

2

The scope of cultural policy

... having faith in the progress of humanity towards perfection, ... we grow to have a clearer sight of the ideas of right reason, and of the elements and helps of perfection, and come gradually to fill the framework of the State with them, to fashion its internal composition and all its laws and institutions conformably to them, and to make the State more and more the expression, as we say, of our best self ...

(Matthew Arnold, *Culture and Anarchy*, 1869¹)

1 Introduction

In days gone by, when cultural policy was concerned primarily or solely with the creative arts, a definition of its scope was straightforward. The goods and services produced and consumed were easily recognisable – works of art and literature, music compositions, theatre performances, and so on – and the individuals and organisations that might be targets for cultural policy occupied an identifiable corner of the economic and social landscape – artists, performing companies, music ensembles, etc., on the supply side, and the ‘arts audience’ on the receiving end. The value of what was being done in the name of art was taken for granted as the motivation for cultural policies designed to nourish and improve society. Responsibility for cultural policy within government rested quite naturally in a ministry for the arts or culture or in an arts funding agency of some sort.

The expansion in the reach of cultural policy that we discussed in the previous chapter has changed all that. No longer are the goods and services that comprise the output of the cultural sector confined to the arts; rather, new definitions are required of cultural or creative goods and services and the industries that produce them. The range of suppliers and consumers of such commodities that are potentially the object of cultural policy measures has correspondingly extended well beyond the arts

sector, and the value of cultural activity is now subject to critical scrutiny, rather than being automatically assumed to be good. The widening reach of cultural policy is reflected also in the increasing number of government ministries and instrumentalities with an interest in this area.

This chapter charts these changes by looking at the ways in which the scope of cultural policy has expanded. We begin with the basic issue of identifying the products and the activities with which cultural policy is concerned, discussing contemporary approaches to defining cultural goods and services and measuring their value. We then go on to consider the composition of the cultural sector, the structure of cultural production, and the multiple areas of responsibility for cultural policy that have emerged in contemporary public administration.

2 Cultural goods and services

An economic analysis of cultural policy must begin with a fundamental question as to the nature of the goods and services that are likely to be of policy concern. If they are simply commercial commodities bought and sold on markets like any other products that circulate in the economy, the application of economic policy to their production, distribution, marketing, transport and consumption would be no different from economic policy-making in respect of any other commodity. If, however, cultural goods and services have distinctive qualities that set them apart from other products, they may have a claim to special policy attention.

To begin with, we draw attention to the somewhat confusing use of terminology that has emerged in this area, where the descriptions 'creative goods' and 'cultural goods' are used sometimes interchangeably and sometimes with different meanings. An obvious way to resolve this difficulty is to provide objective and unambiguous definitions of the adjectives 'creative' and 'cultural'. Such an approach requires definition of the corresponding nouns. In the case of *creativity*, there is no simple definition that encompasses all the various dimensions of this phenomenon. Nevertheless, the characteristics of creativity in different areas of human endeavour can at least be articulated. For example, it can be suggested that artistic creativity involves imagination and a capacity to generate original ideas and novel ways of interpreting the world, expressed in text, sound and image. This might be compared with scientific creativity, which relates to experimentation and problem-solving in other spheres of human activity.

In regard to *culture*, its definition can be simplified if it is accepted that it can be interpreted either in an anthropological sense, meaning shared values, customs, ways of life, etc., or in a functional sense, meaning activities such as the practice of the arts. Whichever of these notions of culture is accepted, the concept of cultural products can be articulated. There is some agreement now that cultural goods and services such as artworks, music performances, literature, film and television programmes, video games, and so on, share three distinguishing characteristics:

- they require some input of human creativity in their production;
- they are vehicles for symbolic messages to those who consume them, i.e., they are more than simply utilitarian, insofar as they serve in addition some larger communicative purpose; and
- they contain, at least potentially, some intellectual property that is attributable to the individual or group producing the good or service.

In addition, cultural goods have been described as experience goods, and as goods which are subject to rational addiction, meaning that increased present consumption will lead to increased future consumption, such that demand is cumulative.²

A further definition of cultural goods and services can also be proposed, deriving from a consideration of the type of value that they embody or generate, i.e., it can be suggested that they yield *cultural value* in addition to whatever commercial value they may possess, and that this cultural value may not be fully measurable in monetary terms. In other words, cultural goods and services are valued, both by those who make them and by those who consume them, for social and cultural reasons that are likely to complement or transcend a purely economic evaluation. These reasons might include spiritual concerns, aesthetic considerations, or the contribution of the goods and services to community understanding of cultural identity. If such cultural value can be identified, it may serve as an observable characteristic to distinguish cultural from other types of commodities.³

Whichever of the above definitions is accepted, *cultural* goods and services can be seen as a sub-set of a wider category of goods that can be called *creative* goods and services. The latter are simply products that require some reasonably significant level of creativity in their manufacture, without necessarily satisfying other criteria that would

enable them to be labelled 'cultural'. Thus the category 'creative goods' extends beyond cultural goods as defined above to include products such as advertising and software; these latter goods and services can be seen as essentially commercial products, but they do involve some level of creativity in their production. Since the subject of this volume is cultural policy, we shall henceforward confine ourselves to a consideration of *cultural* goods and services.

3 Value and valuation

A basic concept that underlies consideration of policy in any area of public concern is that of value. The consumption behaviour of individuals is motivated by the value they attach to the goods and services they consume, the production of value is the *modus operandi* of business firms, and value to society at large guides (or should guide) the decisions of government. At its most fundamental, value can be thought of as the worth, to an individual or a group, of a good, a service, an activity or an experience, with an implied possibility of a ranking of value (better to worse, or higher to lower value) according to given criteria. The process by which value is assigned to something is referred to as *valuation* or *evaluation*, described by Steven Connor as the process of 'estimating, ascribing, modifying, affirming and even denying value'.⁴ We should also note the occasional use of the word *valorization* to mean a process by which value is imparted to some object as a result of deliberative action or external event, such as the increase in value accorded to sites of cultural heritage when they are added to the World Heritage List.

The expansion in the scope of cultural policy to which we have been referring implies a corresponding expansion in the relevant concepts of value that are significant in policy-making. In earlier times, when support for the arts was the main policy concern, the appropriate interpretation of value was one related to artistic or cultural criteria. Now, with the shift towards an economic orientation for cultural policy, notions of economic value must be introduced into the picture, and indeed reference to the economic consequences of alternative strategies might nowadays play a dominant role in many cultural policy decisions. It is necessary therefore to specify the value concepts upon which the expanded realm of cultural policy should be founded. Accordingly, throughout this book a distinction is maintained, when

considering the economics of cultural policy, between the economic value and the cultural value yielded by the goods, services, activities, industries, policy interventions, and so on, with which we are concerned – in short, we argue that this duality of value applies to all the phenomena of relevance to the cultural policy field.⁵

To clarify how the twin concepts of economic value and cultural value can be made operational for cultural policy purposes, we need to describe their definition and the methods for their assessment. Looking first at economic value, we can observe that within the neo-classical paradigm, the Benthamite concept of utility is assumed to underlie consumers' formation of value, reflected in due course for particular goods and services in equilibrium prices that emerge in competitive markets and in people's stated willingness to pay for non-market effects. However it arises, value in the economic sphere is ultimately expressible in financial terms. In contrast to this well-defined concept of economic value, the interpretation of cultural value in relation to art objects and other cultural phenomena is by no means clear-cut. It has long been a source of controversy within philosophy, aesthetics and art history; indeed a confrontation between absolute and relative theories of value in the postmodern world has provided cultural theory with a crisis of value that shows no signs of being resolved. Whether there is a right or a wrong in this debate is of less relevance for our discussion than the undeniable fact that cultural value is complex, multifaceted, unstable, and lacks an agreed unit of account.

The distinction between economic value and cultural value creates a dilemma for the process of valuation. On the one hand the neatly circumscribed principles of economic evaluation lead to what appear to be unambiguous estimates of the economic value of cultural goods and services, whilst on the other hand cultural value seems to resist precise, objective and replicable means of assessment. The two interpretations pull in different directions, creating uncertainties surrounding a core question in cultural policy: what values should count in decision-making in relation to the production, distribution and consumption of cultural commodities?

Nevertheless, the existence of a duality of value and its attendant problems of valuation should not deflect the cultural policy analyst from the task of assessing value as fully and accurately as possible. In particular, considerable progress has been made at both theoretical

and empirical levels in assessing the *economic* value of cultural goods and services, using a range of techniques familiar to applied economists. Let us consider briefly the basis upon which economic analysis is applied to cultural goods and services in order to assess their economic value.

Valuing cultural goods and services in economic terms requires a recognition of the fact that such goods fall into the category of *mixed goods*, i.e., goods that have both private-good and public-good characteristics. Private goods and services are those whose benefits accrue entirely to private agents (individuals or firms); in other words such agents can appropriate the benefits for themselves by acquiring property rights over the good or service involved. People buying a book or attending a play, for example, enjoy the book or the performance as private individuals, and the valuation of their *use benefit* is reflected in the price paid for the book or the theatre ticket.⁶ Public goods, on the other hand, are those whose benefits accrue to everyone in a given community; economists describe them as *non-excludable* (once they are produced they are available to everyone and no one can be excluded from consuming them) and *non-rival* (one person's consumption does not diminish the amount available to others). Public goods are classified as *non-market goods* because there is no market on which the rights to them can be exchanged; their benefits arise outside of conventional market processes. Paradigm cases of public goods include the services of national defence and a free-to-air broadcast television signal.

Why might at least some cultural goods and services have these public-good properties in addition to their functioning as private goods? We can answer this question in relation to the arts by looking at the ways in which people in society might value the arts in general, as distinct from their valuation of specific art commodities or experiences that form part of their own private consumption. Three sources of non-market benefits for the arts can be identified: an *existence* value (people value the arts simply because they exist); an *option* value (people wish to retain the option that they may wish to consume the arts at some time in the future); and a *bequest* value (people think it is important to pass the arts on to future generations). All of these sources of value need to be taken into account when assessing the economic value of a cultural good or service. They can be measured by finding out how much people are willing to pay for these benefits,

for example by donating to a specific fund, or through an ear-marked tax increase. Well-developed methodologies exist for estimating willingness to pay, including contingent valuation methods and choice modelling. We shall return to these matters in later chapters. For now it is important simply to understand that a full assessment of the economic value of culture must account both for the direct use value as revealed in the markets for cultural goods and services, and the non-use value as estimated by alternative analytical procedures.

To a neoclassical economist, a full assessment of the market and/or non-market value of any good or service, including cultural goods, would be provided by measuring actual payment and/or potential willingness to pay, the reasoning being that a person could not be regarded as attaching value to any good or service that he or she was not prepared to pay for. However, stepping outside the framework of neoclassical economics raises some broader issues in considering the value of cultural goods and services. We can ask: are there collective benefits of culture that cannot be factored out to individuals and yet are important for decision-making? In particular, there may be concern that the standard economic model cannot entirely encompass those elements of a cultural good that gives rise to what is understood to be its cultural significance. Such considerations lead us into an alternative discourse which entertains the concept of cultural value that exists in addition to whatever economic value the good might possess. Cultural value in this context is a multifaceted concept reflecting qualities such as the aesthetic, symbolic, spiritual or historical values attaching to a particular item. Of course such qualities may affect individual valuations of the item in question and, to the extent that they did so, would be reflected in any economic analysis of the item's value. But there is also a sense in which some such values can only be fully realised in collective terms, and cannot sensibly be represented in individual monetary valuations. Take, for example, the notion of identity. We say that a nation's culture is important because it expresses the people's identity – it tells their stories, it helps define who they are. It is difficult to translate this value into willingness to pay; indeed it is hard to see how the value of identity can be expressed in financial terms at all. Yet identity is something that is valuable to society at large and clearly affects decision-making in the cultural policy arena.

Identifying cultural value is one thing, measuring it is another; ascribing aesthetic and other non-monetary values to artworks,

artefacts, and so on, has long been a critical question for a number of disciplines interested in art, culture and society. If we were to adopt the mindset of the neoclassical economist, we might suggest that the cultural worth of an artistic good, for example, could be interpreted as being formed by a negotiated process akin to a simple market exchange. When a cultural good such as a painting or a novel is made available to the public, consumers absorb, interpret and evaluate the ideas contained in the work, discussing and exchanging their assessments with others. In the end, if a consensus is reached, the assessed artistic value of the work could be interpreted as something like a cultural price – an exchange value reached by negotiation amongst parties to a market transaction, where the ‘market’ is that for the cultural content of the work. Indeed it can be argued that creative artists in fact supply a dual market – a physical market for the good, which determines its economic price, and a market for ideas, which determines the good’s cultural price. In the goods market, there is a single price at any one time, because of the private-good nature of the physical work; in the ideas market, there are always multiple valuations, as befits the pure public-good properties of artistic ideas. Prices in both markets are not independent of each other, and are subject to change over time as reassessments of the work’s economic and cultural worth occur.

Such a theory may have intellectual appeal but it provides little comfort for the empirical analyst, and something more practical will be required if the notion of cultural value is to be made operational so that it can be incorporated into actual decision-making in the cultural policy arena. There are several lines of attack here. One possibility is to deconstruct the idea of cultural value into several components and to seek numerical or other scales to represent judgements based on defined criteria.⁷ To illustrate, following Throsby (2001: 28–29), it can be suggested that the cultural value of an artwork, for example, could be represented in terms of the work’s aesthetic, spiritual, social, symbolic, historical and authenticity qualities, all of which could be assessed by a given observer, and aggregated over a group of observers to reach some consensus judgement against each criterion.⁸ The assessment in a case like this could be made in terms of ordinal or qualitative scales measuring the strength or importance of each attribute as exhibited by the item in question. If such judgements can be expressed as, or converted into, cardinal scores, they have the

advantage that they can be combined, using any desired weighting system to reflect the assumed relative importance of the individual criteria. Such an approach is clearly no more than an ad hoc means of giving formal expression to judgements that would otherwise be left simply to informal processes. Nevertheless, these methods might be a workable way of providing, for specific policy options, some sort of aggregated quantitative representation of the cultural value of alternative strategies.

Whose judgements should count in such an assessment? In areas of public policy-making where particular expertise is required in order to reach an informed decision, the opinions of people who know are generally sought; for example, in allocating grants for medical or scientific research, governments usually rely on the advice of experts. The same can be argued to be the case in the cultural field. If decisions are required on the cultural value of paintings or heritage buildings or archaeological finds, the views of art critics, architectural historians and archaeologists respectively must be taken seriously. Thus in a practical policy context, a group of experts in a particular cultural arena could be asked to come up with a consensus judgement of the cultural worth of particular activities that were the object of some policy strategy. Alternatively, adopting a more 'democratic' approach, appeal could be made to public opinion on various policy measures using survey techniques or other means of distilling a popular view. In either case the intention is to transcend the variability of individual judgements by amalgamating them into some definable consensus.

We return to the issue of measuring economic and cultural value in Chapter 6, in our discussion of cultural heritage.

4 Composition of the cultural sector

In line with the widening ambit of cultural policy and its extension beyond a concern simply for the arts, the range of stakeholders who have an interest in cultural policy – as producers, distributors, consumers, or as policy-makers – has likewise expanded. Such stakeholders inhabit the 'cultural sector', a term that can be used to describe the collection of organisations and individuals that are directly involved in the production, distribution or consumption of the arts and culture in the economy and in society. We can identify the various groups of stakeholders that comprise the cultural sector as follows:

- *Cultural workers*: People working in cultural production include the primary producers of cultural material (artists and other creative professionals) and those non-creative workers whose employment lies within the sphere of cultural production, such as support staff in arts organisations. Also included are teachers of music, drama, dance, etc., and other artistic and cultural educators and trainers.
- *Commercial (for-profit) firms*: This category includes large numbers of small- to medium-sized enterprises that produce cultural goods and services of various sorts, and a smaller number of large corporations that operate at a national or transnational scale. Although established on a commercial basis, the motivations of firms in the small-to-medium group are likely to have a significant cultural emphasis, whereas large-scale corporate enterprises in the cultural sector are generally likely to be driven more strongly by financial motives.
- *Not-for-profit firms*: Incorporation of private-sector firms on a not-for-profit basis is prevalent in theatre, opera, dance and music, and occurs occasionally in other areas of the arts, for example in artists' cooperatives and collectives. In all these organisations it is likely to be artistic rather than financial objectives that are paramount. This category also includes those organisations in the cultural sector such as professional societies, unions, industry organisations and other NGOs that are operated as non-profit service-providers to the arts and culture rather than as profit-seeking companies.
- *Public cultural institutions*: All levels of government from national to local are likely to own and operate cultural institutions of various sorts, including museums and galleries, libraries, archives, heritage sites, performing arts companies and venues, and public broadcasting companies.
- *Education and training institutions*: Schools, colleges and other facilities providing education, training and skills development in the arts and cultural field fall into this group. Such institutions include art schools, conservatoria, drama schools, and so on. They may be publicly or privately owned and operated. An interest in the arts and culture also extends to the general education system, particularly via the exposure of schoolchildren to the arts as part of their normal curriculum.
- *Government agencies and ministries*: A range of public-sector instrumentalities exist with direct or indirect responsibilities in the cultural field. We consider the make-up of this group in more detail below.

- *International organisations*: Cultural policy-making at the international level cuts across a number of UN and related agencies. Primary responsibility rests, of course, with UNESCO, but there is a cultural component to the work of many other players at the international level, both within and outside of the 'UN family'. These include UNDP, UNCTAD, FAO, WIPO, the OECD and the World Bank, as well as a number of international NGOs in the cultural field.
- *Consumers and consumer organisations*: This category comprises a very large group indeed, since virtually everyone is a cultural consumer of one sort or another. Looked at from this viewpoint, the reach of cultural policy is especially wide-ranging; since almost everyone watches television, for example, a policy measure affecting the cultural content of television broadcasts will touch the entire community. Cultural consumption is frequently analysed using Richard Peterson's distinction between 'omnivores' (people who engage in a wide range of cultural consumption) and 'univores' (those who concentrate on one cultural form).⁹

5 Production, distribution, consumption

The expansion in the range of stakeholders who have an interest in cultural policy in the contemporary world, as described in the previous section, means that the relationships of interest to the cultural policy-maker have correspondingly widened in scope, from a concern solely with relatively simple processes of production and consumption of the arts to a wider view of the more complex patterns of production, distribution and uptake of cultural goods and services in the economy and society at large. In this section we consider two complementary approaches to depicting the relationships between stakeholders in the cultural production sector: the concept of the value chain and the concentric circles model.

The value chain for cultural goods and services

In its simplest form, the analytical model of the cultural production chain is one where the initial creative ideas are combined with other inputs to produce a creative good or service, which may then pass

through further value-adding stages until it enters marketing and distribution channels, and eventually reaches the final consumer. For some cultural goods this process is very simple – a visual artist selling her paintings direct to the public from a street stall, for example, represents a value chain with only a single link. For other goods, however, the process can become quite complex, as the creative idea is transformed or reformatted at successive stages. For example, a musical idea might begin with a composer writing a song and passing it on to a publisher who transforms it into a tangible printed form. From there the idea might be realised as a live performance before an audience, with the performance subsequently being recorded and marketed by a record company. The record will pass through a sequence of wholesale and retail value-adding until bought by a consumer, or it may be uploaded onto the internet and subsequently accessed by consumers who may or may not pay a price for on-line delivery. Subsequently the song may be re-packaged as background music for a film, with further value added along the way. Thus the overall chain can become quite attenuated, one effect of which is usually to diminish the relative share of total revenue accruing to the creator of the original idea, in this instance the composer of the song.

The apparent linearity of the value chain may be replaced, for some cultural products, by something more akin to a value network, where multiple inputs, feedback loops, and a pervasive ‘value-creating ecology’ replaces a simple stage-wise process.¹⁰ In film-making, for example, a complex multi-layered process is involved in bringing together the many creative and non-creative inputs required to produce the finished product, which may even then be subject to further reiterations and re-workings. Identifying the value added by the various players in these sorts of circumstances can become a very complicated task.

From a policy point of view, depicting the cultural production process as a value chain allows an analysis of the effects of policy intervention at various points in the chain. For example, in assessing the impacts of existing policy measures, or in determining the optimal point at which to apply prospective measures, the policy analyst can use the value-chain concept to clarify where the effects of intervention have been or will be felt, and who are the affected stakeholders upstream or downstream from the point of intervention.

The concentric circles model of the cultural sector

In the contemporary policy environment, an important focus of cultural policy is on the growth of the cultural industries, so it is necessary to understand how these industries can be conceptualised and how they relate to one another and to consumers. We shall be considering the cultural industries in detail in [Chapter 5](#); for now all that is required is a brief and intuitive overview of how the distinction between economic value and cultural value can be used to inform an approach to modelling the cultural industries.

A model of the cultural industries that is based on this value distinction is the so-called ‘concentric circles model’,¹¹ which asserts that it is the cultural value, or cultural content, of the goods and services produced that gives the cultural industries their most distinguishing characteristic. Different goods have different degrees of cultural content relative to their commercial value; the model proposes that the more pronounced the cultural content of a particular good or service, the stronger is the claim of the industry producing it to be counted as a cultural industry. Thus are the concentric circles delineated: at the centre are core industries in which the proportion of cultural-to-commercial content is judged to be highest according to given criteria, with layers extending outwards from the centre as the cultural content falls relative to the commercial value of the commodities or services produced. On this basis a series of layers or circles can be proposed, with the core creative arts (music, performing arts, visual arts, etc.) at the centre, surrounded by other core industries such as film, museums and galleries. The next layer is the wider cultural industries of the media, publishing, and so on, and finally there are cultural industries where the commercial content of output is highest, such as fashion, advertising and design.

The model proposes that creative ideas and influences originating in the core diffuse outwards through the concentric circles. How does this occur? At one level it may arise through the sorts of generalised communication and exchange processes that govern the circulation of knowledge and information in the economy and society at large; for example, the plot of a novel or play may suggest ideas for a video or computer game, or a painter’s work may inspire a fashion creation. Alternatively, the diffusion of ideas may arise through the fact that the creative people who generate them actually work in different

industries, providing direct input to the production of cultural content in industries further from the core or outside the cultural industries altogether; for example, a visual artist may have a creative practice producing original artworks, but may also work in the design industry, or an actor may appear on stage in the live theatre, as well as making television commercials in the advertising industry. However it happens, it is the creative ideas that generate the cultural content in the output of these industries.

As an interpretation of the structure of cultural production, the concentric circles model can be seen as a static snapshot at a given point in time, in contrast to a dynamic form of analysis such as the value chain model discussed above. In the concentric circles model, downstream functions such as distribution are represented as distinct industries in their own right, incorporating original creative ideas produced in the core into their production processes as intermediate inputs. For example, television scriptwriters, located at the core of the model, sell their work to broadcasters located in the 'wider cultural industries' circle. At a given point in time the output of both industries – the scriptwriting industry and the television industry – can be observed and, under appropriate assumptions, the cultural content of their output assessed.¹²

There are several implications for cultural policy arising from use of the concentric circles model as a means of representing the structure of the cultural industries. Firstly the model provides a basis for formulating statistical classification systems for the cultural production sector, enabling the orderly collection of data on output, value added, employment, etc., which are relevant for policy purposes. Secondly, the concentric circles model is readily adapted to fit formal analytical methods, such as input-output analysis or computable general equilibrium models, which may be used to investigate inter-industry relationships within the cultural sector or between the cultural industries and other parts of the economy. Finally, interpreting the cultural industries as a radiating system with the pure creative arts at the centre provides a direct means of representing the core role of the arts in motivating and sustaining the entire cultural sector. In the Introduction to this book it was asserted that adoption of a cultural-industries approach to a consideration of cultural policy did not necessarily imply a sell-out to economics, nor a subjugation of the lofty ideals of the arts to the mechanical forces of

the marketplace. The concentric circles model makes it explicit why cultural policy need not marginalise the arts or consign them to some peripheral or irrelevant status. On the contrary, the model actually points towards the need for a strong, dynamic and sustainable arts sector as an essential source of the creativity that drives the cultural industries and that can animate innovation and development in other parts of the economy.

6 Cultural policy in government administration

We have been arguing that cultural policy is nowadays not a single entity but involves multiple components that ramify throughout the structure of public administration in line with the expanding concept of cultural policy in the contemporary world. The areas of government responsibility that are likely to have some involvement with cultural policy include the following:

- *Arts/culture ministry*: Notwithstanding the shift in cultural policy away from a sole concern with the arts, there is no question that ministries or departments with designated responsibility for arts and cultural heritage remain as the principal locus for the delivery of cultural policy in most administrative systems. This point is reinforced by the core role envisaged for the creative arts in the cultural industries model outlined above.
- *Finance/treasury*: Cultural policy in all areas is likely to require significant commitments of public expenditure. Participation by the government departments and ministers with responsibility for financial provision is likely therefore to be critical in cultural policy formulation and implementation.
- *Industry development*: The cultural industries' potential role in contributing to incomes, economic growth and employment creation makes them an obvious target for industry development strategies, assessed at national, regional or local level.
- *Labour*: More specific policies affecting the labour market for cultural workers will be of concern to employment ministries, including industrial relations, occupational health and safety, human resource management, and so on.
- *Trade*: International trade in cultural goods and services can be both a major stimulant to exports and an irritant in trade negotiations,

as we shall see in [Chapter 9](#). Trade ministries have an important role to play in cultural policy formulation because of this.

- *Education*: As we shall see in detail in [Chapter 11](#), there are two aspects to the involvement of education in cultural policy. The first concerns the role of arts education in schools, where exposure to active participation in music-making, visual art, dance, creative writing, etc., not only enriches children's cultural lives, but also enhances their learning abilities in other areas. The second relates to the vocational training and skill development of creative workers to furnish the need for specialised creative input in the cultural industries across the board.
- *Urban/regional development*: The concept of the creative city, to be discussed in [Chapter 7](#), has become a powerful talisman for urban planners. Cultural policy has much to contribute towards re-vitalising depressed urban areas, improving livability, and stimulating urban and regional economic growth.
- *Environment*: In a world adapting to climate change, the creative industries have a particular role to play, not just through exemplary environmental practice in their own operations, but also through the contribution that creative ideas in design, architecture, etc., can make to the development of carbon-reducing technologies in other industries.
- *Information technology and the media*: In some countries, policy in the communications area is driven solely by economic considerations to do with innovation, productivity and media ownership. Yet IT and media are important in the transmission of cultural content, and hence are implicated in cultural policy considerations.
- *Legal affairs*: The major way in which the legal services of government are involved with cultural policy is through the formulation and enforcement of intellectual property law. Copyright is a significant component of the regulatory framework in which the production and distribution of cultural product occurs, as we shall see further in [Chapter 13](#).
- *Social welfare*: There is an important role for cultural policy in the implementation of strategies concerned with cultural pluralism and the promotion of social cohesion in communities. These aspects are nowadays gathered together under the heading of cultural diversity, to be discussed in more detail in [Chapter 10](#).

7 Conclusions

This chapter has dealt with the expanding scope of cultural policy in the contemporary world. It has been argued that cultural goods and services do indeed occupy a distinctive place in the array of commodities produced in the present-day economy that sets them apart as an object of policy attention. The distinctiveness arises particularly from the fact that cultural goods and services engage creativity in their production, and give rise to both economic and cultural value. The latter quality serves to connect cultural policy to the fundamental nature of culture as a characteristic of civilised human existence.

We have also pointed to the greatly increased range of stakeholders who have an interest in cultural policy, once such policy shakes off the restrictions imposed by its being confined simply to arts policy and embraces wider questions concerning the role of art and culture in contemporary society. Similarly, extending the scope for cultural policy entails taking a broader view of the processes of production, distribution and consumption of cultural goods and services; the value chain concept and the concentric circles model of the cultural industries are both useful here as means of systematising the analysis of cultural policy and its effects. In particular, the latter model provides a basis for interpreting the place of the creative arts in this widened cultural policy domain.

Finally, we have indicated the substantial increase in the number of government ministries, departments and administrative units that have an interest in some aspect of cultural policy, once its reach is extended beyond a concern merely for the arts. Such multi-dimensionality to cultural policy makes the whole policy process more complicated, as will be discussed in the following chapter. Underlying it all, however, remains the essential task of recognising the twin sources of value, economic and cultural, as the basis for delivering policy outcomes by the public sector. The art of policy-making in this area is in finding the right balance between the two.

Notes

- 1 Quote is from Arnold (1869 [1935]: 204).
- 2 A characteristic they share with certain other goods such as addictive drugs; see further in Throsby (2006: 7).

- 3 Note, however, that although there may be broad agreement that cultural value can be looked to as a signifier of a cultural good, there are differing interpretations of how it should be assessed. For example, adopting an extended view of popular culture widens considerably the range of products to which cultural value might be attached, to the point where, ultimately, everything has cultural value and the concept becomes meaningless.
- 4 Connor (1992: 8).
- 5 This duality between economic value and cultural value is the unifying theme for a collection of essays on value in economics, culture and art by a multidisciplinary group involving economists, art historians, anthropologists and cultural theorists; see Hutter and Throsby (2008).
- 6 In fact the benefit they receive may be worth more than the price paid, if the amount they were prepared to pay for the book or the ticket exceeded the market price; this excess is known as *consumer's surplus*, and strictly speaking should be evaluated in any study of the economic value of a particular private good or service.
- 7 See, for example, Nijkamp (1995); Choi, et al., (2007).
- 8 An example of an empirical exercise that attempts to assess the cultural and economic value of artworks is reported in Throsby and Zednik (2008).
- 9 See Peterson (1992); for an empirical study, see Chan and Goldthorpe (2005).
- 10 See Hearn, et al., (2007); value networks may be particularly relevant in a digital environment (Keeble and Cavanagh, 2008).
- 11 For a more detailed treatment of this model, see Chapter 5.
- 12 Note that the production and distribution of some cultural goods involves many more distinct stages, and hence different industries, than this simple example suggests. For instance, the production and distribution of music involves the live performance industry, the music publishing industry, the recording industry, the broadcasting industry, etc., all of which are represented in the various layers of the concentric circles model.