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Economics and culture

From oxymoron to pleonasm

There are many ways of analysing the links between culture and economics and they are often used to base contradictory arguments. This is so because linking two fields gives rise to multiple meanings and creates confusion. The main theme of this article is the way culture is exploited for its economic value. This can only be properly understood in a broader context and a brief survey of the relationship between culture and economy is provided for this purpose. The article ends with a reflection on contemporary ideas that go beyond cultural exploitation and arise from the fusion of economics and culture.

This article does not adopt a chronological approach to the subject but rather analyses the relationship between culture and economics in terms of the kinds of discourses used to explain it. My interest lies in identifying the discourses employed at a given point in time rather than attempting to pin down when they emerged or which ones held sway.

The terms in which my reflection is framed are set out below.

First, a concept of culture that embraces everything is just as sterile and simplistic as one based on a rigid, fixed taxonomy. Culture is linked to meaning, identity and is replete with symbolism. It is a dynamic, historic phenomenon that admits hierarchies. In fact, cultural policies merely express these historical, hierarchical strands. The fields covered by cultural policy are neither the product of a neutral, self-evident definition of culture nor of meaningless convention. Rather, they attempt to provide meaning and carve out a symbolic realm whose bounds are chosen, not imposed. That said, the choice is shaped

by symbolic meanings and thus debates on what does or does not constitute culture are sterile and of purely semantic interest. That said, pragmatic debates on the values underlying cultural policies are worthwhile. One such debate concerns the ends of cultural policies and the answers should shed a great deal of light on them. Skating over the underlying debate concerning the choices made in drawing up a cultural policy does not prevent ideologically-inspired choices being made. Accordingly, one should see such policies for what they are —choices, not self-evident needs or absolute truths.

That is why I have chosen a pragmatic definition of culture that does not imply uncritical acceptance of the uses to which culture may be put. The intention lying behind these uses needs to be flushed into the open and —where necessary— criticised.

Second, although culture is a complex, multi-faceted concept, it needs to be rigorously defined. Failure to do so makes it all too easy to twist the concept to fit a given argument. Complexity can all too easily be used to hide inconsistent, tendentious, tailor-made definitions to serve given arguments. This is why many apparently open, neutral definitions of culture lead ineluctably to prioritised, hierarchical options.¹

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MUTUAL IGNORANCE

As David Throsby² notes, to some extent economy and culture share a common interest in value creation. Even so, the concept of value employed by cultural theorists bears no resemblance to the notion of value used by economists. In the past, culture and economics were two fields that were as alike as chalk and cheese. The former represented the intangible world while the latter focused on the tangible, observable one. The notion of “cultural value” in cultural discourse, although borrowed from economics, is used in a metaphorical sense.

From this perspective, the relationship between the two fields not only reveals mutual ignorance but also a certain distrust. Culture is seen as the apotheosis of the human spirit and thus the application of economics to the cultural field is seen as an attack on artistic purity. Artists do not generally think about money and economists do not generally think

■ ¹ To give a simple example, if our definition of culture includes advertising, one cannot deploy an argument that does not include advertising in the strategy for drawing up a cultural strategy and then throw in or take out advertising from the discourse to serve one’s arguments. To do so is both inconsistent and manifestly unreasonable.

² THROSBY, David, *Economía y cultura*, Cambridge University Press, Madrid, 2001.

about art. This helps explain the gulf between the two spheres and why there is still much mutual ignorance and disdain. The glorification of the artist gives ample scope for this kind of discourse, even though it is now an outdated one. That said, ideas are also subject to the dictates of fashion and as we shall see, management excesses mean that a few romantics do not go amiss.

However, this mutual ignorance is not complete. Some leading 20th century economists wrote on the links between the two fields³. Furthermore, the leading lights of the Frankfurt School now criticise the increase in merchandising and vulgarisation of culture spawned by the growth of cultural industries.

CULTURE DISCOVERS ECONOMICS

There came a moment when culture “discovered” economics, which though useful in improving management, nevertheless seems to throw up insuperable obstacles to cultural endeavour. Economics’ insistence on profitability, consumers, markets, efficiency and prices seems an anathema to everything culture represents. Yet cultural sectors, for all their singular features, share one thing in common with other human activities: the need to be managed in some form and to “sell” their products.

This has given rise to a new discipline —Cultural Economics— whose meaning and value no one seems willing to discuss. Its founding fathers —Baumol and Bowen— analyse the economic behaviour of the performing arts. Since their seminal work, a host of studies analyses and approaches to this new field have seen the light of day and have been accompanied by the tools and conceptual baggage used by economists to discern alternatives and maximise returns.

Comparative analyses, analysis of trends, cultural marketing, reflection on pricing policy, strategic plans, evaluation, efficacy, efficiency are just a few of the approaches now being applied to culture as to so many other fields.

Economics is used by culture and naturally enough this has an impact on the way, the latter is organised, provides goods, sells itself and establishes canons and hierarchies. Even so, these transformations are not structural ones. Culture largely maintains its independence and resorts to purely cultural arguments to justify its existence. Culture needs to be economically viable but that is not its main purpose. So far, economics has treated the subject of cultural returns with kid gloves. The argument is that economic value and cultural value are not necessarily at odds and that it is desirable to strike a balance between the two in drawing up analytical criteria. In other words, economic failure does not necessarily imply cultural quality. By the same token, economic success does not necessarily imply cultural rubbish. Obviously, one can find those who adopt purely economic or cultural perspectives yet I do not consider that the application of economics torpedoes culture’s *raison d’être* or criteria regarding value. If there is a crisis in the culture industry, it is because the winds of recession are blasting through the wider world. In such dire straits, it would be unwise to spurn the salvation offered by economics.

■ ³ John Maynard Keynes and John Kenneth Galbraith, to give the two most important examples.

ECONOMICS DISCOVERS CULTURE

Perhaps it is more accurate to say that culture let itself be discovered by economics. The moment was marked by studies on the economic impact of culture and by the deployment of economic arguments to justify cultural spending (consider slogans such as “Culture creates jobs” and “Culture is not a cost, it is an investment”). The event that exemplifies this approach was the International Conference held by the World Bank in 1999 and titled “Culture Counts”. The fact that this body dedicated a conference to the subject says a lot about culture’s economic importance.

In this context, it is worthwhile to note the fierce one-upmanship among nations as to who can boast the largest share of GDP arising from culture. The temptation to show one is better endowed than the next fellow seems to hold an irresistible fascination for all ages. Yet the comparison is clouded by the lack of reliable official statistics. The result is an endless welter of studies calculating the share of culture-generated GDP using different methodologies and which often do not even covering the same areas. The favourite wheeze for boosting the figure is to adopt an ever-broader and more complex definition of culture. Placing limits on what constitutes culture is seen as elitist, reductionist and unscientific. By contrast, widening the scope of culture is seen as open-minded, progressive and, best of all, it gives politicians the answers they want to hear. Ministerial concerns should not muddy appraisal of culture’s contribution to GDP. Here, one should note that culture’s contribution to GDP has become the key argument for greater investment in “culture” (taken in its broadest sense). Naturally, I am not questioning the need to spend on culture, increase the budgets of culture ministries and so forth. Rather, I merely wish to point out the inconsistency of using broad-brush concepts of culture to support public spending on a relatively narrow range of cultural activities. That is because there is a key issue lurking behind such weak arguments for greater spending, namely the exploitation of culture.

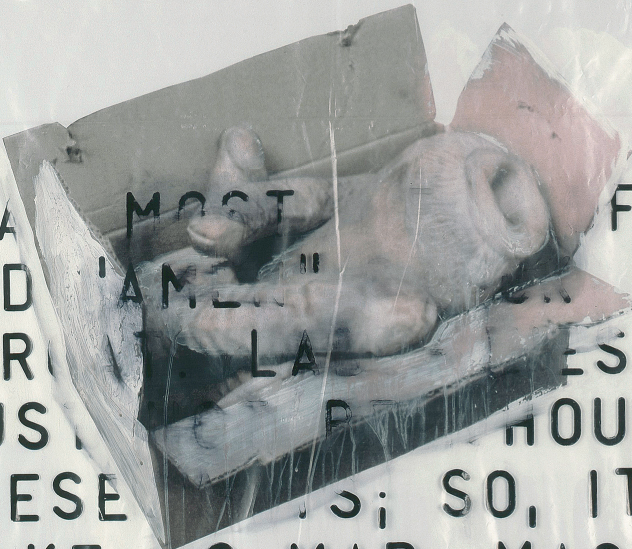
There can be no doubt that culture has positive externalities —Guggenheim museums being a case in point.

However these externalities are precisely that and are not the kernel of what is being offered. When the focus is on externalities rather than content, utter chaos ensues —Barcelona’s

shamelessly over-hyped 2004 *Universal Forum of Cultures* being a prime example. Not surprisingly, the few who supported the forum at the time have distanced themselves from it since. Accordingly, my first criticism of the economic exploitation of culture is of a practical nature —a cultural project or policy makes no sense from a cultural perspective if it can only be justified in terms of economic impact. Barcelona’s “Forum” shows what happens if this lesson is ignored.

The first cultural impact studies covering direct, indirect and induced impacts are beginning to appear. The last category —induced impacts— is a catch-all category, making it particularly hard to establish cause and effect. In such cases, one can

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understand why researchers tend to overstate their results. This brings me to a second criticism, namely the confusion between causal and casual phenomena. A blatant example of this are debates on cultural tourism. Even though ever greater care is taken before reaching conclusions, the need to satisfy clients means studies are still being churned out that do not take multi-causal factors into account in explaining why a given number of tourists choose a particular destination.

Without going into arguments defending the importance of cultural economics or the range of a country's cultural offerings, what interests me is why recourse is made to such arguments. The phenomenon is part of a wider trend towards seeking exogenous arguments to explain the importance of the cultural sector and public spending on it.

Deployment of such economic arguments began in the nineteen nineties. It is no coincidence that they came into vogue after Lyotard's paper "The Post-Modern Condition"⁴. The so-called "crisis of modernity" (although crisis is its natural state) makes one wonder whether cultural policies have any real meaning. As a result, enlightened projects whose purpose is to unleash the power of reason and knowledge are called into question because one of the main arguments for fostering cultural policies is knocked away⁵.

As a result, the two models traditionally adopted by cultural policies (democratisation of culture and cultural democracy) are in crisis. Yet those who blithely discredit these models both skate over the issues and ignore the consequences.

I have already mentioned the popular alternative to this approach, namely that culture and cultural policies remain meaningful because they play a key role in economic development. Yet I believe that we should continue to exhort the meaning of culture and cultural policies regardless of their externalities. The emancipating power of reason and knowledge can make us happier —something that few theoreticians of culture and cultural policies set any store by. Fostering creativeness, identity and social cohesion are also excellent reasons for pursuing a cultural policy. Such policies are necessarily "unfinished" and the odd failure in carrying them out does not justify abandoning their guiding principles.

Accordingly, culture's recourse to economics is the result of a structural crisis. However, such an approach poses at least three problems: 1) a practical one (without cultural meaning, there can be no economic value); 2) a technical one (disentangling cause and effect from casual relationships); 3) theoretical-political (the need to defend culture's intrinsic values).

■ ⁴ Translator's note: Jean François Lyotard's word was actually published in French in 1979 under the title *La Condition Postmoderne: Rapport sur le Savoir* by Les Editions de Minuit, however it appears to have taken almost a decade for Spanish translations to be brought out (assuming Internet is a reliable guide here).

⁵ The other prop (which may yet give way) concerns identity, whose origins lie in the romantic conception of the nation.

Despite the foregoing, discourse on the exploitation of culture have become more sophisticated and we now find ourselves in a baffling twilight zone that lies between the spheres of economics and culture. This strange new region can be looked at in two ways.

THE CONFUSION CREATED BY MINGLING ECONOMICS AND CULTURE. IS ECONOMICS CULTURE OR IS CULTURE ECONOMICS?

The relationship between economics and culture, initially cold and aloof, has become a great deal warmer and closer. Indeed, one might even say that economics and culture are now locked in a hot embrace. This has been accompanied by a convergence of views. Discourses on the impact of culture on the economy have gone as far as to identify economic development with cultural development. However, this fusion should be closely scrutinised, not least because it is based on a value judgment regarding what culture is and the role it ought to play in society. In other words, it is ideologically inspired.

The prevailing paradigm makes culture and economics overlap and even coincide. Such a stance makes it hard to achieve a degree of cultural autonomy. This is all the more galling given that the paradigm masks mutually contradictory perspectives.

On the one hand, some defend a cultural reading of the world (and hence of economics), arguing that intangibles (essentially cultural in nature) drive the economy now and will do so even more in the future. Then there are those who play with the ambiguity of concepts like “creativity” and “innovation” to putting cultural development at the core

of economic development — something that goes much further than lauding culture’s economic externalities.

This perspective —which apparently gives culture a major role and satisfies cravings for centralised cultural policies— is far from neutral. It implies renouncing genuine discourse because it shifts the frame of reference. Discussion of cultural matters is periodically “hijacked”

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by the mercantalists, who argue it is time to face “reality” (a stance that sounds objective but which in fact is just as ideologically biased as any other). Furthermore, analyses of these “realities” tend to justify cultural policies rather than propose unbiased research. Hence the tendency of lumping together all sectors with some creative input under the head of “culture”, including: new technology; design; advertising; haute cuisine and so on. Yet what field of Man’s activity does not include a dose of creativity? This jamboree bag approach to cultural policy means the sectors that hitherto made up the core of cultural offerings are now given short shrift. Those who fail to redress such neglect are either unaware of its consequences or have an ideological axe to grind.

Richard Florida's writings exemplify such an approach. Using the concept of “creative classes”, he lumps together all cultural and other spheres that have some link to creativity and which embrace most of the professions. According to Florida, a city with a high density of such activities becomes more tolerant and diverse and all of these factors boost its economic development. He then defines indicators that positively correlate creativity, tolerance, diversity and economic development. Whether or not there is any merit in the idea, one should note the difficulty of establishing a causal relationship between things that occur at around the same time. Does greater tolerance spur greater economic development or is it the other way round?

Reading these theories from a post-Marxist, post Frankfurt School perspective makes one wonder whether such discourses are not just another expression of the victory of the market. They coincide in mingling economics and culture but miss the point—it is not economics that has taken on a cultural tint but rather culture that has become mercantile. Jameson would have us believe there is nothing beyond the market. He might just as well have said that those who believe otherwise are deluding themselves.

To end, I should like to propose that the relationship between economics and culture be looked at afresh and in the light of four key values: freedom, equality, wealth, sustainability. Fleshing out these values will occupy many minds. It is to be hoped they will approach the task unshackled by ideological preconceptions and self-interest ||