commercial cultural industries, arguing that 'most people's cultural needs and aspirations are being, for better or worse, supplied by the market as goods and services' (Garnham, 1990: 155). At the same time, while Garnham was highly critical of non-market allocations of cultural resources which create dependency relations between cultural workers and cultural bureaucrats, and was applying techniques of conventional economic analysis to the British television industry (Collins *et. al.*, 1987), he was also drawing upon Jurgen Habermas's theory of the public sphere to establish a different way of dichotomizing the market and non-market sectors of cultural production. This was seen in his normative distinction between public service broadcasting – the BBC in the British case – and commercial media, on the basis of the former addressing the community as citizens, and the latter dealing with the audience as consumers. While Collins (2004) and Jacka (2003) have argued that this normative account of public service broadcasting has provided a poor guide to what public broadcasters have done in practice, it has nonetheless instituted a distinction between the citizen and the consumer, and the argument that addressing media audiences as consumers was inadequate in comparison to addressing them as citizens, that developed a tenacious foothold in media policy debates over the 1990s and 2000s (Flew, 2006).

Contemporary Theories of Cultural Economy

In their account of the rise of cultural economic geography, James *et. al.* (2008) outline five related but distinctive factors in the rise of cultural economy thinking in the field of geography:

1. The *cultural turn* in the social sciences, that was particularly played out in geography between political-economic analyses of the spatial dimensions of global capitalism (e.g. Harvey, 1982; Smith, 1984), and post-structuralist challenges to discursive hierarchies that remained unchallenged in such accounts, particularly around 'the economy' and associated categories such as labor, markets, capital etc. (e.g. Gibson-Graham, 2000);
2. Particular ways in which culture and economy interlock, such as global city-regions being centers of both cultural and economic activity (Scott *et. al.*, 2001; Hall, 2001), and the rise of culture-led economic regeneration in post-industrial cities (Bassett *et. al.*, 2005);
3. The cultural constitution of economic practice, and the awareness that particularly in the context of economic globalization, 'cultural' factors can mark significant sources of regional differentiation and competitive advantage, as seen in debates surrounding clusters and learning regions (Cooke and Lazzeretti, 2008);
4. Developments in actor-network theory that drew attention to the performative dimensions of 'soft capitalism', and the ways in which it was being increasingly engaged in new business management (Thrift, 1999, 2002);
5. Debates surrounding the rise of the creative industries, their propensity for clustering and spatial agglomeration (Scott, 2008b), and the emerging policy question of whether the provision of cultural and lifestyle amenities was a significant factor in attracting the so-called 'creative class' as incubators of innovation and entrepreneurial activities (Florida, 2008).

One of the more widely debated manifestations of such developments was the emergence of creative industries, not only as a putative industrial sector, but as a concept that could provide a new anchor point for arts, media and cultural policy, arts/humanities education and cultural studies research (Hartley, 2005; c.f. Wang, 2004; Poster, 2009). In the ongoing debates that have ensued around the creative industries concept, questions have been asked about: the legitimacy of claiming creativity as a *sui generis* category which can be used to distinguish some industries and activities from others (Donald, 2004; Schlesinger, 2008); whether creative industries marks an embrace of neo-liberalism and corporate culture and forsakes cultural studies traditions of radical critique (Miller, 2009); and whether the cluster of industries associated with the concept – which run the gamut from the creative and performing arts to broadcast media to architecture, software and games – is too *ad hoc* and incoherent to make general claims around (Garnham, 2005; O’Connor, 2007; Galloway and Dunlop, 2007).

There is a growing awareness emerging that culture and economy have become increasingly intertwined, which has in turn generated three types of responses. The first, associated with neo-Marxists such as Sayer (2008), proposes that while the cultural and economic realms increasingly intersect, they need to be considered as analytically separate. To do otherwise, for Sayer, risks collapsing the distinction between intrinsic and instrumental values, or between ‘cultural norms and values regarding actions [which] have, at least in part, a deontological character, according to which actions are seen as good or bad in themselves’, and economic activities and processes which ‘involve a primarily instrumental orientation; they are ultimately a means to an end, satisfying external goals’ (Sayer, 2008: 52). O’Connor (2009) develops a similar argument in relation to the creative industries, arguing that ‘the market only recognizes consumer preferences, and is indifferent to the specific quality of these’; as a result, markets ‘can only satisfy individual wants as they happen to be’. A distinctive set of cultural values therefore needs to inform public provision of cultural goods and services ‘because they are held to raise the general level of people’s abilities to become better people, living a more autonomous and fulfilled life’ (O’Connor, 2009: 392).

A second approach draws attention to the increased *culturalization of the economy*, arguing that the ‘cultural turn’ has impacted significantly upon how contemporary capitalist economies operate. Cultural studies theorists such as Stuart Hall (1988) and Scott Lash and John Urry (1994) developed this line of argument, as has George Yúdice (2003) with his concept of *culture as resource*, arguing that in early 21st century global capitalism ‘culture is increasingly wielded as a resource for both socio-political and economic amelioration, that is, for increased political participation in an era of waning political involvement, conflicts over citizenship, and the rise of ... “cultural capitalism”’ (Yúdice, 2003: 9). In their founding text on cultural economy, du Gay and Pryke (2002) associated a growing ‘culturalization of the economy’ with such factors as:

1. The management of culture being increasingly seen as a key to improving organizational performance, particularly when there is an alignment between organizational goals and the values and attitudes of those working within them;
2. The rise of the service sector, where the relationship between economic transactions and their performative or cultural dimension through interpersonal relations and communicative practices are more overt and visible;
3. The rise of the cultural or creative industries, and the spread of practices throughout the economy that have their genesis in these industries.

Du Gay and Pryke reject the proposition that it is either empirically possible or desirable to distinguish between the economic and cultural realms on the basis of categorical distinctions between ‘instrumentally’ and ‘intrinsically’ oriented activities. They follow Max Weber (1978) and Ian Hunter (1988) in arguing that ‘formally and substantively oriented conducts are too contextually specific and historically contingent to allow them to function as a general “means-ends” moral discriminator’ (du Gay and Pryke, 2002: 11). At the same time, the culturalization of the economy raises the question, as observed by Don Slater (2002), of whether a greater conceptual awareness of the need to think about culture and economy in tandem is being conflated with the different empirical claim that cultural factors have become more important in contemporary capitalist economies.

A third and more radical way of conceiving of the culture/economy relationship arises from *actor-network theory*. Amin and Thrift develop a historical perspective on the concept of cultural economy, arguing that ‘The production, distribution and accumulation of resources – loosely the pursuit of prosperity – has always been a cultural performance ... [but] with the rise of a separate profession of economics and a set of specifically economic knowledges, such performance has either been neglected or actively denigrated (Amin and Thrift, 2004: xii). This raises the question of the extent to which the separation of culture and economy is as much a product of discourse as an empirical proposition or one arising from

different conceptions of norms and values. Actor-network theory, like post-structuralism in the social sciences, draws attention to the extent to which all of the key categories of economic theory – markets, industries, goods and services – are formed through processes that are simultaneously cultural and economic, as well as being shaped by law, politics, regulations and science. To give one example of how this works in practice, Callon *et. al.* (2004) have argued that one of the features of what is sometimes referred to as the “new economy” is that consumers are themselves increasingly invited to participate in the processes through which one type of product is differentiated from a seemingly similar one on the basis of its perceived “qualities”, but that these qualities do not exist independently of the judgments made by multiple agents, including consumers as well as producers, advertisers, marketers, regulators etc ³.

Cultural Studies and Economics: Getting Past the Neo-Liberalism Impasse

A striking feature of the cultural economy debate as it has developed thus far has been the comparative absence of input from economists. It has been the case that policy arguments around creative industries have drawn upon claims made by economists, and there has been extensive use of economic arguments in cultural policy and arts advocacy. For the most part, however, renewed interest in cultural economy has not led to an increased engagement with economics as a disciplinary field. Problems exist on both sides here. Economics can appear to people from the critical humanities tradition to be unduly abstruse and mathematical, with economists’ claims to “value-free” knowledge sitting uncomfortably with the expectations in cultural studies that its practitioners are actively engaged with questions of social change. ⁴Moreover, the considerable influence that economists can have on public policy and advocacy means that they can be seen as particularly close to political and economic decision-makers, which can be seen by critics as creating pressures for intellectual compromise.

At the same time it can be argued that people in media and cultural studies work with one-dimensional caricatures of what economics is and what economists do. Hesmondhalgh (2007) approaches economics as synonymous with the neo-classical tradition and value-free positivism, which in his view ‘is not concerned with determining human needs and rights, nor with intervening in questions of social justice’, but rather with ‘how human wants might be most efficiently satisfied’, and which ‘equates the well-being of people with their ability to maximize their satisfactions’ (Hesmondhalgh, 2007: 30). Miller *et. al.* (2001) describe the ‘neo-classical vision of Hollywood’ as one that ‘asserts that the supposedly neutral mechanism of market competition exchanges materials at costs that ensure the most efficient people are producing, and their customers are content’. In their view this is ‘bourgeois economics’ that deliberately mystifies the actual processes of contemporary studio film production and distribution, which ‘as a historical account, it is of no value: the rhythms of supply and demand, operating unfettered by states, religions, unions, superstition and fashion, have never existed as such’ (Miller *et. al.*, 2001: 48).

I would argue that the issues here run deeper than evidence of misunderstandings and straw-person arguments. The dominant view of economics from the perspective of critical cultural studies is of a discipline with a singular dominant set of priorities, which are narrowly focused and lack realism, is one that needs to approach the economics discipline as far more homogeneous and less political diverse than it actually is ⁵. The next step, which is the more crucial one, is to argue that such economics effectively functions as an ideology, serving dominant economic interests through the mystification of social reality. This is most clearly seen with the use of the term *neo-liberalism*. Neo-liberalism has become an all-pervasive term among critical social theorists in the 2000s. In media and cultural studies, creative industries is frequently presented as a neo-liberal project, with Miller referring to ‘neo-liberal creative industries discourse’ being promoted by ‘carpet-bagging consultants’ (Miller, 2009: 188), Freedman linking the UK creative industries policy discourse to ‘the neo-liberalization of media policy’ (Freedman, 2008: 224), and O’Connor critiquing ‘the annexation, through social network markets, of the *cultural* value of cultural goods to the evolution of the knowledge economy’ (O’Connor, 2009: 389). Elsewhere, we find neo-liberalism presented as driving such seemingly diverse phenomena as the rising popularity of Bollywood-style weddings (Kapur, 2009), the prevalence of violence in recent Australian cinema (Stratton, 2009), and the financial difficulties of the University of California (Butler, 2009).

It is beyond the scope of this paper to provide a detailed critique of neo-liberalism ⁶, but some points can be made about how the term is used and misused. The most common accounts of neo-liberalism is a neo-Marxist one (e.g. Harvey, 2005; Scholte, 2005; Saad-Filho and Johnston, 2005), which equates its origins with the coming to power of Margaret Thatcher in the UK and Ronald Reagan in the US, who were seen to have drawn upon a set of economic doctrines associated with the “Chicago School” of economists such as Milton Friedman, as well as ideas emanating from think-tanks such as the Institute for Economic Affairs. Neo-liberalism was an explicitly ideological discourse, aiming to reassert the class power of business and economic elites in the face of challenges to their power and authority on the domestic and international fronts. In the 1990s, neo-liberalism branched out internationally under the guise of globalization and with the support of

international institutions associated with the “Washington Consensus”, such as the World Bank and the International Monetary Fund. It also acquired a notionally social democratic form with the “Third Way” ideologies associated with Bill Clinton in the US and Tony Blair’s “New Labour” in the UK. The global financial crisis of 2008 is, by this account, seen as the great historical reckoning of neo-liberalism, where the chickens associated with deregulated markets and the hegemony of financial capital finally came home to roost.

It is only recently that Michel Foucault’s account of neo-liberalism, developed in his lectures at the Collège de France in 1979, and now available under the (slightly misleading) title *The Birth of Biopolitics*, has become available in English (Foucault, 2008; c.f. Gane, 2008; Hindess, 2009 for discussion). It is notable that Foucault does not trace the origins of neo-liberal thinking about government to the 1970s, but to the late 18th century, noting that the question of ‘frugal government’ has its origins in this period. What Foucault terms *liberal governmentality* does not, as is commonly assumed, start with an opposition between the state and the market, but rather with a paradox of government, which is the question of what is ‘too much and too little’ government (Foucault, 2008: 28). The contribution of the political economists to this debate, with Adam Smith as a key historically representative figure, was to consider how the goals associated with ‘reason of state’ (*raison d’Etat*) could be achieved more effectively by reducing the level of direct state control over both the economy and the society, and instead enabling commercial trade and other forms of interpersonal interaction. The concept that trade could generate mutual benefit was also at the core of free trade doctrines that displaced the legacy of mercantilism in the international economic sphere, most notably in Great Britain.

What is today referred to as neo-liberalism has its origins, for Foucault, in the immediate aftermath of World War II in Germany, where the “Freiberg School” argued that it had been the historic weakness of economic liberalism in Germany since the 1840s that created the historical conditions for the catastrophe of Nazism. It is incorrect to read German neo-liberalism (*Ordoliberalism*) as anti-democratic, or as simply being on the side of big business, as big business had largely supported the Nazis. Instead, it generates a critique of corporatist economic policies which had their strongest manifestations in Germany, but which have routinely emerged as a nationalist alternative in Europe to economic liberalism. Nor, from Foucault’s account, can German *Ordoliberalism* be read simply as a subordination of all aspects of society to the market. Working off a Weberian rather than a Marxist problematic, which emphasized the social tensions arising from a capitalist market economy, the *Ordoliberals* were very much concerned with the social environment and *Vitalpolitik* (politics of life), advocating a diverse range of policies from decentralization of cities, support for home ownership, encouraging small businesses and small farms, environmental controls and what was described as ‘shifting the centre of gravity of governmental action downwards’ (Foucault, 2008: 147-148). The German ‘social market economy’ model can no doubt be critiqued from a variety of angles, but the point is that it is not simply a boilerplate for the account of neo-liberalism provided by the current wave of neo-Marxist critics.

Other points can and no doubt will be made about the account of neo-liberalism developed by Foucault in the lectures that form *The Birth of Biopolitics*. I would simply note three that are relevant to current discussions. First, Foucault argues that it is impossible to understand capitalism in terms of ‘the single necessary logic of its economy ... determined by the logic of capital and its accumulation’ (Foucault, 2008: 164-165). Rather, capitalism needs to be understood in terms of distinctive economic-institutional formations that differ both over time and between countries. German *Ordoliberalism* is different to American neo-liberalism, which in turn have different characteristics to Britain, and to France, and so on. It points to the need for concrete institutional analysis that recognizes and works with the continuing significant differences between national capitalisms, even in the context of greater economic globalization (Perraton and Clift, 2004). Second, critical theorists are characteristically engaged in political debates around competing forms of liberalism, and socialism is not – in this account – the radical negation of liberalism. This is because, for Foucault, liberalism is less as about being a philosophy or an ideology than constituting a set of arts of government and technologies of governmental practice. The innovation of neo-liberalism, in this account, is the insertion of concepts of enterprise and competition into all aspects of economic and social management, and its historical competitor is Keynesianism – or, more precisely, the mix of demand management techniques, economic planning and redistributive taxation and social welfare policies historically linked to social democracy – rather than Marxism and its variants. Foucault sees the questions raised by liberal modes of government as preventing unavoidable questions for socialists. He argues that what ‘socialism lacks is not so much a theory of the state as a governmental reason, the definition of what a governmental rationality would be in socialism. That is to say, a reasonable and calculable measure of the extent, modes, and objectives of governmental action’ (Foucault, 2008: 95-96). Finally, the publication of *The Birth of Biopolitics* may provide more focus on what neo-liberalism actually is, rather than it becoming a category prone to analytical hyperinflation since, as Donald Nonini observes in relation to debates about whether China is becoming more neo-liberal:

The term ‘neo-liberal’ has recently appeared so frequently, and been applied with such abandon, that it risks being used to refer to almost any political, economic, social or cultural process associated with contemporary capitalism ... A term with so many meanings obviously has great utility, because most progressive scholars can agree that whatever neo-liberalism is, they don’t like it, and the ambiguity of the term allows discursive coalitions of the like-minded to form without the troublesome bother of having to clarify exactly what it is they oppose or are critical of (Nonini, 2008: 149).

Opportunities for Collaboration between Cultural Studies and Economics around Cultural Economy

I will conclude by identifying four areas where scope can be identified for useful collaboration around the concept of cultural economy between economic and cultural researchers. The first concerns the *value of information*. Because markets are, by one account, a vast signaling mechanism to various agents that inform decisions, economists have done a lot of thinking about information – who has it, how it is distributed, how it is produced, and how it is used (e.g. Shapiro and Varian, 1999). The growth of the Internet and the rise of the digital economy has meant an exponential growth in amounts of available information and capacities to access them, leading to a proliferation of forms of information-driven behavior, such as online auctions on eBay and other related sites (David and Foray, 2002). The question of the value of information is also emerging sharply in the present period in debates about the future of news, and plans by commercial media proprietors to shift to user-pays forms of access to their online news sites. It also arises in considering the contemporary roles and purposes of the university, but noting this draws our attention to the important distinctions between information and knowledge, which cannot be resolved within an economic framework that takes as its starting point undifferentiated data. More in-depth and interdisciplinary work on the value of information is emerging as a priority.

Second, I would note discussions about the *value of networks*. Networks are one of the three primary forms of coordination of behavior among agents alongside hierarchies and markets, and there is a general view that their significance has increased over the 1990s and 2000s for reasons related to the rise of the Internet and digital media technologies (Castells, 1996; Thompson, 2003; Benkler, 2006). Social network analysis has its origins in sociology, but it constitutes a major potential field for collaborative research related to the cultural economy. One important feature of sociological work around networks is that they can constitute the basis for exclusion as well as inclusion, and that an understanding of the dynamics of inclusion/exclusion in the creative industries avoids overly celebratory accounts of what Angela McRobbie (2005) terms the work of ‘selling the self’ that often characterizes work in these industries.

Recent work on the value of networks has been undertaken by Potts *et. al.* (2008), which has brought together cultural studies with evolutionary and behavioral economics to propose a redefinition of creative industries around the concept of *social network markets*. In this analysis, it is the interaction between agents, social networks and enterprises that primarily occurs through markets that enable industries to evolve over time. From this perspective, what is unique about the creative industries is that they have consumers who are seeking the use-value of novelty from creative goods and services alongside producers who need to experiment and generate a product repertoire in the face of endemic risk and uncertainty about consumer demand (Potts *et. al.*, 2008: 171-173). Both producers and consumers will therefore be engaged in continuous learning processes about what creative goods and services are available, what their qualities might be, and what are the price-points at which decisions to buy and consume these products would be made. As all of these are information questions, the value of social networks in generating information and enabling it to be harnessed for purposes of producer decision-making and consumer choice becomes central. This recent restatement of creative industries in terms of social network markets aims to avoid the problems associated with industry-driven definitions of the creative industries, such as boundary dilemmas and the implicit privileging of producer interests over those of consumers, by identifying the creative industries as a field characterized by recurring interactions between learning agents, social networks and market-based enterprises, organizations and coordinating institutions. This presents the creative industries as being engaged in ‘the representation and coordination of new ideas’ (Potts *et. al.*, 2008: 176) whose definitional boundaries can be expected to shift over time as a result of interactions between learning agents and enterprises in social network markets.

A third area of interest is that of *motivations for participation and collaboration in online social networks*. Economics has long been taken to task for routinely underestimating and downplaying the significance of non-market activities and those undertaken with non-pecuniary motivations. It is now being argued, most notably by Benkler (2006) that an information-driven economy with digital technologies at its core places a premium upon non-market activities with non-pecuniary motivations, as it values a non-proprietary approach to information as a *metapublic good*, with many implications for intellectual property, labour markets, the formation and maintenance of networks etc. This debate has been picked up on by Australian economists John Quiggin and Jason Potts in what can be termed the altruism/signaling debate (Quiggin and

Potts, 2008). Quiggin follows Benkler in arguing that the Internet and innovation through it is fundamentally driven by non-market activities with non-commercial motivations (*altruism*), that this has been the Internet's history and its future, and that this has wider ramifications for the wider economy and for economics. Potts counters with the proposition that much non-pecuniary online behavior can be seen as proto-market rather than non-market in its motivations, as it involves a range of *signaling* behaviors that may have economic pay-offs over a longer-term time horizon. As we are often talking here about publicly viewable online activities, such as Facebook profiling and personal blogging, these are activities that clearly concern representation as well as information, and should be amenable to cultural economy analytical frameworks.

Finally, there is the relationship of culture to the wider economy, and the particular question of what happens to cultural activities and creative industries in periods of economic downturn and recession. It has been a common observation that the art boom in countries such as Britain co-evolved with what proved to be an unsustainable hyperinflation of financial assets and bonus cultures in the City of London, rewarding, as Alice O'Keefe argued in her last arts column in the *New Statesman*, to a 'contemporary visual art scene [that] has been the most slavishly money-serving, catering as it has done exclusively to the rich' (O'Keefe, 2009). For O'Keefe, this was encouraged by New Labour with its promotion of the creative industries as a growth segment of the British economy: 'like bankers and stockbrokers, artists were expected to prop up the wobbly edifice of consumer capitalism, to generate profit, attract tourists, help Britain market itself as a cultural – and therefore financial – "hub"' (O'Keefe, 2009).

If this has been the case, then one would expect much of the arts and the creative industries to sink into recessionary gloom alongside the financial sector that promoted their unsustainable growth. At its base, this is a claim that these are not "real industries", and that culture remains a residual outcome of developments in the "real" economy. But Andy Pratt, in a recent review of possible developments (Pratt, 2009), proposes that this is only one of four possibilities for cultural sectors in a recession. Another possibility is that the public sector picks up much of the slack arising from a private sector downturn, with cultural activities increasingly driven by public investment that has quite different priorities. A third possibility is that we are in a phase of *creative destruction*, as Joseph Schumpeter referred to business cycles under capitalism, and that there will be "green shoots" of new forms of culture driven by new ideas and possibilities, as others wither as they prove to be unsustainable. The final possibility that Pratt raises is that as many economists and policy makers have not only failed to adequately register the rise and growth of the creative industries, but have failed to understand their changing relationship to economy and society. The resilience of the cultural sectors, in this account, arises from a wider shift in the relationship between symbolic and material production, so that:

The ways in which economic transactions include, or depend upon, the cultural dimension of their activities to not only 'add value'; but to encourage consumers to make the 'buy/not buy' decision. So, 'culture' is not simply an added extra, or candy floss, it is the main action, and as such cannot be removed from the product easily (Pratt, 2009: 496).

This paper has considered the rise of cultural economy discourses primarily in terms of whether economics – and particularly newer strands of economic theory such as behavioural, evolutionary and institutional economics – can enrich the understanding of creative industries and creative economy as it is developing in cultural studies and associated fields. What has not been discussed here is the contribution that cultural studies and associated fields can make to advancing economic analysis, particularly in understanding culture-related industries and processes. That work will wait for another day. What I have sought to indicate there is that there is much potential for collaboration but on the cultural studies side, one corollary of such a commitment is that some serious rethinking has to be done in relation to the one-dimensional caricature of economic discourse that is found in many influential analyses in the field. This clearly requires, among other things, moving beyond the representation of neo-liberalism as an all-consuming *zeitgeist* whereby the innocent realm that is culture is rent asunder by the sinister machinations of economists with ideology on their minds and evil intent in their hearts.

Notes

¹ A version of this paper was presented at the "Media Technologies, Community and Everyday Life" symposium, organised by the Centre for Everyday Life, School of Media Communications and Culture, Murdoch University, Perth, Western Australia, on 2 September, 2009. My thanks to all those who attended and participated, and to Associate Professor Terence Lee for arranging the presentation.

² This paper will only refer to influences over the last 40 years. Hartley (2009) has argued the central role of Thorstein Veblen to incorporating cultural variables into evolutionary economics, and Amin and Thrift (2004) argue that such

influences can also be seen in the work of Adam Smith as well as Georg Simmel. Karl Marx is obviously also a relevant figure, albeit one who has been widely criticized for interpreting the relationship largely in terms of a one-way flow from the economic 'base' to the cultural 'superstructure' (Williams, 1973).

³ An example of how an object can be defined through policy discourses can be found with the Internet. In the United States, the striking down of the *Communications Decency Act* in the U.S. Supreme Court was premised upon the idea of the Internet being "like print" and therefore subject to the provisions of the U.S. Constitution guaranteeing freedom of speech. By contrast, in Australia the provisions of the *Broadcasting Services Act 1992* were extended to the Internet by the Howard government in 1997 through an *Online Services Amendment*, which in effect defines the Internet as being "like television" for regulatory purposes.

⁴ This can be seen as a playing out of the debate over positivism in German sociology, with the empiricist tradition associated with Sir Karl Popper and others proving to be irreconcilable with the critical theory approach of the "Frankfurt School" of cultural Marxists such as Theodor Adorno.

⁵ One of the many indicators of this are the number of recent winners of the Nobel Prize in economics who are notable critics of assumptions about markets of the sort that Hesmondhalgh and Miller *et. al.* believe pervade the discipline. George Akerlof, Paul Krugman, Amartya Sen and Joseph Stiglitz would all be notable cases in point. It is worth noting that, in the U.S. context, the American Economic Association has been criticized for a preponderance of supporters of the Democrats over the Republicans (Klein and Stern, 2006).

⁶ See Flew and Cunningham, 2010 and Flew, 2010 for a further discussion of the limits of neo-liberalism as an analytical concept.

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