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The cultural economy and the global city

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1. Introduction

The aim of this chapter is to examine the relationship between the cultural economy and the global city; it considers the conceptual as well as empirical aspects of the relationship. Implicitly, work on the global city considers culture: in fact one may go as far as to say that culture is presumed in the global city. This presumption has tended to render culture (in its broadest sense) either invisible to analysis, or positioned it in a dualistic relation to the ‘real deal’: the economic. Such a dualistic relationship is not presented as equal; culture is implicitly or explicitly rendered in all its forms as inferior or dependent: traditional modalities of economic analysis simply harden such conceptions. The empirical focus on the ‘power of finance’ that characterises much work on the global city, directly or indirectly, further intensifies the problem. This chapter does not seek to recover all of culture with respect to the global city; instead it focuses upon one particular aspect: arguably the most troubling one, the cultural economy. However, if anything will trouble, or destabilise the relationship between the economy and culture then it is likely to be the cultural economy.

2. Global cities and culture

Culture figures as a significant, but relatively minor aspect of debates about global cities. In its simplest form the city is represented as backdrop: heritage and cultural artefact that visitors can consume. Much of recent debate has been how to manage the city to maximise tourist income, and minimise adverse and degrading impact (Judd and Fainstein
1999; Ashworth and Tunbridge 2000). It is clear that in this sense, the city is a site for consumption of heritage, with a huge hope that visitors will leave behind foreign currency in the form of purchased goods and services.

More central to the global cities debate is a more complex form of cultural representation activity. On the one hand we can point to the seminal work of Anthony King (1989; 1995; 2004) that has been a significant outlier highlighting both the power of culture and representation, especially through the means of architecture and design, as well as questioning the articulation of colonial and imperial power and place. King’s work has without doubt opened up the analyses of global cities to those of the global South, as well as tracing their cultural lineages to the old Northern hemisphere city power bases, and to the recursive impacts of both (see also writers such as (Simon 1989; McGee 1995; Hannerz 1996; Smith 2001; Pieterse 2004); and the significance of the cosmopolitanism, creolisation and hybridisation of culture and the city).

On the other hand, there is a significant body of work that attends to the marketing and selling of cities to attract foreign direct investment (FDI). It is a well documented, and increasingly important way in which cities have sought to project themselves, or maintain their position as global cities. A large literature now plots the different trends and practices in this essentially zero-sum game. Increasingly cultural activities have played a role in place marketing and place branding for both tourist purposes and those of attracting FDI. Major cultural events, world events (such as the Olympic games, or the World cup) have become embroiled in a globalisation of culture and sport, place marketing and place promotion (Hall and Hubbard 1998; Short and Kim 1998; Short 2008). The “Guggenheim effect” is a hoped for visibility and tourist boom achieved by the establishment of the franchise of the popular art gallery in a location (Plaza 1999; 2000; 2006). There is of course, in all cases, a significant debate about the possibility of the sustainability of such investments, let alone their (lack of) social redistribution effects (see for example (Zukin 1982; 1995). Culture and the city, especially the global city, are close companions. A further iteration to this argument is provided by Richard Florida’s (2002; 2004; 2005; 2008) notion of the creative city, essentially a cultural consumption ‘honey trap’ for a particular labour pool; which it is hoped will attract employers seeking out this labour.

There are many questions that can be raised here about implicit assumptions, and the direction of causality. Specifically that culture attracts other activities: in effect it is a ‘loss-
leader’ as it is assumed that the ‘real investment’ - financial services, or any mobile investment attracted by the improved quality of life registered with each new cultural investment - will follow and hence create the jobs and economic income. And/or any demand for cultural goods will be derived from the ‘real economy’. The core assumption here is that culture is secondary and dependent: it will not generate activity or income on its own, let alone any secondary activity. It is a doubly-dependent ‘service service’.

However, as I will note below, this is not the whole story, and it is a partial representation of the contribution of culture to the global city, in particular the role of the cultural economy. The cultural economy is one of the fastest growing segments of the economy, in particular urban economies, and especially global cities. Perhaps the global city economy has just grown so much that it can sustain so much culture; or, perhaps the cultural economy is developing in its own semi-autonomous way: commentators do not seem to know which; in part this is a conceptual confusion. One way in which the cultural economy could be ‘bolted on’ to existing conceptualisations of the global city would be to characterise it as a (new) advanced producer service (APS). Indeed, the existing literature on APS and the global city would support this, in particularly seeing advertising as a regular APS; moreover, this has been extended to ‘media’ as well. This chapter takes this challenge seriously; it considers the case for the cultural economy as an advanced APS, and evaluates the adequacy of this framework for future research. We begin with clarification of what is understood by the notion of the cultural economy.

3. The cultural economy

I have adopted a general usage of the term cultural economy in this chapter: namely the economy of cultural products and services (Pratt 2009a). This meaning should be differentiated from those definitions that exclusively deal with textual production (see Hesmondhalgh 2002), or those that focus on the cultural aspects of economic action, or a cultural analysis of the (cultural) economy (see Amin and Thrift 2004). Specifically, I draw on the lineage of work of French communications studies writers who coined the term ‘the cultural industries’. A term that differentiates itself from the singular, and narrowly commodified referent, derived from Adorno’s work.

In particular the notion of plural and differentiated cultural industries has been articulated with notions of production networks and production chains (Pratt 1997). This gives the
concept considerable ‘depth’: that is running across the process of cultural or creative idea, through prototype, and mass production, or simply manufacture, to distribution and consumption. This is complemented by the multiplicity of industries: the breadth of scope from fine art, to film and music to computer games and sport. Analytically, there are two important issues to acknowledge in this formulation: first, that it is focused on process not simply outputs; second, that it transcends the traditional analytic boundaries of the formal-informal, production-consumption, and commercial-non-commercial. Superficially, there is much confusion over terminology which has specific political and policy nuances: however the term ‘cultural economy’ as deployed here covers popular usage of the cultural industries, creative industries and creative economy.

Using an analytical approach now codified by UNESCO (2009) it is possible to collate employment and value added data on the cultural economy at both a national and urban scale. Analysts have been surprised to note the rate of increase in activity in the cultural economy is outstripping that of the rest of the economy; moreover, that in some places it is becoming a more significant employer and economic actor than traditional manufacturing industries (DCMS 2001; KEA_European_Affairs 2006; UNCTAD 2008). One of the characteristics of the cultural economy is the extent to which it is an urban, and a global city, phenomenon (Scott 2000). For example, analyses from one global city, London, showed that in the early years of the 21st Century the cultural economy was the third largest component of the economy (GLA_Economics 2002; 2004). Thus, the question we now need to address is: what relation does the cultural economy have to the global city? Should it be added to the list of APS; or does it have a different relationship?

4. Advanced producer services

As Sassen (2001, chapter 6) crisply summarises, the relationship between global cities and producer services rests on three legs. First, the dispersal of production from the economic and spatial core. Second, the functional and spatial concentration of management and regulation functions; a process that itself has agglomeration effects. Third, that services have a role in transforming economic activity more generally, and the concentration of such expertise favours those cities and regions where it is located. The literature on global cities suggests that the financial sector, or Sassen’s FIRE industries, are the core of the advanced producer services. Two questions fall out of this argument relevant to both London and the media: first, which industries comprise the advanced
producer services; second, are there specific intra-regional locational factors for the advanced producer services?

Strictly speaking, advanced producer services provide critical intermediation between production and consumption (Marshall and Wood 1995), or, the extension of production into consumption (Walker 1985). Beyond the FIRE group the usual list includes accountancy and management consultants, plus design and advertising (Beaverstock et al. 2000); additionally Sassen (2001) cautiously points to new media, and Krätke (2003; Krätke and Taylor 2004; 2006) to media.

The general notion of producer services’ role in economic development is underpinned by the assumption of their role as intermediaries between consumer services and manufacturing. Indeed, they are viewed in the world cities literature as ‘basing points’ (spatial and organisational) for the global economy. Such an argument implies evidence of interaction rather than simply location, or function.

Thus, the research hypothesis points to the need to explore the balance of internal trade and linkages to external ones, with the expectation that the latter is more important than the former. Second, that one might find dependent producer services that provide inputs to local production (for local or global markets). If we consider the case of the cultural industries we may expect three types of finding. First, that they are dependent on local up-stream production links, or, second, that they are nodes in an international production system. Third, that they are simply dependent on the growth in consumer spending of the city. Only in the second case might the cultural industries be classified as advanced producer services.

In terms of the general literature on advanced producer services the picture is not very clear. Coe and Townsend (Coe 1998; Coe and Townsend 1998) examining producer services in the Outer Metropolitan Area of London failed to identify linkages at the local level, or strong local social networks (see also Gordon and McCann 2000). In some ways, this might be expected, as the London region is being characterised as a global city location in, and with, which international linkages are critical. This is an argument that does not concur with the general literature on agglomeration economies that are sometimes used in tandem to support the nature and location of industries (or services) in global cities. Agglomeration economies imply economies of scale and minimisation of
transactions costs (usually associated with movement of goods, but sometimes of 'untraded' knowledge 'spillovers') (Amin and Thrift 1992; Amin and Thrift 1994; Storper 1997). Thus, if there are few inter-linkages apparent then agglomeration economies would appear not to be the prime explanation of clustering.

On the other hand, numerous studies of aspects of the financial services suggest a rich social and cultural embeddedness, despite the shift to on-line trading activity (Amin and Thrift 1992; Leyshon and Thrift 1997; McDowell 1997). There is evidence that perhaps financial services are different to other advanced producer services. However, Sassen (2001: 147) makes the important point - in particular in the case of media activities - that further differences within producer services may be confounding such analyses. Thus, the cultural economy may also be a special case that is not covered by the general theory.

5. The cultural economy as an exception

There are a couple of a priori reasons of expecting a degree of exceptionalism in the position of the cultural economy in global cities. First, that culture covers many activities from film, to radio, television and new media; they all have different regulatory and organisational dynamics, as well as unique markets. Second, it is difficult to conceive of exactly in which way cultural activities are an 'intermediate' service, and, for what?

One might, for example, make such a case for advertising being intermediate stage between producers and consumers; indeed, it is a paradigmatic advanced producer service of world cities. However, research on the organisation of advertising shows clearly that it does not conform to a Hymer-like organisational form (Hymer 1976). Although it has an international presence and networks, it is in fact strongly bounded by national markets. Moreover, the organisational structure is that of triple agency structures in each market place (so that firms can 'compete' against one another in single product markets. If an agency cannot act for a products competitors in an oligopolistic market it must limit its potential share). Furthermore, advertising agencies have a relatively vertically disintegrated practice (Grabher 2002; Pratt 2006). A second line of argument has been explored recently by researchers looking at the locational clustering of advertising in cities; here organisational forms, especially the preponderance of project working, and project companies, has given rise to strong co-locational benefits in competition for labour (Grabher 2001; Grabher 2004). In addition, there is also evidence, echoing that of the
financial services, of local knowledge and reputation playing an important role in labour market and firm participation in networks. In this case these agencies are ‘world class’ but may be physically small and not a member of one of the five big advertising ‘groups’ (Pratt 2006).

In a second example film might be assumed to fit the paradigmatic case well. However, generally, film production comes from an individual source, Hollywood for example, and is distributed internationally (see Scott 2005). There is a stronger case for film to be seen more as equivalent to manufacture with the distributors playing the role of local service agents. Within the industrial model of film there has been considerable debate about the relocation of film production (so-called runaway production). But once again, one has to look closely at the film value chain for evidence of the significant and vital added value of post-production as opposed to location shooting work (Shiel and Fitzmaurice 2001; Pratt 2007). Again, in the case of film it is difficult to see the model of advanced producer services, or a simply dependent activity on urban consumption growth.

Recent work by Coe has highlighted the local and global nature of film production networks (Coe 2000a; Coe 2000b; Coe 2001). Bathelt and colleagues (Bathelt et al. 2004; Bathelt 2005) refer to it as local buzz and global pipelines. There is a sense in which cities are being ‘basing points’ for an international industry as the APS argument suggests, but the social relations of the organisation of production (at both a micro- and a macro-scale) are very uneven and complex, and certainly seldom equate with the head/branch office ideal type of a trans-national corporation.

Finally, we can turn to a third example, that of new media. There have been remarkably few studies of the location and operation of new media work; much of the literature focusing on the (disproven) hypothesis of the footloose and virtual character of the industry (Pratt 2000; Hutton 2004; Indergaard 2004). Again, what is striking is the distinctive and strong clustering effect in a few cities - mainly global - across the world. Clearly, new media products are not those that suffer from large transport costs and hence a major argument for urban agglomeration is undermined. Research has again pointed to significant labour market issues, work organisation (project working), and the significant knowledge exchange, reputation and networking of workers (Grabher 2002; Jarvis and Pratt 2006; Pratt 2006). In the case of London, for example, world city hypotheses would see new media as dependent on the financial services and hence sub-contractors for
those industries. The research evidence does not support such an interpretation, with companies not trading with financial services: but, leading a transformation of the media sector, a role that has helped to maintain London’s position in these markets (Pratt 2009b).

Thus, we are led to the conclusion that media, and other cultural economy, may have a relatively autonomous role in global cities. It is certainly questionable that the cultural industries are simply dependent. The evidence suggests that the cultural industries may in fact play a more ‘propulsive’ role. As Sassen (2001: 148) observes, “…it is yet another instantiation of the importance of agglomeration effects and the more complex notion of place as crucial to the most advanced sectors of our economies”. The media, and broader cultural industries, are global, but local; they are services, but require and mediate production of intellectual property and an infrastructure (playback equipment) that stimulates manufacturing. In this relatively autonomous sense it seems reasonable to hypothesise that media and the cultural industries more generally do indeed have local linkages linked to specific social and labour market factors. Moreover, that their role and import cannot be adequately captured by trade alone.

5. The cultural economy and the global city revisited

The evidence with respect to the cultural economy does suggest that the APS/Global City hypothesis is not entirely applicable to all parts/industries that comprise the cultural economy; we have to agree with Sassen’s judgement that the relationship is a more complex one.

Foremost of the complexities is the relationship between production and consumption (Pratt 2004), and whether it makes conceptual sense to separate them out into ‘services’ and ‘manufacture’ as they are clearly related. Recent work on the nature and organisation of production, especially in respect to innovation has highlighted the co-construction of both production and consumption, hence questioning the notion of a simple one-way dependency (that underpins much urban economics from Economic Base Analysis onwards). The example of the cultural industries is perhaps a more complex case than others, but it certainly points up some weaknesses of such normative and generic conceptualisation and measurement of industrial activities. This problem is being resolved at least in the case of the cultural economy. However, statistical output measures are only
the first step in this analysis: the greater impact will be found in qualitative and network analyses.

Research has pointed to two spatial dilemmas of the cultural industries. First, they are not evenly distributed across the world, or cities, but are in fact concentrated in a small number (many, but not all, of which are world cities); moreover, they are concentrated in particular neighbourhoods of these cities. As noted above, researchers have pointed to the complex embodied nature of cultural labour markets and the role of knowledge exchange, fast turn over and extreme competition (Gill and Pratt 2008; Pratt and Jeffcutt 2009). Added to this is the complex organisational character of many cultural industries. First, that there are significant differences within organisation of production; and second, of the institutional forms of cultural industry markets. Thus, it is difficult to make generalisations and more attention might be paid to particular industries.

Furthermore, it is one of the characteristics of the cultural industries that they are heavily concentrated in the hands of a few trans-national companies who are able to generate huge monopoly profits (Hesmondhalgh 2002); this is counter balanced by a myriad of often self-employed content creators. Clearly this particular hierarchical structure has an impact on the location of cultural industries in world cities.

A further complicating factor is the fact that global city and advanced producer services roles are based upon a Hymer model, with clear vertical integration and hierarchy in decision making such that there is a clear division between ‘control’ and ‘production’ functions. It is clear that divisions of this character do exist in the cultural industries but they are complex, obscured, and sometimes dominated by other factors. The first aspect of this is the very tight feedback between production and consumption, and control and production, that may reduce the possibility or effectivity of governing at a distance. The preponderance of social networks and close coupling of cultural industries is evidence of this (Bathelt et al. 2004; Storper and Venables 2004; Asheim et al. 2007). The second aspect is that many cultural industries are regulated (either in terms of distribution, sale or intellectual property) on the basis of national markets. Thus, the particular forms of national market may require a different degree of participation and autonomy from producers.
This leads us back to a critical point: can we see the cultural economy as an intermediate or dependent service? This is clearly an issue for further work; however, we raise the issue here as it is germane to the role that different industries, such as those of the cultural economy, play in global cities. As we have noted, this is an increasingly pertinent question as the cultural sector plays a greater role in urban and international economies.

These issues touch not only on basic economic models, but also policy making. The role of cultural economy in world cities has thus far either been relatively neglected or relegated to a support role. As noted above, the cultural economy is empirically important in many cities. However, policy makers are still primarily engaged in a debate and policy formation around the notion of cultural economy as peripheral or dependent; or, as a ‘honey pot’ with which to attract key labour, or prestigious investment. What we are seeing is that the cultural sector can be used in this way, and without a doubt does play such a role. However, it is not the only one, and perhaps in some cities it is not the most important one.

This new role concerns the economic vitality of the cultural economy. Here it becomes more important than ever to examine the relationships that flow in both directions between the APS and the cultural sector. Moreover, we need to further examine the nature, organisation and functioning of the cultural economy as distinctive industries rather than as instruments of a social or economic multiplier. The implication is a thorough re-conceptualisation and analysis of the cultural industries, their role and locational characteristics (locally and globally).

In particular, analyses will have to move beyond measuring co-location and into measuring flows not only of material goods, but of non-material and un-traded knowledge. This is a challenging research agenda. This will involve a more subtle analysis of the processes and outputs of the sector, the changing markets and institutions (as well as the diversity within the sector).

6. Conclusion

Whereas initial analyses characterised the cultural economy as one that stood between city and economy, or represented the city to the world, now we can see that the cultural economy is developing into a more hybrid and complex relationship with the city, and to
the global city in particular. Specifically, in this chapter we have interrogated the notion of the cultural economy, and the industries that comprise it, as being advanced producer services.

The challenge to analysts of global cities is to keep up with such empirical changes, and to adopted new and more appropriate lenses and tools to register them adequately. One salient example that was touched upon in this paper concerned the ‘non-Hymer’ organisational forms of the cultural economy. Hence the use of analytical tools that register headquarters and connectivity may miss some important issues. The complex organisational forms, the multiple outsourcing, temporary firms, and working across and outside firms is just as challenging as the economic forms that Hymer sought to capture in an earlier manifestation of globalisation. Tracing the actions and flows of the cultural economy is very complex, the flows of ideas and concepts are even more difficult to trace than the flows of finance. However, the cultural economy can no longer be ignored. As we have shown in many places it is one of the fastest growing providers of jobs and income: the cultural economy is clearly transforming the global city. It is important that we don’t miss this profound change by either looking in the wrong place, or not using sufficiently sensitive tools.
References


