

National Cultural Policy Submission

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Defining the cultural industries

The new cultural policy will be engaging with the cultural/creative industries. The terms 'creative industries' and 'cultural industries' are used sometimes independently, sometimes interchangeably. Practice varies between countries, such that the creative and/or cultural industries are whatever the government deems them to be. Nevertheless, certain commonalities can be found in the resulting industrial mix. For example, a comparison of the creative or cultural industries designated as such across 17 European countries found that film and video, radio and television, performing arts, music, architecture and publishing are included in all or most classifications¹. The next most prominent group includes visual arts, design and advertising, followed by museums, archives, libraries and heritage.

The distinction between creative and cultural industries can be resolved by reference to the definition of 'cultural goods and services'. It is generally agreed that cultural products can be defined as goods with the following characteristics:

- they require the input of human creativity in their production or presentation;
- they carry some form of symbolic meaning that elevates them beyond a purely utilitarian function; and
- they contain, at least potentially, some intellectual property that may possibly provide a source of revenue for those who produce them.

A creative industry can be defined as one to which only the first of the three distinguishing criteria applies; a cultural industry, on the other hand, will be defined as one producing goods and services complying with all three characteristics. Thus the set of cultural industries in the economy can be seen as a subset of the more wide-ranging group of creative industries, and the ambit of the industrial content of cultural policy is accordingly more specific than that of creative industries policy generally. **The new cultural policy needs to be clear about these definitions.**

Structure of the cultural sector.

An issue arises in considering the structure of the cultural sector as to where do the creative arts fit? Artists have long felt uncomfortable with the interpretation of the arts as an industry, arguing that such an interpretation consigns the arts to being just another marketable commodity. Indeed, a delineation of the cultural industries based purely on economic size would consign the creative arts to peripheral status. An alternative model that, by contrast, places the arts at the centre of an economic system for the cultural sector is the so-called 'concentric circles model' of the cultural

¹ Mikić, H. (2012). *Measuring the Economic Contribution of the Cultural Industries: A Review and Assessment of Current Methodological Approaches*, Montreal: UNESCO Institute of Statistics.

industries². This model assumes that cultural content springs from the incorporation of creative ideas into the production and/or presentation of sound, text and image, and that these ideas originate in the arenas of primary artistic creativity. It interprets cultural transmission as a process whereby original ideas and talents move from the creative core to successive layers of industries in the cultural sector and beyond. Successive circles are arranged in descending order of the cultural content of the industries' output, or equivalently in increasing order of the industries' degree of commercialisation. Thus the core comprises the primary creative arts, other core industries include film, galleries, etc., wider cultural industries include media, publishing and so on, and there is a group of related cultural industries in which production is primarily commercial, such as advertising and fashion. **From the national cultural policy perspective, this schema can be seen as recognising both the economic and the cultural contribution that the creative arts make to our society.**

Interpreting the value of the cultural sector

Articulating the value of the arts will be a key element of the new policy. The values attributable to the creative and cultural industries comprise *economic value* and *cultural value* components. The former can be expressed in monetary terms, the latter is a multi-faceted concept that has no single unit of account.

The direct financial value of the arts and culture is termed a *market value* because it is reflected in market transactions and measured as a contribution to GDP. But there are also economic values that escape the market which are just as important in defining the economic value yielded by the arts. These values, termed *non-market values*, arise because the arts and culture give rise to general community benefits or public goods, reflecting the well-established fact that people do place a value on the arts even if they are not necessarily arts consumers themselves³. Although 'intangible', these non-market values are economic in nature as they can be expressed in monetary terms. To the extent that they exist, their value is reflected in the willingness of the community to pay for supporting the arts and culture through compulsory taxation, or through voluntary contributions to cultural institutions, foundations, appeals, etc., or through volunteering their labour to the arts.

The other component of the total value yielded by the arts and culture is their *cultural value*, a representation of those complex aspects of art for which money is an inappropriate or infeasible measure⁴. The identification of such a separate component of value is irksome to some economists. In conventional economic theory, all sources of value for a particular good would be expected to be captured in its economic value, making the need for a separate concept of cultural value redundant. The argument motivating this broadening of scope of the value concept for cultural commodities has turned on the adequacy of money as a value metric. Individuals, it is argued, may find it inappropriate or impossible to express their valuation of some cultural phenomena in terms of willingness to pay; for example, they may have difficulty articulating in financial terms the value they place on their cultural identity or on their spiritual experiences⁵.

² Throsby, D. (2008), 'The concentric circles model of the cultural industries', *Cultural Trends*, 17(3):147–164.

³ See data in Australia Council for the Arts (2017), *Connecting Australians: Results of the National Arts Participation Survey*. Sydney: Australia Council.

⁴ For an account of cultural value in economics, see Throsby, D. (2001), *Economics and Culture*. Cambridge: Cambridge University Press, pp. 26-31 and Angelini, F. and Castellani, M. (2019), 'Cultural and economic value: a critical review.' *Journal of Cultural Economics*. 43(2): 173-188.

⁵ For some empirical evidence on the separate nature of cultural value, see Throsby, D. and Zednik, A. (2013), 'The economic and cultural value of paintings: some empirical evidence'. In *Handbook of the Economics of Art and Culture Vol. 2*. eds. Ginsburgh V.A. and Throsby, D. Amsterdam: Elsevier/North Holland, pp. 81-99.

With no obvious yardstick for assessment, the measurement of cultural value presents some difficulties. But an appropriate way to proceed is to deconstruct it into identifiable components which might be able to be evaluated separately, including the aesthetic value, symbolic value, spiritual value, historical value, and other characteristics of art works, artistic experiences, heritage buildings, and so on. Operational tools for assessing cultural experiences and events, such as the so-called Culture Counts methodology that originated in Western Australia, are being developed and refined for use in practical applications⁶.

Scope and range of cultural policy

The new policy should identify clearly the different economic instruments that are available for the implementation of a government's cultural policy across a range of portfolios⁷. They include:

- **Fiscal policy**
 - Direct provision of cultural goods and services, e.g. via public ownership of cultural institutions such as the National Gallery of Australia.
 - Subsidies and grants to artists and cultural producers, e.g. via the Australia Council for the Arts and State and Territory arts agencies.
 - Tax concessions, e.g. for cultural donations.
 - Assistance to consumers, e.g. via information services, voucher schemes, etc..
- **Regulatory policy**
 - Intellectual property law, e.g. enforcement of copyright and moral rights provisions.
 - Film and media policy, e.g. via local content quotas for television and screen.
 - Heritage policy, via the listing of heritage properties of significance at international, national, regional or local levels, and coordination of administration.
- **Industry policy**
 - Business start-ups, business incubators, etc. for creative businesses.
 - Industry development strategies, such as a tourism development strategy aimed at promoting arts or cultural experiences for tourists.
 - Creative clusters, e.g. via the establishment of creative industry parks.
- **Labour market policy**
 - Support for creative and cultural workers via grants, tax concessions, targeted unemployment benefits, etc.
 - Occupational health and safety in all aspects of artistic and cultural production.
 - Vocational training and skills development, especially promoting creative skills that may have wider application in commerce and industry.
- **Education policy**
 - Support for the inclusion of creative arts participation in schools, e.g. via the appointment of artists-in-residence.
 - Support for tertiary-level training institutions such as conservatoria, NIDA, AFTRS, etc.
- **Indigenous affairs policy**
 - Economic measures addressing Indigenous disadvantage across all policy areas identified here where intersection with cultural policy occurs.
 - Provision of training institutions for First Nations artists, e.g. NAISDA etc.
 - Assistance for Aboriginal and Torres Strait Islander artists and cultural producers working in remote communities, e.g. through support for art centres.

⁶ See further at <https://culturecounts.cc/>

⁷ For a full account see Throsby, D. (2010), *The Economics of Cultural Policy*. Cambridge: Cambridge University Press.

- **Trade and foreign affairs policy**
 - Export promotion, e.g. via Austrade export development initiatives for cultural products.
 - Cultural diplomacy, e.g. via support for cultural exchanges with other countries.