<u>A research agenda for Cultural Economics,</u> (2019), S.Cameron (ed.), Edward Elgar, Cheltenham.

A book review for The Journal of Cultural Economics

Samuel Cameron's collection is a welcome retrospective, and prospective, review of the field of cultural economics; a project central to that of this Journal. Indeed, Cameron refers to the shifting content of previously published papers to index his narrative. The collection is firmly book-ended by Cameron's review of both a history and a preview of the challenges to the contemporary and future agenda of cultural economics. Sandwiched between these are five chapters by contributors on individual choice behaviour (Cameron), the supply of digital goods (Christian Peukert), pricing (Hendrik Sonnabend), government policy (Jen Snowball), and global trade in tourism services (Marta Zieba). Each chapter stands alone as a relevant and well written illustration of particular challenges faced by cultural economics. However, despite the logical framing and internal rigour, something is amiss.

My feeling while reading the collection was that akin to Alice's adventures in <u>Through the Looking Glass</u>. What I regard as salient in the creative economy is largely absent from this text; what remains is that which is like (and hardly distinctive from) the rest of the economy; seemingly, only those activities that can be perceived through the lens of neo-classical economic thought are rendered visible. What I am referring to is the fact that the actually existing creative economy has undergone both a massive and dramatic transformation, and significant growth in the last 50 years (exceeding that of much of the 'mainstream economy'). The <u>quantities</u> and <u>qualities</u> of that transformation have been experienced in all societies (not equally throughout society) and globally (not equally across regions). Moreover, the creative economy has a transformed relationship with the 'mainstream economy'. Values (cultural and economic, and cultural-economic) have changed, and are changing: if they ever were, they are certainly now less related to a 'market' (ideal or practical). The creative economy is no longer dependent on the ‘mainstream economy’, nor simply an externality. Neither is it only about consumption,but about the whole cycle of production. Finally, the creative economy is not simply dependent on (diminishing) state funding. These changes have collectively challenged what we understand by ‘the economy’ and by ‘culture’.

These facts, I would argue, offer a fundamental challenge to the ‘positive’ version of cultural economics that this volume ably collects together. The problem is that the policy debates about real problems that the authors rightly want to contribute to are beyond their grasp. The reason for this lies in the over-reliance on certain assumptions of neoclassical economics. Many of the building blocks of both positivist and positive economics assume objects or processes that have had either fleeting, or have now diminishing or transformed, importance in the contemporary creative economy. Surely, the greatest challenge is the relative demise of the ‘firm’. The foundational unit of conventional economic analysis has been replaced by the ‘serial project enterprise’ and its variants, expanding or contacting, or even dissolving, as it moves from project to project: it may have a fleeting similarity to the traditional firm, but its DNA is flux and instability. Closely following the firm is the analysis of employment, for which neo-classical formulations use mid-twentieth century mass manufacturing as a template. Self-employment is increasingly becoming the norm, particularly in the creative economy. Continuous labour markets are rare, discontinuous ones are ubiquitous (with respect to spaces and skills). Yet another fundamental, the market equilibrium (and autonomy) of supply and demand, can also be challenged: the objective of the cultural economy is to create demand for products (let alone markets) that do not yet exist: who realised that they ‘needed’ (or, had a latent demand for) a smart phone (let alone streaming music and cat videos) before the iPhone was launched in 2007? Finally, in a list which could go on: the platform. This does receive passing attention in Peukert’s chapter on digitisation, but only to normalise it. Neo-classical economists have been wary of monopolies (aberrations), which are perhaps the only valid reason for state intervention for some. However, monopolies have not gone away, they have simply become more encompassing in recent years as evidenced by the organisational form of ‘the platform’. Either as pervasive infrastructures, 'walled gardens' or 'meta organisations', platforms do not simply 'distort' markets: they are 'the market' (which is not a market in an economic sense).

There is a second category of problems. Normative economic analysis is based on theories and models which are calibrated via secondary data, but reliable secondary data on the creative economy are rare. Employment and occupational data are limited by out of date classification codes; output and trade data echo such classification problems, but are exacerbated by the growth of online trading and 'invisible' goods such as intellectual property rights and royalties which are generally not present in official statistics. To take a case in point, most countries do not have a classification code for the computer games industry; private industry data sources indicate that this industry has overtaken even the film industry in terms of income generated. This is but one example of the gaping hole in our information sources. Cultural activities are excluded from national accounts, only appearing in satellite accounts. Whilst an improvement, they only account for public sector goods. The international efforts of UN bodies and a few nation states have made the best of a bad case, but much remains to be done. Most mainstream economists avoid the field as their models cannot be tested. Those who engage in the economics of culture are hamstrung by the normative assumptions of their theories. Yet, the conceptual problem has surfaced in the broader debates that include heterodox economists: they use approaches that admit the 'real world' constraints of imperfect information, non-rational actors, the existence of both institutions and politics, and a relational notion of value.

Without doubt, how to study the creative economy is a difficult problem. Samuel Cameron offers us a gloomy conclusion of the need to push harder with more of the same. I would counter instead that now is the time to embrace a more heterodox future. Those who are studying the creative economy from inter-, multi- or post-disciplinary positions have contributed far more to mainstream debates about the creative economy than orthodox cultural economists in recent years. Cameron is right to underline that we have seen a flourishing of analyses of the creative economy, but not of cultural economics. However, he seems unprepared to take the next step. There is a good reason for this aporia: cultural economics, defined as the application of positive economics to a public good called culture, has failed. The welfare economics paradigm gave cultural economics a temporary carapace of relevance. However, on one hand the erosion of state funding of culture orthodoxies and, on the other hand, the massive growth in for-profit cultural activities has left a gap in the space that might legitimate public action in favour of culture. Surely, what we need is a cultural economics that embraces the current and future challenges of the exciting and vibrant object of analysis: the creative economy. At the very least, this future needs a heterodox economics. Moreover, it also needs to enlist and legitimate the wider social sciences and humanities as equal partners in such an endeavour.

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