The political economy of ‘creative industries’
(The final version of this paper will be published in Media, Culture & Society.)

Hye-Kyung Lee
Culture, Media & Creative Industries
King’s College London
Strand, London WC2R 2LS
hk.lee@kcl.ac.uk

Bio-note
Hye-Kyung Lee is Senior Lecturer in Culture, Media and Creative Industries, King’s College London, UK. She researches cultural policy, cultural industries, cultural consumption and fandom within both global and East Asian contexts. She co-edited Cultural Policies in East Asia (2014, Palgrave Macmillan) and is currently writing Cultural Policy in South Korea (2017, Routledge) and co-editing Asian Cultural Flows (2017, Springer) and Routledge Handbook of the Cultural and Creative Industries in Asia (2017). She has recently co-authored a UNESCO commissioned report on the impact of digitalisation on the cultural sector in East Asian countries.

Abstract
This paper critically examines the fundamental premise of the creative industries discourse: human creativity as a distinctive input in the production process is the core source of economic value generation. It points out that this discourse emerged within the political economic context of our time where creativity and knowledge are celebrated while human labour itself as a factor of production and social force is increasingly de-legitimised and marginalised. The paper argues that the radical potential in the discourse (the labour-value nexus) has failed to be recognised and asks how it can be rediscovered and linked to contemporary socio-economic debates. Turning its attention to the creativity residing in the cultural sector, the paper also argues that we should better understand its economic characteristics (productivity-low) and social consequences (diversity-high), and their implications for cultural policy.
The political economy of ‘creative industries’

(The final version of this paper will be published in Media, Culture & Society.)

Introduction

The discourse of ‘creative industries’ has been an important addition to cultural policy narrative today. On one hand, it provides a strong economic justification for culture and, thus, for the mobilisation of cultural investment; on the other, it is subject to unceasing debate on not only its ambiguous definitions and boundaries of ‘creative industries’ but also its neoliberal implications, especially the market-centred reductive view of culture and romanticisation of cultural workers whose economic life tends to be notably perilous. With this paper, I attempt to further the critical inquiry by looking into two missing gaps in the existing critique of the discourse and their broader policy (and political) implications: firstly, the radical potential of the ‘centrality of human labour’ in the discourse; secondly, creativity’s economic and social consequences – ‘labour irreplaceability’ and ‘diversity’.

I point out that ‘creativity’ as human input in the production process can be captured by different ideological perspectives, broadly as ‘labour’ or ‘capital’ with the latter tending to prevail. Understanding creativity from the framework of capital is part of the wider intellectual movements that make sense of social and cultural aspects of human life within the economic way of thinking. As a kind of (pseudo) capital, creativity becomes an object of incubating, accumulating and measuring within a for-profit economic system; hence, it is unsurprising to find that the creative industries discourse is, overall, detached from concerns with wealth redistribution, social security and living/working conditions that contour the context where creativity as labour is nurtured and reproduced. I suggest that taking the perspective of ‘creativity as labour’ – rather than ‘creative labour’ – is more fruitful in acutely highlighting the politics of the discourse and pinpointing the potentially progressive interpretations of the discourse’s claim of creativity (labour)-value nexus.

The second part of the paper focuses on cultural workers’ labour and its unique character: its ‘irreplaceability’ with mechanical process or another cultural worker’s labour. Irreplaceability, which is an economic conceptualisation of creativity, implies that cultural workers’ labour tends to be ‘productivity-low’ and ‘diversity-high’. I argue that diversity is a crucial social consequence of the irreplaceable nature of human creativity and further exploration of the creativity-diversity linkage is a useful way to help cultural policy discussion move beyond the reductive view of a culture normalised by the creative industries discourse. This will also help us to realise the ever-
increasing relevance of cultural policy discussion to the on-going contemporary debate on the role and value of human labour in the age of the so-called fourth industrial revolution.

Capturing creativity: between labour and capital

*Creativity (labour)-value nexus*

The idea of ‘creativity’ as a part of public policy discourse in advanced economies has multiple meanings, which are linked to the features of a knowledge economy, information society, post-Fordism or post-industrialised society (Garnham 2005, Lee 2014, also see Jessop 1996). As the British government’s *Creative Industries Mapping Document* (1998) states, creativity is taken as an input in the production process and, thus, creative industries as a group of industries as dependent primarily on human creativity. Sometime, creativity is used as a qualifier of symbolic products that are idea/identity-centred. This understanding seems to be coupled with the emerging mode of societalisation mobilised by network, connectivity and convergence. Creativity also indicates a new social mode of economic regulation where creative expression forms intellectual property, workers are individualised and the state intervenes in the labour market via investing in skills development. The interplay among the above referents of creativity has generated a rich and multi-layered discursive construct of ‘creative industries’. Inasmuch as this construct is extremely inclusive, deconstructing it would be a challenging task with varying approaches possible. The approach I am taking here is to critically look into the specific discursive construct generated from the first interpretation of creativity: creativity as ‘human input’ in the production process.

With this interpretation in mind, I shall start with the British government’s oft-cited definition of creative industries: ‘those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property’. The arrival and diffusion of this idea indicate cultural policy makers’ ambitious response to the popular agenda of a new economy (Garnham 2005). Linked to an information society and knowledge-based economy, the concept of creative industries has the potential to denote many economic sectors, all of which feed on human creativity, skills and talents of varying types, hinting that the discourse possibly can go beyond cultural policy parameters and becoming a broader economic narrative. At the same time, the discourse presumes that creativity, which is best developed and utilised in the cultural sector, is an exemplary tacit knowledge. The tacit nature of creativity indicates its personal and humane (as opposed to scientific and mechanic) characters as, after all, it is embodied in and carried by creative workers. Of course, such knowledge could be found in every-day how-to knowledge (Polanyi 1967). What distinguishes creativity, especially artistic creativity, from the mundane tacit
knowledge is the former’s values that are socially recognised, which is a consequence of the historical and social processes that allowed culture – especially the arts – to gain social respectability and acquire relative autonomy from politics and the market (Lee 2008). The tacit dimension of creativity explains why an artist’s labour is difficult to automate, reversing the dominant trend in the economy in the past decades and current years. As NESTA, the innovation agency in Britain, says, the determining feature of the creative industries lies not in their products but in ‘their use of the workforce’ within a specific process to produce the outputs in which these industries specialise or, to be more precise, in the creative nature of their workforce (NESTA 2013, p. 13). Despite NESTA’s focus on the arts and cultural industries, its attention to creativity in the workforce resonates with the contemporary economic and industrial policy that intends to tackle unemployment and the rising global economic competition by raising the quality of the country’s workforce via education and training.

What emerges from the above discussion is a creativity-value (labour-value) nexus; that is, creativity which is inseparable from workers tends to define, generate and assign value to the product. In this process of value creation, the role of other requirements for production such as capital investments seems relatively less important. The impression is that, in the age of a creativity-driven economy, aesthetic and monetary values are converged and fused. Here, it is imperative to notice the creative industries discourse’s advocacy of the centrality of human input in not only the production process but also the overall economic activity in society. It is because such advocacy has potential to rediscover and re-legitimise labour and challenge the prevailing neoliberal public policy under which labour has been increasingly marginalised. What we can draw from the creative industries discourse is that creativity in both the artistic and general senses is inseparable from the workforce and would be fostered, reproduced and prosperous in social and economic environments that provide an adequate level of job security, quality of life and collective provision of social welfare. This is pertinent not only to those artists whose earnings at the marketplace are insufficient to reproduce their own labour but also to the workforce in general, which is increasingly expected to become skilled, flexible, innovative and creative in abstract senses.

An interesting example of such an alternative understanding of creativity is found in South Korea’s current debate on ‘creative economy’, where a critical voice has emerged arguing that the best route for developing a creativity economy would be to build a ‘welfare society’. As I noted elsewhere, however, the country’s ‘creativity’ discourse has already been guided predominantly by neoliberal policy that dis-empowers labour and deregulates the market (Lee 2016). While the discourse is hardly connected to the contemporary debate of labour and industrial relations, the precarity which used to be seen as typical of the cultural sector – underemployment, temporary
and short-term contract, freelance work, low earning, lack of social security and so forth – are now permeating across many other economic sectors. With the prevailing view that reproducing labour is individuals’ responsibility and, thus, their own struggle, there has been little room for the creative industries discourse to bring fresh perspectives of social management of it to the broader public policy discussion.

The academic commentators approaching creative industries from the labour perspective are divided roughly into two camps. Firstly, there are scholars who are concerned with cultural workers’ identity and work highlighting these workers’ precarious lives and working conditions (e.g., Bank and Hesmondhalgh 2009). Secondly, some scholars imagine cultural workers’ labour and their social network more progressively (Arvidsson 2009, Hardt and Negri 2000, Hardt and Negri 2004). Repudiating capital’s subjugation of workers, they highlight workers’ autonomy and creativity, and their productive activities beyond factory walls. Here, workers are active users of technology and information, and their relations go over the framework of social capital to operate as means for alternative politics (Arvidsson 2009). Yet, such optimism seems to somewhat fade away with findings that these workers’ activities are in constant negotiation with the new business models of commercial businesses (Fuchs 2012; van Dijck 2009) and difficult to be institutionalised.

Amidst the growing volume of literature on cultural labour and between the pessimist and optimistic contemplation on it, what we are missing is to give adequate attention to the location of creativity in the broader ideological battle over the ongoing attempts of the mainstream economic thinking to explain non-economic aspects of human life. Another question we should ask is why and how the radical interpretations of labour-value nexus in the creative industries discourse have been unseen and un-discussed.

**Creativity as (pseudo) capital**

While not being firmly connected to the labour perspective, creativity is often imagined as some sort of capital – human capital or intellectual capital – within the glowing academic tendency where the social and the cultural are understood within economic parameters (see Garnham 2000 and Fine 2002 for critiques of such movements). The theory of human capital, the first of such movements, takes workers’ knowledge, skills and attributes as intangible capital required in the production of goods and services. Its roots are found in the views of classical economic thinkers such as Adam Smith, John Stuart Mill and Alfred Marshall who acknowledge useful qualities fixed in labour as a capital (Sweetland 1996). After the mid twentieth century, scholars such as Gerry Becker focused particularly on the contribution of the increased human capital via education to the earning and well-being of the workforce and also to a nation’s economic
However, it is still dubious if human knowledge, skills and talent can really be classified as capital: they cannot be lent or transferred freely; and they cannot be materialised and fed into the production process without an adequate framework of labour. A good example of this is over-qualified arts graduates who lack work and employment opportunities: without being materialised via labour, the abundance of creativity as their human capital becomes its redundancy. Equally problematic is that the theory of human capital erases labour as a key factor of production and as a social force. On surface, the theory appears to encourage democratic understanding of creativity as an abstract production capacity, hinting that everyone could develop their creativity via adequate training and education. Yet, such democratic potential is denied as the creativity would be (re)defined by employers, not workers themselves, and, therefore, would ultimately remain a flexible commodity. In that way, the human capital perspective helps policy makers and businesses recapture labour according to the industries’ rapidly shifting demands, without being engaged in class politics.

More recently, ‘social capital’ and ‘intellectual capital’ theories emerged to provide conceptual tools to apprehend the cultural and the social, significantly influencing policy, business and academic circles. Social capital theory has its own developmental trajectory rooted in the works of American political scientists and sociologists such as Robert Putnam and James Coleman. As Ben Fine (2000, 2001) points out, however, the idea of social capital ranging from social value to social network is elusive and too inclusive as almost everything other than traditional forms of capital can be discussed. What is ironic is that this idea is rather asocial as it not merely ignores social characteristics of capital but also turns the social into a manifestation of the fluidity of capital. This makes Pierre Bourdieu’s notion of ‘social capital’ somewhat awkwardly positioned: it is a product of an acute and nuanced understanding of dynamics between economic and social relations but, in the social capital literature, it is simplified as another form of capital resource.

Meanwhile, the idea of ‘intellectual capital’ is proposed by business practitioners and researchers who try to understand so-called ‘intangibles’, such as knowledge and knowing (or brain power to put it simply), from the perspective of accounting and valuation. This is seen as part of the business sector’s response to the rising discourse of new economy and the booming of technology-based companies such as Microsoft in the 1990s. The meaning of intellectual capital varies across commentators but what is in common is their belief in the arrival of a knowledge economy and the surging importance of the recognition and management of intangible assets in the business organisation. Intellectual capital largely denotes human capital (workers’ knowledge and skills), structural capital (structure, procedure and routine in the firm) and customer capital (relationship with suppliers, allies and customers). Putting a wide range of actors, factors and
relationships under the umbrella of capital (Petty and Guthrie 2000; Stewart 1999), this discourse produces an economic and business narrative that effaces ‘labour’ while seeing the high ratio of a company’s market value (share price) to book value (costs required to replace its assets) as an outcome of its intellectual capital.

I want to highlight that the idea of creative industries has elements of an extension and a continuation of the new economy discourse and its associated theories, as discussed above. Then, one may wonder why the notion ‘creativity’, among many others, has been picked up to redefine new economy and has appealed to many policy makers. A quick answer would be that this notion aptly captures the increasing visibility of new, digital media as part of cultural industries and, more recently, the popularity of online social networks, where the distinction between creative content production and personal (human) interaction is increasingly blurred. Another answer would be that creativity is the most personified – thus most intangible – form of tacit knowledge. Being an esoteric area that is extremely hard to codify, it is seen as a black box that transforms mundane ideas into innovative products and improve the competitiveness of a firm as well as a national economy. Seemingly, the elusiveness of the idea of ‘creativity’ impedes focused critique from developing while notably skewing both policy and scholarly debates towards definitional and boundary issues.

Creativity as labour: between productivity and diversity

Labour irrereplaceability and the issue of productivity

To probe further into the nature of creativity, I shall now deliberate on both its economic performance and social consequence, focusing on the creativity residing in the cultural sector. The cultural sector’s problematic economic life has long been a subject for discussion, contrasting the creative industries discourse’s high expectations of the sector’s economic performance. I find it very useful to revisit William Baumol’s theory of ‘cost disease’, which explains why activities dependent on artistic labour are hard to be made profitable (Baumol and Bowen 1966). He proposes that labour-intensive activities, such as live performing arts, form productivity-stagnant sectors which suffer from rising production costs over time. In several writings, he probes into the inability of artist labour to be substituted with a mechanical process and consequent low productivity when compared with the productivity rise in other sectors that enjoyed technological advances, capital accumulation and economies of large scale. His findings show that the productivity increase in the overall economy resulted in a rise of wages, which drove wages in the stagnant sectors as well. Arts organisations may attempt to offset the gap between production
costs and income by making their work more commercially oriented or reducing the number of employees. However, this could negatively affect their artistic integrity and standards.

Baumol’s argument greatly influenced cultural policy discussion across the Atlantic in the following decades by providing a persuasive economic justification for state – and private – subsidies for cultural production. Later, Baumol witnessed the cultural sector’s embrace of technologies (e.g., broadcasting) and noted that cost disease could be alleviated to a certain degree by the product’s reaching a wider audience via distribution technologies and an accrual of more income (Baumol 1985 and 2013). Although his theory could be criticised for taking a simplistic idea of productivity and lack of concern with consumption aspects, it gives us a fundamental insight into key characteristics of the cultural sector – labour intensity and irreplaceability. More recently, Robert J. Flanagan (2012) examined the economic performance of US symphony orchestras and argued that the cost disease could not be cured although there might be some ways to offset its effect. He notes, ‘a performer’s presentation often is [original emphasis] the real product – there is no way to separate output (a performance) from labor input. The performance (“output”) and the performer (“labor input”) are one and the same. So, low productivity growth in the performing arts is not anybody’s “fault”; it is inherent in the nature of the performance’ (pp 9-10).

I define the above characteristic of artist’s labour with the notion ‘labour irreplaceability’. In many ways, the labour irreplaceability in the cultural sector looks proximate to that in the service industries except those which have benefited greatly from advanced information and communications technologies. A fundamental economic problem of serviceable labour in both sets of industries is: low productivity, low-quantity output and, therefore, a potential limitation in earning. Importantly, (limited) solutions to this problem come from sectoral strategies not from the input of creativity itself. Considering the constrained output maximisation, maximising quality (use value) by making the service bespoke and expertise-driven would be a key to increasing economic value in the product. Such high-priced and unique service products, however, are not available to all but cater primarily to affluent consumers. Perhaps this economic logic could be found in some sections of the cultural sector where mass-production is restricted and reliance on artistic labour is high, such as fine art and designer fashion. The selective and high-priced labour employed in these industries is a manifestation of the maximisation of labour irreplaceability with not only machinery but also other artists’ labour. In this sense, artworks created by old masters can be seen as an embodiment of masters’ creativity, which is never replaceable at any cost. The theory of price discrimination in the non-profit sector (Hansmann 1987) also seems to be relevant here; e.g., wealthy patrons’ donations to cultural institutions can be seen as their voluntary payment of a high price for the institutions’ service. On the other, there are numerous artists
whose earnings are very low. Each of them may possess a unique creativity that can produce distinct artworks, however, this would not turn into financial gain unless the value of their labour is socially recognised and there are consumers who are willing to pay for it.

In some sectors, artists offer ‘tailored creativity’, which is tailored to clients’ demands; for instance, architecture, advertising, product design and website design. The more specific the clients’ requirements are, the more routinised and substitutable the artist’s labour would be. In the sectors that rely on mechanical reproduction of artworks, such as book and music publishing, artistic labour is remunerated over time via an exploitation of copyrights, which brings sizable benefits to popular artists only. Finally, publicly subsidised cultural institutions could explore ways to reduce production costs and increase earnings by charging higher fees or widely disseminating their work. However, such strategies would be implemented only in a constrained way as most organisations would prioritise public service goals over the issue of raising productivity and income.

In short, the relationship between creativity in the cultural sector and economic value generation is not straightforward and lumping different types of labour and their output in one basket of ‘creative industries’ would not be the best way to achieve a nuanced understanding of the relationship. The concept of creative industries is too encompassing to allow multi-sectoral and comparative analysis of the relationship between creativity and economic value, which is determined by somewhat unpredictable dynamics between labour productivity, clients’ control over creative input, social recognition of artistic labour, the possibility of mass-scale production and distribution, and the existence of non-economic goals which is common in the cultural sector.

**Creativity: diversity high**

While Baumol’s cost disease theory sheds light on the difficulty in the automation of artistic and cultural labour, I emphasise that such labour is unique and is never perfectly substituted by another artist’s labour. If the tendency of low productivity is an economic consequence of labour irreplaceability, its social consequence is the generation of diversity. I argue that diversity is an inherent feature of the labour input in the cultural production process and, hence, its output.

Yet, social recognition of diversity appears to be highly contextual: the cultural sector and the wider society are inclined to attach different amounts of significance to the diversity arising in different contexts. The potential diversity generated by casting different reputable film stars for a leading role in a mainstream film could be deemed as artistically and economically important. On the contrary, the diversity in artist labour in a more collective creation of work such as a large professional choir might be ignored and artists could be easily substituted with others. When it comes to artistic labour in amateur singing, the potential significance of the diversity existing
between different singers would become minimised further. However, if one brings in more of a social perspective, the subtle difference between two amateur singers gains more serious meaning: the diversity in artistic input implies not merely a corresponding difference in the final performance, but also the diversity in the two singers’ own distinct artistic and social experiences, which are not substitutable. This approach can apply to professionally-made cultural activities and products. Stemming from each artist’s unique labour (or creativity), there emerges different conceptualisations, ideas, expressions, subject matters, stories, choices of materials, designs, performing styles and so on, which are fundamental to a vibrant cultural sector regardless of their economic performances.

Explicating diversity in depth is beyond the scope of this paper. But I want to point out that it can be a helpful theoretical tool with which we can challenge the economic logic of the creative industries discourse and brings back social perspective to cultural policy. The idea of diversity in cultural policy has been considered primarily in the context of the protection of domestic cultural expressions vis-à-vis globalising market forces and encouraging non-mainstream and minority voices within society. In recent years, the importance of this agenda has been significantly faded with the popularisation of the economic justification of culture. Establishing and exploring conceptual linkages between creativity, labour irreplaceability and diversity will be able to allow this agenda to expand its scope and, furthermore, redirect the course of current scholarly and policy debates on creative industries.

**Conclusion**

This paper argues that researchers should make greater efforts to critically explore the political economic context of our time where human creativity is celebrated while human labour itself as a factor of production and social force is increasingly de-legitimised and marginalised. It proposes that more attention should be paid to the position of the creative industries discourse within the broader politics of discoursing where human knowledge and skills, information and social relations have been a main subject. Researchers are also called to recognise the politically radical implications of the centrality of the human factor in this discourse and explore its relevance to contemporary debates on economic governance and social welfare. It is interesting to note the recent diversification of the discourse in the British context: creativity’s linkage to the debate on universal basic income (see RSA’s report *Creative citizens, creative state: the principled and pragmatic case for a universal basic income*, 2015); and its reconceptualisation broadly as ‘civic’ (John Hartley and Ian Hargreaves’ co-edited book *The Creative Citizen Unbound*, 2016). Moving the idea of creativity much beyond economic frameworks, these new approaches indicate potential reimaginings of creativity – as a remedy to the failing welfare state and a new qualifier
for community action. However, it is yet to be seen if and how these reimaginations can help us to better articulate political economy of the discourse. Closely looking at artistic labour’s irreplaceability and its economic and social consequences (low productivity and high diversity) would be another way to critically intervene in the creative industries discourse. Further discussion on this issue has bigger ramifications against the emerging backdrop of a so-called fourth industrial revolution that is centred on the substitution of serviceable labour with mechanical processes powered by artificial intelligence.

References


---

i Jessop’s writing (1996), which aptly discusses the multivalent meanings of ‘post-Fordism’, provides a useful framework for dissecting the potential interpretations of the idea of ‘creative industries’ (and creative economy).


iii It is worth noting that the map of ongoing discussion around arts and culture’s value is quite complex with diverse scholarly efforts exploring their value from aesthetic, social, economic, community and public service viewpoints. Talking about the value of culture, thus, is complicated terrain, but the creative industries discourse highlights exclusively its economic value, or, more specifically, exchange value.

iv Baumol (1985) saw broadcasting as an amalgam of progressive and stagnant service. He argues that it shows productivity growth in its initial period but such growth was self-extinguishing. As time went by, he observed, based on data from the US broadcasting industry, the proportion of spending on technologies reduced while spending on program making increased. Therefore, productivity growth in the broadcasting sector would not reach that of other sectors. He argues that eventually both broadcasting and live performing services will suffer from what has been called the cost disease of personal services.