

# 1

## What is this thing called a creative economy?

**O**f course, it's the brilliant movies for which our directors, set and fashion designers, cinematographers and actors have received such high international acclaim, marking out Australia as a talent pool of the highest order. It's also the interface designers who have worked in the finance industry to make huge changes in how we do our banking and make investments. This has been one of the most dramatic and rapid changes in mainstream business models seen in a major service sector.

Naturally, it includes our great writers, novelists, playwrights, poets and lyricists, who continue to find ways to reflect back to us our life and times through their exacting and engaging prisms. It's also the 'technical' writer, whose job it is to produce online education and training materials that contribute to Australia's education export successes—Australia's fourth biggest export earner, now worth \$6.9 billion to the economy. The film industry earned \$2 million from international sales in the same period.

It obviously includes our artists who have made it to the top of tremendously demanding professions and who represent the top echelon of creative talent winnowed through innumerable filters. As Harvard economist Richard E. Caves has written, many hear the call but few survive the round-up.<sup>1</sup> The creative economy is also about the growing legions of amateur and ‘pro-am’ creatives—bloggers, flash animation mavens, webmeisters—creative and technologically literate *wunderkinder*, who are not minded to wait till the gatekeepers tell them how they can reach an audience.

The creative economy, as we shall see presently, is a hard fish to catch, a difficult category to nail down. But it is bigger and broader than we think, and is much more than culture and the arts. This essay is about why those who support culture and the arts might be interested in the ‘creative economy’.

Let me be clear from the outset. This essay is not an argument for or against a better deal for the arts in today’s Australia. But I have great sympathy for the idea that far too much negative emphasis is placed on public funding for the arts. In quantum terms, the tax dollar spent on the arts is very small indeed and judicious increases are certainly called for. The Productivity Commission, the government’s principal review and advisory body on micro-economic policy and regulation, estimates that Culture and Recreation, the sector where the arts are placed, received less than 1% of its income from the public purse. Compare this to the enormous 14.3% allocated to some manufacturing sectors, and 9.5% to textiles, clothing and footwear. Clearly, the idea that the arts are more heavily sub-

## *What Price a Creative Economy?*

sidised by our hard-earned tax dollar than other sectors is laughable. Thanks to the efforts of excessively influential lobbyists, the amount of corporate welfare routinely thrown at failing industries and mendicant companies is massively greater than that given to the arts. According to the Productivity Commission, tax breaks and handouts that the Federal Government gave to business last year amounted to \$4.6 billion.

As John Holden cheekily points out, no-one speaks of the ‘subsidised’ defence industry, the ‘mendicant’ education sector or a health system ‘propped up’ by government funding.<sup>2</sup> Yet all these sectors are funded substantially or wholly by our tax dollars and are subject to the same supposed regime of market failure as the arts and culture. For better and for worse, it is always open season on the arts and culture because they are intimately bound up with controversial inquiries into meaning, purpose and human understanding.

The usual arguments in favour of support for the arts have served us well for a long time. For fifty years or more, cultural economists have given governments good reason to subsidise the arts, with usually bipartisan goodwill. The idea of the cultural industries—the large, mostly commercial, businesses in broadcasting, music and film which deliver popular culture—has given governments reasons to regulate and develop modern cultural policies to support them, and they have done so since the 1960s with a similar commitment. However, the arts now struggle to grow their consumption and support base, while the business models of the cultural industries are facing confronting challenges. The three Ts—technology (the Internet, games and mobile devices), taste (Generations X and Y