

**POLITICAL ECONOMY AND CREATIVE INDUSTRIES POLICY  
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**ABSTRACT**

*This short paper outlines a personal position 'between' political economy and policy. I take a critical, interdisciplinary approach to policy analysis and policy advocacy, where the economic, the legal and other dimensions of specialist knowledge need to be brought together with cultural and communication policy. However, my background in cultural studies makes me predisposed to focus on content and the social sphere, with cultural consumption and production to the fore. Policy and industry appear to have little understanding of the dimensions of social and cultural change in the sphere of cultural consumption and production; these are posing quite large problems for policy and industry today.*

I am interested in this presentation, as I have been in most of my work, in the fundamental issues that political economy raises around state-capital relations. These are the foundations I believe of policy study, and so I share with the Marxists the question that Marx posed: 'the philosophers have only interpreted the world; the point is to change it'. The question, of course, is how?

My emphases for change focus on the liberal democratic political sphere, where it exists, and arguably also emphasises 'elite theory' in political science studies, that is the ways in which policy reform operates essentially as a contest amongst the elites. Another way of talking about that is what Tony Bennett<sup>1</sup> – one of the main voices in cultural policy studies – terms 'talking to the ISAs' - the Ideological State Apparatuses. And I suppose, by nailing my flag to that mask, I could be easily accused of too great a comfort as a 'camp follower' of the contest amongst the elites and an over-emphasis on the efficacy of the state. But that is the kind of debate it is important to have.

I also have begun to see the need to produce the kind of empirical data and policy-relevant analysis that is directed at governments and state policy apparatuses – which typically are technocratic in their orientation, and controlling in the way that they interact with non-government players, including policy analysts – and who are impressed with a lot of what big science and big business direct at them. However, in so doing they appear to have little understanding of the dimensions of social and cultural change – which I will outline very briefly – that I think are posing quite large problems for policy analysis and policy change today.

So I take a critical, interdisciplinary approach to policy analysis and policy advocacy, where the economic, the legal and other dimensions of specialist knowledge need to be brought together with cultural and communication policy. This is what I am dedicated to doing institutionally in the Centre of Excellence that I direct in Australia, called Creative Industries and Innovation.

That is the political standpoint that I take. However, my background in cultural studies makes me predisposed to focus on the content and the social sphere, with cultural consumption and production, and in particular these days with what we might call vernacular creativity or DIY (do it yourself) culture, re-mix cultures and those phenomena that have attracted the, admittedly ugly, neologisms of 'produser' and 'prosumption' cultures. These burgeoning cultures clearly threaten big business models as well as the professional production cadres, which usually depend on big business and on which big business models of dissemination rely.

So to go back to Marx's question – the point is to change it. For me, to restate, it's a matter of tracking and promoting cultural and social change that embraces consumer-citizen empowerment, while not perpetuating a doctrinaire divide between the consumer and citizen aspects of bottom-up empowerment. This position, of course, evokes the shades of many other debates in political economy and cultural studies. The work of John Fiske, John Hartley, Nicholas Garnham, Peter

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<sup>1</sup> See eg., Tony Bennett, *Culture: A Reformer's Science*, St Leonards: Allen & Unwin, 1998.

Golding and Graeme Murdock<sup>2</sup> and many, many others are of course the reference points here about where the balance between the area of content and social field, and the area of ownership and control exists.

Secondly (the first point was one that we probably know a lot about and is background to the present paper), the more contemporary position for me is that I am trying to take the claims for the so-called information society or the knowledge society to the next level and that next level is what I would call the 'Creative Economy', or the 'Creative Economy and Society'. It asks the question – again a question that has been asked in many forms, it is not new but it is one that at least for political economists should be central – what do you do with the enhanced digital infrastructure and the globalised modes of communication, what is it for? That is, of course, if we are talking about a more inclusive, empowered world of communication? One of the nice terms for this is 'Filling the pipes', which is the title of a Canadian study on this area. And of course the more contentious one – 'content is king'.

I want to dwell on this a little because this is one of the key points that I want to make. The social and cultural policy point is that there is an alignment – and I would hope an alliance – but certainly an alignment, of interest to be made between:

- small business enterprise cultures
- the NGO (not for profit sector)
- state subsidised culture in the communication and cultural field, such as public service broadcasting and other elements, and
- the social or participatory DIY culture movements that have been so well analysed for their pertinence to what I am talking about by Benkler<sup>3</sup> in *The Wealth of Networks*, a major body of work on participatory culture and its implications for notions of power in the contemporary world.

On this latter point and its relation to the earlier ones, I want to stress the emergent natures of participatory and DIY cultures. We have a dualistic understanding of commercial and the non- and anti-commercial. Benkler and others offer a pathway between these dualisms. Remix work engages with commercial culture critically. I stress emergent forms of cultures rather than traditional or dominant/residual cultures, and small business cultures and policies rather than political economy's exclusive focus on big business magnates, TNCs etc.

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<sup>2</sup> See, eg., John Fiske, *Reading the popular*, Boston, Mass.: Unwin Hyman, 1989; John Hartley, *Communication, cultural and media studies: the key concepts*, London: Routledge, 2002; Nicholas Garnham, *Capitalism and communication: global culture and the economics of information*, London; Newbury Park: Sage Publications, 1990; Peter Golding and Graham Murdock eds, *The political economy of the media*, Cheltenham, England ; Brookfield, Vt : Edward Elgar, 1997.

<sup>3</sup> Yochai Benkler, *The Wealth of Networks*, New Haven: Yale University Press, 2006.

Creative industries policies are typically directed at enterprise cultures often in regional economies outside the capitalist engine rooms. This breaks the mental dualism we habitually go to. There is whole emergent sphere that is inadequately theorised as not-for-profit.

So an alignment of interest across those four spaces, if not (yet) an alliance.

Coming out of that is, in the area of policy advocacy, analysis and advocacy, governments' essential need – this is the normative statement – is to nurture and encourage their citizens' creative and communicative competencies and potential. These form a basis for citizenship while not being incommensurate with notions of consumption.

Governments need to do this while also acting to moderate inequities of dominant cultural flows and researchers/advocates need to promote and facilitate these emerging alignments, which I believe are avenues for social change, cultural assertion, as well as in themselves, expressions of power in a Foucauldian sense.

My work has tracked the emergence of the creative industries discourse from the UK, through parts of Europe, through many places in East Asia and Australasia, and I want to point to three reasons why this is an important discourse. One is that it mainstreams the economic potential of the creative sector. Secondly, that it brings together in a provisional convergence, sectors which have typically not been related to each other and, by that I mean, the visual and performing arts, media, new media, design and architecture and software, creative software. And thirdly, it brings together the non-commercial and the commercial in ways that I think are unexplored, particularly amongst critics of the notion of creative industries. Here I would enter a gentle criticism of David Hesmondhalgh's work in *Cultural Industries*<sup>4</sup>, which is a fair and rigorous review of the terminological morass that we are in – in these kinds of areas of creative industries, cultural industries, arts and so forth. But one of the interesting things about David's book is that I think by saying, 'Ok, the best concept is cultural industries so let's stick with that', what is missing, and I think it is actually more important now than it was say three or four years ago when David published that book, is that the relation between the commercial and non-commercial is lost in that notion of the cultural industries. And what is emerging more and more today is the dynamics of that relationship between DIY or the participatory concept, most of which is a non-monetised, not-for-profit domain, and its relationship to the commercial.

So, they're the three reasons why it is important and with these in mind I have been recently working on research that is very empirical on the dimensions of the creative industries in Australia. My research has maintained a dialogue with Richard Florida's work<sup>5</sup>, which of course has been very important in raising the notion of the so-called 'creative class' and establishing it in mainstream

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<sup>4</sup> David Hesmondhalgh, *Cultural Industries*, London: Sage, 2007

<sup>5</sup> Richard Florida, *The rise of the creative class : and how it's transforming work, leisure, community and everyday life*, New York : Basic Books, 2002.

thinking very effectively. On the other hand, though, Florida's work is untenable because in constituting a third of the American workforce as the 'creative class', he's evacuated it of any specificity, and so what we've done is that we've demonstrated that you can, with much more rigour, define the so-called 'creative class' as much bigger than stated statistics, but not to go, as it were, overboard like Florida.

My main claim about the so-called 'creative economy' is that there are far more people in any country you choose to analyse outside the so-called creative industries sectors in creative occupations that are 'embedded' – and I use that word advisedly because I know the way it's been used in the Iraq war and I apologise for its use if it has ugly connotations – in the wider economy.

This intersects with two theoretical points; the first is about Cultural Economics.<sup>6</sup> If you work in this field you will be aware that the basic foundations are cultural economics, which is a kind of sub-branch of neo-classical economics, usually engaged in by economists who are concerned in providing arguments and evidence for cultural subsidy based on beyond-the-market values. The problem is that theoretically they are inadequate in grasping completely what's going on in the so-called 'creative economy' because they're based upon equilibrium models and market failure arguments. These are limited arguments in facing what I am ultimately about which is that creativity is the driver of innovation and change in contemporary economies.

The second theoretical point is about a school of economics called 'evolutionary economics' which studies the dynamics of economic change. The evolutionary approach is providing a focus on how economies *grow* as complex open systems rather than on optimum allocative efficiencies. It is also providing a clearer understanding of the way in which new technologies are integrated into an economy, and the restructuring of organisations, industries, markets and consumer lifestyles that the evolutionary growth process requires. The creative industries' complex contractual and organisational structures, inherent uncertainty, power-law revenue streams and fast dynamics (Caves' A list/B List, *ars longa*, etc<sup>7</sup>) and high rates of experimentation (and failure) suggest that they may be 'pure' cases of service-based competitive enterprise in a fundamentally uncertain environment.

Evolutionary economics may therefore hope to provide a new basis for assessing the significance of the creative industries by focusing analytic attention on how the industry is dynamically structured and how it changes. This may furnish us with a clearer view of how it adapts to change and can explore niches available to it, as well as how it feeds variety into the economic system that other industries and sectors can further exploit. We need to better understand the organisational, market and industrial dynamics of how the creative industries grow and change as well as the effect this has on the dynamics of other parts of the economy. We should be particularly interested in how the creative

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<sup>6</sup> I develop the points that follow in greater detail in *What price a creative economy?* Strawberry Hills, N.S.W.: Currency House, 2006.

<sup>7</sup> Richard E. Caves, *Creative industries : contracts between art and commerce*, Cambridge, Mass.: Harvard University Press, 2000.

industries integrate and transform new technologies into new services and how variety in the economy is regenerated by the continuous flows of novelty (in content or design, for example) into all parts of the economy.

So, I critique one school of economics and introduce another that I think has a more useful handle on what is going on in contemporary (political) economies.