

**The Cultural Industries Sector: its definition
and character from secondary sources on
employment and trade, Britain 1984-91**

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No.41 *Andy C Pratt*

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The Cultural Industries Sector: its definition and character from secondary sources on employment and trade, Britain 1984-91

Dr Andy C Pratt

Abstract

Cultural industries are broadly defined for the purposes of this paper as music, film, radio and television, publishing and advertising. The sectoral approach adopted includes not only the artists, but also the skilled technicians and support infrastructure (material and organizational) necessary to reproduce these cultural endeavours. The aim of this paper is to provide the ground work for more intensive studies of the cultural industries sector. It takes as its major task the development of a practical definition of the cultural industry sector for use with existing secondary data on employment and trade. It shows changes in the size, composition and where possible distribution, in Britain in the period 1984-91. The paper suggests that significant restructuring that has taken place in the location and form of the cultural industries sector. Moreover, potential interdependencies may exist between cultural industries sector and some manufacturing industries; policy makers both in the arts, and in industry, may need to acknowledge these.

Introduction

The term 'cultural industry' is a relatively new one to academic studies of urban and economic development; however, it is a topic that is now receiving considerable attention from policy makers. There is irony in the fact that so much enthusiasm has been generated by a topic which seems to be so under researched and poorly defined. Cultural industries have been subject to a 'perceptual problem' similar to that which has dogged the service industries: namely that they are considered frivolous or insignificant - the fact that the product of the cultural industries is perceived to be 'mere entertainment' does not assist in them being taken seriously. With the cultural industries there is a double irony; the huge upsurge of interest in the analysis of culture in the social sciences has juxtaposed the categories, and disciplinary foci, of the economy and culture. In part this is due to the theoretical provenance of the debates and their favoured modes of analysis. However, the net result is that a range of issues have receive little, or at best partial, attention. Broadly, these issues touch upon the (political) economic dimensions of culture, the social and cultural dimensions of all industry, and the significance of 'entertainment'¹ as an industry.

Just as analyses of the growth in employment and (less often) trade earnings have highlighted the contribution of the service sector, this paper argues that the cultural industries may now be considered to be making a substantial contribution to the economic well-being of nation states. Whilst such a statement is not original, it is one that is more often based upon assertion or anecdotal evidence. This paper develops a pragmatic, but conceptually grounded, definition of the cultural industries and provides data to support the generally held belief that the cultural industries are a significant economic activity. A salient aspect of this activity is that it tends to be the very localised, predominantly concentrated in the primate city; this paper outlines the distribution of cultural sector employment in Britain, in particular emphasising the dominance of London and the South East.

A less obvious point that this paper highlights is that the industries that comprise the 'cultural industries sector' might usefully be considered as an ensemble that have strong interconnections via contracting and subcontracting relations, technical and organisational innovation, and labour markets. In part such interconnection may go some way towards accounting for the localisation of many cultural industries. However, research on the topic of industrial localisation more generally would suggest the importance of various forms of 'governance' (social, economic, and political networks and institutions) which are unique to a locality. Consequently, this paper points to the need for more intensive analysis of the nature and organisation of the cultural industries in particular places in order to understand the delicate web of production relations, labour markets and social-cultural milieu.

Evaluating the contribution of the cultural industries

A perennial problem faced by researchers interested in the cultural industries is that of evaluating their contribution to economy and society. For reasons of clarity this issue can be divided into two major parts: cultural and economic value. This is not to suggest that these are discrete but they do register as a significant division within the formation of knowledge and policy. In fact, a history of the classification of the arts and cultural industries is underpinned with a very particular concept of culture, implicit in this is a value system. There is not space here to more than point out the salience of divisions between high-low, or elite-mass, culture (see Storey 1993; McGuigan 1992). Such notions have formed a foundation for arts policy, and arts subsidy. Generally, high or elite culture² is subsidised, and low or mass culture is commercially provided. The value system here is referential in both directions, such that if a cultural product is commercial it may be deemed less 'worthy'.

It will come as no surprise to readers that J. M. Keynes was an influential actor in the formation of the main arts funding body in the UK. The notion here is one of arts funding on a subsidy-only basis (the state stepping in to manage market failure in order to support high culture³). Such a function ties in very neatly with the prior literary tradition of art as 'culture', which itself was central to nationhood (see Jencks 1993 for summary). Within such a context funding for the arts would be an uncontroversial role for the state.

For the purposes of the current discussion it is important to point out that implicit within such a notion of art as transcendent is that of the deification of the artist as the source of art. Hence, arts funding has tended to focus on the artist or the support of a market in (particular) artistic works⁴. On the other side of the coin low art became - in the 1930s - synonymous with industrial production, and was, in the view of many, a barbaric tendency (Adorno and Horkheimer 1977). I do not want to broach the debate about artistic value here, simply to point it out as a context, a context that has had a significant role in establishing an ensemble of markets, institutions, and class of commodities. The point here is that cultural industries exist and that they have state supported as well as commercial aspects. Products have cultural as well as economic value⁵. However, for the purposes of this analysis I want to set aside the vexed issue of cultural value.

One response to the valuing of cultural industries (outside of their cultural value) is to attach an economic value. Here much attention has been paid to developing analyses of the indirect impact of the arts and cultural industries. Urban managers in the US and latterly the UK have developed economic impact studies that have sought to explore the extra economic activity generated by arts and culture; predominantly via participation figures, and secondary impacts via proximity on shopping and tourism, as well as transport and accommodation⁶. Such studies have effectively re-legitimised arts investment (that is, not-for-profit art activity) within a new state

regime. Philanthropy, and ‘art for arts sake’ has lost its legitimacy. However, analyses that demonstrate that a financial return on arts investment can exist create both a legitimacy and a vocabulary for arts funding that simultaneously links it with, and makes it visible to the techniques of control within, the realm of urban management.

Another approach to this problem is direct evaluation, that of considering a cultural industry like any other. In pure economic terms the product does have a market value if it is traded (art, music, and literature are all traded). So, it is not unreasonable to consider the contribution on similar grounds to other industries, basic measures of which are output and employment. Moreover, such analyses might be able to make a relative case of value (albeit in a partial manner). On reflection, it is surprising that so little of such analysis has been done. Of course, a good reason why arts funding bodies, or state administrations do not measure their activities in this way is that it does not usually measure what they value; namely the ‘cultural/ ideological’ value of the art⁷.

Regulating the cultural industries

There is a deeper problem in all of this for the nation state. The problem relates to the commodification of art and its governance. Whilst the state may manage ‘high’ art it more or less casts ‘low’ art to the market. Thus the commercial cultural industries sector is ignored by cultural policy makers and is given short shrift by industrial policy makers; as such it is left to its own devices. This seems a prime case of an unhelpful bifurcation of culture and economy. This paper highlights the fact that the cultural industries are already a fully fledged part of the economy. This suggests a potential role for government in a strategic fashion that is being missed at present. This dovetails with a current local government obsession with cultural regeneration; albeit an uncoordinated (between cities) and under-explored way (the focus is commonly on social regeneration outcomes than industrial performance).

Of course, the consequences of taking cultural industries seriously then rebound upon the question of the governance of culture itself. How complementary is, or should, a nation’s arts/ cultural policy be with its economic one ? There are no easy answers here: the point here is to signal a debate that needs to take place⁸.

From cultural industries to the cultural industries sector

It will be clear from the above that conceptualising the cultural industries sector is not a simple or a value free act. For this reason I would argue that all proposers of analyses should be clear as

to their classification principles. It is not likely that a generic definition could, or indeed should, be proposed. Different definitions will satisfy different objectives. The approach adopted in this paper draws upon two strands of research: the sociology of art, and of local economic development. The common idea is to pay attention to significant inter-relationships between activities; not simply acknowledging a linking by similarity of final product, but recognising communality and inter-relationship of process. This notion is one commonly deployed in Local Economic Development: the sector.

Work in the sociology of art is useful in establishing the argument that art is a social production: it is a creation, a product of a particular social organisational ensemble. This is not simply to suggest that art exists in a social context, but that it requires more than individual action to create it; this point is clearly made by Becker (1974: 768)

“Generally speaking, the necessary activities [in creating any work of art] typically include conceiving the idea of the work, making the necessary physical artifacts, creating a conventional language of expression, training artistic personnel and audiences to use the conventional language to create and to experience, and providing the necessary mixture of those ingredients for a particular work or performance”.

Such an approach clearly displaces the artist as the sole source of artistic expression and value. Other analyses of cultural production, communication studies and cultural studies have highlighted a variety of aspects of the shaping of cultural activity: the technological (see Eisenstein 1979), the social institutions (see Crane 1992), and the economic (see Garnham 1979). Wolff (1981) reviewing these debates and drawing upon the work of Williams (1974) argues strongly for the non-reductive nature of each of these components (see also the work of Girard 1981). The breadth of analysis that Wolff’s conceptual and theoretical framework discloses is enormous; any one piece of research can not hope to satisfy the demands, but at least it does establish the appropriate sense of context.

Work in the field of local economic development has been concerned with the nature, organisation and spatial forms of industrial activity; with especial attention to the promotion of endogenous economic activity. Although it is a diverse tradition ranging from conventional microeconomics, through geography, to local government administration; it has been much influenced by recent work on the organisational and institutional forms of industrial activity. Two particular strands of work are relevant here. First, those that have stressed the importance of urban design in city promotion, closely allied with these have been those who have highlighted the international competition of cities and the attempts by cities to gain competitive advantage through the establishment of ‘growth coalitions’ (see Harvey 1989; Molotch 1976). Second, are those underpinned by analyses that have considered the move from mass to batch, from rigid to flexible production regimes: usually labelled post-Fordism. One of the notable attempts to relate these debates to cultural industries has been the work of Lash and Urry (1994)⁹. One of Lash and Urry’s central arguments regards the fact that many aspects of the cultural industries were ‘post-

Fordist' before Fordism. In other words, that cultural industries offer an advanced model of manufacturing organisation that others may follow.

Post-Fordist debates have given rise to policy debates that have highlighted the concept of sectoral strategies. Sectoral strategies seek to identify the necessary interrelationships between production processes and to plan or manage them as an integrated unit. This approach contrasts with traditional policy approaches that have focused upon single industries rather than sectors (see Geddes 1992). The two debates are linked in work on local sectoral strategies (see Best 1990; Murray 1991). It is out of this work that a tradition of cultural sector policies has emerged, the most notable being that of the Greater London Council¹⁰. However, this is not a simple model that can simply be re-applied without modification. There are key tensions at the core of most of the cultural policies that have been developed in the wake of the GLC by other metropolitan authorities, namely that between an industrial strategy, a re-employment/ social welfare strategy, a cultural /arts promotion strategy, and a recreational strategy (see Bianchini 1993).

Whatever the contradictions in policy practice it is important to note that these two traditions offer a substantial basis for further work on the cultural industries. They suggest the importance of the interrelated nature of the industries, and the importance of consideration of the sector as a unit (though acknowledging its internal diversity), they are also suggestive that cultural industries may be some of the most innovative in their organisational form, and finally that the localisation of cultural activity is important and may have significant additional impacts.

Definitions and measurement

The next step is to define what is precisely meant by the terms 'cultural industry', and the 'cultural industries sector'. The analysis that follows considers this in two ways via trade and employment data. There is a logical case for attempting an analysis of output and employment. However, difficulties of disaggregating data in both activity and spatial dimensions make this particularly difficult. Hence this analysis relies upon trade statistics. A conscious attempt has been made to work with already existing secondary data for which a longitudinal data set exists, and one which could be replicated in other countries for comparative purposes. In this sense the classifications actually adopted tend to be crude and less than ideal. Generally attempts have been made to err on the side of underestimation, to be exclusive rather than inclusive of activities that fall at the margins of standard classifications.

Broadly the working definition of the cultural industries sector begins with its products: performance, fine art and literature; their reproduction, books, journal magazines, newspapers,

film, radio, television, recordings on disc or tape; and activities that link together art forms such as advertising. Also considered are the production, distribution and display processes of printing, and broadcasting, as well as museums, libraries, theatres, nightclubs and galleries¹¹.

It is a point well taken that all of the employees who are captured in such an analysis will not be artists (in the way that, say, an occupational survey might identify these see Towse 1996; O'Brien and Feist 1996). However, as has been argued above, non-artistic skills and occupations play a vital role in the sustenance and support of cultural industries. The phenomenon of overlap and difference of those employed in cultural occupations and cultural industries, or those in cultural occupations and not cultural industries, or those in cultural industries but not cultural occupations has been discussed by O'Brien and Feist (1996:9)

It might be argued that the definition developed above is still not inclusive. For example sport is notable by its absence, as is tourism and entertainment¹². Whilst it is a valid argument that these are cultural industries, and that they are important industries in and of themselves, they can be considered as a separate sector from the cultural industries sector. One of the key reasons is related to the social institutions, the technologies, and the economic relations of cultural industries' production that are within the cultural industries sector. Thus the convention adopted in this paper is to label individual industries that fall under the cultural umbrella as 'cultural industries' and to group those that have a strong internal relation as the 'cultural industries sector'¹³. This paper is centrally concerned with this latter group.

Even the simplest of definitions of the cultural industries can cause difficulties with respect to measurements. The analysis which forms the main section of this paper is severely constrained by the availability of data. Two main sources are used: the Balance of Payments statistics and the Census of Employment. Due to the limited availability and changing definitions of the latter a time period 1984-91 was selected. This time period is a convenient one for illustrative purposes as it is one in which many changes in the structure of the constituent industries of the cultural sector took place.

There are three sets of problems associated with both of the analyses that are detailed below. First, the cultural industries include a significant proportion of the service sector - a notoriously difficult sector to analyse due to limited and idiosyncratic data collection (see Marshall and Wood 1986). Second, that cultural industries, when collectively defined as a sector, span the manufacturing- service industry divide and as such are subject to inadequate description. For example, there is a category for the production of gramophone records and prerecorded tapes but it is difficult to see how a music conglomerate such as EMI might be classified. Third, that much of the cultural industries' output falls under the category invisible earnings. Data on these is particularly difficult to disaggregate by industry. For example, royalties (which include mineral royalties, manufacturing rights, patents and copyrights as well as music, publishing, and performing rights) are not disaggregated. Moreover, cultural industries include both visible and invisible earnings.

As will be noted below, the balance of trade figures are especially weakened by the lack of disaggregation by sub-industry, or by space. Nevertheless, the following represents an attempt to produce a first approximation of a comprehensive analysis of the cultural industries. Clearly, this is only a first stage, the second should consist of detailed analysis of particular sub-sectors, their organisation, development, location and relation to other sectors of the economy. The key point made in the analysis presented below is that the cultural sector is a significant one in both monetary and employment terms; moreover, in the near future it is likely to become even more important in both strategic terms as well as in its own right.

Trade and export earnings: measuring the most intangible visible earnings

It is useful to take a broad view of the information available on trade as it is not one that is commonly utilized in this context. Balance of trade figures attribute the value of flows of goods into and out of a country. Whilst more traditional 'visible earnings' have been valued in the past, there is an increasing recognition that invisible earnings now play a significant role in developed economies such as the UK (see Sowell 1988: 10) (see Table 1: *all tables are located at the end of this document*). The key point is that earnings in the cultural industries sector are both invisible and visible. In either case detailed statistics - relevant to the focus of this paper - are hard to come by; thus a synthetic analysis has been carried out¹⁴.

It is notable that the positive invisible balance of trade has been important in counterbalancing negative trade figures for visibles due to the decline of manufacturing output. Unusually, the classification of trade used in the Pink Book provides more detail on invisible than visible earnings¹⁵. It is a complex task to extract a disaggregation of the cultural industries from the trade figures, but an attempt is made here. The aggregated nature of visible trade data make it unsuitable for our purposes altogether, hence the reliance on anecdotal reports. There are five levels of subdivision to be unpicked before the constitutive industries of the cultural sector can be identified within the invisible trade figures (see Figure 1). First, invisible trade is subdivided into Services, Investment income and Transfers; Services have been the major positive element in recent years. Second, 'Services' are further subdivided between Government and Private sector services; the latter subject to a third subdivision. The largest component of these Private sector services is 'Other business services': the major representative of the of the service industries as commonly described; in fact, this is the only element of Private sector services showing a positive balance of trade.

Figure 1: The classification of invisible trade in the UK Balance of Payments (CSO 1995).

Level 1 (Table 1.1 in the Pink Book): All Trade

Visible

Invisible

Level 2 (Table 1.1 in the Pink Book): Invisible

Services

Transfers

Investment

Level 3 (Table 3.1 in the Pink Book): Services

General Government

Private Sector and public companies

Level 4 (Table 3.1 in the Pink Book): Private Sector and Public Companies

Sea transport

Civil aviation

Travel

Other business services

Level 5 (Table 3.7 in the Pink Book): Other Business Services

Royalties (from related and unrelated concerns)

Other services provided by UK companies to (related and unrelated concerns)

Consulting engineers

Process engineers

Chartered surveyors

Architects

Management and economic consultants

Other identified consultants

Computer services

Telecommunications and postal services

Films and television

The Legal profession

North sea oil and gas companies

Advertising and market research agencies

Land transport - freight

Expenditure in the UK (by overseas students, embassies and US bases and forces)

Education services

Other services, etc.

Level 6: Other business services included within the cultural industries invisible trade for the current analysis:

Royalties (from related and unrelated concerns)

Films and television

Advertising and market research agencies

It is only by exploring the fifth level - that within the Other Business Services - that it is possible to isolate the contribution of cultural industries¹⁶. These can be identified under three headings: Royalties, Films and television, and Advertising and market research. The numerous subdivisions of invisible trade described above might suggest an insignificant contribution of the cultural industries, this is not the case. There are two points to note here, the volume and the balance of trade. Cultural industries have a significant volume of trade. For example, Banking is often seen as a key sector of the economy; gross credits from Banks was £1569m, and Film and television alone £570m (1991 figures). Banking's great benefit is that its gross earnings are almost equal to the UK net balance of trade; whilst this is not the case for the cultural sector, the cultural sector does as a whole return a net positive balance of trade (Table 2). Of course there are significant variations across the cultural industries as well as through time. Nevertheless, it has been estimated from data prepared by trade associations, such as those representing the music industry, has one of the most favourable export performances in the economy (see Chote and Mulligan 1995).

These general figures regarding the contribution of the cultural industries must be treated with caution. For example, a survey by the Board of Trade in 1984 suggested that artistic royalties contributed just 10% of the overall 'royalties' figure. Artistic royalties only include data on publishing and music; film and tv royalties are compiled under, and rolled up with, the separate heading 'film and tv'. The majority of the royalties figure was attributable to technological and mineral royalties (CoI 1985: 17). A revised estimate of royalties can be constructed by using this BoT figure and recalculating at 10%, this yields £15.3m attributed to cultural sources, nevertheless this does add up to a net positive balance of trade of £193.3 million for the cultural sector as a whole (1991)¹⁷.

Trade analysts (aside from trade associations with a vested interest) generally seem to ignore the contribution of royalties to national trade: the most intangible of invisible earnings. Significantly, the most comprehensive survey of invisible earnings in recent years by Sowell (1988) does not even mention either royalties or the music industry. It will be pointed out below that it is likely that the BoT estimate of cultural royalties representing just 10% of all royalties has shifted dramatically in favour of cultural royalties in recent years. This would suggest that the cultural sector's contribution is set to grow even further. Moreover, many cultural industries' total earnings are not exhausted by invisibles, they include visibles as well. However, information on this topic is difficult to disaggregate, we can only appreciate the relative contributions made by subsections of the cultural industries by exploring them in more detail. The following sections in this part offer an indicative, though not comprehensive, review of the contribution of the cultural industries to the balance of trade.

Music and Computer Games

Without a doubt the music industry and its upstart sibling, the computer games industry, are significant industries. Estimates, although they are difficult to verify, suggest that world wide the music industry earns more than £21 billion per annum, and the computer games industry £8.7 billion (Taylor and Holder 1995; Rawsthorn 1995a, 1995c, 1995d; see also Sheff 1993: 5). What is particularly interesting about both industries is that the invisible component of their earnings-royalties - have become progressively more significant over time (see more general discussion in Lash and Urry 1994: 117, and Lury 1993, Rawsthorn 1995c; 1995d). Whilst computer games companies such as Nintendo have made a virtue of 'locking-in' hardware sales to its software products, it is the software that is most crucial to its financial success¹⁸. The growth in significance of software and earnings from intellectual property is one that is likely to become more pronounced as game playing via cable and the internet increases.

In music, a more mature business than the computer games industry, the sale of the software, or the rights to particular songs, can be a crucial cornerstone in the viability of international corporations¹⁹. It is this fact that has driven much of the corporate takeover activity within both industries (the boundaries of which are becoming increasingly difficult to define, especially as this takeover activity is driven through to film and television too)²⁰. Music publishing, production and sales is increasingly dominated by five music companies (Sony, EMI, Polygram, Time Warner and Bertlesman), the games industry by just three (Sony, Sega and Nintendo).

Due to the fact that the Games industry is a very new one, it is difficult to obtain more than anecdotal information on it, however, press reports do suggest that there is a pool of indigenous expertise of games 'developers' or 'producers' is being sourced from British companies to the industry giants. For example, Taylor and Holder (1995) cite the case of Rare, a British software company that Nintendo recently bought a share in, which netted £300 million in just six months' sales. Such figures may be hype, it is difficult to say; systematic analysis has yet to be carried out into the nature of the games software industry in the UK (but, see Hayes and Dinsey 1995:3)²¹. Moreover, the activities of 'omni-media'²² entertainment companies such as Virgin Interactive are likely to make them significant players by exploiting crossovers in retailing, music, and games²³.

Although the music industry is international (in part due to the combined markets of English speaking countries, and in to the hegemony of the English language in non-English speaking countries), it is dominated by America and the UK not just in terms of ownership but also in terms of artistic production. The BPI estimate that approximately 20% of world sales can be attributed to UK artists (Skapinker 1993). EMI and Time-Warner both have 12% each of the

world music publishing market (Rawsthorn 1995b). Reliable national data is hard to gather for individual industries, the only source are trade organisations. British Phonographic Industry and British Invisibles estimate net earnings for the music industry of £571 million for 1993. They claim that gross earnings divide between £799 million invisibles (royalties), and £359 million visibles (CDs, music cassettes, and records) (Chote and Mulligan 1995). The figure of £799 million invisible earnings due to music royalties alone would suggest that a substantial proportion of all royalties reported in the Pink Book might be accounted for by the music industry; this is quite a contrast with the 1984 BoT calibrated estimate of the artistic component of all royalties earnings: £221m²⁴. Although we may note that total royalties grew by an enormous 300% in the period 1984-91. If we accept the BPI data it would suggest a significant growth in the significance of artistic royalties. BPI sources suggest that artistic royalties grew in both a relative and an absolute manner over this period. Some possible reasons for this growth are discussed in more detail below.

Film and TV

Whilst the Film and television industry is also international, once again there is a domination of particular countries in sourcing programmes and films; once again it is the Anglo-American axis that is important, although the US is by far the major player. The picture is different to music as the field is more heavily regulated and the channels of distribution and consumption more limited. The US is clearly dominant in TV, and almost the exclusive actor globally in Film. Nevertheless, earnings from Film are far more significant than that of TV; so, despite its size, the UK retains a hold in terms of Film earnings: especially since the late 1980s²⁵.

In 1993 British Invisibles estimated that net earnings for film were approximately £100m²⁶, whilst TV was in deficit by £115m (Chote and Mulligan 1995). The CoI classification, which is a broader category than that used by BI, suggests a combined Film and TV net balance of £170m in 1993. Whilst few films are produced annually in the UK²⁷, there is a continuing reputation for various film services; these comprise provision of locations, studios and special effects services (Sowells 1988: 200-1). However, to put this in perspective, film and TV software ('invisible earnings') - as discussed above - may represent less than 0.1% of the visible earnings in the sector (mainly replacement TV and video equipment) (Sowells 1988: 196). Either way Film and TV still represent significant trade accounts, and support an important employment base²⁸.

Publishing

Publishing shares with Film and Television the fact that much of its value is garnered via material transaction - in this case sales of books and newspapers. Invariably it is individual authors that hold onto the copyright and thus accumulate a substantial proportion of the royalties from sales. So, the value of this sector is split between the many small copyright holders - the authors - which is found under the invisibles/royalties, and the few large publishers sales of books, newspapers and magazines (material goods). The latter clearly outweighs the former. Usually, an author will negotiate a contract, increasingly via an agent, which settles the rights and royalties payable for exploitation by the publisher over a range of different media (TV, film, books, newspapers). This is a powerful incentive for publishers to operate in a variety of media forms.

Little independent data is available on the trade value of publishing²⁹. In many respects the publishing industry is at the core of the cultural industries. It may be argued that there is a trend to convergence upon the activity of publishing by all cultural actors, in the sense that publishers act as both a channel of distribution, framing the product, and negotiating the rights to the reuse and particular presentation of it. This perhaps goes some way to explain why the huge publishing empires have in the past been built upon a foundation of newspapers and books and are fast becoming omni-media.

Internationally, key examples are News Corporation, Disney, Time-Warner; have significant interests in books, newspapers, film and television. The model of extreme concentration that is found in music and games is replicated in the publishing world. In terms of Books in the UK the key actors are News Corporation, Reed Elsevier, International Thompson and Pearson. As many have also pointed out there is considerable cross-ownership of newspapers and local radio and television in the UK (see Williams 1994).

Advertising

The smaller but no less significant section of the cultural sector of 'business services' is Advertising and marketing, again it is dominated by a small number of US and Japanese companies³⁰. In relative terms UK earnings for Advertising are about half of that of Film and television (£115m in 1991). The exception was the emergence of the London based Saatchi and Saatchi in the 1970s and 1980s to become a world leader³⁰. Saatchi's growth to global dominance, and eventually fall, was as a result of an aggressive merger and acquisition strategy - the rise of 'mega-firms' - that has been replicated throughout the sector (Sowells 1988: 187 et

seq, Mattelart 1991). The key driving force has not only been the internationalisation of production but also technology - namely satellite and cable TV - which has open up the possibility of multinational TV and multinational adverts. Table 2 shows that the earnings of Advertising and market research sector increased 1984-92 although it has experienced a contraction more recently.

Discussion: Organization and technology

The cultural sector does seem to contribute significantly to both invisible and visible trade often showing a positive balance: though this is hard to specify. What is particularly striking is the degree of concentration and internationalisation of the companies involved³². At the core of this are recent changes that have occurred, and are yet to occur, with respect to the role of technology in enabling new production techniques, new products and cross-fertilization and convergence across the sector.

A clear message that is emerging is the attempts by key companies to replicate the span of sectors of their product with their organisational scope. Not simply via vertical integration of retailing, distribution and production (eg EMI), but also via core control of the exploitation rights to the product. This has two dimensions best illustrated by Sony's activities.

First, in terms of hardware Sony realised to its cost in the early 1980s in the video format war (by backing the BetaMax, against Matsushita's (JVC) inferior VHS system) that it was not the technically best format that guarantees sales but the supply of product to play on them (see Rawsthorn 1995c). In this case the small numbers of films that could be released in BetaMax format was minimal in relation to VHS, so VHS playback machines became most popular. (Klopfenstein 1989). Sony have sought to avoid such problems with attempts to develop new formats by buying up record companies, not necessarily for their existing artists signed to those companies but also for the 'back catalogue': the rights to use material previously released by that company.

Second, recognising the crossover of film, music and television Sony have also bought into various media companies (film, music, tv)³³. Whilst the centralisation of control of immediate output, playback medium, and back catalogue is significant for securing future developments, the negotiation of copyright is perhaps most enduring and central: this is, literally, a licence to print money. With each new format innovation (film to video, music to CD, both to CD-ROM, a new stream of royalties is created; both on the sales and on public replay (see Rawsthorne 1995c).

Organisational changes in the industry - merger and takeover - have sought to capture the growing technological potential value of a piece of music, writing, or art. We can point briefly to the re-licencing of artifacts in several media forms (spin-offs: books, films, tee-shirts, cuddly

toys); as well as the reproduction in different media forms (a classic case is the reissue of vinyl records on cassette and compact disk); and finally the development of multimedia (CD-ROMs) where (digitised) artifacts are repackaged and recycled.

Technological forms are important here too, namely the multiplication of playback media and multiple format and the digital transformation of artifacts that allow easy translation (by producers, not usually consumers) into different formats. All of these trends allow the stream of earnings of a single artifact to be multiplied, they also highlight the interrelationship with technological production of playback media.

This discussion begins to highlight the critical importance of further analysis of both the trends in technological convergence and organisational changes currently overtaking the cultural industries. This analysis will be necessary before we are in a position to fully understand the precarious nature of a national economy, or more significantly a city or region, that is reliant in either a direct or indirect way upon the cultural sector. In order to emphasise this reliance, and to sketch out the impact of restructuring, the second part of this paper explores the changes in the location and structure of employment in the cultural sector at both a regional and a sub-regional scale.

Employment

Whereas few systematic analyses of trade have been carried out on the cultural sector, a range of studies have explored aspects of employment³⁴. They vary in four main ways. First, the focus on classification by industry or employment. Second, the focus on artists or immediate cultural producers or ancillaries. Third, the concern with national analyses. Fourth, partial or comprehensive analyses. As noted above this paper favours classification by industry as it is consistent with the notion of strategic industrial sector planning, it utilises a comprehensive sectoral definition, which extends beyond the category artist to include the support infrastructure (social and economic) and is sensitive to local, regional and urban variations.

Problems with data sources

Similar problems as those already highlighted with respect to the BoP data can be found with employment data. Generally, the key advantage with employment data over the BoP is that it provides a greater degree of detail by industrial activity and by locational disaggregation. There are two main sources of information on employment: the decennial Census of Population and the triennial Census of Employment. The Census of Population(CP) data is based around a 100%

residential census (although re-tabulations are carried out by workplace) and information is available on both a person's occupation and the sector of industry that they work within. The Census of Employment(CE) is based around an employer survey, employees are classified only by sector; the CE that includes a degree of sampling; especially of smaller firms. Consequentially, the CP data is more reliable, especially for smaller firms and the self employed (who are not included in the CE).

There is no space here to discuss the general problems associated with the reliability and use of both the CE and CP, however this can be followed up elsewhere (see Townsend 1991). However, one significant point is worth raising here. A recent report by the Arts Council conducting a similar survey used the CP and compared results with the CE both for 1991; results were of a similar order except in the category (SIC 9760) 'Artists, music composers and own account artists' where they reported CE 10,900 persons, and the CP 85,400 in GB (O'Brien and Feist 1996: 117). This clearly shows the concentration of self employed and small employers in this category. So, use of the CE will yield significant under-reporting in this category; otherwise it seems robust.

Despite this drawback the CE was chosen for this initial analysis due to its widespread availability, its use in local planning practice, the workplace basis, and the regularity of collection and publication. Both the CP and CE use the Standard Industrial Classification as a basis of sectoral taxonomy. The period 1984-91 was chosen as the census period readily available on-line via NOMIS (ONS) with the same classification scheme³⁵.

As will be evident from the introductory discussion, data is not collated on the basis of 'cultural industries'; rather, for the Standard Industrial Classification (SIC) categories. The difficulties of the utilisation of the SIC and its international equivalents are well rehearsed by economic geographers; most recently by those particularly concerned with analysis of the service sector (see Wood and Marshall 1995; Miles 1993; Walker 1985; Daniels 1985). The basic difficulty is that the SIC bears the mark of its history (or rather the economic history of developed countries) such that manufacturing is meticulously subdivided, and services poorly subdivided. Even the subdivisions in evidence relate to past industry types and structures. The problem is aggravated by the periodic revision of the SIC; the latest revision took place in 1990. The 1980 version is used in this analysis. The situation is worse still with respect to the cultural industries because they do not fall neatly into simple manufacturing-service categories but span them instead.

The key idea behind the taxonomy used here is to highlight the interlinked nature of the cultural industries. This implies some idea of the relations of consumption, production, distribution and exchange. In late capitalist society a producer/artist will make little impact use on their own unless they are backed and supported by a variety of intermediaries. These intermediaries will have their own part in shaping the eventual product as well as delivering it to consumers and managing the exchange of 'rights' for the use of the product.

The solution adopted in this paper is a compromise, but one that will allow replication and comparison - hopefully in an international context. Hence, data was collated at the greatest disaggregation: the 4 - digit SIC. Relevant industrial activities³⁶ were then re-grouped to correspond to the cultural industrial sector. For analytic purposes this sector was itself subdivided into 4 sub-sectors corresponding to Production, Infrastructure, Distribution and Consumption activities. For illustrative purposes an addition two sub-sectors (Sport and Tourism) have been included which together with the 4 core cultural industry sub-sectors exhaust the widest range of cultural industries (see Appendix 1). However, the analysis below is predominantly concerned with the more narrowly defined 'core' cultural industries sector.

The national picture 1991: the structure of employment

The cultural industry sector employed 4.5% of all employees in Britain in 1991³⁷. Whilst it cannot compete with the Financial Services sector for size and growth, nevertheless, the core cultural sector is a significant one equal in size to the construction industry, or to the combined employment in the Agricultural, and the Extractive Industries (see Pratt 1994). Within the 972,000 employees in the Cultural Industries the largest proportion³⁸, over one third, are found in Sector III (distribution), only one-sixth are Sector I (creative artists) the traditional definition of 'the arts' (Table 3). Even after taking account of the under-representation that the CE provides us for creative artists (see above) the breakdown does emphasise that the artist is just the visible 'tip of the iceberg' of employment in the cultural industries.

The gender split of the sector overall is 53:47 in favour of males, however this overall figure hides a substantial and structured imbalance. Whilst the composition of the sector is, perhaps surprisingly, mainly fulltime (75%); predictably, fulltime jobs are mainly filled by men (63%) and part-time jobs by women (74%) (See Tables 4a + 4b). Given the structured inequality of gender representation in all industries in Britain it is not surprising to find that sub-sectors of the cultural industries reflect the general pattern. Thus, women are least well represented in Sector II, the sector dominated by traditional manufacturing activities (as such, they are not dramatically different to the gender balance in these industries nationally), and best represented in Sector IV (consumption/retailing); Sector IV also is the sector with dominant part-time employment. Closer analysis of the occupational and industry level data would be required to explore the similarities and contrasts between cultural industries and other industries³⁹; this is clearly an important avenue for future research. At a local level growth or decline in sub-sectors of the cultural industries sector are likely to have erratic impacts on the levels of employment by gender.

Sectoral performance 1984-91

In terms of changes over the 1984-91 period for which comparable data is readily available the cultural industries sector experienced a decline of 1.7% (against a background growth of +3.4% in Britain as a whole - although this growth was confined to the Wholesale and retail distribution; Transport and communications; and, Banking, insurance and finance industries.

Closer consideration reveals a complex pattern of changes within the Cultural industries sector considerable variation is evident: Sectors I and IV grew (+3.7% and +15.6% respectively), and II and III declined (-19.4% and -3.5% respectively).

At face value the contradictory trends suggest a confusing picture; it might be argued that it weakens the case for its consideration as an interrelated sector. Moreover, the overall decline in national employment does not suggest a vibrancy in the sector. However, as I hope to show reference to aspects of technological change and organisational restructuring - some of which is 'jobless growth' - account for much of this unevenness.

Some of the key events in the period under investigation provide the backdrop to considerable organisational and technological change: contracting out of a percentage of programme making at the BBC and ITV, the creation of Channel 4, new cable and satellite services, new franchises for national and local radio; developments in communication, capture and manipulation of digital information, these do not just affect the electronic media but also 'print'; for example, desktop publishing of newspapers and books. It is only possible to outline some of the broad shifts, causes and consequences in this paper: intensive research is urgently needed to fill both the detail and consequences of such changes. (see Cockburn 1983, for the background to the 1983 revolution in the UK newspaper industry).

Detailed scrutiny of the performance of individual industries yields some significant results (see Table 5). In sector I decline in Film (-3.7%) and Authors (-3.8%) is offset by growth in Advertising (+8.2%) and Radio /TV (+4.7%). The decline in British film making has been a long-running story, although this period contains a mini-renaissance of UK film due mainly to BBC and Channel 4 co-productions (see below for the regional dimension to this change). The fall in the numbers of authors should not be treated as reliable; CP data for 1981-91 suggests a 63% increase in employment in this category (O'Brien and Feist 1996: 108). Growth in Advertising is consistent with the boom in Advertising industry in the 1980s. Inevitably broadcasting has received a boost from the continuing regionalisation of production facilities under the BBC and ITV, as well as the emergence of new satellite and cable carriers. Whilst these new carriers produce little, if any, original programme content, this is provided by a volatile number of production companies (the successes include companies such as Talkback). These companies are very localised, grouping close by existing TV production centres.

In Sector II (infrastructure) the decline overall is much in line with general manufacturing decline which dominates this sector; except that there are massive collapse of three industries: radio/electrical (-32%), active components (-48%) and musical instruments (-29%). The latter is a very small industry (1991 c. 2,000 persons), very sensitive to consumer confidence. However, the growth in the use of electrical musical instruments, especially synthesizers, and their penetration of the household as well as the professional market has been dominated by Japanese producers (eg Yamaha, Roland). Radio and Electrical components includes studio based electronic equipment; again a key creative resource seems to be declining.

Active components includes the subassemblies (components) of domestic hi-fi equipment; the fact that this has declined and electrical consumer goods has increased (+17%) is suggestive of a shift towards 'screwdriver plant' production of hi-fis and televisions (the decline of Thorn-EMI in this field is emblematic). Milne (1990: 230) notes that there is evidence from the electronic consumer goods industry more generally of a shift of production facilities from low-labour-cost LDCs to the UK. This is supported by the literature on the decline of the productive capacity of UK (and European) manufacturing industry, especially that producing consumer electronics (see Hobday 1992).

Although more research is needed to test these hypothesis, it is suggestive of an erosion of innovative capacity in many areas of cultural industry infrastructure. Milne's (1991: 850) analysis of the UK hi-fi sector is indicative. He argues at an aggregate demand level and in terms of UK based hi-fi firms, innovative alliances have tended to be established with larger overseas consumer-electronics companies. The net result is that smaller UK companies lack any real control over the new audio technologies. In a sector so keenly geared to innovation and novelty this is likely to prove to be a damaging flaw; moreover, it may well have a knock on effect due to the nature of the innovation process in the cultural industries that relies upon the exchange and interpenetration of technologies and techniques across the sector and throughout the production chain (see Pratt 1996).

The wholesale distribution and reproduction of cultural goods (Sector III) has seen an overall fall of -3.5%; mainly due to the losses in Gramophone (-22%) and Printing and publishing of newspapers (-28%). The large decline in Gramophone production took place in a small industry (1991, c 5,000). The decline may well be related to the demise of vinyl and its replacement by Compact Discs. Compact Discs require specialized production facilities. The early pressing plants were built in Germany and as demand grew, vinyl pressing plants in the UK contracted. It may be the lag in building up CD pressing capacity that is picked up in the employment figures. The story of newspaper decline is less ambiguous and more serious in total employment terms (-29,500). The decline is the result of the shift to direct entry of copy by journalists and the reorganisation of the newspaper industry after the Wapping dispute. Alongside the total decline we can note the dispersed printing in regions that has led to reduced

transportation and dispersal from London. The dramatic contraction of newspapers is countered by a huge growth (+51%) in Printing and publishing of books. There is no ready explanation for such growth aside from increased sales. Clearly, this is a topic requiring more research.⁴⁰

The employment data reported in Sector IV (sites of exchange of cultural value) is an under-representation of this sub-sector as a whole - data collected refers only to book retailing - it is possible to see the consequences of the changing nature of the cultural industries and the ever closer ties with material consumption; the category picked up by the SIC is retail distribution of books and stationery, and it registers a growth of +56%, we can perhaps note the emergence of large specialist booksellers of the 1980s such as Dillons (eventually purchased by EMI who also own HMV music stores) and Waterstones (sold to W H Smith) which, in the end, failed to challenge the oligopoly of WH Smith (who also own the Our Price and the Virgin Megastore chain of record shops) and Menzies. Although it does not appear to sit happily within this sub-sector Libraries and Museums have also achieved a modest increase (+ 18%). Although the employment data is not disaggregated further we can point to the resurgence in museum activity and visiting in Britain; both through the creation of new facilities but also refurbishment (see Casey et al. 1996: 109). Refurbishment has usually included cafes, restaurants and bookshops (as with theatres)⁴¹. Clearly, the pressures on funding and requirements to generate revenue has played a part in this change. Libraries have been less able to exploit their position for revenue generating activities, as a result activities in this area have been characterised by an overall reduction of services.

Overall we can begin to see a complex pattern emerging from this sectoral survey, one that begins to point up the significance of organisational and regulatory change interwoven with rapid technological innovation across a variety of industries. Such changes have given rise to some dramatic employment outcomes: perhaps the most striking being that of the newspaper industry. Thus far, we have tried to offer an indicative account of changes within sub-sectors; clearly more detailed analysis is required at the level of individual industries. The turbulence outlined above conceals the more localised impacts of organisational, technological and structural changes. The impact is especially marked in the cultural industries as, historically, they have been particularly concentrated in and around a few major cities. Hence, sectoral decline is resulting in more dramatic spatial effects. It is to these issues that we turn in the remainder of this paper.

The Regional and Urban Analysis

The regional distribution of employment in the cultural industries in Britain demonstrates the clear dominance of London and the South East⁴². Table 6 (columns 4 and 5) indicates that respectively they accounted for 24% and 21% of Britain's cultural industries employment in

1991. Comparing columns 3 and 5 of Table 6 highlights that this distribution has changed only slightly since 1984; the only notable change has been a decline in the South East and London and growth elsewhere: a group of regions have experienced more than 10% growth in regional employment (East Midlands, Wales, Yorkshire and Humberside, East Anglia and the South West). In effect this has created a slight dispersive redistribution of employment across the regions. When contrasted with overall pattern of regional employment change in Britain these trends can be seen to be quite peculiar (see Table 6, column 7). Although the greatest decline is replicated in London, albeit in an exaggerated fashion, there is considerably more flux in the performance of the cultural industries as measured by employment. However, aside from London, the greatest rates of change result from calculation on a small initial base. Comparison of Table 6, columns 3 and 4, indicates that the overall regional distribution has remained stable despite a small contraction in London and the South East.

When considered from a different spatial base unit, that of the urban rather than the region, it can be noted that just 40% of all employment in cultural industries is accounted for by large urban areas. The large urban areas referred to here are the GB Metropolitan Regions: Greater London, West Midlands, South Yorkshire, Greater Manchester, Merseyside, Tyne & Wear, Lothian and Strathclyde (Tables 7a and 7b; column 4). This is a surprisingly small figure, offering a check to what one might have expected: nationally cultural industries are not primarily metropolitan in character. Urban they may not be, but London based they are: in 1991 59% of all urban, and 24% of all British cultural employment was to be found in London. Data presented in Table 7a and 7b suggests that cultural industries are becoming even less urban in character. The dispersal from London and the metropolitan areas has not occurred evenly across the cultural industries sector. In the urban areas generally the decline covers Sectors II and III, with slight compensation in Sectors I and IV. London is dominated by the decline of Sector II, which is slightly compensated by growth in Sectors I and III.

Whilst this distributional data does make the point that London does have a critical mass of cultural industries, it might be argued that such figures simply reflect the fact that one-third of all British employment is concentrated in London and the South East; it does not tell us specifically about the concentration of cultural industries. Table 8 helps here, columns 2 and 3 show the proportion of the regional employment total accounted for by cultural industries; columns 4 and 5 offer a standardised measure of concentration: the Location Quotient⁴³. A North-South divide in the relative concentrations of cultural employment can be seen at the regional level. The Northern regions predominantly fall below the British average for proportions of cultural industries by region. Location Quotients (LQ) calculated for all regions demonstrate that the picture is more one of London and South East dominance (only these two regions have LQ of more than 1), with all other regions having LQ of less than 1, indicating lack of specialisation. Considering the 1984-91 period, it does seem as though the dispersal effect noted above has given rise to an increased degree of concentration (perhaps better described as a

decreased degree of dispersal) in all regions aside from the South East.

London and the Rest of the South East (RoSE)

The dynamics of change in the cultural industries can only be fully appreciated by exploring the sectoral and regional changes in more detail. As an illustration the remainder of this paper focuses upon change in the dominant regions: London and the RoSE. The first point to note about Table 9 is that the small decline of employment at the national level is much exaggerated at the regional level (-7.1%), and even more dramatically pointed up in London itself (-13.9%). The broad pattern of change by sub-sectors is significant: in Sector I the small growth in the GB is countered by a large decline in the RoSE, but growth in London: this would seem to suggest a concentration effect. Patterns in Sector II and III are broadly similar in the GB and the RoSE, but starkly exaggerated in London suggesting not only an overall decline, but also that a previous pattern of concentration has been attenuated. The RoSE shows significant growth in consumption sub-sectors (IV), double that of London and GB. The trend to de-concentration in the RoSE is reinforced by LQ analysis; 16 of the 21 industry headings scored greater than 1.0, demonstrating above expected concentration. By 1991 all but one industry level LQ figures had fallen (the exception being 3443: Radio and electrical equipment), with only 12 of the 21 scoring greater than 1.0.

This pattern of dispersal of creative sub-sectors and the concentration of consumption industries in the RoSE can be contrasted with that of London. In 1984 only one cultural industry fell below a LQ of 1.0 in London (surprisingly 6630: Night clubs), some industries registered LQs of 4.0 or 5.0 which often represented a substantial proportion of total GB employment in an industry. Those industries which are concentrated in London (greater than 45% of GB employment in that industry) are: Advertising, Film Production, Radio and TV, Authors/Composers⁴⁴, Gramophone records, Printing and publishing of periodicals.

By 1991 although there was still considerable concentration in London, most LQs had fallen; most significant was the fact that 6 industries - most of Sector II - fell below a LQ of 1.0: 3443 (Radio and electrical capital goods), 3453 (Active components and electronic subassemblies), 3454 (Electronic consumer goods), 3733 (Photographic and cinematographic equipment), 4920 (Musical instruments), and 6630 (Nightclubs). The implication of this is that London had lost its production specialism in Sector II, what concentration of Sector II remained was to be found in the RoSE region; although even this was at a lower level than in 1984.

The impact of these patterns of employment changes can be seen clearly in Table 10 which presents an industry by industry breakdown of employment change comparing the GB, RoSE and London⁴⁵. In sector I we can note that the growth in advertising has happened in the RoSE and GB, not London. Interestingly both Film, and Author and composers, registered

greater than national decline in the RoSE, but substantial growth in London: demonstrating a concentration effect. In much of Sector II the degree of decline is greater in London than either the RoSE or GB indicating a structural shift related to sectorially specific absolute employment decline. In Sector III the decline of employment in the newspaper industry (4751) in London is clearly illustrated, this is reflected across Britain, except that the RoSE region has gained: most likely due to the establishment of regional printing works. The success story of this sector would seem to be the anomalous growth in Book publishing (4753). In Sector IV the only unusual aspects of change are the low growth rates for Libraries and museums in London. Explanation here will most likely lay in the field of three processes: general decline of public funding, and differential investment in information technology rather than curatorial staff, exacerbated by a dispersal of facilities (especially new regional museums).

The key points to note from this brief indicative overview of employment changes in the cultural industries of the RoSE and London are that London does not simply reflect the RoSE or GB in its trends; it appears to be a unique and relatively autonomous economy with its own dynamics. One hypothesis is that London has generated its own unique agglomeration economies and institutions. A subsidiary hypothesis is that the cultural industries in London are becoming more closely integrated with a global cultural industrial system. The secondary level information presented in this paper is only sufficient to raise such questions. More detailed primary analysis will be required to answer them. What is clear from the analysis presented here is that there has been a strong restructuring trend in the cultural industries sector which has been exaggerated at the regional level depending upon historic patterns of concentration. Thus, the absolute and relative decline in Sector II employment in London. Coincident with this - and it is difficult to entirely untangle the effects - there has been a differential process of employment dispersal and agglomeration in different industries. For example, industries such as Advertising, Museums and Newspaper printing have grown and dispersed, whilst there has been growth and concentration in Film, TV, Authors and composers, and Book publishing.

Discussion

The employment decline of 1.7% between 1984-1991 in the cultural industries sector as a whole disguises a turbulent period. The most significant changes were registered in the distribution of employment. Thus, the more general contraction of Sector II was felt most acutely in the RoSE and London. The RoSE marginally increased its representation of Sector III, and London of Sector I. These structural changes were manifest spatially in a decline of Metropolitan specialisation. Within this pattern of change London still emerges as lying at the heart of the employment in the cultural industries. The 1984-91 period has sharpened contrasts between London and the rest: manufacturing (Sector II) has been lost and 'artistic' cultural industries

(Sector I) has been gained. Although detailed analyses has not been presented here on this topic, anecdotal evidence is suggestive of the emergence of stark divisions within London. This shift raises many questions. First amongst these concerns the long term viability of such a separation of creation and manufacture. At a time of convergence both within cultural industry technologies and within cultural industry content, intuitively one might expect that an advantage would be had by closer (spatial and organisational) integration of 'research and development', production and market. Clearly, the viability of a 'creative' cultural industry divorced from its 'infrastructure' is an unknown quantity. Further research will be needed, first, to verify that this is actually happening, and second, to explore its impact and consequences.

Another, not necessarily mutually exclusive, scenario is that London - in its success - is becoming increasingly divergent in its trends from the UK economy as far as employment in the cultural industries are concerned. Consequently, further growth might be more closely linked to global markets rather than domestic ones. This might bode well for London, but would seem to promise little for the British regions. Alternatively, London's pre-eminence could be a limited phase, as Britain loses production capacity and the ability to control products, formats, and distribution it may increasingly struggle to place its cultural products in world markets. Perhaps the recent trends in the music industry are instructive here: the latest boom might be more of a swan song reliant as it is upon reaping value from the copyright of old recordings: truly, this is living off past glories.

Conclusion

Perhaps the key issue that this analysis has highlighted has been the need for a clear conceptualisation of the cultural industries sector (see also Pratt 1997a; 1997b). The analysis indicates the dynamic and rapidly changing nature of the Cultural industries sector, moreover, that the tendency towards convergence both in process and organisation is likely to strengthen. In so doing the analysis has highlighted the interrelationships that exist within the Cultural industries sector: this suggests that even the strongest industries may be dependent upon the vitality of the smaller and weaker industries for vital skills, products and services.

Salient issues that emerged concerned the restructuring that occurred in the sector in the 1980s; evidence of manufacturing decline, but also the growth and convergence of many industries (convergence in terms of the closer linking of material and intellectual products, and of the very product itself via digital storage). It is becoming clear in the late 1990s that the Cultural sector may well have to be redefined in the future to include the telephone industry given the dynamic nature of change in that industry (see Negroponte 1994; Baldwin et al 1995).

A clear concept of what the cultural industries sector is underpins the validity of future

analyses, the key point will be that technological, social and business organisational changes will cause us to empirically redefine the sector periodically; however this should not cause us to lose sight of the underpinning coherence and interdependence.

On top of this organisational and strategic import is the fact that the Cultural industries sector is an important contributor to employment and the balance of trade. In the case of employment it is particularly important because of its localisation: mainly in London and the RoSE. Contraction in the sector is likely to be felt more clearly there, likewise policy makers in the London and RoSE regions may well be in a powerful position to shape the future of the Cultural industries sector in Britain.

We can add the findings reported in this paper to those of others who have considered the cultural industries (taking account of the definitional issue). The findings reported here might open up a new line of debate. Traditional secondary impact analyses that have been popular with urban policy makers seeking to support regeneration schemes should take on board the fact that they are dealing with a benefit derived from the vitality of the Cultural industries sector itself. If the Cultural industries sector were to disappear it would add considerably to UK imports, and to local employment problems. The demise of the Cultural industries sector might itself have adverse effects for other (apparently) unrelated sectors of the economy.

Studies of labour markets and occupational distributions are also useful, however it is important that the scope of such analyses goes beyond the narrow scope of the arts, but explores the whole Cultural sector. That means the non-artistic occupations that support cultural industries, as well as those artistic occupations that support non-cultural industries. In fact it is perhaps important to stress that the emerging industries such as multimedia and games are heavily reliant upon both technical, artistic and 'producer/director/manager' skills. If not convergence then certainly cross-occupational working is likely to be important in supporting these new industries.

All of the above discussion leaves aside the vastly important topic of the value of art and culture itself. This paper, via its failure to engage with the public or not for profit sector, should not be read as a support for laissez faire; rather it should be seen as a call to recognise the breadth of the Cultural industries sector. Any particular artistic or cultural production necessarily draws upon 'infrastructure' (social, economic and physical) which is dominated by the market. Those working in the not for profit sector (making legitimate cultural choices and priorities) are dependent to a smaller or larger extent upon this infrastructure and how it is shaped and reshaped. Arts policy may have to drive back into 'industrial' activity. Likewise, as I have argued in this paper, industrial policy will necessarily extend into cultural policy. The tensions that this throws up are beyond the scope of this current paper, but ones that clearly need attention. Once again, this interchange, this crossover, of interests and activities between the 'arts' and 'industry' highlights a need for clear concepts of what the Cultural industries sector is. Perhaps, in policy terms, the greatest impact of taking a Cultural industries sector concept

seriously could come through the undermining of the polarisation between arts and industry in the minds of policy makers and practitioners.

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Notes

1. Very broadly, 'entertainment industries' are the cultural industries that form the focus of this paper.
2. Culture refers to cultural products commonly, though not exclusively, produced in performance or exhibit: painting, dance, sculpture, literature, film, theatre, music, television, radio, newspapers and magazines. It will be noted that such a definition cuts across both the high-low art and pre-/post-electronic art categories .
3. Keynes was pivotal in establishing the Arts Council, he was its first chairman. The Arts council grew out of two war time organisations: the Entertainment National Service Agency and the Council for Education in Music and Arts. (see Greenhalgh et al 1992)
4. Of course this is not a unique innovation of the modern nation state but has been an historic role adopted by royal courts; examples are those that supported the careers of many key figures in Classical music.
5. To, rhetorically, 'turn the tables' on conventional analyses that assert that everything has an economic value.
6. See Scanlon and Longley (1984) for the seminal New York study, see Bianchini and Parkinson (1993) for a review of European experiences.
7. As profit and cost-centre accounting techniques are increasingly deployed in all areas of administration - public and private - this will no longer hold.
8. The huge upsurge of arts funding via the National Lottery pushes the prospect of such a debate further away as it effectively draws a 'ring-fence' around art (see Pratt 1997b). Arts and cultural policy are the responsibility of the Department of National Heritage, industrial policy falls under the Department of Trade and Industry. A Labour party policy document on 'cultural policy, arts and the creative economy', produced just prior to their election as the new UK government, included discussion of the importance of promoting the 'cultural industries' (Labour Party 1997). Unless this policy emphasis changes it is likely that cultural industries may figure, for the first time, as a policy target. For the moment it seems that the cultural industries will remain an adjunct of cultural policy

rather than become policy.

9. This work draws upon Shapiro et al (1992), see also Storper and Christopherson (1987) and Christopherson and Storper (1986) for US comparisons, and critique by Askoy and Robbins (1992).
10. Abolition meant that few of these ideas were implemented in London, but policies were further developed and implemented in Sheffield, Manchester, Glasgow and Liverpool: (see Wynne 1992, CER 1989, CPC 1988, Greenhalgh et al 1992, Booth and Boyle 1993).
11. The logic of classification here is the filiere, or the production inter-linkage of these activities. Hence nightclubs are part of the 'exhibition' stage of music, but pubs and restaurants are not linked in the same way. Of course, such definitions are temporally and organizationally sensitive; as I have pointed out elsewhere (Pratt 1996, 1997a) there may be a case with linking in Sport as it becomes more closely involved via television deals.
12. See Appendix 1 for an indication of the relative size of the cultural industries sector and all cultural industries.
13. One thing that is becoming clear is that these categories are not stable, the changes in telephony and cable distribution of film and TV might legitimately cause it to become part of the cultural industries sector, likewise sport as it becomes more interwoven with TV and cable companies via sponsorship may also become contenders for inclusion in the future (see Pratt 1996, 1997a).
14. In general the figures presented here are an under representation of the true picture as the analysis has erred on the side of caution in the selection of data for inclusion in the cultural sector.
15. Data on the UK Balance of Payments is published annually in 'The Pink Book' (CSO 1995).
16. This only captures a limited amount of the cultural industry's contribution in the form of Film and TV, royalties, and advertising. As noted above the sector is broader than this; however, we are limited by current data availability.
17. This figure is made up of the following three components: (10%) Royalties, Film and TV, Advertising.

18. In a sense this reverses the dictum that 'manufacturing matters': this sphere manufacturing is dependent upon software.
19. See the boost given by Sony's acquisition of ATV music - which includes much of the Beatles back catalogue - from Michael Jackson ,see Rawsthorn (1995b).
20. All of which are merging with the entry of former telephone companies into the arena.
21. Hayes and Dinsey (1995) suggest that the industry as a whole is worth £300-400m pa (1994). Nevertheless, for an industry that did not exist a decade ago and now accounts for a slice of consumption equal to either cinema receipts, or CD sales this is impressive.
22. The term omni-media is used to refer to companies active across a range of 'media' activities. This is preferred to the term 'multi-media' which refers to a particular medium.
23. Useful profiles of companies and developers are to be found in monthly magazines such as 'Edge' - this magazine is a case in point: it began as a games magazine and now promotes itself as reporting on 'the future of interactive entertainment'; Vol 31 (1996) details the convergence of the games, the music industry, design, and the club and fashion scene which it terms 'nuGame culture'.
24. Gross royalty credits were £2,206m for 1993: using the BoT 10% ratio just £221m should be attributed to all artistic royalties, ie music, and books.
25. Due to the role of Channel 4 TV.
26. Of course we might recall that within the economy film box office receipts yield something like £300m. Most films shown in the UK are non-UK made and hence such receipts which pay for royalties are exported back to (usually) the US, a negative flow of trade.
27. In 1993 film production in the UK totaled 69: 32 films were UK productions, 27 co-productions, and 10 US productions (BFI 1994). One of the first acts of the new Labour government in May 1997 was to announce allocation of lottery monies to film production companies.

28. We should recall the dramatic demise of the TV and hi-fi industry in the UK in the last 20 years; although Japanese production plants still produce in the UK, much of the hardware sales do not benefit the UK from a trade perspective.
29. Mowlana (1986:76) suggests that 50% of the UK publishing industry is export; making the UK a world leader in publishing.
30. Dentsu, and J.Walter Thompson
31. WPP also grew significantly; see Lash and Urry (1994: 138 et seq.)
32. It is becoming increasingly difficult to attribute national status to these companies.
33. For example, in 1989 Sony acquired CBS and Columbia, netting rights to films, music and full blown studio lots. In 1990 Matsushita acquired MCA/Universal.
34. See Appendix 2 for a brief overview of the various studies that have been carried out on the cultural industries, and the classifications used.
35. The SIC(1980) was replaced with the SIC (1990) and use firms in the 1994 CE and the 1991 CP.
36. Technically, these 4 digit categories are know as industrial orders.
37. If one takes all cultural industries, including sport and tourism, this figure rises to 11.3%, see Appendix 1.
38. All data are rounded to nearest 500 to maintain confidentiality.
39. See Cockburn (1983) for indicative analysis of the print industry.
40. One hypothesis that could explain this expansion concerns the dramatic takeover and merger activity that took place in the printing and publishing of books industry in the 1980s. Whilst total employment may not have changed significantly many of the firms taken over would not have enumerated for employment purposes previously. Thus, the sudden growth may be a result of a combination of organizational change and a census collection anomalies.

41. A well publicised example is the Victoria and Albert Museum, London and its advertising campaign which boasted 'an ace cafe with a museum attached'.
42. The region 'South East' does not include London; the joint total is obtained by adding London and the Rest of the South East (RoSE).
43. The Location Quotient is a measure of concentration. A score of 1.0 indicates that the region has the expected proportion of the industry given the overall employment, and employment in that industry. A score of less than 1.0 indicates an under-representation, a score of more than one over-representation.
44. Marginally less than 45%, but this category suffers under counting.
45. The London base figure represents 50% of all GB employment in this industry, so a small percentage change is significant in absolute employment numbers.

Appendix 1: The range of cultural industries; and the cultural industries sector 1991.
Office of National Statistics (NOMIS), © crown copyright 1996

Appendix 1: all cultural industries 1991		
Sector	Total	% of all cultural industries
I: Original production	154925	6%
II: Infrastructure	200773	8%
III: Reproduction	335952	14%
IV: Exchange	280339	12%
V: Tourism	1131580	46%
VI: Sport	333756	14%
Total	2437325	100
% GB total employment	11.3	

Appendix: 2 Previous analyses of the cultural industries a comparison of definitions

There is not space to more than outline the most significant of these analyses of cultural industries. Perhaps the seminal report was that by Scanlon and Longley (1984) for the New York Port Authority, this in part stimulated a UK survey by Myerscough (1988). Myerscough's survey for the Policy Studies Institute gathered together, seemingly for the first time, all available sources on the economic value of what were termed 'the arts'; although they do overlap to some extent with the definition of the cultural industries discussed in the current paper. More recent analyses carried out under the auspices of the Policy Studies Institute have concentrated on aspects of employment and labour markets, for example Cultural Trends (1989; 1993) provided analyses from the Census of Employment. The most rigorous and wide ranging analysis, one that is close to the scope of this paper, has been carried out by O'Brien and Feist (1996) for the Arts Council of England using the Census of Population. The classifications of employment used in the reports noted above is compared below. Sectoral occupational analyses of the film and television industry have been carried out by Vaarlam et al (1990a; 1990b) for the Institute of Manpower Studies. In addition there have also been notable analyses by Cornford and Robins (1992). More recently an analysis of the labour market for artists was completed by Towse (1996) for the Arts Council for England.

Definitions of cultural industries and cultural sectors (for employment classification). 4-digit codes derived from the Standard Industrial Classification (1980)

Definition 1: Cultural Trends (1986, 1993)

9711 Film production, distribution and exhibition

9741 Radio, television and theatre

9760 Authors, composers, own account artists etc

9770 Libraries, museums and galleries.

Definition 2: O'Brien and Feist (1996)

3452 Gramophone records and pre-recorded tapes

4751 Printing and publishing of newspapers

4752 Printing and publishing of periodicals

4753 Printing and publishing of books

9711 Film production, distribution and exhibition

9741 Radio, television and theatre

9760 Authors, composers, own account artists etc

9770 Libraries, museums and galleries.

Definition 3: The cultural industries sector used in this analysis

I. Original production, commissioning and directing

8380 Advertising

9711 Film production, distribution and exhibition

9741 Radio and tv services, theatres, concert halls etc

9760 Authors, music composers and other own account artists

II. Production of the means of production/ infrastructure

2552 Printing ink

2591 Photographic materials and chemicals

3276 Printing book binding and paper goods machinery

3443 Radio and electronic capital goods

3453 Active components, subassemblies and components mainly for consumer goods

3454 Electronic consumer goods, other electronic equipment not specified elsewhere

3733 Photographic and cinematographic equipment

4920 Musical instruments

4930 Photographic processing laboratories

III. Reproduction, and mass distribution

- 3452 Gramophone records and pre- recorded tapes
- 4751 Printing and publishing of newspapers
- 4752 Printing and publishing of periodicals
- 4753 Printing and publishing of books
- 4754 Other printing and publishing

IV. Sites of exchange of rights to consume

- 6530 Retail distribution of books and stationery
- 6630 Night clubs
- 9770 Libraries, museums, art galleries

Definition 4: Additional cultural industries not included in the cultural industries sector.

V Derived consumption and tourism,

- 6611 Eating places
- 6612 Takeaway food shops
- 6620 Public houses/bars
- 6640 Canteens/messes
- 6650 Hotel trade
- 6670 Other tourist/short-stay accommodation
- 9690 Tourist office/other community services

VI Sport

- 9791 Sport and other recreational services

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TABLES 1-10

	1984	1985	1986	1987	1988	1989	1990	1991
Visible balance	-5336	-3345	-9559	-11582	-21480	-24683	-18809	-10284
Invisibles balance	6817	5583	8688	6599	4863	2171	541	2632
Current balance	1482	2238	-871	-4983	-16617	-22512	-18268	-7652

source: CSO 1995

	All figures £million							
	1984	1985	1986	1987	1988	1989	1990	1991
credits								
royalties	786	896	845	988	1132	1303	1420	1563
film and tv	291	338	267	341	324	418	489	570
advertising	64	77	78	98	95	85	90	115
total	1141	1311	1190	1427	1551	1806	1999	2248
debits								
royalties	-677	-623	-706	-986	-1102	-1328	-1675	-1410
film and tv	-190	-195	-193	-275	-292	-367	-473	-507
advertising	not applicable	-	-	-	-	-	-	-
total	-867	-818	-899	-1261	-1394	-1695	-2148	-1917
balance								
royalties	109	273	139	2	30	-25	-255	153
film	101	143	74	66	32	51	16	63
advertising	64	77	78	98	95	85	90	115
balance	274	493	291	166	157	111	-149	331

Table 2: Credits, debits and balance of trade in selected other business services (cultural indust
source: CSO 1995

Table 3: Employment in the cultural industry by sector (1991)

Sector	GB	%	% change 1984-91
I: Original production	154925	15.94%	3.67%
II: Infrastructure	200774	20.66%	-19.41%
III: Reproduction	335954	34.56%	-3.50%
IV: Exchange	280339	28.84%	15.61%
Totals	971992	100.00%	-1.74%

source: Office of National Statistics(NOMIS), © crown copyright, 1996

Table 4a and 4b: Gender and part/full-time split by sector, 1984-91, GB

	1984	male	male	female	female	all
		full-time	part-time	full-time	part-time	
I: Original production		76,156	6,429	44,565	22,281	149,431
II: Infrastructure		163,070	1,551	70,989	13,518	249,128
III: Reproduction		216,769	12,832	90,763	27,763	348,127
IV: Exchange		54,417	38,139	47,489	102,448	242,493
Total		510,412	58,951	253,806	166,010	989,179
	1991					
I: Original production		76,245	7,261	53,359	18,060	154,925
II: Infrastructure		129,477	2,138	58,654	10,505	200,774
III: Reproduction		192,723	8,357	103,390	31,484	335,954
IV: Exchange		64,091	42,862	56,849	116,537	280,339
Total		462,536	60,618	272,252	176,586	971,992

source: Office of National Statistics(NOMIS), © crown copyright, 1996

Table 5: individual industry employment (1991), and % change (1984-91), GB

sector	1991 total	% change (84-91)
8380 Advertising	45,642	8.19%
9711 Film production, etc.	23,912	-3.65%
9741 Radio & tv services, etc	74,508	4.74%
9760 Authors, composers, etc.	10,863	-3.80%
2552 Printing ink	5,579	7.25%
2591 Photographic materials	7,449	-11.62%
3276 Printing, bookbinding, etc	12,470	-4.36%
3443 Radio & electronics, capital goods	50,119	-31.62%
3453 Active components, etc	33,860	-47.68%
3454 Electronic consumer goods, etc	65,673	16.45%
3733 Photographic & cinema. equipment	6,036	-23.82%
4920 Musical instruments	2,128	-29.28%
4930 Photographic processing labs	17,459	1.96%
3452 Gramophone records, tapes	4,541	-21.50%
4751 Printing & publishing; newspapers	76,688	-27.77%
4752 Printing & publishing; periodicals	20,726	4.25%
4753 Printing & publishing; books	19,462	50.75%
4754 Other printing & publishing	214,535	5.49%
6530 Retail distribution of books, etc	70,740	56.86%
6630 Night clubs	140,976	1.32%
9770 Libraries, museums, art galleries	68,623	17.80%
TOTAL	971,989	-1.74%

source: Office of National Statistics(NOMIS), © crown copyright, 1996

Table 7a,7b: Metropolitan, and London, concentration of cultural industries: 1984 and 1991

Sector	1991			
	Britain	Metropolitan Total	Areas % of Gt Total	London % of GB
I: Original production	154,925	101,750	65.68%	78,079

II:Infrastructure	200,774	52,455	26.13%	24,064	11.99%
III:Reproduction	335,954	139,035	41.39%	87,379	26.01%
IV: Exchange	280,339	106,627	38.04%	39,994	14.27%
Total	971,992	399,867	41.14%	229,516	23.61%

1984

I: Original production	149,431	96,808	64.78%	72,438	48.48%
II:Infrastructure	249,128	86,930	34.89%	52,237	20.97%
III:Reproduction	348,127	163,871	47.07%	107,257	30.81%
IV: Exchange	242,493	95,980	39.58%	34,582	14.26%
Total	989,179	443,589	44.84%	266,514	26.94%

source: Office of National Statistics(NOMIS), © crown copyright, 1996

Table 6: Regional distribution of cultural industry employment, and change, 1984-1991

region	1984		1984 1991		1991 Change (%) 1984-91	
	Total	%	Total	%	Cultural	All industry
South East	215,017	21.74%	2E+05	20.54%	-7.13%	5.45%
East Anglia	30,465	3.08%	34281	3.53%	12.53%	9.81%
London	266,514	26.94%	2E+05	23.61%	-13.88%	-6.02%
South West	67,001	6.77%	74945	7.71%	11.86%	10.39%
West Midlands	61,230	6.19%	65918	6.78%	7.66%	2.72%
East Midlands	46,796	4.73%	56932	5.86%	21.66%	4.77%
Yorkshire & Humberside	59,714	6.04%	69297	7.13%	16.05%	4.58%
North West	92,257	9.33%	88354	9.09%	-4.23%	3.26%
North	42,478	4.29%	40489	4.17%	-4.68%	3.61%
Wales	33,351	3.37%	40013	4.12%	19.98%	8.76%
Scotland	74,359	7.52%	72563	7.47%	-2.42%	5.25%
Great Britain	989,182	100.00%	1E+06	100.00%	-1.74%	3.47%

source: Office of National Statistics(NOMIS), © crown copyright, 1996

Table 8: concentration of cultural industries employment by region, 1984-91

region	cultural as % of all employn Locatioi Quotient			
	1984	1991	1984	1991
South East	5.72%	5.04%	1.21	1.12
East Anglia	4.25%	4.36%	0.90	0.97
London	7.70%	7.05%	1.62	1.56
South West	4.32%	4.37%	0.91	0.97
West Midlands	3.09%	3.24%	0.65	0.72
East Midlands	3.21%	3.73%	0.68	0.83
Yorkshire & Humberside	3.37%	3.74%	0.71	0.83
North West	4.02%	3.73%	0.85	0.83
North	4.01%	3.69%	0.84	0.82
Wales	3.76%	4.15%	0.79	0.92
Scotland	3.91%	3.62%	0.82	0.80
Great Britain	4.75%	4.51%		

source: Office of National Statistics(NOMIS), © crown copyright, 1996

Table 9: sectoral employment change 1984-91

sector	GB	SE	LONDON
I: Original production	3.67%	-11.26%	7.78%
II: Infrastructure	-19.41%	-24.40%	-53.94%
III: Reproduction	-3.50%	-1.12%	-63.96%
IV: Exchange	15.61%	28.75%	15.65%
Total	-1.74%	-7.13%	-13.88%

source: Office of National Statistics(NOMIS), © crown copyright, 1996

Table 10: employment change by industry by GB, South East & London: 1984-91

industry	Percentage change 1984-91		
	GB	SE	London
8380 Advertising	8.19%	5.92%	1.01%
9711 Film production, etc.	-3.65%	-28.69%	19.36%
9741 Radio & tv services, etc	4.74%	3.10%	7.90%
9760 Authors, composers, etc.	-3.80%	-45.69%	16.96%
2552 Printing ink	7.25%	0.11%	-21.21%
2591 Photographic materials	-11.62%	-19.57%	-25.64%
3276 Printing, bookbinding, etc	-4.36%	-34.65%	-41.52%
3443 Radio & electronics, capital goods	-31.62%	-28.49%	-58.92%
3453 Active components, etc	-47.68%	-54.33%	-74.25%
3454 Electronic consumer goods, etc	16.45%	8.28%	-58.44%
3733 Photographic & cinema. equipment	-23.82%	-34.26%	-84.17%
4920 Musical instruments	-29.28%	-32.41%	-73.30%
4930 Photographic processing labs	1.96%	7.38%	-1.96%
3452 Gramophone records, tapes	-21.50%	-60.11%	-36.39%
4751 Printing & publishing; newspapers	-27.77%	16.27%	-56.00%
4752 Printing & publishing; periodicals	4.25%	-14.31%	-1.16%
4753 Printing & publishing; books	50.75%	65.16%	73.11%
4754 Other printing & publishing	5.49%	-6.62%	5.24%
6530 Retail distribution of books, etc	56.86%	53.60%	47.21%
6630 Night clubs	1.32%	15.10%	5.42%
9770 Libraries, museums, art galleries	17.80%	26.40%	2.29%

source: Office of National Statistics(NOMIS), © crown copyright, 1996