MAKING IT NATIONAL, MAKING IT NEW:

A JOURNEY THROUGH AUSTRALIAN CULTURAL POLICY

by

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BSc (Hons), University of Queensland, 1999

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of the Requirements for the Degree of

Doctor of Philosophy

at the

Institute for Culture and Society,
University of Western Sydney

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Making it National, Making it New:
A Journey Through Australian Cultural Policy

by

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ABSTRACT

The aim of this doctoral thesis is to investigate the nature and historical development of Australian cultural policy. When the Australian government sets out to support the arts and culture in Australian society, how does it do it? What is the specific nature of this support, what is this support intended to achieve, and what does it achieve in reality?

An interdisciplinary methodology is adopted. Methods of historical research, cultural sociology, investigative journalism, applied ethnography and the quantitative social sciences are deployed in a four-year exploration of the ways that cultural policy underpins and structures cultural production in Australia. In particular, I am interested in the ways that government policy encouraged or discouraged the creation and production of new works. With this in mind, I develop a specific and detailed research plan to gather empirical evidence on the production of new works in certain sectors of the Australian performing arts industries. In addition to the quantitative research carried out, a series of research papers were also written in cognate fields of cultural policy in Australia, presented in Chapters 2-6.

The findings of the quantitative research inquiry undertaken for this thesis are three-fold. Firstly, there is a negative correlation between the size of cultural organisations and the amount of new work they produce. Secondly, artform differences account for much of the variation, with orchestral music in particular experiencing very little production of new works. Thirdly, the majority of work produced by federally-funded performing arts organisations in Australia is not new. These findings have implications for the conduct and practice of contemporary Australian cultural policy.

The research papers presented in Chapters 2-6 present a wide-ranging journey through contemporary Australian cultural policy and production, including policy papers regarding Australian innovation and cultural policy settings, a detailed case history of the lifespan of an Australian cultural funding program (the Film Finance Corporation of Australia), case studies of working artists, and a philosophical critique of a recent book about the economics of cultural innovation. Four conclusions are advanced. Firstly, Australian culture is the complex outcome of its contingent historical development. Secondly, the structuring pattern of the market remains dominant. Thirdly, Australian cultural policy-makers have, by and large, responded to rather than shaped this contingent history of globalised, market-based culture. Fourthly, policy remains a significant structuring influence, as can be seen by the growing importance of the concept of innovation to contemporary cultural policy debates.

In closing, the thesis argues that cultural policy provides a powerful tool for the investigation of the sociology of the cultural industries in Australia.
KEYWORDS

Cultural policy; arts policy; sociology of culture; cultural industries; performing arts; innovation; Australia; Australia Council for the Arts
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Because several chapters were published in peer-reviewed academic journals, these chapters also benefited from the input of a number of editors and anonymous peer reviewers. Two chapters were also co-authored and so benefited from the input and knowledge of the co-authors, Alex Burns and Marcus Westbury. There were also editors who assisted with the work in the publication process of these articles or book chapters, including Jason Potts, Mark Ryan, Mark Davis, Miriam Lyons and Douglas Kahn. Many colleagues read and commented on early drafts, including Luke Jaaniste and particularly Danielle Kirby, who has been a long-term intellectual interrogator.

The thesis examiners offered many helpful remarks, a number of which were incorporated into the text on revision.

In the course of this research, I also wrote several long articles for publication in literary magazines and news publications which directly assisted my understanding of the Australian performing arts sector and the cultural industries more generally. In researching these articles I spoke to many industry professionals with important perspectives and knowledge to contribute, including Aaron Moodie, Anna Tweeddale, Anthony Steel, Beau McCafferty, Brett Sheehy, Caro McDonald, Chris Johnson, Christie Anthoney, Christie Petsinis, Dan Zilber, David Frazer, David McDonald, Dean Buchanon, Dmitry Bradas, Ellie Rennie, Fergus Linehan, Hayley Birch, Huni Bollinger, James Mulcair, Jeff Khan, Jo Porter, Joan McQueen, John Wardle, Josh Wright, Julian Meyrick, Kate Ames, Kate Boulton, Kath Letch, Keir Nuttal, Kelli Mccluskey, Kim Hurley, Kris Scadds, Kristy Edmunds, Lawrence English, Lester Dias, Lewis Jones, Lindy Hume, Malia Walsh, Neal Harvey, Nicholas Pickard, Nick Findlay, Richard Kingsmill, Richard Mitchell, Rick Heath, Simon Winkler, Stephen Green, Stephen McLaughlin, Stuart Watters, Tim Ritchie, Tom Wright, and Vanessa Pigrum. I also enjoyed advice and feedback from the editors of several media outlets to which I contributed, especially Marni Cordell, Catri Menzies-Pike, Sophie Black, Jason Whittaker and Sophie Cunningham.

Finally, I must most importantly acknowledge that this thesis would not have been possible without the support of my partner, Sarah-Jane Woulahan.
Statement of Authentication: co-author


I understand Ben is submitting this book chapter as part of his PhD thesis at the University of Western Sydney's Institute for Culture and Society.

I can confirm that this work was co-authored and that Ben and I worked on it together over a period of several months in 2010. I can also confirm that the work in this co-authored publication was the result of an academic collaboration between myself with Ben Eltham. His contribution to the work was original and substantial, and included the writing of the first draft.

Marcus Westbury
Statement of Authentication: Co-Author

22nd August 2012

To Whom It May Concern
Research Studies Committee
University of Western Sydney

I’m a Research Facilitator at Victoria University and a political science PhD student at Monash University.

I have collaborated with Mr. Ben Eltham for the past several years on peer reviewed journal articles and conference papers which have been internationally cited in peer reviewed international journals.

I confirm that Mr. Eltham and I co-authored the paper “Boom and Bust in Australian screen policy: 10BA, the Film Finance Corporation and Hollywood’s ‘Race to the Bottom’” published in Media International Australia in 2010 (no 136, pp. 103-118).

Mr. Eltham’s contribution to the paper was original and substantial. Mr. Eltham prepared the data and the figures, and participated equally in the co-writing of the first and subsequent drafts. He did substantive research on the FFC period of Australia’s film industry; conceptualised and validated the ‘race to the bottom’ dynamic and its international dimensions; liaised with several film industry experts; and found many of the important references. Mr. Eltham is efficient, knowledgeable and an effective collaborator to work with.

I believe this firmly demonstrates Mr. Eltham’s ‘thought leadership’ in Australian cultural policy and his strengths as an independent researcher. According to Academia.edu, Victoria University and Google Scholar metrics the paper has been downloaded by a growing international readership who follow Mr. Eltham’s academic research.

Mr. Eltham would like to include the paper for his PhD thesis at the University of Western Sydney. I hope the paper conveys Mr. Eltham’s commitment to high-quality, original research.

Please contact me if I can clarify anything further for you.

Yours Sincerely,

Alex Burns

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INTRODUCTION AND OVERVIEW
A THESIS AS A SERIES OF PAPERS

This is a thesis, by publication, submitted as part of a doctoral degree at the University of Western Sydney. It takes the form of a series of previously-published journal articles and book chapters, presented here in Chapters 2-6, as well as an over-arching statement. This over-arching statement sets out the major research project, the project’s intellectual context, and its conclusions, presented in Chapter 1.

The research project was carried out as the major component of that doctoral thesis, undertaken at the University of Western Sydney’s Institute for Culture and Society. The research program followed a “thesis as a series of papers” track, which is a permissible method of submitting a PhD thesis at the University of Western Sydney and is described in Part J of the relevant University of Western Sydney policy, entitled “Doctor of Philosophy Rule” (University of Western Sydney, 2012).

A Thesis as a Series of Papers must contain an over-arching statement, as well as at least four scholarly research papers published as peer-reviewed academic journals or book chapters in an edited scholarly volume. As the University’s policy (2012: 8) states:

The overarching statement serves as an introduction to the assessable work. It makes reference to the research papers and explains the research components in terms of their temporal sequence and interdependence, and their contribution to the candidate’s personal and professional development, and to the field of scholarship.

This layout of this thesis reflects those requirements.
Chapter 1 is the over-arching statement of the thesis. It provides the intellectual and academic background to the study, describing the aims and methodology of the project, and places it in the broader context of the field of the literature. It puts the five publications in Chapters 2-6 in context and explains their significance to the broader research project.

Chapters 2 through 6 present five cognate investigations, which led to publication outcomes carried out as part of this doctoral research project. These are the “research papers” referred to in the University of Western Sydney policy cited above (four are actual research papers; one is a book chapter). These chapters represent the four peer-reviewed research papers and one book chapter that comprise the previously-published research requirement for this thesis as a series of papers.

Unlike a conventional thesis, there is no formal chapter dedicated to conclusion or discussion at the end of the document. The discussion and conclusions of the project are instead canvassed within Chapter 1. There is a list of references at the end of the over-arching statement, in section 13. Additional references are located at the end of each paper and book chapter.
CHAPTER ONE:

OVER-ARCHING STATEMENT
In 2002, I started an arts festival.

I was 26, unemployed and living in the medium-sized Australian city of Brisbane. At the time, Brisbane had a fairly typical collection of cultural institutions: a performing arts centre, a state theatre and opera company, and a state-run arts festival. But there was little institutional support for the sorts of artforms that interested my friends and I: contemporary music, new media arts, hybrid and emerging visual art practices, independent fashion, non-commercial game design and underground performance. Or so it seemed to us. In contrast to Australian cities like Melbourne and Adelaide, Brisbane lacked (and at the time of writing, still lacks) a fringe festival or similar organisation devoted to fostering these experimental, emerging and innovative art practices.

And so, with a lot of enthusiasm and support from the Brisbane arts community, but very little money, I gathered a group of friends around me and started a festival called Straight Out of Brisbane (“SOOB”). SOOB grew out of my experience as a festival producer in the regional Australian city of Newcastle, where I had worked on a similarly artist-founded festival called This Is Not Art (“TINA”). However, this event was recognisably unique to the city of Brisbane: it aimed to provide cultural infrastructure for a fertile underground cultural milieu that lacked presentation opportunities.

So began a long and precarious journey through the independent arts sector in Brisbane. Over the next five years, my collaborators and I worked essentially full-time, for little or no pay, in order to produce four festivals that attracted a cumulative audience of approximately 100,000 people. The programs of the four festivals included more than 420 separate productions, presentations, exhibitions, ‘gigs’, workshops and public art events, featuring the work of approximately 3,300 mainly young and emerging artists. Although small amounts of grant funding were secured from cultural funding agencies, for the most part this cultural activity was funded by the artists themselves, and helped along by the
personal finances and the blood, sweat and tears of the volunteer organisers and artists, including and especially myself. Some artists were paid small amounts, but most received nothing; ticket prices were very low and many events were free and open to all.

At the end of the final Straight Out of Brisbane festival in 2006, I was broke. I owed more than $50,000 across seven credit cards, and tens of thousands more to trade creditors for things like sound systems and magazine advertising. The festival had relied on a $50,000 annual grant from the state government’s art funding agency, Arts Queensland. Once Arts Queensland got wind of the festival’s financial difficulties, we were told we would be ineligible for funding for the following year. Straight Out of Brisbane folded, leaving many artists out of pocket, and leaving myself – the founder, artistic director and principal organiser – in significant financial hardship.

I had no-one to blame but myself. With no management experience and a tiny amount of working capital, I had attempted to build a self-sustaining arts business out of little more than boundless enthusiasm and naïve optimism. It was a noble experiment. It was a lot of fun. But it was also poorly organised and at times chaotic. It failed.

In the months and years that followed, as I returned to writing and academic research to pay the rent and slowly pay off my debts, I spent a lot of time reflecting on what had happened. Yes, I was young. Yes, I was inexpert, inexperienced and under-capitalised. But some blame, I felt, must also attach to the cultural policies of the state and municipal arts funding agencies. They had been only too happy to trumpet the festival’s success in their policy documents and marketing materials; and yet they had refused to support the festival with anything more than token levels of funding, even as other, more established arts organisations were being supported with millions of dollars of taxpayer funds. Support was made available to these established organisations not just once, but on an on-going basis.

I wondered: why was it so hard for an organisation championing new work, innovative art practices and young and emerging artists to attract arts funding? This question was really the starting point of this research project. The experience raised a number of fundamental questions for me as an arts producer and artist. Foremost amongst them was this: why was it that the Queensland Orchestra could rack up debts in the millions of
dollars, and be bailed out by the state government, while a festival such as Straight Out of Brisbane could not secure a small ongoing subsidy to pay staff or artists?

These questions were, in part, the wounded musings of a failed entrepreneur. But as I was later to discover, they were also utterly characteristic of the arts funding priorities of Australian cultural agencies. The failure of Straight Out of Brisbane, and the continued support of older and more traditional arts organisations, was not simply a matter of the naivety of young artists or the established audience base and institutional resources of mature artforms. It was the result of the existing policy settings and entrenched institutional power bases of the Australian cultural industries.

Long before I had ever heard of the term “cultural capital” or read Pierre Bourdieu’s book *Distinction* (1984), this phenomenon was crystallised for me during a discussion with a senior Queensland government bureaucrat in 2003. This official informed me that funding for Straight Out of Brisbane had been discussed at a high level in the Arts Queensland agency, but that decision makers had decided that the festival should not be given more than a small amount of funding, as too much support would merely “ruin you.” “If we give you more money you’ll simply use it pay yourself wages,” the official concluded.

Cultural policy thus became a personal interest, one I eventually decided to explore at an academic level. It is important to note this background, both as a declaration of my previous interests, and as an appropriate articulation of my position as a researcher.

It’s not necessary to try and fail to establish an independent arts festival to find cultural policy interesting. In fact, researchers have been exploring the nature of Australian cultural policy and what it means for broader aspects of the production of culture in this country for many decades. This thesis is a contribution to that body of enquiry.
2: WHAT’S IN THIS THESIS

As discussed, this is a “thesis as a series of papers” rather than a traditional monograph-length PhD thesis. As a result, the structure I pursue here is rather different to that of a normal dissertation.

You are reading Chapter 1, the so-called over-arching statement of the thesis. The aim of the over-arching statement is to introduce and contextualise the other assessable work presented in Chapters 2-6.

Chapter 2 is a book chapter co-written with Marcus Westbury on cultural policy in Australia. It sets out the current state of Australian cultural policy settings in general overview (Eltham & Westbury, 2010). It also provides a introduction to the field for the general reader and is geared towards a public policy analysis of current problems and potential solutions in the field. It was written for the 2010 book edited by Mark Davis and Miriam Lyons entitled More Than Luck: Ideas Australia Needs Now.

Chapter 3 was published in 2009 in the journal Innovation: Management, Policy and Practice. As it examines the formal policy frameworks for innovation in the current Australian policy environment (Eltham, 2009a), the chapter develops the discussion initiated in Chapter 2. I describe the fragmented and disconnected settings which mitigate against innovation and the development of new work in Australian cultural industries. Further, this article broaches the often-misunderstood topic of government regulation and funding priorities.

Chapter 4 was published in 2010 in the journal Media International Australia, and was co-written with Alex Burns (Burns & Eltham, 2010). It examines one specific aspect of Australian cultural policy: the Australian Government’s 20-year experiment with commercial film financing under the auspices of the Film Finance Corporation of Australia (abbreviated as the FFC). This forms a well-defined case study of a government policy dedicated to supporting new work. Although the program was responsible for financing
some iconic feature films such as *Muriel’s Wedding* (1994) and *The Adventures of Priscilla: Queen of the Desert* (1994), overall the FFC failed in its stated goal it set for itself of delivering commercial returns through investment in Australian production.

Chapter 5 was a shorter research article published in 2009 in the art history journal *Art Monthly Australia* (Eltham, 2009b). It examines some of the challenges faced by artists themselves in the creation of new work, presenting four case studies of Australian sound artists practising in the late 2000s. This experience of the artists described in this article dove-tails with many of the themes encountered elsewhere in the thesis.

Chapter 6, a paper published in 2012 in the *International Journal of Cultural Policy*, steps back and looks at the broader philosophical and socio-cultural aspects of cultural innovation (Eltham, 2012). Examining recent work in the field of cultural innovation by cultural economist Paul Stoneman, it advances a critique of his theory of “soft innovation” as a prompt for a wider examination of the issues surrounding cultural innovation. Stoneman (2010) explicitly defines new works in the cultural industries as prime examples of soft innovation – a point to which I respond in this chapter. By using the concept of soft innovation as a basis for the exploration of some of the sociological theory (in particular science and technology studies) that underpins the contemporary literature on innovation in culture, this chapter offers a proxy for what might have been a concluding chapter in a traditional thesis. The case for soft innovation from three specific perspectives, informed respectively by the literature from behavioural economics; the sociology of culture; and science and technology studies. The chapter concludes by problematising narrow economic definitions of cultural innovation and arguing that broader, multi-disciplinary approaches are required.
3: WHAT’S IN THIS OVER-ARCHING STATEMENT

The aim of the over-arching statement is to introduce and contextualise the work presented in Chapters 2-6. This chapter explains what I did and what I researched during this course of study. I look at the back story of Australian cultural policy after the Second World War, and place the research publications in Chapters 2-6 in intellectual context.

Before continuing, I will briefly sketch the structure of this over-arching statement.

I begin with a note on methodology, describing the intention and academic genealogy of the various methods employed. At this point, I set out the research question this project investigates.

Following this is a series of short discussions of the nature and historical development of Australian cultural policy. Here I examine some of the dominant critical and literary themes of Australian culture, including the enduring problems of the national cultural debate in this country, and provide some necessary historical background to the development of contemporary debates.

In the next section, I turn to the research publications themselves. A summary of each publication and its findings accompanies a discussion of how each study developed and what it illuminates about the subject at hand.

Finally, I draw these threads together, and advance some conclusions about what the five publications and the research project in general can tell us about culture in Australia in 2013.

A list of works referred to in this chapter is located after the discussion.
4: How the Project Developed

4.1: The genesis and development of the research project

This thesis developed in a series of diverse directions, centred around the idea of using cultural policy as a research tool to probe contemporary Australian culture. In this section, I will elaborate on how this research project developed, and how this development shaped the investigations and their findings.

Coming to the field from a background as an artist and organiser in what could loosely be described as Brisbane’s bohemian milieu (Moore 2012), much of the research was informed by and responding to the role of government policy in the shape and structure of Australian culture. As the Preface describes, government policy was a deciding factor in the failure of the festival I founded as a young artist, and government policy was also a critical political issue for many artists and commentators writing about the arts and culture in Australia throughout much of the 2000s. For instance, government policy became a key target of agitation in the contemporary music scene, particularly in regards to liquor licensing regulations blamed for the closure of prominent live music venues (Homan, 2010). Government policy in the form of screen production incentives and local content quotas also underlies much of the production activity of the Australian film and television sector (Ryan, 2010). Indeed, government funding is a normal input to the resourcing of cultural activity across large swathes of Australia’s cultural industries, evident in large public broadcasters like the Australian Broadcasting Corporation and Special Broadcasting Service though to small-scale and niche arts organisations in many areas of the performing arts, such as the ones studied in the quantitative survey described in section 11 below. Finally, with the election of Kevin Rudd’s Labor government in 2007, cultural policy became an overt goal of the government of Australia, duly recognised in 2013 with the eventual release of Labor’s Creative Australia policy – the first formal national cultural policy since the Keating Labor government’s Creative Nation of the 1990s.
I also played a part myself in these debates. As a writer and commentator I was a regular contributor to media discussions about the current state of Australian cultural policy and the priorities that I thought the government should adopt. These priorities, described in Chapter 2, included ideas about broadening and diversifying the philosophical conception of the arts and culture employed by policy-makers and shifting the balance of regulatory frameworks and funding programs towards the small-scale, the independent and the demotic.

These philosophical inclinations undoubtedly helped to inform the eventual course of research pursued here. On the one hand, a quantitative inquiry would probe the nuts and bolts of one aspect of the relationship between cultural funding and cultural output. On the other hand, a series of research papers and book chapters – some of them co-written with like-minded researchers – would allow specific aspects of the intersection between cultural expression and cultural policy to be examined. For instance, in keeping with the central role of screen-based artforms in Australian cultural consumption patterns, cultural policy relating to the screen industry could be described and analysed in search of long-term historical patterns or other clues as to the socio-economic characteristics of Australian screen culture (see Chapter 3). Another approach would be to conduct case study interviews and micro-ethnographical study of a particular scene or milieu, such as Australian sound art; this was the enquiry pursued in Chapter 4.

4.2: How I ‘got there’

The evolution of the project was thus circuitous, which is one reason why I’ve called this thesis a “journey”.

In one direction, we can describe a journey from the micro and the particular – expressed in the interest in specific funding programs and cultural policy settings – to the macro and philosophical, expressed in such broader questions as the morphology of the Australian cultural industries and the nature and theory of cultural innovation. In chrono-
logical terms, the quantitative survey of performing arts organisations formed the original research question and the core of the original research carried out as part of this thesis. This proceeded in parallel to and contemporaneous with the research and writing of the five research articles and book chapters presented here. Chapter 3 was written first, in 2008-9, followed by Chapter 2, in 2009-10, Chapters 4 and 5, in 2010, and Chapter 6, in 2011.

I collaborated with two key co-authors in several of these efforts.

Chapter 2 was co-written with Marcus Westbury, a long-time friend and intellectual provocateur who has worked as both a festival producer and director, and as a cultural commentator and consultant. Westbury’s proclivities are substantially aligned with the entrepreneurial and the deregulatory, even while realizing the important role of government policy in shaping and reacting to the cultural marketplace. In recent years, he has pursued these inclinations in a series of social enterprises aimed at freeing up empty retail shop-fronts for cultural production in urban centres. Chapter 2 was a book chapter that attempted to provide an overview of the public policy of culture in Australia, including a modest road-map for policy reform.

Chapter 4 was co-written with Alex Burns, another long-term research collaborator whose academic interests sit at the conjunction of public policy, cultural sociology and foresight studies. Burns is a frequent academic collaborator, whose role in this paper was to provide impressive cross-disciplinary intellectual input around the strategies and theoretical processes that we together argued explained the slow transformation of what was originally described as an Australian “film bank” into a relatively traditional screen production fund.

These disparate directions eventually yielded a synthetic and multi-faceted research project that aimed to use Australian cultural policy as a template for examining Australian art and culture more widely. In section 5 below, the methodological underpinnings of the project will be described in further detail. In section 6, the slowly developing focus of the research project, both in its quantitative aspect and in the accompanying published investigations, comes into view. Sections 7 and 8 provide a detailed review of the prox-
imate academic literature pertaining to this project, while sections 9 and 10 describe the five research publications and the quantitative research project, respectively. Chapter 11 is a discussion, which draws these threads together, and makes some tentative conclusions about what they mean for the study of Australian culture. Chapters 2-6, meanwhile, are the concrete outcomes of these disparate research enquiries, in the form of five research articles and book chapters.
5: A NOTE ON METHODS

I came to this study with a political and personal interest in the field. And this background, described in the Preface, was integral to the eventual shape of this investigation. As a result, this research project is an integrated intervention in the Australian cultural policy debate.

It began as a set of empirical research questions in the sociology and public policy of Australian culture. These questions form the core of the my inquiry: when the Australian government sets out to support the arts and culture in Australian society, how does it do it? What is the specific nature of this support, what is this support intended to achieve, and what does it achieve in reality?

There are a number of different ways to approach such an inquiry. Broadly, I adopted an interdisciplinary methodology in this project. Methods of historical research, cultural sociology, investigative journalism, applied ethnography and the quantitative social sciences were deployed in a four year exploration of the nature of cultural production in Australia. In particular, I was interested in the ways that government policy encouraged or discouraged the creation and production of new works. With this in mind, I developed a specific and detailed research plan to gather empirical evidence on the production of new works in certain sectors of the Australian performing arts industries. In addition to the quantitative research carried out, a series of research papers were also written in cognate fields of cultural policy in Australia. More broadly, I spent several years interviewing and observing artists and artworkers in all sorts of different artforms, working in their daily practice. I spent several years as the arts writer for the website Crikey. I penned a number of long-form investigative articles about various aspects of Australian cultural life for magazines and newspapers – from an article about the radio network Triple J (Eltham, 2009c), to a piece on the unique cluster of artist studios and small businesses in a peculiar
office building in Melbourne’s CBD (Eltham, 2010).

These various investigations, then, helped to inform the eventual shape of the thesis. This approach was taken not only to facilitate the particular requirements of the doctoral qualification, but in fact enjoys its own logic. One of the goals of this project was to engage in the broader cultural policy debate: to write widely as a policy commentator, and to address audiences beyond the academy. This thesis is both a detailed investigation into a specific question in the field and an exploration of the implications of this investigation for cultural policy and practice in Australia.

It’s important to note that not all of this research has been published, and not all of it is presented in this thesis. Some will be mentioned briefly here, while some of it awaits future publication. None-the-less, a comprehensive overview of the research undertaken to satisfy the requirements of this degree is presented here, in the form of the four journal articles and one book chapter, as well as in sections 7-11 of the over-arching statement below.

The published work, presented in Chapters 2-6 below, is self-evidently non-linear and polyglot in nature. These publications are not integral components of one linear research investigation. Rather, they are more circuitous and perambulatory in their ambit. That’s the reason I’ve subtitled this thesis “journeys in Australian cultural policy.”

That stated, this investigation does traverse a coherent research terrain. Much of this research explicitly references the key government agency that funds arts organisations in this Australia: the federal government agency known as the Australia Council for the Arts. As such, it is primarily an investigation into the contingent outcomes of Australian current policy settings in the funding of arts performances. As will become apparent, a broader investigation into the nature of cultural production in Australia is a necessary corollary of this project.
5.1: Some more methodological detail

It is customary to elucidate the academic background of a research project in any preliminary discussion of method. As discussed above, this project can be best located within the field of cultural policy studies. Work in this field has tended to draw from the intellectual tool-box of fields such as cultural studies and the sociology of culture.

Pertti Alasuutari (1995: 3) notes this, in a frequently-cited monograph on methodology in the field:

Cultural studies methodology has often been described by the concept of bricolage: one is pragmatic and strategic in choosing and applying different methods and practices. The cultural studies perspective emphasises that the real objective of research should not be to repeat old ‘truths’, it is to find out about new points that contribute to the scientific and public discourse on social phenomena.

Douglas Ezzy (2002: 28) makes a similar point in his book Qualitative Analysis, when he writes that:

Qualitative research draws on a variety of theoretical traditions for the concepts it utilises, the methods it applies and the modes of communicating its findings … a theory, or an interpretive framework, provides a unifying account of events observed in the world that is temporary, uncertain and limited … theories are developed through an ongoing dialogue between preexisting understandings and the data, derived from participation in the world.

The methodological foundations of the current study reflect these preoccupations with a mode of inquiry that is constrained, local and contingent, but which can none-the-less extend to the application of range of methods and practices in pursuit of a particular social investigation. For example in section 10 below, the chief tools of the research survey are quantitative and empirical in nature, using techniques drawn from both the quantitative social sciences, such as the statistical survey, as well as from the domain of government and public policy, such as a Freedom of Information request. Chapter 5, by contrast, is a
purely qualitative case study of four Australian artists and their efforts to make work.

As discussed in the Preface, my background has also crucially informed this project. Over a period of more than a decade, I have engaged with, worked with, interviewed and socialised with many people who make up the numerically small but socially rich milieu of the Australian performing arts sector: performers, writers, choreographers, composers, directors, producers, arts marketers, technical staff and critics and audience-goers. Over a six month period in 2008, I worked as a producer for an independent theatre company, assisting in the production of an award-winning show at the Melbourne and Adelaide Fringe festivals. Since 2010, have been at online news and current affairs journal *Crikey*. These experiences formed a critical background gestalt which contributed to the thinking behind both the quantitative inquiry and the various published papers, which form, on their own terms, a kind of intervention in the cultural policy debate.

As a result, the research methodology employed across this doctorate can be characterised as one of mixed or hybrid qualitative analysis, featuring aspects of ethnography, grounded theory, participant observation and case study, quantitative survey-based research, as well as historical and literary research (see primarily de Vaus, 2001: 219-248; Silverman, 2010: 137-149; Ezzy, 2002: 1-31; as well as more generally Stake, 1995; Hamera, 2011; Denzin & Lincoln, 2011).
6: THE RESEARCH QUESTION

6.1: Australian cultural policy debates in academic context

This research project is situated within the field of *cultural policy studies*. The field is a developing one in academic discourse. It enjoys its own journal, the *International Journal of Cultural Policy*, a number of regular conferences such as the International Conference on Cultural Policy Research, and an international agency devoted to cooperation and policy development, the International Federation of Arts Councils and Culture Agencies (IFACCA). It has received formal institutional recognition from the Australian government through the Australian Research Council, and it has a formal research classification under the Australian and New Zealand Standard Research Classification (ANZSRC) (Pink and Bascand, 2008: 256). A productive and ongoing international research effort characterises the field. There exist a number of important recent monographs and scholarly reviews in the field, including Throsby’s *The Economics of Cultural Policy* (2010), the second edition of Hesmondhalgh’s *The Cultural Industries* (2007), McGuigan’s *Rethinking Cultural Policy* (2004), O’Connor’s recent Australia Council-supported research monograph *Arts and Creative Industries* (O’Connor, 2010), and the 2005 special issue (volume 11, issue 1) of the *International Journal of Cultural Policy*. That journal has also recently published a special “review of books” edition (volume 16, issue 1 – see Bennett, 2010).

There are many different ways to explore cultural policy: for instance, the communications and media industries perspective advanced by political economists such as Mosco (2009), Garnham (2005) and Schiller (1989); the “cultural political economy” school, exemplified by scholars such as Jessop (2010) and Sum (2010); as well as what might be termed the mainstream “cultural policy studies” approach of scholars such as Hesmondhalgh (2007), Pratt (2005), Schlesinger (2009), Ahearne (2009) and Belfiore and Bennett (2006). In Australia, “cultural policy” is typically defined more narrowly, and is often
researched by scholars of government and public policy (Valentine, 2008) and in cultural studies (see Turner, 2012: 110-114).

For historical and local reasons, the Australian debate has often found itself traversing a territory also crossed with discussions of the value of public subsidy of “the arts”, such as those by Cowen (2006), Carey (2005), McCarthy and his co-authors (2004) and Frey (2003). Prominent recent Australian contributions to the field of cultural policy have tended to refer to the areas of policy ambit that state and Commonwealth governments approach in terms of subsidy and regulation, and are often described simply as “the arts” (even as they inevitably discuss policy relating to big cultural businesses such as movies, television and newspapers). Cultural policy also warrants mention in national news media outlets regularly enough, as it has recently in the run-up to the release of the federal Labor government’s long-promised National Cultural Policy (Westwood, 2012). Recent accounts in the local context include Gardiner-Garden (2009), Archer (2009) and Craik (2007) in the policy, popular media and peer-reviewed academic spheres, respectively.

This focus on “the arts”, as opposed to culture more generally, has led to a particular policy configuration in Australia, in which the industries that produce mass-market cultural products such as movies, musical recordings and books are considered in very different policy terms to the visual arts, performing arts and classical music. Arts funding extends to certain cultural practices, such as the theatre and the opera, and not to others, such as computer gaming. The configuration is perhaps best illustrated by the arbitrary separation made by the Australian government between policy regarding the Australian film industry (which has been funded by screen agencies that sit inside a department named the Department of the Arts since the 1970s), and television policy (which is generally regarded as a subject of “media policy” and currently lies under the ambit of a separate department and responsible minister, the Department of Communications).

The reasons for this particular policy environment are contingent and historical. As I will show below, the contemporary shape of cultural policy in Australia is in large part a function of the specific historic development of those policies since the Federation of the Australian colonies, it is impossible to understand without reference to the colonial nature
of Australian settler culture. It took until the 1960s for an Australian government to introduce a formal industry policy for the arts (see Gardiner-Garden, 2009), and the eventual shape of this policy was one of public subsidy for a selected sector of the arts, in tandem with a regulatory framework in large part influenced by the political need to accommodate powerful media barons and oligopolies (Jones, 2005).

6.2: The role of the performing arts and the Australia Council in the Australian cultural policy debate

The Australian government established the Australian Council for the Arts (the fore-runner to the modern-day Australia Council) in 1968. This government body became a central agent of Australian government cultural policy-making, and a key focus of academic and policy debate.

This is one important reason that the cultural policy debate in Australia – particularly in the popular media – tends to revolve around issues of cultural funding, to the detriment of discussion of the regulation of arts and culture (a point addressed in more detail in Chapters 2 and 3). This is certainly not due to any lack of vigour on behalf of Australian state and federal governments when it comes to imposing regulations on cultural activity. Indeed, Australian governments of all political persuasions have at various times shown themselves to be enthusiastic censors and regulators of cultural artefacts such as pornographic films and violent video games (Griffith, 2009), while local and state government liquor licensing, noise and planning regulations have had a significant impact on pubs, clubs and other venues that present live music (Homan, 2010; 2008). Chapter 2 takes up the issue of cultural regulation as a neglected yet significant factor in Australian cultural policy debates in more detail.

One way to understand better the manner in which cultural policy is made in Australia is to examine a specific, fine-grained example of a single cultural policy setting. In section 10, I take on such a case: performing arts organisations funding by the Australian government through the Australia Council for the Arts.
This example was not chosen merely for convenience. There are at least three good reasons specifically to examine federal performing arts funding in the Australian cultural policy debate. Each of them underline the central role of performing arts organisations in Australian debates about the role of the government in subsidising and fostering artistic and cultural endeavour.

Firstly, the performing arts companies canvassed in this survey are obviously cultural and artistic in their activities. The funding of these companies by Australian taxpayers via the Australia Council for the Arts therefore represents a highly illustrative case study of Australian cultural policy making.

Secondly, there is a clear theoretical justification for considering performing arts organisations as core instances of cultural activity. A definition for culture within which these organisations fit comfortably is advanced below – but indeed nearly every definition of culture involves the performing arts in some core capacity.

Finally, there is an important pragmatic and vernacular justification for studying cultural policy through the prism of subsidies to performing arts companies. These organisations are considered by nearly everyone engaged in this debate to be cultural – they are performing arts organisations whose primary function is to carry out productions and performances in such artforms as opera, theatre, music and dance. The appointment in 2010 of the chief lobbyist for the major performing arts sector in Australia, Helen O’Neill, formerly of the Australian Major Performing Arts Group, as a senior policy advisor to Julia Gillard’s incoming Arts Minister, Simon Crean is perhaps the best example of this dynamic in Australian politics. In this position, O’Neill is well placed to influence the development of the Gillard government’s National Cultural Policy, originally slated for release in 2012 and now postponed until 2013 (Eltham, 2011b).

In summary, Australian government policy regarding these organisations is considered by the government, by audiences and artists, and by the government’s organisational clients in the performing arts sector themselves, as one of the core concerns of Australian “cultural policy” (as a general noun), and also of the forthcoming National Cultural Policy in its formal institutional content, according to the government’s discussion paper on the
issue (Office of the Arts, 2011). It is therefore a particularly relevant case study in the local cultural policy debate.

6.3: Some questions

This research project proceeds as a series of questions. To begin with: what policies do Australian governments adopt towards cultural industries? One prominent policy is arts funding: specifically, the public subsidy of artistic activity. Further questions immediately present themselves: when the Australian government funds arts organisations, what do those organisations do? What do they produce? What is the nature of the production? What are the products themselves?

In answering these questions, some striking findings emerged. It turns out that most of the cultural works that the Australian state funds are not particularly new, and most of them are not particularly Australian. By working outwards from this conclusion, some distinct patterns emerge. What they tell us about the broader shape of Australian cultural policy, and the Australian cultural industries, is the central content of this inquiry.

To do this, I will back-track a little and examine the historical background of Australian cultural policy settings. Sections 6-8 below set out some of the themes of Australian cultural policy as it has developed after the Second World War.

6.4: Dimensions of culture and policy

By surveying arts organisations receiving funding, and comparing and contrating their cultural output, a number of questions could be asked of a cultural policy in action. In particular, I wanted to probe the relationship between policy and culture in two dimensions. In the first, I was interested in the role that scale plays in the production of cultural works. In the second dimension, I was interested in the composition of cultural output. In this dimension, I probed the idea of orginality in Australian cultural production, seeking
to try and describe the different make-up of production that encompasses works that could identifiably pass as “new” – intuitively, a relatively small proportion of the cultural output of many parts of the cultural industries – and works that might be called “already existing”, “classics”, “standards” or “repertoire”.

Figure 1: Two dimensions of culture and policy

Figure 2: State and market, old and new
Figure 1 describes two potential relationships. In the downwards sloping curve, work is increasingly new and original when produced by smaller agents and entities, such as individual artists, informal collectives and small cultural organisations. In this model, the repertoire of cultural output is likely to be less original and more geared towards well-known and classic works when produced by larger organisations. In the upwards sloping curve, the reverse relationship holds.

Probing in such a way can be an extremely useful way of approaching the field. Many other lines of enquiry loom as interesting questions along these lines. For instance, we might seek to compare originality between market-based and government-based organisations. Figure 2 presents such a question. Indeed, this is the sort of question that cultural economists such as David Throsby often do ask (Bakhshi and Throsby, 2010). Even though this is not the question pursued in this thesis, we can see the value of working up such a model.

Figure 2 is presented here not as a concrete topic of enquiry pursued in this thesis, but as an example of the utility of such a methodology for investigating important aspects of cultural activity.

6.5: The value of novelty

The vertical axis on figure 1 and figure 2 is presented as “originality”: in other words, the level of novelty that a work of art might represent. We can surmise that this idea of novelty is therefore central to this research project. What, then, is the point of distinguishing between “new” and “existing” works of art? In order to understand this, a little philosophical context is required.

Philosophical considerations of what constitutes a work of art date back to Plato’s concept of mimesis (Davies 2006, Auerbach 2003, Walton 1990). In contemporary analytic philosophy of art, one of the most influential expositions of the ontology of art is Arthur C. Danto’s *The Transfiguration of the Commonplace* (1981), which takes as its starting
point Andy Warhol’s *Brillo Box* exhibition of 1964. In parallel with the analytic tradition, the study of art by European philosophers has been deeply influenced by Immanuel Kant’s *Critique of Judgment* and more recently by inter-war philosophers and critics such as Martin Heidegger (1971), Theodor Adorno (1997) and Walter Benjamin (1992). This tradition has informed contemporary continental theory on the nature of art by thinkers such as Derrida (1987), Baudrillard (1996) and Rancière (2004).

Art historical and literary-critical approaches to the originality of art are also relevant. Krauss’ (1986) influential essay on the “originality” of the avant-garde argued that, in fact, originality is in many cases a “modernist myth”. In the field of literature, Watt (2000) has argued that the concept of originality as characteristic of the novel is itself a distinctively modern one, coined in England and referring to and dating only as far back as the novels of Defoe and Richardson. Watt writes:

> It is significant that the trend in favour of originality found its first powerful expression in England, and in the eighteenth century ... by the time that Edward Young in his epoch-making *Conjectures on Original Composition* (1759) hailed Richardson as ‘a genius as well moral as original’, the word [original] could be used as a term of praise meaning ‘novel or fresh in character of style’.


Theorists of performance have advanced their own conjectures. It has been argued that every new performance of a work is a new and different creation: there have been countless performances of *Hamlet*, and yet each in some small way is unique. Much influential post-war theory in the field of theatre studies turns on exactly this point (Brook, 1968; Grotowski, 1969).

For the purposes of this investigation, however, I will eschew the fascinating questions about works of art raised by aesthetics, literary theory, art history and the philosophy of art, and instead take a more pragmatic approach. This research project will follow the definition of Hesmondhalgh (2007), who defines new works primarily as new texts. Hesmondhalgh’s work builds on Garnham (1990) and the seminal work of Raymond Williams.
Hesmondhalgh writes (2007: 12):

Texts (songs, narratives, performances) are heavy on signification and tend to be light on functionality and they are created with this communicative goal primarily in mind.

(Hesmondhalgh, 2007: 12)

A wide variety of objects can be texts. However, in this context, the ontology of texts is relatively constrained. Most of the texts will fall into a few easily recognised types: books, paintings, plays, operas, symphonies. The core mission of the vast majority of the organisations studied in this project is to produce artform-specific texts of a nature readily understandable to audiences, critics and performers. Theatre companies produce theatre, opera companies produce opera, orchestras produce classical music (“Western art music”) and dance companies produce dance and movement performances. Hence, for the purposes of this study, it is not necessary to quibble over what genre or art practice a text represents. A new text, therefore, is simply a text created very recently – in the context of this study of the Australian performing arts, within the past five years.

There is also a pragmatic basis to this understanding. The difference between the performance or re-performance of an existing text and the original creation of that text and initial presentation or production of that text is one that is intuitively understood by the performing arts community – by the “artworld” itself, to use Danto’s term (Danto, 1964). That difference is neatly summed up in the performing arts by the word “premiere.” Most Australian arts organisations and funding bodies come to a broadly understood shared agreement of what a new text is: not only does the Australia Council collect data on premieres, which constitute its definition of a new work, but most of the organisations in this study also do so for their own purposes.

Of course, some premieres are not really new works. For instance, in 2011 the Melbourne Symphony Orchestra performed an “Australian premiere” of Bartok’s Four Pieces. It may have been the first time the work was performed by an orchestra in Australia, but
we can discount it as a premiere performance. Similarly, the Australian Ballet sometimes lists newly choreographed productions of classic ballets such as *Swan Lake* as “new” works. For the purposes of this study, neither of these senses of the phrase “new work” will be retained.

Quite obviously, what constitutes a “new work” is a crucial methodological question in regards to the validity of this research.

To recapitulate, then, in this study, a new work is defined as the premiere performance of a text, or a follow-up performance (for instance a tour) of a new text (one created less than five years before the performance).
7: A NATIONAL PROBLEM

In 1994, cultural theorist Graham Turner wrote an important book, *Making It National*, about the problematic nature of Australian identity in the 1990s, the official imprimatur of which was in the Keating government’s Creative Nation policy. In 2006, the Australia Council’s Theatre Board turned to the problem of originality on the Australian stage in a policy document called “Making It New” (Baylis & Joshi, 2006). An Australian government-run radio station in fact combines both ideas. The Triple J network boasts the tagline “We Love New Australian Music” as one of its advertising slogans.

These three examples describe a neat arc through which Australian cultural policy has moved in recent decades. Why do Australian governments care about artworks created by Australians, and about Australia? Why should they care about the creation of new works at all? The answers to these questions are surprisingly interesting, because the fact is that governments do care about Australian work. New Australian work has been a goal of successive Australian governments: as a matter of policy, of law, and of considerable government spending.

The story of how this came to pass is fascinating. Australian culture has been intriguing local commentators for decades. In 1950, the writer and editor A.A. Phillips published an article in the up-and-coming Australian literary journal, *Meanjin*. It began like this:

Once upon a time (and not very long ago), the Australian Broadcasting Commission used to present a Sunday programme, designed to cajole a mild Sabbatarian bestirment of the wits. Paired musical performances were broadcast, one by an Australian, one by an overseas executant, but with the names and nationalities withheld until the end of the programme. The listener was supposed to guess which was the Australian and which the alien performer. The idea was that quite often he guessed wrong, or gave up, because, strange to say, the local lad proved no worse than the foreigner. This unexpected discovery was intended to inspire a nice glow of patriotic satisfaction.
Phillips’ essay continued, describing what he called the “Australian Cultural Cringe.”

What was it, this Cringe?

The Cringe mainly appears in a tendency to make needless comparisons. The Australian reader, more or less consciously, hedges and hesitates, asking himself, ‘Yes, but what would a cultivated Englishman think of all this?’

(Philips, 2006: 1)

The idea of the cultural cringe struck close to the bone. It was picked up by other commentators, and the phrase has become a common refrain of the Australian vernacular, indeed, even a cliché, as publisher and editor Hilary McPhee observed in a 2010 essay commemorating the sixtieth anniversary of Phillips’ essay in a Meanjin essay of her own (McPhee, 2010). The idea that Australian audiences – indeed, Australian artists and intellectuals themselves – harbour a type of inferiority complex in respect to work produced locally compared to that produced by their overseas peers in the metropoles of global culture – whether London or New York, Los Angeles or Tokyo, Beijing or Shanghai – is a tenacious and persistent trope in Australian literary, critical and cultural discussion. Phillips’ essay – only a few thousands words in all – is by far the most-quoted publication of his long and productive literary life.

2010, the sixtieth anniversary of Phillips’ aphorism, was also the year of the most recent production of a new Australian opera by the nation’s publicly-funded opera company, Opera Australia: Bliss, by Brett Dean.

This is how the website Crikey described the premiere in an editorial in November 2011:

From your lounge room this Sunday afternoon you can watch Opera Australia’s fine production of the Mozart classic The Marriage of Figaro. The ABC1 broadcast (2pm, opera buffs) is the first of three frothy operatic transmissions; from Strauss’ Der Rosenkavalier to Gilbert and Sullivan’s giddy Mikado.
The audience won’t be huge. But you can guarantee it will be bigger than the last time Aunty beamed out Australian opera, the live 2010 prime-time broadcast of home-grown opera *Bliss*. Just 6000 people tuned in. Nationally. Community television doesn’t rate that poorly. And not many more saw it live.

(Whittaker, 2011: no page)

The subtext of the editorial is clear enough. Opera is unpopular, the editorial asserts, and the dismal free-to-air ratings and ticket sales for *Bliss* prove it. Whatever the noble intentions of Opera Australia in commissioning and producing a new work, based on a critically acclaimed Australian novel by Peter Carey, and with a score by one of Australia’s best living composers, audiences simply were not interested.

*Bliss* reveals the intellectual rips and cross-currents that lie just beneath the surface of Australian culture. What could be a better contemporary example of Phillips’ cultural cringe? Indeed, in 2012, when the very project of creating a new work for the operatic repertoire seems quixotic, the quest to create a new Australian opera seems especially laden with the sort of “needless comparisons” with overseas cultural traditions written about by Phillips. As discussed in section 7, the founders of Australia’s publicly-funded national opera company had envisaged a future in which local creators would eventually establish a uniquely Australian repertoire of locally-written works for the company. Waterhouse (1997: 152) notes that this founding institution, the Elizabethan Theatre Trust, “proposed to encourage ‘a native drama, opera, and ballet’ created by Australian writers, composers and artists.” Half a century on, only in the theatre has a substantially “native” body of work been created.

The idea that Australian cultural creativity is somehow more primitive, less burdened by tradition, perhaps more open and unaffected — but also lacking in a certain finesse and craftsmanship — is an idea that recurs throughout the modern history of Australian letters. Phillips himself mentions the rough-and-ready novelist Joseph Furphy, but in our time the myth endures in a hundred surprising variations, from the disdain with which many
educated Australians greet Australian hip-hop, to the ongoing popularity of overseas high culture presented in festivals in big Australian cities.

This attitude is not unique to Australia but is in fact a common complaint in countries unlucky enough to occupy small markets in globalised cultural marketplaces. In his monumental history of the European cultural industries, Donald Sassoon points to the ongoing inferiority complex that writers and critics in nations such as Italy felt about local cultural products for much of the nineteenth and twentieth centuries (2006: 485). In particular, he examines Italian literature, and points out that while Gramsci’s remarks about the unpopularity of Italian literature are well-known (Gramsci, 1985: 200, 203), Gramsci was himself contributing to a long tradition of Italian laments on the topic, such as the “significantly titled” book by Ruggero Borghi from the mid-nineteenth century, *Perche la letteratura italiana non sia popolare in Italia* (“Why Italian Literature is not Popular in Italy”, 1855-56) – an Italian version of our own “cultural cringe”. In Chapter 4, I discuss echoes of these concerns about the overwhelming tide of cultural imports from more powerful centres of cultural production, echoes that are instantly recognisable in Australian film policy today.

Whatever the international and historical resonances, it is sufficient to note here that the idea that Australian culture has struggled to produce its own iconic works has been a persistent one. Perhaps because of this, cultural nationalist approaches to the official government policy towards local cultural production and consumption have held sway, as section 7 and 8 show in detail. Indeed, as this thesis will demonstrate, cultural policy provides a particularly useful prism through which to view the development and evolution of Australia’s cultural industries and expressions.
Australian cultural policy developed contingently. It cannot be understood without examining the historical antecedents to current structures and the long-term development of various government institutions and agencies. As such, it is important to establish the “back story” of Australian cultural policy, in order to better understand how the issue of Australian culture – this thing that Tom O’Regan calls the “hopelessly compromised antipodal identity and culture” (O’Regan, 1996: 106) – came to be understood as a policy problem that governments should address.

A detailed examination of the long-run history of cultural policy in this country is beyond the scope of this thesis. Even so, it is apparent that over the course of nearly two centuries, Australian cultural policy has been marked by recurring characteristics that continue to influence cultural policy-making today. Perhaps the most important is that Australian cultural policy has tended to progress through the foundation of cultural institutions, which have gradually established their claim on the resources of the state. This helps to explain why cultural policy has largely reflected a discourse of state subsidy, and expressed its ambitions in terms of the creation and maintenance of a series of subsidised organisations.
8.1: Early days

Cultural policy in Australia is sometimes picturesquely dated to 1819, when Governor Macquarie appointed the colony of New South Wales’ first “poet laureate”, Michael Massey Robinson. As Donovan Clark records in his entry on the poet in the *Australian Dictionary of Biography*, Robinson received the colony’s first ever arts grant: “two cows from the government herd” (Clark, 1967: 387-389). In an experience that grant recipients today will find familiar, a change of government led to the end of Robinson’s patronage. Clark (*ibid*: 389) wryly notes that “Robinson was retired by Governor Sir Thomas Brisbane, the odes stopped and were followed by several ballads lamenting the departure of Macquarie and referring scornfully to his successor.”

Until Federation, cultural policy proceeded in a fashion dictated by the disparate concerns of the various colonial governments, generally in a piecemeal and isolated manner. Early colonial cultural policy largely revolved around the creation of significant public cultural institutions: the various colonies established public libraries and art galleries in the half-century before 1901, beginning in 1854 with the Melbourne Public Library, now the State Library of Victoria (State Library of Victoria, 2012). Other public institutions followed in the various colonies, particularly libraries and art galleries (see Table 1). This early emphasis on building state cultural institutions still has relevance: state libraries, art galleries and performing arts centres continue to enjoy the lion’s share of the budgets of the cultural funding agencies of individual states and territories.
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1836</td>
<td>A crate of books is assigned for shipment to the new colony of South Australia; it eventually</td>
</tr>
<tr>
<td></td>
<td>becomes part of the collection of the State Library of South Australia.</td>
</tr>
<tr>
<td>1854</td>
<td>Redmond Barry and Joseph La Trobe found the Melbourne Public Library (later the State Library</td>
</tr>
<tr>
<td></td>
<td>of Victoria)</td>
</tr>
<tr>
<td>1861</td>
<td>National Gallery of Victoria founded</td>
</tr>
<tr>
<td>1867</td>
<td>New South Wales government takes over Australian Subscription Library to create the Sydney Free</td>
</tr>
<tr>
<td></td>
<td>Public Library (later the State Library of New South Wales)</td>
</tr>
<tr>
<td>1879</td>
<td>Art Gallery of New South Wales opened</td>
</tr>
<tr>
<td>1881</td>
<td>Art Gallery of South Australia founded</td>
</tr>
<tr>
<td>1887</td>
<td>Tasmanian Art Gallery founded</td>
</tr>
<tr>
<td>1889</td>
<td>Victoria Public Library established (now the State Library of Western Australia)</td>
</tr>
<tr>
<td>1895</td>
<td>Queensland National Art Gallery founded (now the Queensland Art Gallery)</td>
</tr>
<tr>
<td>1895</td>
<td>Perth Museum opens (now the Art Gallery of Western Australia)</td>
</tr>
<tr>
<td>1896</td>
<td>Brisbane Public Library established (now the State Library of Queensland)</td>
</tr>
</tbody>
</table>

**Sources:** Bridge, 1986; Craik 2007; Art Gallery of New South Wales, 2012; Art Gallery of South Australia, 2009; Art Gallery of Western Australia, 2012; National Gallery of Victoria, 2011; Royal Society of Tasmania, 2012; State Library of Victoria, 2012; State Library of Queensland, 2012; State Library of Western Australia, 2012.
Several important developments occurred in the period between Federation and the First World War, including the establishment of the Commonwealth Literary Fund in 1908, the first federal grants body, followed by the Commonwealth Art Advisory Board in 1912 (Craik, 2007: 10). However, by far the most important event in cultural policy before the Second World War was the founding of the Australian Broadcasting Corporation (ABC) in July 1932 (Inglis, 1983).

Commercial radio was already well established in Australia when the ABC was founded. Although the new Australian public broadcaster was in part a response to the founding of the British Broadcasting Corporation, Australian radio would never be completely monopolised by a public broadcaster as it was in the United Kingdom. As in many other areas of the Australian political system, a hybrid model developed: one that shared features of both the British approach (including a license fee) and the advertising-driven, openly commercial US media landscape (Given, 2003: 26-29). In a distant echo of today’s debates about the deleterious effects of internet content such as pornography and hate speech, inter-war broadcasting policy was motivated as much by concern about the potential harms of the new medium as it was by commercial and cultural considerations; as Craik points out, many types of American popular music were effectively banned (2007: 10).
**8.2: Post-war cultural policy: national cultural institutions and industry oligopolies**

Meanwhile, in the non-broadcasting artforms – and indeed in film - Australian cultural policy lagged significantly. Throsby states that before the 1960s, overt cultural policy at the federal level was “virtually non-existent” (Throsby 2001: 549), while in his Parliamentary Library briefing on cultural funding, Gardiner-Garden (2009) moves quickly through the first seven decades of the twentieth century. In her comprehensive 2007 monograph on Australian cultural policy, Craik lists six stages in the development of post-Second World War policy (Craik, 2007: 7-8), detailed in Table 2.

**Table 2: Craik’s six stages of post-war Australian cultural policy**

- 1940-54: the era of national cultural organisations;  
- 1955-67: organisational patronage (through specialist bodies funded by government);  
- 1967-74: policies of growth and facilitation;  
- 1975-90: access and equity and community cultural development;  
- 1991-95: diversity, excellence, cultural policy and cultural industries; and  
- 1996- 2007: the review cycle and a return to neo-patronage.


Craik’s “era of national cultural organisations” refers to the establishment of several important organisations in the 1950s, including the Australian Elizabethan Theatre Trust, the National Institute of Dramatic Art, the Elizabethan Opera Company and the Australian Ballet. These institutions were able to establish themselves as significant clients of public largesse, and remain so today. However, beyond this suite of cultural institutions, there was little government support for individual artists or for progressive cultural expression.
In fact, many aspects of cultural policy formulated in the post-war era created institutional power bases that remain recognisably important. Opera Australia, for instance, a direct descendent of the Elizabethan Theatre Trust, is still the single best-funded performing arts company in the country (see also Chapter 2). With a direct Australia Council subsidy of approximately $17 million in 2008-09, Opera Australia receives around five times the funding of the Australia Council’s entire Aboriginal and Torres Strait Islander Arts Board, and nearly twice the funding of the Council’s Literature Board (Opera Australia, 2009; Australia Council, 2009). Indeed, Opera Australia predates the Australia Council, and in terms of staff numbers, is a larger organisation.

Despite their institutional success, however, Australia’s national cultural institutions have retained a paradoxical relationship to local artists and work. As Waterhouse observes in his paper “Lola Montez and high culture: the Elizabethan Theatre Trust in post war Australia”:

The Australian Elizabethan Theatre trust was founded during the aftermath of the 1954 royal tour, the brainchild of: H.C. Coombs, governor of the Commonwealth Bank of Australia; Charles Moses, general manager of the ABC; and J. D. Pringle, editor of The Sydney Morning Herald. But Coombs, motivated by the absence of institutionalised forms of high culture in Australia, was the real driving force behind the venture. “Australian life, splendid as it is in its physical and material aspect,” he declared in a radio talk, “is deficient in many of those things that mark the civilised community”.


H.C. “Nugget” Coombs was a “driving force” in the establishment of the Australia Council a decade later, but the remarks cited by Waterhouse continue to be relevant as they describe one of the key arguments often mounted for public subsidy of operas and orchestras in Australia: that Australia, a young country, lacks the rich institutional architecture of culture to be found in European nations – particularly in artforms such as ballet and opera that were in the post-war period considered to represent something higher and more worthwhile than commercial cultural expressions. As Waterhouse notes, quoting the
Trust’s archives:

At the time of the trust’s establishment it set as its objective the creation and promotion of professional drama, opera and ballet companies in Australia. This would be achieved by supporting local rather than overseas companies and by providing continuity of employment for members of those troupes, to stimulate and develop local talent. Ultimately, its aims were even more grand for it also proposed to encourage “a native drama, opera, and ballet” created by Australian writers, composers and artists.

These goals were not secured immediately and some were not accomplished at all.

(ibid:152)

Indeed, they were not: half a century later, Opera Australia was not only still playing a largely foreign repertoire, but was also controversially importing foreign singers and directors (Haigh, 2008). Waterhouse points to the example of the musical *Lola Montez*, revived only once (in 1988 for the Bicentenary) as an example of the failure of many Australian-composed operas to take hold; but in fact it may be that only Richard Mills’ *Summer of the Seventeenth Doll* and *Batavia* have convincingly entered the modern repertoire of Australian opera performance (Halliwell, 2002). It could even be worse than this: in 2011, Opera Australia’s artistic director, Lyndon Terracini, remarked in a well-publicised speech that no Australian opera had entered the repertoire:

Since 1973, when the Australia Council was founded, more than 160 operas, or as some of them have been called, “music-theatre” pieces, have been commissioned and presented. Not one of those 160-plus operas has entered the repertoire.

(Terracini, 2011)

Similar trends developed in the Australian orchestras. Australia’s symphony orchestras began life as a part of the Australian Broadcasting Corporation, before being spun off into
independent non-profit companies in the 1990s; the relevant history is well canvassed in the federal government’s 2005 review on orchestral policy, *A New Era* (Orchestras Review & Strong, 2005: 18-22). As Arthurs and Radbourne note in a 2007 paper entitled “The Orchestra Re-imagined”, the orchestral repertoire is still dominated by eighteenth and nineteenth century music:

Philip (2004) in *Performing Music in the Age of Recording* states that in the nineteenth century access to concerts by a professional orchestra was very limited for most people. It was highly unusual to have the opportunity to hear a work more than a few times in a person’s lifetime. Thus the repertoire was not well known by most people. This pattern changed with the burgeoning of classical recordings, especially during the second half of the twentieth century.

In 2007 audiences are faced with the opposite problem, a well known but tired and overexposed repertoire, with many of the great works available in hundreds of versions, even downloadable for free. And, as Philip identifies, what they hear is “a copy of a copy of a copy”. In many ways the orchestra has been a victim of its own success. Since the late nineteenth century the art form has failed to evolve significantly, relying on its distinguished past.

(Arthurs & Radbourne, 2007: 5).

In 2004, James Koehne, at the time a veteran artistic administrator in the Adelaide Symphony Orchestra, echoed this. Koehne noted that:

Australia’s classical musicians, whether they be instrumentalists, conductors or composers, either take pride in the approval of their European masters, or achieve serious regard only when they can be judged favourably by European cultural standards …

(Koehne 2004: 168)

The available data on the repertoire of Australian orchestras underlines this: according to the most recent peer-reviewed and academically published repertoire data, compiled by Stephen Boyle (2007: 331), “the overall presentation of Australian works in the main concert series was ... as low as 3% in 2002.” Table 1.3 below presents Boyle’s repertoire
Boyle’s analysis does not record new works. Indeed, such data has not been described before in the Australian cultural policy literature. Gathering and publishing such data therefore presented itself as a necessary component of this research effort. The new repertoire data for Australian orchestras collected for this project is discussed in section 10 below.

8.3: Ex-patriate artists and the birth of the Australia Council

At around the same time as the Elizabethan Theatre Trust was creating new state-funded ballet and opera companies, post-war Australia was producing a remarkably talented generation of artists, writers, architects and thinkers, including Clive James, Sidney Nolan, Barry Humphries and Robin Boyd. Perhaps because these talented artists left Australia...
for Britain or the United States, and often wrote about their dissatisfaction with the cultural environment of their home cities, this period of Australian cultural history is often contrasted negatively with the comparatively funding-rich era that was to follow (Nolan, 2007; Britain, 1997; James, 1985). At home, cultural critics like A.A. Phillips were equally scathing of what they saw as a monotonous or impoverished Australian culture: from Phillips’ “cultural cringe” to Boyd’s savage indictment of the state of post-war Australian architecture in his book *The Australian Ugliness* (Boyd, 1960).

These expatriates (or “the expats” as they are colloquially and collectively known) exerted a significant influence on Australian cultural life, and, most notably through their writing, also had an important influence on cultural policy in the 1960s and 1970s. In particular, they contributed to the development of a new national cultural awareness that played an important part in the contemporaneous policy development of the Australia Council. Interestingly, expatriate Australian actors and directors who have achieved success and wealth in Hollywood have more recently exercised an analogous influence on current Australian screen policy debates: consider, for instance, the prominent role played by director George Miller in the debate over whether the animated Hollywood studio film *Happy Feet 2* should qualify for Australian taxpayer subsidy (Eltham, 2011a).

The expats were writing at a time when Australian industry policy had a distinctly imperial tinge. Historically, Australian governments had tacitly accepted cosy corporate oligopolies in many parts of the publishing and broadcasting industries. Australia’s book publishing industry, for instance, remained effectively closed to international trade from the US until the mid-1970s, owing to the British Traditional Market Agreement, a trans-national industrial cartel treated with easy acquiescence by Australian regulators (Munro & Sheahan-Bright, 2006; Bryant, 1979). In television broadcasting, to cite another example, Australia’s television industry quickly settled into a oligopoly of three national networks, owned by a select group of media barons from the Packer, Fairfax and Murdoch families (see Cunningham & Jacka, 1996: 43-120; Jones, 2005). Both industries were beneficiaries of “implicit” cultural policies (Ahearne, 2009): they benefited from significant policy protections, courtesy of the state, for reasons that were as much cultural and
By the late 1960s, a combination of demographic change and the intense lobbying efforts of artistic communities led to the establishment in 1969 of a federal body for arts support by the Gorton government, the Australian Council for the Arts – the fore-runner of the Australia Council that Gough Whitlam would re-establish and strengthen in 1973 (Johanson & Rentschler, 2002; Rowse, 1985). This body was originally envisaged as an arts council along the lines of British and Canadian models. It was intended to be an “arms-length” funding agency, as articulated by John Maynard Keynes in his original advocacy for the Arts Council of England (Upchurch, 2004; Peacock, 2000).

In 1972, the Australia Council received dramatic new support from Australia’s newly-elected Labor Prime Minister, Gough Whitlam. Whitlam later summarised Australian cultural policy at the time he took office in the following terms (Whitlam, 1985: 554-555):

[in 1972] the arts in Australia were sorely in need of encouragement. Many of our finest artists were working overseas. Our national cultural institutions were embryonic or non-existent. Such institutions as existed in the States were largely relics of colonial or Edwardian times ... the basis of a national arts and cultural policy did not exist. There were no major performing arts centres. The fledgling Australian Opera and Australian Ballet companies were under-funded, with the performing arts still largely in the hands of the Australian Elizabethan Theatre Trust, established in 1954. Touring of the performing arts to country districts was organised by State-based arts councils with limited access to funds. There were no regional theatre companies or galleries; there was no film industry; there were no State arts ministries. Aboriginal arts, and the crafts in general, were virtually ignored. Support for writers and artists had been dispersed for generations with notable frugality by ageing committees notorious for their political and social biases.

(Whitlam, 1985: 554-555)

Whitlam’s policy response was to fold most of the existing federal cultural agencies into the new and improved Australia Council. Significant extra funding was appropriated. Gardiner-Garden details the administrative changes in his 2009 history of Australian
The [Australia Council] would subsume the roles of ... the Arts Council of Australia, the Commonwealth Art Advisory Board, the Commonwealth Literary Fund, the Film and Television School and the Advisory Board for Commonwealth Composers. The Council would fall within the responsibility of the Department of Prime Minister and Cabinet, and comprise twenty four members appointed for one to two years. The Prime Minister invited to be council members people prominent in the arts supported by others with legal, financial and other administrative skills and by several senior officials of government departments whose work interlocked with that of the council. Seven specialist boards were formed within the council: a Literature Board, a Music Board, a Theatre Board, a Crafts Board, an Aboriginal Arts Board, a Film and Television Board and a Visual Arts Board.

(2009: 3).

The 1960s and 70s occupy a central position in the development of contemporary Australian cultural policy. Institutions founded and policies set in this era still endure today. Craik (2007: 12) puts it succinctly when she observes that:

… the 1960s and 1970s became known as the golden years for arts and cultural development in Australia. Funding across all levels of government rose substantially and many new initiatives were supported.

The initial form of the Australia Council was to prove critically important to its later development. Although the agency would go through several wrenching periods of reform in the 40 years subsequent to its inception, its broad structure, and the artforms it supports, were more or less settled in its early years.

The artforms primarily supported by the Australia Council were dominated by the performing arts, and they remain so. As of 2012, the Australia Council has seven funding boards: Literature, Music, Theatre, Dance, Visual Arts and Craft, Aboriginal and Torres Strait Islander Arts, and the Major Performing Arts Board. Further funding is also dis-
pensed without a formal board structure in programs called “Inter-Arts” and “Community Partnerships.” The funding given to the various boards is heavily weighted towards the Major Performing Arts Board, which gets more funding than every other board combined. If the performing arts organisations funded by the Theatre, Music and Dance boards are added, it is very clear that the majority of the Australia Council’s publicly dispensed subsidies go to performing arts organisations. Individual artists get relatively little support. (The distribution of Australia Council funding is discussed in further detail in Chapter 2).

This funding mix has provoked an enduring conflict in debates about Australia Council policy (Macdonell, 1992): between funding and sustaining “heritage” artforms and larger cultural institutions on the one hand, and on the other, more democratic and “bottom-up” cultural priorities, such as support for individual artists, for new and hybrid artforms, for community arts, and for popular expressions or genres within artforms already funded by the Australia Council (for instance, contemporary music or science fiction or fantasy novels).

Gay Hawkins has discussed some of the consequences of this structure in her work on the equivocal position of community arts within the Australia Council. The category of “community arts”, often defined in opposition to the “high arts” in internal Australia Council discussions, still fails to embrace the artforms popularly produced by the cultural industries. Hawkins notes that:

The overwhelming tendency to equate culture with art is evident in the Australia Council’s focus on largely pre-twentieth century forms, on forms left behind by the economy and many audiences. While film and TV occupied a brief place there in the Whitlam days, they were quickly expelled with [Liberal Prime Minister Malcolm] Fraser. The community arts program has been influenced by these exclusions: it has, for example, been consistently unable to deal with either mass forms such as TV or rock music, or new forms such as cable TV or rap, despite their popularity and progressive potential. It, too, has been trapped with pre-twentieth century forms and has been downright hostile and even reactionary in its approach to mass and popular culture, despite its claims to challenging the elitism of art.
(1993: 53)
This “focus on largely pre-twentieth century forms” has continued throughout the life of the Australia Council, notwithstanding a complicated history of reviews and inquires about Commonwealth support from the arts. By 2005, the Australia Council’s institutional disdain for demotic artistic expression and non-traditional cultural practices found its logical outcome in the abolition of two Council funding programs. One, known as the Community Cultural Development Board, supported the kinds of community art described by Hawkins. The other, the New Media Arts Board, supported hybrid and emerging artistic practices such as sound art, hybrid theatre and performance, and computer and technology-based media art (Gallasch, 2005). This latter event is canvassed in more detail in section 7.6.

8.4: Enduring themes in policy debate about the Australia Council

Two important reviews shaped the policy orientation of the Fraser and Hawke governments towards the Australia Council: the 1976 Industries Assistance Commission report (Industries Assistance Commission, 1976), and the 1986 Inquiry of a House of Representatives Committee, chaired by Leo McLeay (House of Representatives Standing Committee on Expenditure, 1986). Both reports are milestones in the development of Australian public policy about the arts (see Appendix G of Craik, 2007, and Gibson, 2001: 78-80, 107-115). As Gardiner-Garden, Gibson and others have noted, taken together, the two inquiries illuminate a number of enduring themes in policy discussions about Commonwealth arts funding and the Australia Council more particularly. These include:

**The arms length debate:**

Should the Australia Council remain an arms-length funding body, or should elected Ministers have the right to direct funding policy and to decide who receives funding?
The flagship debate:

Should funding be directed to important national cultural institutions, most notably the Australian Opera, the Australian Ballet, the large art galleries, and the orchestras? Or should smaller organisations and individual artists enjoy bigger slices of the funding pie?

The geographic bias debate:

The Australia Council’s headquarters are located in inner-city Sydney, and much of the Council’s funding is directed to a small number of big institutions based in Sydney and Melbourne. Should more funding be directed to the smaller states and to regional arts organisations?

The level of funding debate:

How much funding should governments devote to culture? There is an eternal tension in arts funding policy between the fiscal constraints of a small and often obscure portfolio, and the vocal demands for extra funding from arts industry lobby groups. In the Australian debate, this difficult question has often been given to government inquires to address. In addition to the Industries Assistance Commission and House of Representatives inquiries mentioned above, the Howard government commissioned three important sectoral inquiries: the Nugent Inquiry into the major performing arts sector, the Strong Review into support for orchestras, and the Myer Inquiry into contemporary visual arts and crafts (Orchestras Review 2005 & Strong, 2005; Department of Communications, Information Technology and the Arts & Myer, 2002; Major Performing Arts Inquiry & Nugent, 1999). With the exception of the Industries Assistance inquiry of 1976, all these sectoral inquires recommended more money be spent, illustrating the difficulty faced by governments wishing to wind back state subsidies to the arts.

Production or consumption?:

Should the aim of government policy be to foster the production of work by local cultural industries, or to give audiences the widest possible access and diversity to cultural
goods and services? In general, governments have answered this question in terms of production, even where the subsidised products have not impressed local audiences or critics (as, for instance, in Australian feature films, which I examine in Chapter 4). On the other hand, many cultural institutions such as art galleries play almost no role in the production of artworks, and instead justify themselves on the basis of their attendance figures, which are generally seen as providing citizens with access to fine art and “excellent” cultural practice – often in the form of “blockbuster” exhibitions of travelling artworks by internationally recognised old masters.

**The new work debate:**

If production is to be subsidised or in other ways supported, what sort of production should it be? Orchestras, as we will see, produce a repertoire essentially of eighteenth and nineteenth century European art music. By contrast, Australian screen funding is almost completely devoted to the production of new feature films and television programs.

The question of new work was a focus of the debate in the mid-to-late 2000s, as discussed in section 7.7 below.

**8.5: The 90s and 2000s: from “Creative Nation” to “elite nurturing”**

One of the pivotal moments in the recent history of Australian cultural policy was the announcement of the Creative Nation policy in 1993, by the Labor prime minister of the time, Paul Keating. Creative Nation was the first (and as it turned out, the last) truly national cultural policy formulated and implemented by an Australian government – unique until Labor’s forthcoming National Cultural Policy of 2013 – and had an important influence on the subsequent development of Australian cultural policy. As Craik remarks:

The significance of Creative Nation lay in its dual emphasis on the national imperative to foster cultural development and the economic potential of cultural activity. It was not confined to the usual exclusive domain of fine arts and
culture. Specifically, culture was identified as a key building block of national culture and individual citizenship. Creative Nation adopted an expansive definition of culture that included film, television, radio, multimedia, cultural heritage, cultural industries, libraries, indigenous culture, regional cultural outreach and cultural tourism. Initiatives for cognate issues such as education and training, copyright, export incentive schemes, taxation incentives, sponsorship and other facilitation schemes were also addressed. Creative Nation also addressed the role of the Australia Council, Commonwealth patterns of cultural support, the role of national cultural organisations, the performance and potential of diverse cultural industries, export potential and proposed a raft of new cultural programs and projects.

(2007: 14)

As far as academic analysis goes, Creative Nation has divided observers. At the time, it was seen in a mainly positive light by critics and scholars (see Turner, 1994). Since then, however, responses have been mixed. For some, it was as a neo-liberal assault on the integrity of arts policy (Caust, 2003), while others have claimed it as the ur-text of the creative industries discourse (Cunningham, 2003).

One of the important aspects of Creative Nation was the way it folded previously separate aspects of federal cultural policy-making into a coherent discourse. For instance, it emerged from and reflected a vigorous debate in broadcasting policy around the role of radio licensees in fostering Australian contemporary music (Wilson, 2012; Homan, 2012). One of the key outcomes of Creative Nation was the establishment of a new national youth radio network, Triple J, a public broadcaster funded by the state through the ABC (Wilson, 2012). Institutionally, Triple J may well be the most lasting legacy of Creative Nation, given the importance of the network to contemporary music in Australia (Eltham, 2009c).

However, the most important consequence of Creative Nation was political: it provoked considerable antipathy at the conservative end of the political spectrum. At a time when the so-called “culture wars” were raging on US and Australian campuses (Hunter, 1992; Bloom, 1987), particularly insofar as the value and validity of post-modernist
interpretations of the humanities were concerned, the overwhelming support given to the
Keating government and the Labor Party by much of the arts community, and the aspects
of cultural relativism and non-traditionalism implied by the policy itself, contributed to
the politicisation of the cultural policy debate. As a result, under John Howard’s Liber-
al-National government, elected in 1996, cultural policy debates came to be seen through
a particular lens, in which conservative, traditionalist and canonical interpretations of
culture were implicitly supported – in opposition to post-modernist, post-structuralist and
relativist perspectives, often derided as the ideas of out-of-touch urban “elites” (Bahnisch,
2008; Hamilton, 2008; MacCallum, 2002).

The result was a peculiarly contradictory policy environment in which the arts and
culture often came under attack by conservative politicians in the media for their “elitism”
(Coslovich, 2005) and simultaneously the established and self-consciously elite cultural
institutions funded by Howard’s government enjoyed renewed subsidy and support. Craik
describes this period as “elite nurturing”. This tendency was highlighted by Glow and Joh-
hanson (2006), who pointed to the growing disconnect between an instrumentalist cultural
industry policy and the difficult realities for practising artists and cultural workers.

8.6: The abolition of New Media Arts and Community Cul-
tural Development Boards

These trends continued in the 2000s. As the major performing arts sector was enjoying
significant increased funding and policy support as a result of the Nugent and Strong
reviews (Major Performing Arts Inquiry & Nugent, 1999; Orchestras Review & Strong,
2005), the Australia Council took the decision in late 2004 to abolish two of its funding
boards, the New Media Arts Board and the Community Cultural Development Board
(Morgan, 2004).

Keith Gallasch’s Art in a Cold Climate (2005) is the best academic source document
on the decision, which has not yet been thoroughly explored by researchers. (Craik
mentions it briefly, putting the axing down to internecine bureaucratic politics within the
Australia Council itself.) Community arts has a long history of support within the Australia Council dating back to the 1970s, while the New Media Arts Board was the product of 1990s attempts to recognise evolving digital practice; they were the product of reformist impulses to broaden the ambit and diversity of the artforms and audiences the Australia Council supported, and both had attracted considerable ire from cultural conservatives in the arts, who saw their post-modernist, demotic and relativist tendencies as a direct rebuke of the “high arts” institutions such as the operas and orchestras. Support for this view emerged some years later in a remarkable newspaper article by opera director and composer Richard Mills (2010). This article is worth quoting at length, for the flavour it gives of the revanchist cultural opinions within the Australia Council establishment at the time:

I was a member of the Australia Council for the Arts in the 1990s when the New Media Fund was set up. I opposed it vehemently – and in vain – as it seemed to me just another example of meretricious, self-serving claptrap, which confused content with process, masquerading to the weak-minded as new, with a healthy sense of entitlement to whatever funds might happen to drop from the perch of government.

To educate and enlighten my misguided ways, I was taken to an office in Melbourne by an earnest, believing colleague. This office was the hub of revolutionary “new media” enterprise. I was ushered in and shown, in an atmosphere of hushed reverence, some examples of “new media” which, so far as I could tell, consisted of pictures of yellow flowers changing and moving about a bit on a TV screen.

“Humbug,” I exclaimed, “this belongs to the visual arts” – only to be howled down by the entire clutch of councillors of the day (except, if my memory serves me correctly, Christopher Pearson).

Thankfully, this nonsense, and other things like it, were recognised in their true colours some years later when my esteemed colleague Jonathan Mills (no relation) encouraged the abolition of the New Media Fund with enthusiasm – and final success.
A neat summation of the opposing poles of the debate is achieved by setting Mills’ views alongside those of cultural commentator and festival director Marcus Westbury, who describes orchestras as “covers bands”:

An overwhelming amount of arts funding in Australia goes to organisations that either exclusively or primarily play covers. Think symphony orchestras, opera companies and state theatre companies that produce comparatively little in the way of original, innovative or even Australian work. Like classic hits radio, they are busting out the chart-toppers of the 17th, 18th, 19th and 20th centuries.

Mills’ and Westbury’s articles describe two views passionately held by many in differing sections of the Australian arts community about the relative funding of the classical music sector versus other artforms and practices. They help to explain why arguments about the value of the arts – and what sort of art – retain a surprising capacity for controversy.

8.7: The small-to-medium sector and the new work debate

One of the final policy actions of the Howard government was a cultural policy announcement. This was the decision to support a significant increase in funding for the smaller performing arts organisations funded by the Australia Council.

A number of factors were in play. The portfolio had a new Arts Minister, George Brandis, who believed in the importance of supporting arts institutions and wished to advance an argument that the Liberal Party was a truer friend of the arts than the Labor Party (Brandis, 2007). Brandis had the money: in 2007, the federal Treasury was flush with cash, as a mining boom had boosted federal tax revenues. And there was a sense in which it was
the small-to-medium sector’s turn, given that the major performing arts companies, the orchestras and the visual arts sector had all enjoyed funding increases following policy reviews undertaken during the last eight years of the Howard government.

The eventual result was a welcome increase in base funding to the small-to-medium performing arts sector subsidised by the Australia Council, a sector of some 70 organisations funded by the Australia Council’s Music, Dance and Theatre boards (Australia Council, 2007). Of particular interest to this study is the reason used to justify the funding increase: the importance of this sector in the development and production of “new works.” The Australia Council’s CEO, Kathy Keele, then a relatively new appointment, argued that the sector’s contribution to the creation of new work was critical. Small-to-medium organisations, Keele wrote in an Australia Council media release, are “the engine room of creativity in the arts sector and [...] a breeding ground for emerging artistic talent” (Australia Council, 2007).

Was Keele right? Are small to medium-sized arts organisations really the “engine-room of creativity” in Australian culture? Little empirical evidence exists to support or contradict this claim. As section 10 details, I decided to make it one of the goals of my research project to find out whether or not Keele was correct.

8.8: The morphology of contemporary Australian culture

I will now turn briefly to the historic development of the Australian cultural industries. These industries in this country were already well developed by the time Australia was constitutionally founded in 1901 (see section 7 above). One useful way to understand this development is to employ Raymond Williams’ schema of cultural-industrial development, as advanced in his 1981 book Culture (Williams, 1981: 38-56; see also Hesmondhalgh, 2007: 51-79). Williams identified three long-term patterns in the way culture has developed in modern society, in particular in the way artists and culture-makers relate to their wider societies.
In pre-modern times, culture was often the result of patronage from powerful elites, and was generally artisanal in nature. Some remnants of this way of life can still be seen in certain industries, for instance in pockets of the plastic arts, in certain food crafts such as wine- and cheese-making, and in the guild-like operations of some of Australia’s cultural labour forces – for instance, specialist film production workers such as directors of photography, gaffers, grips and the like. Patronage also remains a useful concept in understanding the power of corporate sponsorship in the contemporary cultural industries: indeed, it is arguably essential in certain parts of the international art market (see Thompson, 2008).

After the industrial revolution, this artisanal pattern was gradually replaced by one that Williams termed that of the “market professional”, as the artist moved in an economy in which works of culture were increasingly bought and sold on an open market to middle-men and consumers.

Finally, as economies developed and globalised, this pattern was then supplanted by what Williams called the “corporate professional” model, in which culture was increasingly carried out by professional cultural producers working for large multi-national corporations within complex industries of cultural production: the publishing industry, the advertising industry, the music industry, Hollywood, and so on.

This “corporate professional” model, which Hesmondhalgh seeks to modify to what he terms the “complex professional” era, became firmly established in Australia by the 1960s. Australia’s cultural industries had largely developed after the Second World War, in a relatively closed national economy in which many foreign firms controlled large swathes of the small local market for cultural consumption. A few large companies (often foreign ones) came to dominate each particular cultural industry in this country: the three commercial television networks, Fairfax and News Limited in newspaper publishing, the big 6 record labels in music, the major Hollywood studios in cinema, and so on. Australia also enjoyed a number of national cultural agencies. These big firms often had their headquarters in Sydney: think News Corporation, Sony or Google, all of which have regional
headquarters within the Sydney local government area. An enormous amount of power over symbols was exercised from these headquarters, and it helped to shape the way cultural policy-makers responded to market conditions.

This model of cultural production and consumption – increasingly dominant from the 1950s through until the late 1990s – contributed to many of the typical ways we tend to think about culture today, and the policy landscape that has responded to it. The cost of producing a movie, an album or a book was generally high, far higher than the average artist could afford. Hence, big companies had a dominant role as aggregators and gate-keepers of content, selecting raw material from the cultural milieu and nurturing it in the hope of creating “superstars”. This talent was then packaged up in increasingly sophisticated ways and sold to the many niches of the mass market; citizens were able to express their cultural preferences mainly through picking and choosing the palette of culture they wished to consume. A small number of powerful “tastemakers” such as record company A+R managers, radio DJs and commissioning editors were able to “break” young talent to these mass markets, while the bulk of unsuccessful artists laboured in obscurity. British cultural policymaker John Holden explains this mid-century paradigm in the following way:

The old model was one where a creative idea was monetised by passing through the hands of a gatekeeper, whose powers of distribution and ability to control access to the market for the product were crucial to the creation of value.

(Holden, 2007: 10).

I return to the significance of this development in section 12 below.
9: THREE KEY TEXTS IN AUSTRALIAN CULTURAL POLICY

Three texts help us understand the problems of framing policy about culture in a medium-sized, industrialised, multi-cultural nation-state – in this case, Australia. There are so few texts in Australian cultural policy that almost every monograph is important, but these three are particularly significant in their academic and policy influence.

9.1: A.A. Phillips: The Cultural Cringe

The first text is discussed above: A.A. Phillips essay, “The Cultural Cringe” (2006: 1-10). This essay situates Australian culture and criticism in a dialectic relationship to the “Mother Country”, the imperial metropole of Britain. The significance of Phillips’ essay far exceeds the catchphrase that has echoed through the decades. One of the more productive ways to read the essay today is via its influence on Australian cultural policy debates. The self-consciously national aspect of Philips’ essay is immediately and variously apparent, whether in Phillips’ incipient post-imperialism, his early grasp of the “imagined community” of Australia (Anderson, 1991), and even his very Australian dry wit.

Phillips’ essay is important because it is one of the most influential observations about the social character of Australian culture. The spectre of the cultural cringe haunts later political language about the arts in Australia; we have already encountered traces of it in the language and style of Gough Whitlam’s writing about the arts. One of the challenges that Phillips tackled was the difficulty of creating new works of literature in a young nation. “The most important development made in Australian writing over the last 20 years has been the progress in the art of being unselfconsciously ourselves”, he concludes at the end of the essay (Phillips 2006: 9). Here we can see the two problems of novelty and national
identity linked at a very early stage of Australian cultural debates.

9.2: Justin Macdonnell: Arts, Minister?

Justin Macdonnell’s *Arts, Minister?* (1992) picks up some of the conceptual threads delineated by Phillips, three decades later. In this book, Macdonnell, a key player in cultural policy debates in the 1970s and 1980s, provides one of the best (and funniest) accounts of the debates surrounding Australian cultural policy from the end of the Gorton government in the late 1960s to the middle period of the Hawke government, in 1987. Macdonnell chronicles the internal politics and often internecine bureaucratic struggles that lay behind the faltering, but ultimately successful, push to set up a genuine system of public subsidy for the arts in post-war Australia.

Throughout, his book is filled with lucid anecdotes and primary source accounts that are as revealing as they are amusing. On John Gorton, the Liberal prime minister who set up the Australian Council for the Arts, for instance, Macdonnell reminds us just how ad hoc government policy was in those days. For example, this is how Gorton describes his snap decision to set aside meaningful funding for an Australian film industry for the first time:

> I remember that the beginning of this was an approach to me by Barry Jones and Phillip Adams, who came to me and said, “Look, you ought to do something about film, because we haven’t got anything in Australia. You can do something new for Australia in this,” and it appealed to me: I looked into it and eventually we provided some millions of dollars to people to do it.


Or here is Bob Hawke’s first arts minister, Barry Cohen, explaining to Macdonnell in an interview how he was appointed:

> At four o’clock I think the Ministry election was, and at 4.30pm Hawke called me to his office and invited me to be Minister for Home Affairs and the Envi-
ronment and I said: “Thank you very much.” Then I went back and thought: what does that involve? I knew it was the Arts and then someone rang me at about 5.30pm and said: “I understand you’re the new Minister for the Arts and what are you going to do about the film industry?” I said: “Shit mate, I didn’t even know it was in the bloody portfolio! Give me a chance to find out.” It was extraordinary!


Macdonnell’s work is important for three reasons. *Arts, Minister?* was the first (and arguably remains the only) monograph in the field that considered the day-to-day political struggles that shaped the development of cultural policy in Australia, with an emphasis on the development of the Australia Council. Secondly, Macdonnell establishes just how contingent and unpredictable those developments were – particularly regarding the evolution of the Australia Council, an agency with which he is by no means enamoured. Finally, Macdonnell reminds participants in today’s cultural policy debates that there is little new under the sun: many of the battles being fought now echo previous conflicts, or are even versions of the same conflict, ceaselessly prosecuted.

In an entertaining concluding chapter, Macdonnell takes aim at a series of popular myths regarding the supposed value of the Australia Council, from the sanctity of peer-review for assessing grant applications (“the pork barrelling that goes in the allocation of grants from the Boards of the Council may be more subtle than in the hands of politicians but it is no less real”) to the utility of dispensing grant funding at all (“the Council … trickles small sums of money around the country, raising false expectations, and, in short, misleads the taxpayer”) (Macdonnell, 1992: 400). He argues that while government intervention in the arts in Australia was worthwhile, the specific forms that it took, an agency called the Australia Council for the performing, visual and literary arts, and an agency called the Australian Film Commission for screen, were probably no more nor less successful than any other model would have been.

Macdonnell concludes:
I believe the intervention of a succession of Federal governments – Conservative and Labor – has brought about the most astonishing and measurable change which the arts have experienced in Australia’s history … [but] I would argue that the achievement would in all likelihood have been no less had other administrative models been adopted.

(1992: 404)

9.3: Tom O’Regan: Australian National Cinema

Tom O’Regan’s book *Australian National Cinema* (1996) illuminates a different area of Australian cultural policy: film and television policy. This book is a powerful corrective to the dominant Australian tendency to consider “the arts” to be somehow entirely separate and different to feature films or television (let alone the more commercial creative endeavours, such as design or architecture). *Australian National Cinema* is also one of the first local monographs explicitly to adopt contemporary European ideas of assemblage theory in relation to Australian cultural practice. Citing Latour’s *We Have Never Been Modern* (Latour, 1993), O’Regan argues in his introduction that “Australian cinema is a combination of statuses”:

It is a *naturalised* part of the international cinemascape, taking its part alongside other national cinemas and Hollywood cinema. It is a *social bond* uniting (and excluding) diverse people. Australian cinema serves as a vehicle of popular socialisation and as a forum for telling uncomfortable truths about its society. Australian films and film institutions negotiate cleavages of ethnicity, gender, race, class and nation. It is an *object of knowledge* which narratively and discursively connects Australia, society, the cinema, genre and various cultural differences. It is a domain of *problem solving* which includes strategies for economic viability, excellence, industry training and equal opportunity for disadvantaged minorities.

Australian cinema is a hybrid form made of objects, people, stories and problem solving. It is a social fact, a figure of discourse, a site for a range of actions and
the domain of range of problematisations.

(1996: 10)

O’Regan’s book is particularly valuable to this research project for its chapter-length treatment of the significant challenges and occasional opportunities encountered by Australian film-makers as a result of Australia’s Anglophone heritage, and consequent exposure to the full force of Hollywood’s production. Australia possesses, he writes, a “medium-sized English-language cinema”, and because of that, Australian film-makers must take their chances in a marketplace saturated with popular American content:

Hollywood, as the dominant English-language cinema, places insistent pressure upon non-American Anglophone producers … Like all medium and small countries, Australia has a minor place in the international trade in national symbolic images. Australian and English-Canadian cinemas face particular problems by sharing a similar exhibition market, market size, producing in English, and being a minor place in the international trade in national images.

(O’Regan, 1996: 77)

These accidents of history and geography – that Australians speak English but make up only a small market for film and television products – have been a long-running and powerful influence on Australian screen production, and subsequently on government policy about the Australian screen industry. Discussing George Miller’s Mad Max films, O’Regan points out that “in the Australian film-making milieu, we are dealing at every move – if my analysis of Mad Max is correct – with a space that constitutively includes both the options of Australianisation and de-Australianisation – separately and singly and sometimes in the same film” (1996: 105).

This idea of “Australianisation” is the important and relevant one for this discussion, because it is easily recognisable in other aspects of Australian cultural policy debates. O’Regan’s uneasy tension between national impulses and economic pressures – a tension
that leads to “a hopelessly compromised antipodal identity and culture” (ibid: 106) – re-
mains one of the fundamental (and often explicitly acknowledged) policy justifications
offered by politicians and cultural lobbyists for public subsidies to cultural industries
like film-making and performing arts. Interestingly, as we see in section 11, public policy
support for such industries is almost always focused on production, producers and artists,
rather than consumption, consumers and audiences.

9.4: Reading Australian cultural policy

What can we learn from a close reading of three important texts in Australian culture?
There are two ideas that recur in all three texts that have particular relevance here.

Firstly, as the idea of the “cultural cringe” suggests, Australian culture has tended to
develop in relation to a broader sphere of international culture, one that has always im-
pressed itself upon Australian artists and audiences with a particular force and influence.
In many respects, this ongoing global influence is a contingent result of Australia’s colo-
nial history and uncertain future. Because Australia represents a small, English-speaking
market in a much bigger and more polyglot world, Australian cultural industries have
generally been dominated by domestic branch offices of global cultural industries. In pub-
lishing, these were the Australian branches of English publishing houses before the 1970s,
or the local branches of the “big-6” international trade publishers since that date. In music,
similar dynamics operated, with Australian record labels – with the notable exception of
Michael Gudinski’s Mushroom – essentially acting as branch offices for the multinational
“major” labels up until the collapse of the major system in the mid-2000s. In cinema,
meanwhile, as O’Regan explains, Australia developed no domestic production houses
of international note, instead becoming a location for Hollywood’s runaway production
dependent on a cheap exchange rate.

The idea of the cultural cringe and the pressing need to protect and nurture domestic
cultural production has often be an overt aim of Australian cultural policy, which has in
turn played an important role in the subsequent morphology of Australian culture. When Whitlam created the key institutions of Australian cultural policy in the early 1970s, his reasons for doing so were explicitly nationalistic in their tenor, as we saw in section 8.3. This is one reason why the debate about “new work” in Australian cultural policy became important: the problem that Whitlam saw himself responding to was one of negligible local production in the face of a flood of cultural works from overseas cultural metropoles. For instance, Whitlam lamented the fact that “many of our finest artists were working overseas” and that “our national cultural institutions … were largely relics of colonial or Edwardian times” (Whitlam, 1985: 554).

The effect of such views directly impacted on Australian culture through cultural policy. In the example of film, for instance, the response to these problems often took the form of production subsidies, which were explicitly defined in national terms and deployed via the tax system to Australian feature film production. In the performing arts, production was also subsidized, both through cultural organisations such as operas and orchestras, and through grants to individual artists. The result was the gradual creation of a new sort of cultural landscape quite different to the post-war model, in which government funding helped to catalyse a kind of mixed economy of culture, dependent on subsidy but also able to create new audiences for Australian work. Threads of this argument are taken up in a number of places in later chapters, including Chapters 2, 3 and 4.

Secondly, and for the paradoxical reason that government subsidy was not always successful in its stated aims, this broad trends in Australian cultural policy towards the subsidy of domestic production tended to place arts funding at the centre of local cultural policy debates. Macdonell’s book is therefore a very useful milestone in local cultural policy debates, allowing us a glimpse as it does of the mindset of policy-makers as they developed and implemented national policies. Some of the points he raised in 1992 remain strikingly relevant today. For instance, Macdonell’s argument that the quantum of funding allocated by the Australia Council was never large enough to achieve either national policy goals or sustainable domestic cultural industries (“the Council … trickles small sums of money around the country, raising false expectations, and, in short, misleads the
taxpayer”) remains uncomfortably true even of the slightly increased funding allotted by the outgoing Labor government to the agency in its Creative Australia policy of 2013 (Macdonell, 1992: 400). Given the often-robust debate about Australia Council reform that accompanied the gestation of Creative Australia – a flavour of which can be found in Chapter 2 – the eventual survival of the Australia Council as the key federal vehicle for arts funding demonstrates the path dependency of cultural policy as it has developed in post-war Australia, and in particular how important the Whitlam years remain.
10. THE FIVE RESEARCH PUBLICATIONS

I now turn to the research papers that form the majority of this thesis. In this section, I give a short overview of each paper, describe what was researched, and explain how it fits into the broader theme. The publications are not presented chronologically by date of publication, but rather in terms of the most logical and sensible development of their arguments. I concentrate on communicating the key ideas of each publication, and sketch a conceptual narrative that will reveal how this doctoral project has developed. A synthesis of the entire research program is, however, presented in section 11 below.

10.1: Cultural Policy in Australia

Chapter 2 of this thesis reprints a book chapter, “Cultural Policy in Australia”, that I co-wrote with Marcus Westbury for an edited public policy monograph, published by the Centre for Policy Development in the the run-up to the Australian federal election (Eltham & Westbury, 2010). Entitled More Than Luck: Ideas Australia Needs Now, the book was aimed at an informed general readership and encompassed many aspects of Australian public policy, from climate change to health, education, welfare and economic policy.

The argument of the chapter is straightforward and is summed up in the opening pages: culture is bigger than the arts. This is a significant point that is often lost in contemporary debates about Australian cultural policy. As we remark, cultural policy in Australia is often treated as a practical synonym for “arts funding”, but of course the cultural activities of ordinary Australians going about their everyday lives are rich, multifarious and diverse. Available statistical evidence on the public record about cultural life in Australia reinforces the point:

The Australian Bureau of Statistics tells us that there are nearly 300,000 Australians working in a cultural occupation as their main job; more than car manufacturing and mining combined. In
June 2006, there were more than 77,000 registered cultural businesses contributing a total cultural output approaching $41 billion. In 2003-04, Australian households spent $14.6 billion on cultural items like books, CDs and pay TV. Culture is also a big part of our daily lives: watching television is Australians’ most important leisure activity, and the movies are our most popular destination when we go out. More than three-quarters of Australians read for pleasure, while nearly 14 million of us attend a cultural venue or event at least once a year.

(Eltham & Westbury, 2010: 105)

The scope of cultural life is not necessarily a recommendation for an expanded program of government spending or regulation to fund or control it. Nonetheless, the data does point to the narrowness of the current debate, particularly when set against the significant spheres of government policy that are rarely considered as explicitly cultural policy:

… federal issues such as tax, social security compliance, copyright and media policy, state issues like liquor licensing and public liability law, and local government issues like noise laws and urban planning are key cultural policy questions. There has been little or no effort by the Commonwealth or the states to try and adopt whole-of-government policies towards culture.

(ibid: 110-11)

The book chapter goes on to describe some of the drawbacks of present policy settings, and to set out some recommendations for reform.

The recommendations we made are set out as follows:

1. **Recognise that “cultural policy” is about more than funding for the arts.** It’s about policy frameworks across government, including media policy, education, copyright and censorship law, tax, urban planning, liquor licensing and R+D.

2. **Abandon the false divide between high art and popular culture.** Art and culture of all different genres and types can be popular or unpopular, and good or bad. Cultural policy should not be based on preconceptions about which artforms are “worthy” of public support, but on cultural values that can manifest
themselves in many ways, across many forms and genres.

3. **Create a new cultural agency for contemporary Australian culture.**

Australia needs a new government cultural agency with a contemporary brief: to ensure that we are a nation that is a creator and not merely a consumer of culture, and that Australians are active and enabled participants in the global cultural pool. The Australia Council is not an organisation capable of this, or of becoming this.

4. **Cut the red-tape that affects culture.** Many artists and cultural organisations are constrained by access to appropriate infrastructure, like venues and work space, as well as capital. The ability to put in place policy settings that allow them to perform, present and produce with limited capital is more important (and effective) in ensuring their success than direct subsidies.

5. **Fund artists and production, not institutions.** Ordinary working artists are the forgotten people of Australia’s cultural policy debate. Their average income is well below median Australian wages. Yet individual creators and artists are the life-blood of Australian culture. Where new funding is created, it should be directed towards individuals and small companies - not large institutions. And because so many artists are so poor, small amounts of funding can go a long way.

(ibid: 115).

In making such a series of concrete recommendations, I also make clear my position on a number of controversial policy areas in this field. As can be seen, several of the recommendations I make are not too far from the remarks Macdonnell makes at the end of *Arts, Minister?*. There are also important areas of disagreement. For instance, Macdonell would no doubt dispute recommendation five, which he would see as yet another example of frittering away small amounts of funding for negligible benefit. Work published by other researchers in this field stands opposed to some or all of these recommendations – notably that of Throsby, whose short 2006 monograph *Does Australia Need a Cultural Policy?* was quite sceptical of many of the arguments advanced above.

It may not be particularly productive to endlessly rehearse the pros and cons of the
current cultural policy debate. What can be validly asserted here, however, is the continuing value in engaging in such debates, particularly for the general reader and the informed citizen. Australian cultural policy debates are ultimately an argument about the shape and nature of cultural life in a modern democracy, and the very fact that Australia enjoys a thriving public sphere of policy debate and discussion is cause for hope regarding the future vitality of cultural life in this nation.

10.2: Australian cultural and innovation policies: Never the twain shall meet?

Chapter 3 of this thesis is the paper “Australian cultural and innovation policies: Never the twain shall meet?” (Eltham, 2009b). This paper was published in a special edition of the journal Innovation: Management, Policy & Practice, edited by economist Jason Potts, and devoted to Australian public policy regarding innovation.

The paper is noteworthy for a number of reasons. Firstly, it was chronologically the first paper I wrote for this research project. As such, it prefigures many of the themes of later papers. It also sets the scene for the research terrain I later traversed, particularly with regard to the yawning disconnect – intellectually and in terms of policy ambit – between public policies geared towards “innovation” and “research and development”, and those geared towards “the arts”.

Secondly, it’s the first place we encounter in earnest that talismanic term, “innovation”. Indeed, as the title of both the paper and the journal suggest, innovation is now a concept of serious intellectual heft. The quixotic journey of the term from its origins in the post-war economics of information to its increasingly central role in the neo-liberal consensus has been chronicled superbly by Canadian researcher Benoit Godin (see Godin, 2010; 2008) — and Australia has not been immune to the innovation virus.

The increasingly important role that the concept of innovation plays in contemporary public policy can be sketched in quick strokes (see Godin, cited above, for two detailed
discussions). Ultimately, the most plausible argument for the rise of innovation policy is its link to the modern scientific revolution. The crux of this argument is that the perceived value of innovation stems from the obvious achievements of modern science and industry, many of which rest on sophisticated high-technology manufacturing processes that can be directly traced back to scientific advances made in industrial laboratories such as the Bell Laboratories or Xerox PARC (Gleick, 2011; Myers, 1998). Innovation is also thought by many economists to underlie a significant amount of economic growth – and indeed, who can dispute that certain technological advances, from four-field crop rotation to the semiconductor, have led to material improvements in broader standards of living? Hence, as I examine in Chapter 6, the very idea of innovation (and closely-related terms such as “research and development” and “R&D”) has become foundational to many rich nations’ economic and social policy settings.

Additionally, innovation has assumed a central role in cultural policy as the key justification for the legal doctrine of copyright. According to US legal scholars Landes and Posner, copyright is an intellectual property right necessary for providing an incentive for artists and firms to create new works (Landes and Posner, 1989). A thorough discussion of this argument is presented in Chapter 6, but the relevant point here is that the chief justification for copyright – the single most important area of cultural regulation – is that it spurs innovation and the creation of new works.

When this paper was written in 2009 the Australian Government looked like it might be about to unleash an ambitious new agenda in innovation policy. For instance, 2008 saw the release of a major report into Australia’s innovation system – Terry Cutler’s *Venturous Australia* (Cutler, 2008). Cutler is an interesting figure in his own right, and has occupied senior roles across both government and industry – including the Chair of the Australia Council itself. And *Venturous Australia* mapped out some significant potential policy synergies between more traditional policy tools used to spur innovation, such as an expanded research and development tax offset, and cultural policy.

But, I argue in this paper, the reality of Australian policy settings was such that there was little or no connection between existing innovation and cultural policies. Cultural pol-
icies were largely based around the funding of arts institutions, for the historical reasons expounded in sections 7 and 8 above. Where they did address issues of innovation, they tended to do so in a largely vestigial or apologetic way – as evidenced by the successful campaign by cultural conservatives within the Australia Council to abolish the New Media Arts Board (see section 7.6 above).

Innovation policies, conversely, largely ignored the arts and culture. Indeed, the Australian Government’s Research and Development Tax Offset provisions specifically exclude cultural and artistic products and services from eligibility (AusIndustry, 2008). Further, despite Cutler’s background at the Australia Council, the arts and culture featured only tangentially in his discussions. As I wrote, “Venturous Australia, for instance, mentions the phrase ‘creative industries’ only once in 228 pages, and the Australia Council not at all” (Eltham, 2009b: 231). Further, large areas of public policy were avowedly anti-innovative, particularly in areas such as media policy, where the approach of a long succession of Australian governments has been to placate powerful media barons and protect their industries from disruptive new entrants (Simons, 2007).

In conclusion, Chapter 3 argues Australian cultural and innovation policies were disconnected. They remain so: the phrase “never the twain shall meet” is just as appropriate today.

10.3: Boom and bust in Australian screen policy: 10BA, the Film Finance Corporation and Hollywood’s ‘race to the bottom’

Chapter 4 is the paper “Boom and bust in Australian screen policy: 10BA, the Film Finance Corporation and Hollywood’s ‘race to the bottom’” (Burns & Eltham, 2010). This is a paper co-written with Alex Burns and published in 2010 in a special issue of the journal Media International Australia on the topic of Australian screen policy.

This paper presents an in-depth study of one government program aimed at supporting the Australian screen industry: the Film Finance Corporation (FFC), a government-owned film investment agency that operated for 20 years between 1988 and 2008.
The value of this paper in the context of this thesis is the opportunity it offers to scrutinise the complete life-span of a single government program – one that invested significant sums of taxpayers’ money – and to describe its inception, policy justifications, performance and eventual demise. The FFC is in fact a case study that demonstrates how policy design can be commenced with one set of government intentions and yet slowly creep towards a very different morphology to that first intended. It is also a sobering illustration of the difficulties governments encounter when they attempt to enter the risky marketplace inhabited by many cultural industries.

The background to the creation of the FFC in the 1980s by the Hawke Labor government is fascinating, and is dealt with in some detail by this paper. Rather than recapitulating that history here, I will briefly set out the paper’s findings.

What was the FFC, and what did it do? The FFC was a film investment corporation, owned and funded by the Australian Government. Its mission was not to subsidise feature film productions in the manner of a simple government grant but to invest in cultural production, with the hope of making a commercial return. The FFC took ownership stakes in the films it financed, sometimes even majority ownership. Although run by the government, it was intended to be a for-profit firm: profits made on successful film investments were to be ploughed back into the FFC’s investment pool, to the benefit of future productions. In this way, the FFC intended to leverage private sector investment in feature films to eventually produce a self-sustaining investment body for Australian film producers wishing to finance new films.

That was the theory, but it didn’t quite work out like that.

Figure 3 opposite charts the FFC’s investment returns over the 20-year lifespan of the agency. After investing a total of $1.345 billion in Australian films, it made back only $274 million – a return of negative 80 per cent.
This disastrous long-run rate of return raises the question of why the FFC fared so badly. The answer becomes apparent once we understand the structure of the Australian film industry. The FFC was set up at the end of a significant boom in Australian feature film production, driven in large part by the “10BA” tax incentive, originally implemented by the Fraser government in the early 1980s. The FFC had been envisaged as a “film bank” by its founders in the bureaucracy – a source of finance that would give Australian screen producers options for financing their projects beyond existing private-sector financiers. But as it turned out, the boom in private investment in Australian films was more to do with the tax incentives than with the money-making potential of Australian cinema. As a result, when the government wound back the 10BA tax incentive, private investment

\[\text{Figure 3: Film Finance Corporation of Australia investment returns, 1988-2008.}\]

\[
\text{FFC investment versus recoupment, 1988-2008}
\]

\[
\text{Investment: $1.345 billion}
\]

\[
\text{recoupment: $274.2 million}
\]

\text{Above: The FFC’s investment returns over its 20-year lifespan. Despite some high profile success stories such as \textit{Muriel's Wedding}, the agency recorded an investment return of negative 80 per cent. Figures are in nominal dollars, not adjusted for inflation. Source: FFC, 2008; Burns & Eltham, 2010: 108.}
crashed (see Stratton, 1990).

The resulting shake-out in the Australian film industry left little surviving private investment in screen production. It left the government, through the Australian Film Commission and FFC, as essentially the only source of feature film finance in the country. Australian film investment became a monopsony, in which the government became the only buyer. The FFC’s investment performance, in other words, would henceforth be a proxy for the economic fortunes of the Australian films it financed.

Despite some break-out successes which did make money, such as *Muriel's Wedding* (1994), in the long run Australian films were not able to capture a large percentage of the Australian box office. Nor did they easily find export markets. The FFC found out the hard way that Australia’s position in global cultural marketplaces imposed severe restrictions on the economic viability of the local industry – as Tom O’Regan could have told them (see section 8.3 above).

As we argue in the concluding section of the paper:

> While it is possible that lower artistic standards, or less popularly appealing screen products, may be amongst the reasons for the current low market share of Australian cinema, we argue that is far more likely that the apparent “unpopularity” of Australian films is in fact a consequence of structural factors constraining the creative output of Australian filmmakers: low production and marketing budgets, distribution bottlenecks, and the poor investment decisions of monopsonistic screen funding agencies.

(Burns & Eltham, 2010: 111)

How did the FFC itself justify its poor investment performance? By pretending that it was really a funding body. Viewed in this manner, the FFC was able to argue that it had managed to “leverage” an extra $274 million in further funding for the sector that it wouldn’t have if it had merely dispensed this money as a series of grants. In fact, the FFC went further, arguing in its 2008 publication – with no explanation of methodology – that its investment led to a “total screen production value” of $2.872 billion (FFC, 2008).
This argument is not invalid in and of itself. The FFC’s investment did indeed lead to considerable amounts of screen production activity. But it is an *ex post facto* justification for failure. The FFC didn’t set out to fund Australian cinema on the basis of artistic merit or flow-on production value: the former was supposedly the role of the Australian Film Commission, while the latter was never advanced as an aim at all. Rather, the FFC’s stated goals were to fund production on the basis of an explicit criterion of commercial return. It was only after it had failed to achieve this that the FFC and the broader industry fell back on arguments about cultural subsidy.

10.4: A ‘game of nomenclature’?: Performance-based sonic practice in Australia

Chapter 5 is the paper “A ‘game of nomenclature’: Performance-based sonic practice in Australia” (Eltham, 2009a). It was published in a special 2009 edition of visual arts journal *Art Monthly Australia* edited by art historian Douglas Kahn (see Kahn, 1999).

This chapter takes a step sideways from the nitty-gritty of government funding programs and instead looks at the working lives of a number of ordinary Australian artists. It fits comfortably within a broader tradition of the sociology of the arts (Becker, 1982; Wolff, 1993), in which the lives of working artists are interrogated to reveal critical information about the everyday challenges of the creation of culture and art.

This chapter examines four Australian artists, working within the comparatively small, close-knit Australian sound art scene. The kind of aesthetic works they create are various, but are identifiably similar enough to be placed relatively easily within a particular sub-genre of the sonic arts that is technologically informed and aesthetically sophisticated. As I observe, “a picture emerges of a small, interconnected and vibrant Australian artistic community, fertile with cross-collaboration and significantly engaged with each others’ work” (Eltham, 2009a: 42).
The first case study is Lloyd Barrett, a composer who is deeply informed by cinema and the visual arts. In one of the interviews I conducted for this paper, he told me that:

... what I hope to do is connect a legacy of Australasian audiovisual performance experiments from those of Percy Grainger and Len Lye through the work of the Cantrills in expanded cinema to Stephen Jones and his video synths and Robin Fox with his lasers. In doing so I hope to rationalise this as a sustainable practice, not just an experimental form.

(Lloyd Barrett in interview, cited in Eltham, 2009a: 42)

Barrett’s music is haunting, unsettling and at times beautiful, but what is perhaps most interesting here is that he refers to an Australian artist, Robin Fox, as a key influence.

Robin Fox was also interviewed for this paper. Fox openly describes himself as a sound artist, though in fact he often works with video and visual projection as well, as for instance in his large-scale work with lasers.

It’s worth quoting some of Fox’s background as an artist and musician in a little detail, as it is typical of the serendipitous manner in which artists come to a particular artistic tradition and find peers in a particular milieu.

“I come from a very musical family”, he says of his early influences. “My mother was a composer, and she was working with computer music in the early 1980s, writing experimental mainframe computer music.”

After dropping out of a law degree, Fox studied composition at La Trobe University, which he says “had a good computer music department”, despite being “hooked on post-World War II serialist kind of things. By the time I was writing my Honours thesis I was interested in visual music, I was interested in graphic score and the interpretation of that stuff, and that led me towards improvisation and the idea of spontaneity.”

After buying a computer to type out his Honours thesis, he downloaded a piece of software called Audiomulch:

“I got obsessed with it, I loved the idea that you could work in complete isola-
tion and that any idea that you had you could test immediately … I hadn’t played
music for a long time, so I wanted to design interfaces for computers that would
allow me to improvise with other musicians, so that became a project for quite
a few years. What I liked about that situation was treating a computer like an
instrument, which ten years ago was quite a contentious issue.”

Fox’s interest in oscilloscopes began serendipitously on an opera project several
years ago; his desire to see what the cathode-ray oscilloscope noises looked
like culminated with his Backscatter DVD. His work with lasers is a natural
outgrowth of the oscilloscope work, “an attempt”, he says, “to make this two-di-
mensional film format somehow three-dimensional”.

(Robin Fox in interview, cited in Eltham, 2009a: 44)

Anthony Pateras is the third artist studied in this paper. He is perhaps closest to the
traditional conception of a composer, writing music using western notation on staved
sheets for ensembles and quartets. Pateras met Fox at La Trobe University, and the two
collaborate often.

Pateras has a strident position on the state of western classical music in Australia.

Australia is relatively young, and we are in the cracks of everywhere else. This is
fascinating to me because we are not weighed down by art/music history to the
extent that Europe is, for example. Therefore as artists we are in a very com-
fortable position to do anything we want. What continually amazes me is that
imitation and repetition in the arts is preferred over innovation and evolution
by curators and festivals (especially in music). I try to take advantage of the
freedom of our distance though my activities on all fronts.


The final artist considered is Joel Stern. Stern has worked with all three of the other
artists mentioned here. He is also an experimentalist, describing his work in vivid, tactile
metaphors that are highly informed by 20th century art history and musicology:

“Reading the liner notes to Sonic Youth’s Confusion is Sex (Neutral, 1983) at
about age sixteen, I remember realising that music extends into experimental, abstract and conceptual realms that have little to do with conventional musicianship or chops”, Stern says. It was “a massive revelation for me that gave me a lot of confidence; ideas were at least as important as technique”, adding dryly that “this understanding outlasted my love for Sonic Youth”.

As with Barrett, the visual arts and cinema were concomitant early influences for Stern, including Michael Snow’s 1967 art film Wavelength and the sonic aspects of Jean-Luc Godard’s mid-1960s films such as Alphaville, Masculin/Feminine and Weekend. Stern points to “the non-linearity and cut-up structure” of Godard’s arrangements, which he argues Godard understood from “Dziga Vertov’s manipulations of industrial recordings throughout the 1920s and also from the French musique concrète of the preceding generation”.

“That dynamic between sonic abstraction and narrative sound still resounds in all my work”, he says. “It’s an opposition between zones of reality and unreality, which is endlessly malleable”. He also points to the “expanded cinema” tradition, and his inspiration in particular from the work of Melbourne film artists Corinne and Arthur Cantrill.

(Joel Stern in interview, cited in Eltham, 2009a: 44)

Taking these four case studies of working artists in Australia, what can we conclude? For the purposes of this over-arching statement, I will briefly discuss three threads that emerge from this short study. I highlight them, not only for what they can tell us about four Australian sound artists, but for what they can tell us about the study of cultural policy in the contemporary artworld.

Firstly, the art matters. Much cultural policy – including a great deal of the discussion here – is not much concerned with the particulars of actual works of art, or with the intentions and aesthetic accomplishments of the artists making them. Speaking to and hanging out with artists reminds us that making art is the raison d’etre for many artists. We also learn that artists are fierce interrogators of their own practice. While contemporary artists are often portrayed as – and can sometimes even portray themselves as – inspired savants, in fact many artists are highly educated in the history and theory of their craft. They are...
often their own best critics, understanding where their own practice fits in a meta-critical context, and unflinching in their assessment of their own strengths and weaknesses.

Secondly, art is a social practice. All the artists we meet in this micro-study know each other and have worked together. Pateras and Fox have been collaborating since their university days. Sometimes these relationships are institutionalised in the form of festivals and residencies, but they are more commonly social bonds than professional ones. The social milieu of art practice is especially significant in the relatively small art scenes to be found in Australia, which is, after all, a relatively small country by global standards in terms of population. These observations echo those of many of the classic works of the sociology of culture, such as Becker (1982).

Finally, none of the artists we meet have a full-time job as an artist. Although their employment status is not foregrounded in the paper as published, early drafts of the paper do highlight the precarious nature of these artists’ working lives, a consistent theme to emerge from all the interviews. Fox and Pateras in particular are relatively established in their art practice, and yet struggle to make ends meet. None of the artists is able to sustain themselves financially from their art practice. In this they are typical of the majority of working artists in Australia, according to the very robust statistical evidence on artists’ incomes gathered by Throsby (see Throsby & Zednik, 2010).

A final point: the value of this paper in the broader context of this thesis is as a signpost for future investigation. The immense value of talking to living artists about what they do and how they live is obvious, I think, even in this short paper, and it establishes important future directions for research. There has been relatively little ethnography or sociology regarding working artists in the Australian academic literature.

10.5: Three arguments against ‘soft innovation’: Towards a richer understanding of cultural innovation

Chapter 6, the final chapter of this thesis, is a paper published in 2012 in the Inter-

This paper is the philosophical capstone of the thesis; it synthesises and integrates many of the research threads developed in earlier sections of this thesis. Like so many philosophical discussions, this paper is a kind of dialogue: a discussion of, and eventually a rebuttal of, an important recent work in the field. In this case, my “shadow boxing” partner is British economist Paul Stoneman, whose book Soft Innovation (2010) presents a new theory of cultural innovation that seeks to incorporate cultural and aesthetic goods and services into contemporary economic theories of innovation.

Stoneman’s book is important because it represents the latest effort by economists to examine the arts and culture using the tools and intellectual techniques of the neoclassical economics tradition. He defines soft innovation in the following manner:

Soft innovation is innovation in goods and services that primarily impacts upon aesthetic or intellectual appeal rather than functional performance.

(Stoneman, 2010: 22)

Stoneman uses this definition to build the products and services of the cultural industries into the consensus definitions of industrial innovation, such as those developed by Christopher Freeman (Freeman, 1974) and the OECD (see Organisation for Economic Co-operation and Development, 2002).

In this chapter, I argue that Stoneman’s theory fails. Soft innovation can be rebutted with at least three plausible arguments. They are:

- Soft innovation is a theoretical perspective that has developed from neoclassical economics, and is therefore vulnerable to criticisms levelled at neoclassical explanations of economic behaviour, such as those of Kahneman regarding the rationality of economic agents (Kahneman, 2011; Tversky and Kahneman, 1981).
- The theory of soft innovation can be criticised for being contingently inaccurate:
the observed reality of cultural industries and marketplaces may not reflect the theory’s premises.

- Because soft innovation defines the significance of an innovation in terms of marketplace success, it implies that only high-selling cultural products are significant, a difficult claim to substantiate.

The discussion of the idea of soft innovation and its merits is highly rewarding, because it offers an opportunity to explore fascinating aspects of the concept of innovation from a cultural and sociological perspective. This integrative and synthetic approach means that Chapter 6 acts much like the concluding chapter of a conventional thesis.

The implications of what innovation theory says about new work in the cultural industries are also important in the more narrow sphere of this thesis. I deal with these implications in section 11 below.
So far in this over-arching statement, I have focussed on the history, sociology and philosophy of Australian cultural policy.

However, this doctoral research project also incorporated a significant empirical research program.

As we saw at the end of section 5, the broad aims of this doctorate were to interrogate the current settings and historical development of Australian cultural policy. What sort of things do Australian governments do when they make policy about the arts and culture? What is involved?

Chapter 4 is an in-depth case study of one such policy: the Film Finance Corporation, a government-owned investment vehicle for Australian screen production. But, as we canvassed in sections 7 and 8, the academic and political discussion of Australian cultural policy is intimately connected with one government agency in particular: the Australia Council.

As part of this thesis, then, I set out to investigate how the Australia Council supports cultural production, with a particular focus on gathering empirical data about how it supports new work. Surprisingly, there has been essentially no academic research published on this topic.

This section sets out my study of the Australia Council’s support for new work, particularly in the performing arts. For the purposes of this research, I surveyed a number of Australian arts organisations, carried out a Freedom of Information request for unreleased Australia Council data, and compiled a repertoire analysis of Australian orchestras. The findings of this research are described here.
11.1: The Quantitative Survey

The first step in this quantitative research project was to send out a survey to 136 Australian performing arts companies, asking them for data about their audience size, financial turnover, and the number of works and new works they performed over a three-year period, 2007-2009. Twenty-one organisations replied; they are listed in table 4 below.

These 21 organisations represent a cross-section of the performing arts companies subsidised by the Australia Council. The Australia Council now has seven different funding streams that support organisations, known as artform boards. There are four artform boards relevant to this study: the Music Board, the Theatre Board, the Dance Board and the Major Performing Arts Board. The roles of the different boards have developed such that, in general, the Music, Theatre and Dance Boards provide funding to small-to-medium organisations, while, as its name suggests, the Major Performing Arts Board supports larger companies.

Before we continue, let us review what “new work” means in this survey. As discussed in section 5.3, a “new work” in this study means a recent text: the premiere performance of a text, or a follow-up performance (for instance a tour) of a new text (a text created less than five years before the performance).
Table 4: Survey cohort, by artform and source of Australia Council funding

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Principal Artform</th>
<th>Funding Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rock ‘n’ Roll Circus Ltd (Circa)</td>
<td>Circus</td>
<td>Theatre</td>
</tr>
<tr>
<td>The Australian Ballet</td>
<td>Dance</td>
<td>Major Performing Arts</td>
</tr>
<tr>
<td>Sydney Dance Company</td>
<td>Dance</td>
<td>Major Performing Arts</td>
</tr>
<tr>
<td>Brink Productions</td>
<td>Dance</td>
<td>Dance</td>
</tr>
<tr>
<td>Tracks</td>
<td>Dance</td>
<td>Dance</td>
</tr>
<tr>
<td>Force Majeure</td>
<td>Dance</td>
<td>Dance</td>
</tr>
<tr>
<td>West Australian Symphony Orchestra</td>
<td>Music</td>
<td>Major Performing Arts</td>
</tr>
<tr>
<td>Australian Chamber Orchestra</td>
<td>Music</td>
<td>Major Performing Arts</td>
</tr>
<tr>
<td>Opera Australia</td>
<td>Opera</td>
<td>Major Performing Arts</td>
</tr>
<tr>
<td>Opera Queensland</td>
<td>Opera</td>
<td>Major Performing Arts</td>
</tr>
<tr>
<td>Chamber Made Opera</td>
<td>Opera</td>
<td>Music</td>
</tr>
<tr>
<td>Spare Parts Puppet Theatre Inc.</td>
<td>Puppetry</td>
<td>Theatre</td>
</tr>
<tr>
<td>Terrapin Puppet Theatre Ltd</td>
<td>Puppetry</td>
<td>Theatre</td>
</tr>
<tr>
<td>Melbourne Theatre Company</td>
<td>Theatre</td>
<td>Major Performing Arts</td>
</tr>
<tr>
<td>Company B</td>
<td>Theatre</td>
<td>Major Performing Arts</td>
</tr>
<tr>
<td>Black Swan State Theatre Company</td>
<td>Theatre</td>
<td>Major Performing Arts</td>
</tr>
<tr>
<td>The Blue Room (Performing Arts Centre Society Inc.)</td>
<td>Theatre</td>
<td>Theatre</td>
</tr>
<tr>
<td>Arena Theatre</td>
<td>Theatre</td>
<td>Theatre</td>
</tr>
<tr>
<td>Deckchair Theatre</td>
<td>Theatre</td>
<td>Theatre</td>
</tr>
<tr>
<td>Ilbijerri Aboriginal and Torres Strait Islander Theatre</td>
<td>Theatre</td>
<td>Theatre</td>
</tr>
<tr>
<td>Back to Back Theatre</td>
<td>Theatre</td>
<td>Theatre</td>
</tr>
</tbody>
</table>

Table 5 opposite describes the annual expenditure and total audiences of each of these organisations, ranked by their annual audience figures. In total, the survey cohort spent more than $186 million on their operations, with 1.87 million Australians attending their productions. There was considerable spread and diversity in the survey cohort. Ten of the organisations had annual expenditures below $2 million, the level at which the Australian Tax Office determines an organisation to be a micro-business (D’Ascenzo, 2007). At the top end, the largest organisation, Opera Australia, is also the largest performing arts company in Australia.
What was the artistic output of these organisations? Table 6 on the following page sets out what they did in 2008. The table shows that some organisations performed no new works, while others performed entirely new works. In general, the smaller organisations performed more new work than the larger ones: the two largest organisations performed no new work, while five of the six smallest by expenditure performed all new work.
Table 6: Surveyed organisations’ productions, works and new works, 2008, ranked by audience

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Productions</th>
<th>Works</th>
<th>New Works</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chamber Made Opera</td>
<td>1</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Back to Back Theatre</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Force Majeure</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Ilbijerri Aboriginal and Torres Strait Islander Theatre</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Deckchair Theatre</td>
<td>5</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Tracks</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Arena Theatre</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Terrapin Puppet Theatre Ltd</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Brink Productions</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>The Blue Room (Performing Arts Centre Society Inc.)</td>
<td>17</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Sydney Dance Company</td>
<td>6</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Black Swan State Theatre Company</td>
<td>8</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Rock ‘n’ Roll Circus Ltd (Circa)</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Spare Parts Puppet Theatre Inc.</td>
<td>7</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Opera Queensland</td>
<td>4</td>
<td>37</td>
<td>0</td>
</tr>
<tr>
<td>Australian Chamber Orchestra</td>
<td>7</td>
<td>58</td>
<td>5</td>
</tr>
<tr>
<td>Company B</td>
<td>18</td>
<td>18</td>
<td>3</td>
</tr>
<tr>
<td>West Australian Symphony Orchestra</td>
<td>Not reported</td>
<td>60</td>
<td>4</td>
</tr>
<tr>
<td>Melbourne Theatre Company</td>
<td>16</td>
<td>15</td>
<td>7</td>
</tr>
<tr>
<td>The Australian Ballet</td>
<td>10</td>
<td>31</td>
<td>0</td>
</tr>
<tr>
<td>Opera Australia</td>
<td>23</td>
<td>81</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>153</strong></td>
<td><strong>374</strong></td>
<td><strong>73</strong></td>
</tr>
<tr>
<td><strong>Opera Australia</strong></td>
<td><strong>23</strong></td>
<td><strong>81</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

One useful way to understand the relationship between the size of these organisations and how much new work they produce is to visualise it. Figure 4 opposite presents pie-charts describing the proportion of new work produced by each organisation in the cohort. The size of each pie is scaled to the size of the company. Red represents new work while purple represents old or previously performed work.

What we end up with are two huge purple pies and a cluster of small red dots. The two largest organisations produced no new work, while a cluster of small organisations produced all new work. This data visualisation also makes clear the relative disparity in
Above: Scale and creative output in 19 performing arts organisations. The size of each pie represents the relative annual expenditure of the organisation, while the size of the red area in each pie represents the proportion of new work performed by each organisation. The two largest organisations performed no new work, while five of the six smallest performed all new work. This data visualisation also makes clear the relative disparity in resources that go towards the production of new and existing work.
resources that go towards the production of new work, versus those that go towards the production of old work, across this survey cohort.

Figure 5 below plots a regression analysis comparing the percentage of new work performed by an organisation to its size in terms of annual expenditure. There are a cluster of very small organisations in the top left corner of the graph. In this graph, a logarithmic correlation emerges, with a $R^2$ value of 0.62.

This means that approximately 62 per cent of the variation in new work can potentially be explained by the increasing size of the organisational budget: the bigger an organisation is, the less likely it is to perform new work.

Above: Scatterplot comparing the size of each organisation’s annual expenditure with the proportion of new work each performs. A logarithmic regression curve was fitted with an equation of $y = -0.2046\ln(x) + 3.5209$. $R^2 = 0.6239$. 

Figure 5: Regression analysis: percentage of new work versus expenditure
In figure 5, one clear outlier can be observed. This is the Melbourne Theatre Company, which with a budget of approximately $15 million and an audience size of approximately 265,000 produces nearly half of its annual program as new work. As I discuss below, this figure is in keeping with the generally higher proportion of new work produced by the theatre sector in comparison to operatic and orchestral organisations.

11.2: Research Findings: Freedom of Information Request

Information on the amount of works and new works produced by Australia Council-funded performing arts organisations was also requested from the Australia Council itself. Initially, the Australia Council refused. As a result, a Freedom of Information request was made under the Commonwealth’s Freedom of Information Act (1982). The Australia Council released the data pursuant to this request.

Tables 7 and 8 below present the data obtained from the Australia Council in response to this Freedom of Information request. This is significant data, because it represents the aggregate totals of works and new works performed by four cohorts of Australia Council-funded organisations: the small-to-medium sized organisations (the so-called “key organisations”) funded by the Theatre, Music and Dance Boards, and the larger organisations funded by the Major Performing Arts Board. In total, 7,485 works were produced: roughly 2,500 works each year. No data from the orchestral sector was available from the Australia Council; hence, the figures for the Major Performing Arts sector excludes orchestras.

Most of the works were performed by the Major Performance Organisations, while the fewest works were produced by the dance organisations. This is almost certainly related to the relative size of the two cohorts: while the Major Performance Organisations are all, by definition, large organisations with significant year-round programs, the Dance Board key organisations are relatively small contemporary dance companies that generally present fewer than eight productions each year.
Table 7: Works produced by Australia Council-funded organisations in the performing arts, 2007-2009

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theatre organisations</td>
<td>342</td>
<td>311</td>
<td>298</td>
<td>951</td>
</tr>
<tr>
<td>Music organisations</td>
<td>148</td>
<td>572</td>
<td>671</td>
<td>1391</td>
</tr>
<tr>
<td>Dance organisations</td>
<td>92</td>
<td>75</td>
<td>157</td>
<td>324</td>
</tr>
<tr>
<td>Major Performance Organisations (excluding orchestras)</td>
<td>1822</td>
<td>1636</td>
<td>1361</td>
<td>4819</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2404</td>
<td>2594</td>
<td>2487</td>
<td>7485</td>
</tr>
</tbody>
</table>

Table 8 below presents the Australia Council data for new works produced across the sector. In total, there were 1,134 new works produced across the three-year period from 2007-2009, out of a total of 7,485 works. The largest segment of new works was produced by theatre organisations. Orchestras performed relatively little new work.

Table 8: New works produced by Australia Council-funded organisations in the performing arts, 2007-2009

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theatre organisations</td>
<td>121</td>
<td>126</td>
<td>121</td>
<td>368</td>
</tr>
<tr>
<td>Music organisations</td>
<td>112</td>
<td>41</td>
<td>132</td>
<td>285</td>
</tr>
<tr>
<td>Dance organisations</td>
<td>56</td>
<td>44</td>
<td>95</td>
<td>195</td>
</tr>
<tr>
<td>Major Performance Organisations (excluding orchestras)</td>
<td>66</td>
<td>64</td>
<td>88</td>
<td>218</td>
</tr>
<tr>
<td>Orchestras</td>
<td>21</td>
<td>21</td>
<td>26</td>
<td>68</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>376</td>
<td>296</td>
<td>462</td>
<td>1134</td>
</tr>
</tbody>
</table>

Figure 6 opposite presents a stacked bar chart of the data in Tables 7 and 8. Each bar represents the total creative output of works (both new and old) by each cohort in the years 2007-2009 inclusive. Figure 5 on page 95 presents the same data in pie-chart format, broken down by year.
As indicated above, and as might be expected given their larger size and budgets, the Major Performance Organisations perform by far the largest number of works. However, the proportion (and indeed total amount) of new work performed by this cohort is relatively small, particularly in comparison to the proportion of new works produced by the small-to-medium organisations. For instance, over the three years of the data, the key organisations in the Theatre and Dance Boards produced more new works in absolute terms, and much more as a proportion of their total output, than the Major Performance Organisations. In 2009, each of the Theatre, Dance and Music cohorts produced more new works than the Major Performance Organisations.

Overall, these aggregate figures allow us to conclude that the bulk of the new work in the Australia Council-funded performing arts sector is produced by the small-to-medium organisations.

Figure 6: Creative output: three-year totals, Australia Council-funded performing arts organisations, 2007-2009.

Above: Aggregate three-year totals of new and old works by Australia Council-funded theatre, music and dance key organisations, and major performing arts organisations, 2007-2009. The y-axis plots numbers of works. Major organisations perform by far the most work, but little of its new. Theatre and dance organisations perform less work, but a greater proportion of this output is new.
Figure 7: Output of new work versus old work, by year and sector.

Above: Pie charts comparing the new and old work production levels of Australia Council-funded theatre, music, dance and major performing arts organisations, 2007-2009. The pie charts allow an easy visualisation of the relative output devoted to new and old work across the four sectors.
11.3: Research Findings: Orchestral Repertoire Analysis

One of the mysteries of the investigation to this stage was why so little new work was performed by one part of the sector in particular: orchestras. However, because neither the orchestras nor the Australia Council report on the number of works they produce, it was not possible to estimate this from the Australia Council-supplied data discussed above.

In the absence of such data, one way to determine this was to carry out a repertoire analysis of the programs of Australia’s large orchestras. Accordingly, a repertoire analysis was conducted on the 2010 and 2011 programs of eight Australian orchestras, including the nation’s largest and most established orchestras, the Sydney Symphony and Melbourne Symphony Orchestras. Published programs were examined and repertoires extracted and collated from the Sydney, Melbourne, Queensland, Canberra, Tasmanian, Adelaide, Western Australian Symphony Orchestras and the Australian Chamber Orchestra.

In all, 13 seasons were examined. A work was counted each time a different orchestra performed it in a particular programme; hence, some works were counted twice if they were performed by a number of orchestras. However, a repeat performance of a particular work in the same programme was not double-counted. In total, 849 works by 167 composers were performed across those 13 seasons. Of these, 42 or 4.95 per cent were performances of new works. Figure 8 on the following page presents this information as a pie-chart.
Figure 8: Proportion of new works in the repertoire of eight Australian orchestras, 2010-11.

Above: New work performances as a proportion of total repertoire in eight Australian capital city orchestras, 2010-11. 849 works were recorded, of which 42 were new. Works which were performed by different orchestras were counted towards the total (for instance, if two different orchestras performed the same new work, this was counted as two new works). However, repeat performances of the same work were not double-counted.

The distribution of composers sheds some light on this figure. Figure 9 on the next page presents the composers whose work was performed by these eight orchestras in 2010-11, ranked by the number of times they appeared in orchestral programmes. Composers were scored every time each of their works appeared in an orchestra’s programme in a season. Works which were performed by a number of different orchestras, for instance many of Beethoven’s symphonies, were counted each time they appeared in an orchestra’s programme; however, a repeat performance of the same work was not double-counted.
This allows us to build up a picture of which composers were the most performed by Australia’s main capital city orchestras in 2010-11. Of the 167 composers who featured, the most commonly performed composer was Beethoven (70 times), followed by Mozart (62), Brahms (33), Bach (27), Tchaikovsky (26), Schumann (25) and Liszt (22). Not one of the top 10 most performed composers is alive. The most performed living composer was Brett Dean, whose work was performed 10 times, ranking him equal-15th. The median number of appearances in orchestral programmes by a given composer was two, meaning that most composers received only one or two performances across all eight orchestras.

**Figure 9: Top composers, ranked by number of programme appearances in eight Australian orchestras, 2010-11.**

Above: The most performed composers in eight capital-city Australian orchestras in 2010-11, ranked by the number of times they appeared in orchestral programmes. Composers were scored for each time each of their works appeared in an orchestra’s programme in a season. Works by composers performed by the same orchestra in the same season were not counted twice. The top Australian and top living composer, Brett Dean, is highlighted.
12: DISCUSSION: “NEW WORK” AS A PRISM FOR EXAMINING THE AUSTRALIAN PUBLIC POLICY OF ARTS AND CULTURE

12.1 Key findings

I now return to the research questions first articulated in section 6. When the Australian government supports the performing arts in this country, how does it do it? The answer is: in a number of ways, one of which is via public subsidy to performing arts organisations through the Australia Council. What do those organisations do? They do a number of things, of course, such as employ staff, train artists, market and advertise their work. What makes them performing arts organisations is that they mount productions of theatre, dance, music and so on. In other words, they produce works. What sort of works do they produce? That is the core of the question.

There are three answers to this question that can be drawn from the data gathered for this project about the works Australian performing arts organisations produce.

Firstly, there is a negative correlation between the size of the organisation and the amount of new work performed. As section 11 above shows, smaller organisations performed more new work than larger organisations, and the aggregate figures show that the small-to-medium sector as a whole performs more new works as a percentage of their repertoires than the major performance sector. There was a negative statistical relationship between organisational size, measured in annual expenditure, and the proportion of a company’s season that was new. The largest organisations I surveyed produced the least new work, while most of the smallest produced a majority of new work.

Secondly, artform differences account for much of the variation. Again, the aggregate data from section 11.2 is telling. Theatre and dance companies perform more new works than music companies. Orchestras and operas in particular perform relatively little new
work, as the repertoire analysis in section 11.3 conclusively establishes. But Opera Australia and the Australian Ballet are the two largest organisations in this cohort, and they performed no new work at all in the survey period. Orchestras are also on the large end of the organisational size spectrum; the Sydney Symphony Orchestra for instance. To sum up, one reason why the big companies are wary of new repertoire is that the big companies are classical companies.

Thirdly, and most importantly for the purposes of this research project, across the aggregate data collected here, the majority of work produced by Australia Council-funded performing arts organisations is not new.

These conclusions have important implications for arts funding in Australia and the development of strategic objectives for cultural policy makers. We now move to a concluding examination of those implications.

12.2: Discussion and conclusion: new work as a prism for examining cultural policy debates

How do the findings of this research project relate to the broader field of cultural policy – and, in particular, to the published papers and book chapters which make up this thesis?

In an iconoclastic and much-cited paper from 2000, Franco Moretti surveys the broad sweep of nineteenth century literature. He concludes that the history of literature is, like the Hegelian aphorism, the “slaughterhouse of literature”:

The majority of books disappear forever—and “majority” actually misses the point: if we set today’s canon of nineteenth century British novels at two hundred titles (which is a very high figure), they would still be only about 0.5 per cent of all published novels.

(Moretti, 2000: 207)

Moretti’s research raises a fascinating question for cultural policy, which has been
little discussed outside a few specialist monographs (Cowen, 2006; Carey, 2005): why should governments support new work? This, ultimately, represents the central public policy question to which this research project devolves.

As Moretti observes, very few works of art in any genre or form will endure. The remainder will be forgotten, either quickly or eventually, leaving little trace for any but the most diligent historians. Most government investment in new creativity will therefore be “wasted”, at least insofar as the enduring significance of the creative works which public subsidy supports is concerned.

In this context, it might be argued that governments are better advised to support the re-production and re-presentation of works that have already found an audience. New works are almost by definition risky, as Caves’ classic analysis of the “nobody knows” principle demonstrates (Caves 2000: 3), and the risks of presenting them are ameliorated to some degree by favouring works that are already known.

There are a number of potential public policy arguments as to why governments should support the creation of new works of art. One of the most common is that, as with research and development in science and technology, the public subsidy of new artistic creativity will in time lead to the creation of considerable economic wealth, however unpredictable this phenomenon may be (see for instance, Stoneman, 2010; also, Chapter 6). William Shakespeare enjoyed considerable patronage from the British crown, an investment that has reaped fantastic rewards for the British state in the four centuries since — even if we were only to consider the economic activity generated by tourism in the town of Stratford-on-Avon, or the cumulative ticket sales of the Royal Shakespeare Company. Indeed, this impact extends beyond Britain: one recent study of the economic impact of Canada’s annual Stratford Shakespeare festival put a dollar figure of C$135 million on its direct and indirect economic activity (Rockel, 2011). That supporting artistic innovation is analogous to research and development in science and technology is the motivating principle behind a significant school of thought in this field, often called the “creative industries” school, which seeks to marry economic theories of innovation to existing schools of thought about the cultural industries (Potts & Cunningham, 2008) in an
instrumentalist fashion.

A second argument revolves around the market failures inherent in cultural and creative industries, proceeding from the premise that the support of arts and culture delivers important cultural, social or national benefits, and that in the absence or under-provision of these by private enterprise, there is a role for governments to intervene in the marketplace to subsidise additional cultural production. Such arguments can be loosely termed “welfarist” in the sense that they often propose to expend public subsidy on activities that are not, in themselves, likely to be economically viable. Indeed, one of the key theories of cultural economics posits that cultural activities such as the performing arts suffer from long-run deficiencies in productivity growth – the origin of Baumol and Bowen’s famous theory of the “cost disease” (Baumol & Bowen, 1966). As Potts and Cunningham (2008: 235) observe, “in this model, the creative industries are essentially a ‘merit good’ sector that produces cultural commodities that are welfare enhancing but that are only economically viable with a transfer of resources from the rest of the economy.” This argument is similar in nature to those mounted originally by Keynes in his role as chairman of the Council for the Encouragement of Music and the Arts in wartime Britain, the forerunner of the Arts Council of England (Upchurch, 2004), and they explain to a substantial degree the shape of contemporary cultural policy in countries that have followed the Keynesian arts council model, such as the United Kingdom, Canada and Australia.

A third and related argument is framed in a different way, asking governments to support arts and culture because they are intrinsically worthwhile. Whereas arguments about the social, economic or even aesthetic value of the arts rely on consequentialist principles (funding the arts will create economic growth, or promote social inclusion, or assist cities to develop) intrinsic arguments instead stress the value of supporting creative activity in and of itself. This idea is ancient but has recently been influentially advanced by McCarthy and his co-authors, in a 2004 study for the RAND Corporation entitled *Gifts of the Muse*. For these authors, “art is a unique a unique form of communication that takes as its subject the whole of human experience and that often engages an individual at the emotional level” (McCarthy, Ondaatje, Zakaras & Brooks, 2004: 44) and, therefore, there are strong
deontological arguments in favour of the public subsidy of these activities for the intrinsic benefits they provide. This argument is not without nuance: McCarthy and his collaborators point out that intrinsic benefits need not simply be private in nature, experienced only by individuals. Intrinsic benefits can also be social and public: “they create bonds among people and they sometimes provide a voice for entire communities” (ibid: 50). The debate about the dichotomy between intrinsic and extrinsic valuations of the arts and culture is an interesting and diverse one, with many false turns and philosophical and economic fallacies, best explored recently by Bhakshi, Freeman and Hitchen (2009), Hutter and Throsby (2008) and Holden (2004).

New work features prominently in each of these arguments about the value of public subsidy of the arts and culture. The conundrums for the policy maker posed by new work illuminate the issues involved.

For those who advocate supporting arts and cultural innovation, new work constitutes the core of their definition of the creative industries. Centrally concerned with the creation of new intellectual property, generally in the form of copyright, proponents of “soft innovation” such as Paul Stoneman (2010) are interested in the way that new works can be brought to market by firms, and then exploited for profit. However, as Chapter 6 shows in greater detail, soft innovation rests on some particular economic assumptions, such as rational decision-makers and markets that clear, that can be easily shown to be false. This raises considerable problems for the soft innovation project, and indeed the broader creative industries paradigm, particularly in light of the broader complexities of innovation theory as it has developed in the academic literature of science and technology. To pose one obvious question: how will government funding bodies measure something as evanescent and socially-constructed as “innovation”? The current approach, which largely defines innovation by reference to the quirks of copyright law, considers even the most formulaic television game show format an innovation, while excluding large swathes of the remixed, the non-copyrighted and the public domain. Further, evidence exists which suggests that the growing thicket of copyright laws and regulations are having an anti-innovative effect: by creating a “tragedy of the anti-commons”, these laws are choking off new forms of
creativity by restricting access to new and old cultural technologies and works (Boldrin & Levine, 2008). These issues are explored in more detail in Chapters 3 and 6.

New work presents questions of a different nature to proponents of welfarist approaches to supporting arts and culture, the most obvious of which concern production subsidies. The support of new work is by definition an investment in the production of a work of culture for a public audience: it is, to use the term employed by policy-makers in the screen sector, a production subsidy. Of course, not all production subsidies are for new works: much opera and dance funding, for instance, subsidises the production of old work, as section 10 above establishes. But in one important policy sphere, the subsidy of production goes nearly completely to new work: feature films. Because of the nature of the film industry, the majority of industry jobs are in the production of new films and television episodes (for instance, film crews and post-production workers), as opposed to the reproduction and exhibition of old films (for instance at a cinemathèque or film museum). As a result, film policies that have been motivated largely by arguments relating to industry policy – such as encouraging employment – have resulted in public subsidy being almost totally devoted to new work. Chapter 4 examines this closely, by excavating the history of Australian feature film funding. This situation stands in contrast to the funding paradigm supporting Australia’s orchestras. These organisations receive large production subsidies too, but the funds are almost completely devoted to old work. Thus, a policy commitment to new work in feature films is business as usual, while in the performing arts, such a commitment would entail radical shifts in the repertoire of the major performance organisations.

For the proponent of intrinsic arguments about the value of the arts, new work asks policy-makers to support the creation of artworks for their own sake: indeed, for the sake of the ineffable experience of artistic creativity itself. This may be an intellectually coherent justification for the public subsidy of new work, but it certainly creates political difficulties for politicians forced to defend unpopular creations. The result may be unintended political consequences, the best-studied example of which is the 1989 controversy over arts funding in the United States that resulted from the National Endowment for the Arts
support of Andres Serrano’s notorious artwork *Piss Christ* (see Lewis, 2006).

The NEA-*Piss Christ* imbroglio illuminates a core policy dilemma for all three arguments: the role of audiences. The support of the creation of new work is a gamble on a cultural product which may eventually be deeply unpopular. Indeed, Caves’ “nobody knows” principle (and indeed the history of the cultural industries more broadly) shows that it is almost impossible to predict the eventual success of a cultural or aesthetic product at the funding stage. As a result, if measured by the economic return on that cultural investment, much cultural funding is ineffectual or even counterproductive. Nor can any great social or other instrumental benefits flow from a work of art which never sees the light of day, or which is seen by tiny numbers of citizens. As a result, support for new work is extremely difficult to justify on a case by case basis, because, as Caves and Moretti have shown, most of the cases will be failures. Sophisticated arguments in favour of the support of new work therefore generally retreat to a position that might be called “aggregate consequentialism”, in which support is justified by the success of that tiny percentage of new works which go on to become classics – outweighing the many failures, non-entities and mediocrities that comprise the “slaughterhouse of literature”.

Even this argument, however, can be contested, for instance by public choice arguments which abandon production subsidies altogether, and move instead to consumption subsidies (a strategy that is often called “audience development” in arts policy discussions). A pure consumption subsidy would act like a voucher system for arts and cultural consumption, in which citizens are simply given money to spend on any cultural products or services they choose. Overt consumption subsidies have been relatively rarely employed as instruments of government policy in Australia. On the other hand, *disguised* consumption subsidies abound, for instance in the provision of public libraries and museums (in which the public consumption of library and museum services is heavily subsidised, often to the point of free access), in the funding of free cultural festivals and events, and in the many tax breaks available to those engaging artistic and cultural philanthropy (which act as a subsidy for those who wish to donate to cultural organisations). One study of arts funding in the United States found that tax breaks for cultural philanthropy rep-
resented by far the largest segment of public subsidy for the arts in that country (Netzer, 2006).

For practising artists, it should be immediately apparent that the value of consumption subsidies will be very unevenly distributed. Because they would simply improve the discretionary spending power of consumers without modifying their existing preferences, consumption subsidies would almost certainly benefit superstars and famous artists – to the exclusion of nearly everyone else. This is essentially the point made by Rosen in his seminal paper about the “economics of superstars” (Rosen, 1981).

This brings us to the pointy end of the age-old policy dilemma when it comes to supporting artists who want to create new works: the role of the market. Economists are usually blunt about the effects of the manifest over-supply of artistic labour (Frey, 2003; Miege, 1989), and the consequent precarity of so many artists’ lives (McRobbie, 2004). For their part, artists themselves are rarely heard from in cultural policy debates, particularly artists who don’t happen to be prominent celebrities. Chapter 5 explores some of these dilemmas and difficulties in more detail, by interviewing four artists who choose to work in a reasonably low-profile and unpopular field of sound art. All of them faced significant difficulties in financially supporting their composition activity, as well industrial barriers to the presentation of that work. As we’ve seen, one of those artists, Anthony Pateras, pointed to the difficulty of pursuing “innovation and evolution” instead of “imitation and repetition” he sae in many forms of orchestral music.

This over-arching discussion ends with a general observation about the shape and historical nature of cultural policy approaches to new work, particular in Australia: their general incoherence. As Chapter 3 and section 7 above show, Australian cultural policy has developed in an ad hoc and largely contingent fashion, splintered across many different levels and departments of government, and often with little reference to either the available evidence base or any over-riding policy logic. As a result, Australian cultural policy settings, where they even address the support of new work at all, are largely confused, incoherent and counterproductive in that support. The central finding of this research is that Australian governments offer only minor and insignificant support for the
creation of new artworks — even when they say they want to.

12.3: Does government policy matter?

If, as I argue in Chapter 2, “culture is bigger than the arts”, why should we be so concerned about cultural policy in the first place? After all, is it not the case that in Australia in 2013, artistic and cultural works produced primarily or even solely as a result of individual endeavor or private enterprise collectively offer a rich and rewarding palette of experiences?

The new work debate can help us answer such a question, if only because the debates rehearsed in cultural policy regarding novel production shed an oblique perspective on the broader sociology and economics of culture as we find it in a developed market economy in the 21st century.

It is certainly true that most observers would agree that the marketplace is rich in culture, including new works. Most Hollywood feature films, for instance, are recognizably new in the sense advanced in this project, even if many also rely on older stories, ideas and copyrights. Similarly, the staggering output of the trade publishing and the contemporary music industries also encompasses a bewildering array of new cultural texts, from new songs and albums to new novels and non-fiction books. As researchers as diverse as Caves (2000), Brynjolfsson (Brynjolfsson, Hu & Smith, 2006) and Thompson (2010) have made clear, the cultural industries do not suffer from a crisis of content scarcity. If this is the case, should we not echo the argument put so succinctly by John Updike, when he said that “government money in the arts, I fear, can only deflect artists from their responsibility to find an authentic market for their products, an actual audience for their performance” (cited in Cowen, 2006: 11)?

The answer to this argument, as I hope the work in this thesis has shown, is not just that market failures sometimes prevent artists and communities from producing and consuming certain types of works. The study of cultural policy tells us that the role of government in the cultural industries is much more important than that. Despite the on-
going processes of globalisation and technological change, which appear on the face of things to have eroded the ability of the nation-state to make effective policy regarding the cultural industries, in fact we are far from a situation in which the market alone structures and determines the tastes and patterns of cultural production and consumption.

Government policy affects culture in a myriad of ways: copyright laws provide critical property rights that underpin the asset bases and economic sustainability of cultural industries; media laws and regulations determine what can and cannot be broadcast on radio and television; subsidies encourage or discourage artistic production in a variety of different artforms and cultural practices.

The many benefits, but undeniable harms, of government policy towards the arts and culture are too many and various to characterise in a research project such as this one. Even so, a number of examples taken directly from this thesis will help to illustrate the point. So, for instance, in screen policy, explored in detail in chapter 4, the fundamental role played by government policy in setting the industrial conditions for feature film-making in Australia is uncontestable. Because Australia has been and remains a small country that speaks the language of the dominant cultural super-power of the 20th century, policy-makers have repeatedly found themselves investigating ways to ameliorate the vast tide of foreign cultural products – particularly US and British content – that have flowed into the Australian cultural market-place. Such policies have not always been particularly successful, as the dominant position of Hollywood in the Australian cinema box office demonstrates, but precisely because of this, policy-maker shave continued to explore ways to address this, either though regulatory barriers such as local content quotas, or by encouraging local content through production subsidies like the 10BA tax offset that proved momentarily successful in the 1980s.

To take another example from topics explored here, government policy-makers remain interested in the value of concepts such as innovation and R&D to national economic growth, including in Australia. While innovation remains a concept primarily defined and philosophically framed by theories of economic growth, it is also true that policy-makers have recently become more interested in the potential for innovation in the cultural in-
dustries to stimulate wider economic benefits. Indeed, in Australia such arguments have been pursued with considerable vigour by an articulate lobby group based around the QUT Creative Industries school, and various elements of the creative industries project have been incorporated explicitly into state and national cultural policy frameworks (Flew & Cunningham, 2010; see O’Connor, 2009, for a critique).

In other words, despite the undeniable importance of the market as a structuring force shaping contemporary culture, government policy remains a powerful force too. The results of the quantitative study undertaken here and detailed in section 12 show that even relatively small amounts of subsidy can play a critical role in the catalysis and production of cultural works, for instance by supporting a sub-stratum of small cultural organisations which exist at the margins of the marketplace but play a surprisingly important role in the development and staging of new works.

The point is not that without government subsidy, new works would not be produced. Instead, the true insight that a research project interested in an evanescent cultural phenomenon like new work can bring is that, in a world in which government policy and market forces both play important (if differing and asymmetric) roles in the shape of contemporary art and culture, we can only understand these questions with recourse to both policy and markets.

This, indeed, is one of the central insights argued in chapter 6. In rebutting a purely market-based definition of innovation, I advance the view that cultural innovation is too important to be reduced to an essentially one-dimensional and implicitly neoliberal perspective. The properties of cultural goods – some of which become essentially immortal – are radically different from most other types of goods and services in the marketplace. While economists talk of ‘consumer durables’ such as cars and appliances, little attention has so far been paid to the economic properties of the works of Homer, still available for sale roughly 3,000 years after their creation. Similarly, as I also argue in chapter 6, the properties of cultural marketplaces are also very different from the textbook stereotypes advanced by most cultural economists:
The complex interplay of cross-border distribution networks, cultural tariffs and language barriers creates a mosaic of different markets for cultural products that bears little resemblance to the single market, perfectly competitive models advanced by Stoneman. This mosaic is as much social, political and linguistic as it is economic.

(Eltham, 2012a: 14).

12.4: Four characteristics of “Australian culture”

Considered holistically, this “thesis-as-a-series-of-papers” amounts to an integrated attempt to describe and probe some of the current assumptions of Australian cultural policy. When we pull the various published articles and book chapters together, we can place them in context with the empirical investigation described in section 10 and construct a sort of narrative about the Australian cultural industries, the way they are practiced, and the policies governments adopt towards them – a narrative about “Australian culture”, you might say, as necessarily problematic as the term remains.

In reflecting on this thesis as a series of papers, I would now like to answer the question: what have we learned? Four ideas will be advanced here, by way of completing this study.

Firstly, Australian culture is contingent. The shape of cultural activity and participation experienced by citizens today is the complex outcome of historical processes, which include, but are not limited to, seminal events in the history of the nation-state, including white settlement, the development of local governments by British colonists, the Federation of the Australian colonies into a new state, and the subsequent development of various symbol-producing industries within the Australian nation.

This underlines the second point I want to make in summary here: a key aspect of this contingency is the structuring pattern of the market.

Section 7.8 above describes briefly the historic development of the cultural and cre-
ative industries in Australia. This development has culminated with the very elaborate and fertile industrial expressions of culture that we observe in Australia today. It is not controversial to assert that the dominant form of cultural activity in Australian society today is based on the market exchange of cultural goods and services. Indeed, most sociologists would accept that cultural exchange and participation, while certainly taking a hugely diverse set of forms and expressions, is in at least one key dimension inherently structured by the late modern market economy. We only have to think of the ubiquity of contemporary conversations about “social networking”, “social media” and “brands” (see Miller, 2011; Turkle, 2011; Manning, 2010) to understand that the social and the cultural are increasingly being understood both as inputs to the contemporary economy, and as goods and services to be consumed in ways that Bauman has described as “liquid-modern” (Bauman, 2011; 2000).

Another aspect of this market structuring is the labour conditions it imposes on those interested in making culture and cultural participation. Culture exists in market-based practices when it is the product of business enterprises, for instance in the multinational corporations in the media, cultural and information and communications technology (ICT) industries found in Sydney and Melbourne. But it also adheres to a market structure in a lower layer of “small-to-medium” and “underground” cultural production that is nonetheless for-profit: for instance, in the many small firms in the design, fashion and music touring sectors, and in the self-consciously entrepreneurial activities of working artists themselves, whether they be high profile DJs or retired professionals creating art as a hobby business (Leadbeater & Oakley, 1999).

Culture can of course also be found in extra-market and amateur activities, undertaken by ordinary citizens, such as gardening or playing music at home. It can be private and voluntary in nature. Even so, what we know about Australian cultural participation suggests that this activity will still be the result of the purchase of cultural goods and services. Indeed, the most important relaxation activities of ordinary Australians are screen-based, according to the Australian Bureau of Statistics (2008): watching television or DVDs, and also browsing the internet, gaming and so on.
Between the two opposing poles of these private and public spheres of culture, there exists a huge spectrum of cultural activity that is partly voluntary or precariously paid, from the busker playing for coins at the shopping mall, to the self-reliant freelance graphic designer or web developer. This “precarious” or “pro-am” sector of often poorly-paid, sole-trading artistic labourers (sometimes called “produsers”, see Bruns, 2010) is an increasingly significant aspect of the cultural and creative industries labour force, and an important topic of academic debate (Banks, 2010; Ross, 2009; Bruns, 2008). Chapter 5 investigates some of the difficulties of the contemporary artist working in this environment through personal case studies.

A third point emerges from this, which is that Australian policy-makers have, by and large, responded to, rather than shaped, this contingent development of globalised, market-based culture. All of the specific cultural policies we address in this thesis share this characteristic, because they almost always envisage culture as either an economically successful product to be regulated, or as an economically unsuccessful thing to be encouraged (a product, in other words, of market failure). As Turner pointed out more nearly two decades ago (Turner, 1994), the injunction of Australian cultural policy-makers during the 1960s, 70s and 80s to “tell Australian stories” was of predicated on a market economy in which cultural goods were often imported from overseas metropoles. As we have seen, most cultural policy tools revolved around the encouragement of production, whether via direct subsidy, as in the case of Australia Council funding for performing arts companies, or through marketised tax incentives, as in the case of the Film Finance Corporation.

The examination in Chapter 4 of Australian film production subsidies in an increasingly globalised international movie industry is a telling case study of the difficult problem faced by the national cultural policy-maker trying to stimulate local narratives. The Film Finance Corporation was actually a policy fix intended to replace the 10BA tax subsidy. The 10BA tax perk was initially wildly successful – unsustainably so, in fact – but its stimulatory effect quickly faded as successive governments baulked at the cost to taxpayers. A second Australian production boom was sparked off in the late 1990s as the result of Australia’s historically cheap local currency; unfortunately, this did not survive either,
as the rapid appreciation of the Australian currency due to the mining boom killed off the overseas production boom by the mid-2000s. In contrast, the Film Finance Corporation ended up socialising the losses of a commercially unsuccessful Australian feature film industry.

In contrast to the roller-coaster experience of Australian film production, the local performing arts industry has enjoyed a remarkably stable funding environment. But, as the data gathered in section 10 sets out, this stable subsidy has not resulted in many “Australian stories”, at least in terms of new Australian texts, but rather in a stable system of local production of overseas texts. The cultural policy-maker is therefore confronted with a subtly different set of circumstances, in which the ecology of the local performing arts sector is strongly tied to ongoing subsidy. This results in a static and largely foreign palette of production activity, as section 10 quantitatively demonstrates. No plausible policy intervention has been proposed, either by local academics or by policy-makers and politicians, that would reliably deliver an economically sustainable pattern of local cultural production in the contemporary environment of liquid, globalised, post-modern culture, a doleful reality which perhaps accounts for the repeated delay and postponement of the Labor government’s promised National Cultural Policy (which, at the time of writing, remains unreleased).

A fourth and final point emerges from the consideration of this research project and its cognate publications. This is the increasing policy significance, but ongoing fuzziness, of the concept of innovation as it relates to the practice and production of culture. This thesis has repeatedly insisted on the centrality of new work to much of the contemporary cultural policy debate. For instance, the idea of the “creative industries” is almost indistinguishable from the idea of the so-called “content industries” that rely upon the creation and monetisation of intellectual property in the form of copyright (which is the generally accepted reason as to why software and IT were rather opportunistically included in the “creative industries” document drawn up the Blair government in 1997; see Garnham, 2005; Hesmondhalgh & Pratt, 2005). As Chapter 6 shows, the concept of new work in the form of new copyright is also a key element of many neo-liberal approaches to cultural
policy. Such approaches posit that in the absence of state intervention, market failures will arise and eventually cause underinvestment in cultural “R&D”.

But new work also poses important dilemmas for the Keynesian policy-maker and the supporter of the “intrinsic” value of the arts. As I have argued, new work is risky. Most new works will be failures. Support for new work is therefore a gamble on many variables: the quality of the artist, the nature of market demand, and the unknowable future of art itself. The Keynesian argument that citizens deserve exposure to high-quality cultural production is as dependent on the outcome of this gamble as the argument of the intrinsic worth of cultural production itself. What this underlines is the central significance of the artistic work itself to debates about cultural values, cultural policy and the practice of cultural activity.

12.5: Summing up: cultural policy studies as a tool for investigating Australian cultural economy

The ultimate goal of this research project was to examine whether and how the public policy settings of Australian governments helped or hindered the development of new artworks by artists and cultural organisations. In particular, the project sought to answer a quite specific question about publicly-funded performing arts organisations in Australia: which organisations, and what sort of organisations, produce the bulk of the new work? Some of the broader aspects of the production of culture in this particular field in Australia in the early 21st century would be elucidated along the way.

In an era when governments and policy-makers are trumpeting the importance of words such as “creativity” (Queensland Government, 2003) and “innovation” (Cutler, 2008), this project endeavoured to establish the parameters of the cultural policy structure beneath the production of cultural works in Australia, and what such a policy structure can tell us about the way culture is created and produced.

How do new plays, dance performances, operas and song cycles come into being in
Australia in the 2000s? How are they created, developed, produced, disseminated and received? And what are the structures and constraints that govern these activities? How do markets and government policies intersect with passionate individuals and cultural organisations to bring new works to audiences? These are some of the questions this study addresses.

Fascinating aspects of Australian cultural policy – and by implication, the Australian cultural industries themselves – have been revealed. The picture of Australian culture that gradually emerges is local, contingent and particular. There is a mixed economy of culture in this country as it is experienced by those attempting to produce works of performing arts, in which government funding interacts with market forces and industry dynamics to shape the way the performing arts function. Those wishing to conceive, develop and present performances must therefore navigate a complex social environment in order to ply their trade. Thus, for instance, there are a number of important factors contingent to the performing arts industry in Australia, such as the size of likely audiences, the availability of capital and infrastructure, and the different imperatives motivating the various human and organisational actors. There is also a fragmented and disconnected policy environment in which government funding for culture is overwhelmingly directed towards entrenched institutional power bases in cultural institutions and large media conglomerates, while cultural regulation is broadly (if often irregularly) concerned with protecting the interests of large corporations at the expense of consumers, citizens and most artists and creators. Taken together, all of these factors help structure the way plays, dance pieces and various musical works reach (or indeed don’t reach) audiences in this country. In other words, the social constrains and shapes the way culture is produced (Peterson and Anand, 2004).

How does this relate back to the crux of the inquiry? The narrow question at stake can, at least proximally and contingently, be answered: it is the small companies that produce the new work; larger companies present mainly old work; government policy as a whole appears to favour a particular aesthetic palette, perhaps without policy makers themselves fully understanding why. But in answering this question, a wider horizon of cultural
research is revealed.

In a nutshell, this broader horizon can be understood as follows: the quantitative aspects of the research allow the narrower questions of cultural policy originally posed to be answered in an instrumental fashion, while the qualitative aspects of the research project allow a broader and deeper sociological perspective to develop. In this way, a question originating from the study of cultural policy can contribute to the development of a richer understanding of the sociology of the arts and culture in a particular time and place (Australia, now). All the people encountered in this research are passionately involved in the production of artistic and cultural artefacts and practices; this investigation has allowed us to describe their struggle to create and present new work within a dynamic and complex industrial and social structure.

What emerges is a sociological morphology of the cultural industries in Australia. One possible tradition in which this work can be interpreted is within the tradition of the “production of culture” school of the sociology of culture and the arts (Peterson and Anand, 2004; Wolff, 1993; Becker, 1982), as well as situated more narrowly within cognate academic traditions such as cultural studies in the Australian context (see Turner, 2012, for a good discussion), and cultural policy studies more narrowly. For instance, the examination of the day-to-day challenges and motivations of individual artists working in Australia explored in chapter 5 fits snugly into the sociological tradition inaugurated by Becker (1982). The work in chapter 5 is by definition introductory and tentative. But it does stress the contingent socialisation and everyday working conditions of ordinary artists, and offers important hints as to future research directions. More work in this field of study is clearly required. It is disappointing, but perhaps not surprising, that to date relatively little research in this vein studying the working lives of Australian artists is extant in the Australian academic literature. The work of Hesmondhalgh and Baker (2010), which is about the labour conditions of the creative industries although not specifically in Australia, and of Gregg (2011), which is Australian but not specifically about the creative industries, are both potential signposts in this regard.
But perhaps the true value of the work here described may be the small part it may play in advancing the field of study that is sometimes called “cultural economy,” particularly in the Australian context. “Cultural economy” in this sense, can loosely be defined as an approach which marries socio-cultural investigations of culture with economic investigations: to use the recursive definition of Pratt and Jeffcutt, it is an examination of the “the social and cultural dimensions of economic life of the cultural economy” (Pratt & Jeffcutt, 2009: 5). The idea, Pratt and Jeffcutt argue, is to apply the modes and techniques of the “cultural turn” in sociology (Amin & Thrift, 2004) to the cultural industries themselves.

How might we place this thesis in such a body of work? One way to contextualise it, which offers substantial opportunities for future research, is offered below. This would be to use the research in this thesis to construct a supply chain analysis of the performing arts organisations studied in the quantitative aspect of this thesis (section 11).

**Figure 10: Thompson’s book supply chain**

*Above:* The supply chain in the trade publishing industry (adapted from Thompson, 2010: 15).
In his magisterial study of the trade publishing industry, Thompson (2010) sets out his view of the supply chain for the commercial book sector, illustrated in figure 10 on the previous page. As Thompson narrates:

The basic steps in the book supply chain are as follows. The author creates the content and supplies it to the publisher; in trade publishing this process is typically mediated by the agent, who acts as a filter selecting material and directing it to appropriate publishers. The publisher buys a bundle of rights from the agent and then carries out a range of functions – reading, editing, etc. – before delivering the final text or file to the printer, who prints and binds the books and delivers them to the distributor, which may be owned by the publisher or may be a third party. The distributor warehouses the stock and fulfills orders from both retailers and wholesalers, who in turn sell books to or fulfill orders from others – individual consumers in the case of retailers, and retailers and other institutions (such as libraries) in the case of wholesalers. The publisher’s customers are not individual consumers or libraries but rather intermediary institutions in the supply chain – namely, the wholesalers and retailers. For most readers, the only point of contact they have with the book supply chain is when they walk into a bookstore to browse or buy a book …

(Thompson, 2010: 15)

It is, of course, eminently possible to construct a similar map of the supply chain of the performing arts industry, as examined in section 11. Figure 11 is a first attempt at such an analysis.

**Figure 11: A supply chain for Australian performing arts companies**
As can be seen, in this example, little would change, save for replacing certain names
in the chain. Indeed, the supply chain would be shorter, because there is no step analo-
gous to printing between the performing arts company and the audience: performing arts
companies retain more of the means of production of their work, needing only a venue to
perform, rather than a complicated supply chain of printers, wholesalers and retailers. On
the other hand, there are analogues to agents: in recent decades, a new class of intermed-
aries such as booking agents and performing arts markets have arisen to filter and market
performing artists and companies to venues, festivals and presenters.

How is this the study of cultural economy? The answer is that the conditions and de-
cisions that dictate how work moves through this supply chain from artist to audience are
not, in fact, solely economic in nature, but are instead affected and influenced by a myriad
of socio-cultural factors, including the motivations of artists (sometimes, but by no means
always, monetary in nature), the motivations of agents and presenters (often, but not
always, monetary), and the prevailing tastes and attentions of audiences, which can range
from support for a friend or family member through to rapt engagement in the experience
of virtuosity. Overlying all this are a range of external conditions, such as the state of the
economy and the regulations and incentives of government policy. These social, cultural
and political factors can not be understood by means of price signals, which in any case
are often obscured or absent altogether in many parts of the performing arts. They can
only be understood with the sort of close, detailed investigation undertaken by Thompson
in his research of the book industry, or here in my research on the sort of content perform-
ing arts organisations produce.

In this context then, we can see that in this thesis, chapter 5 studies the artists at the
beginning of the supply chain, while section 11 studies the production decisions of the
companies mid-way through the chain. Chapters 2 and 3 examine the policy environment
in which these cultural industries operate. Chapter 6, meanwhile, asks more philosophical
questions about the nature of these industrial processes (particularly as they relate to
innovation and creativity).

Future directions thus become clearer. One key area of study which has received little
academic attention are the intermediaries in the supply chain, such as booking agents and performing arts markets. A recent essay exploring these actors is a tentative step forward in this regard (see Eltham, 2012b). Another obvious field of study is audiences. There has been some fine recent work in Australia in this regard (Radbourne, Glow and Johanson, 2013).

The following chapters present the published papers that make up the bulk of this thesis. They are presented both as an academic inquiry into cultural policy, as well as an intervention into a sphere of public policy that traditionally has offered only glancing concern for the precarious working lives of the artists and cultural workers that populate it.

There is still much to learn, and much that can fruitfully be researched. This over-arching statement has hopefully demonstrated just how much remains to be discovered in the fascinating and ever-changing field of contemporary culture.


Gibson, L. (2001). *The uses of art*. University of Queensland Press in association with the Australian Key Centre for Cultural and Media Policy, Griffith University, St Lucia, Qld.


CHAPTER TWO:

CULTURAL POLICY IN AUSTRALIA
More Than Luck
IDEAS AUSTRALIA NEEDS NOW

Edited by Mark Davis & Miriam Lyons

"From climate change and sustainability to proper governance and strengthening our democracy, the ideas in More than Luck come at the right time. And we need politicians who are willing to take them seriously. If we cannot think bigger than tweets, we are in trouble. If our politicians won’t think bigger than sound-bites, we are lost."

– JULIAN BURNSIDE, QC

"Politics is not a horse race, but if you’re anything like me and you’re only just recovering from the “mule-trading” vibe of Election 2010, More than Luck is a brilliant place to restore your faith. What sweet relief to...

nd a collection of words, sentences, pages, chapters, a whole book that reminds us of the possibility these current times o...

er us."

– CLARE BOWDITCH, MUSICIAN

More Than Luck: Ideas Australia needs now is both a collection of ideas for citizens who want real change and a to-do list for politicians looking to base public policies on the kind of future Australians really want.

In this collection of essays, CPD fellows and thinkers show what’s needed to share this country’s good luck amongst all Australians, now and in the future.

They examine where we are now and where we need to go if we are to move beyond the stasis that has settled over government and opposition in Australia.

The result is a mix of easy wins that are ready to be implemented and some big, bold nation building ideas that may require a bit more backbone on the part of our political leaders.

Fiona Armstrong  Ben Eltham  Miriam Lyons  Tani Shaw
Larissa Behrendt  Kate Gauthier  Ian McAuley  Ben Spies-Butcher
Chris Bonnor  LEE Godden  Kathy MacDermott  Adam Stebbing
Eva Cox  Elizabeth Hill  Peter Newman  Marcus Westbury
Mark Davis  Ray Ison  Barbara Pocock
Jennifer Doggett  Norm Kelly  John Quiggin
Ian Dunlop  Phil Lynch  Marian Sawer

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Centre for Policy Development 2010
Cultural policy in Australia

05 July 2010

by Ben Eltham and Marcus Westbury

Policy context

In early 2010, more than 15,000 people gathered on Bourke Street in front of Victoria’s Parliament building to register their protest against an unpopular government decision.¹ The colourful crowd chanted and marched, sported placards and banners, and listened to speeches by local identities.

What were they protesting about? Climate change? Refugees? The war in Afghanistan?

No, they were protesting about a decision by Liquor Licensing Victoria to enforce onerous security requirements on live music venues in Melbourne. The new regulations had led to the closure of one of Melbourne’s best-loved rock venues, a Collingwood pub named The Tote. Many other venues were threatened with the same fate.

This was a protest about cultural policy.

“Cultural policy” is not often thought of as an important topic of public affairs. That’s odd when you consider that culture touches on many of the things that Australians do, see, hear and engage with everyday. Watching television, reading a newspaper, playing a computer game, updating your Facebook status, sending a tweet, going to a bar to see comedy, even things like gardening and cooking: all of these activities are explicitly cultural.

“Culture”, as English critic Raymond Williams once pointed out, “is one of the two or three most complicated words in the English language.”² Culture in Australia is no exception. It’s simultaneously broad, diverse and multi-faceted. It ranges from the oldest continuous cultural traditions in the world, to be found in the art and culture of Australia’s Aboriginal and Torres Strait Islander peoples, to the newest digital forms of cutting-edge expression. It includes the highly trained professionals in our nation’s orchestras, operas and dance companies, as well as the “weekend warriors” who dust off their guitars for a weekly neighborhood jam session. It encompasses some of the most popular types of
entertainment media, to be seen on top-rating TV shows like Masterchef or So You Think You Can Dance, as well as obscure community arts projects and folk crafts. Culture is about learning a foreign language, sharing thoughts, words and images with a friend on Facebook and listening to your iPod on the way to work.

But all too often, when we discuss government policies towards “culture”, what we actually mean is “the arts” – and only a small subset of the arts at that. Indeed, when we think about cultural policy in Australia, we often think simply of grants to artists, or government cultural agencies such as the Australia Council, as though these are the principal aspects of government policy towards culture.

In fact, cultural policy cuts across many government portfolios and encompasses a vast swath of everyday life. It’s as much about the rock band at your local pub as it is about the Sydney Opera House, as much about popcorn during the movie as chardonnay after the ballet. Cultural policy is about what you can and can’t watch on free-to-air TV or view on the internet, whether you can exhibit photos of naked children in an art gallery, or when and where a band is allowed to play.

The size and scope of culture

Culture is all around us. Millions of Australians engage in cultural expressions for their own pleasure every day. For every Hugh Jackman, there are tens of thousands of unknown but passionate artists in hundreds of different artforms, all grappling with the age-old challenges of making art that someone, somewhere will want to experience and engage with. In comparison with this vast cultural universe, the kinds of activities supported by the Australia Council – and by extension that are within the policy brief of government – are a small and dusty room.

One way of taking in the size and scope of culture in Australia is to examine the size of the so-called “cultural” or “creative” industries. These are a far bigger share of our economy than many people realise. The Australian Bureau of Statistics tells us that there are nearly 300,000 Australians working in a cultural occupation as their main job; more than car manufacturing and mining combined. In June 2006, there were more than 77,000 registered cultural businesses contributing a total cultural output approaching $41 billion. In 2003-04, Australian households spent $14.6 billion on cultural items like books, CDs and pay TV. Culture is also a big part of our daily lives: watching television is Australians’ most important leisure activity, and the movies are our most popular destination when we go out. More than three-quarters of Australians read for pleasure, while nearly 14 million of us attend a cultural venue or event at least once a year. More importantly, the impact of culture is beyond economics. It’s at the heart of our identity and way of life.

So it’s quite a surprise when you realise Australia has no formal cultural policy, and hasn’t since Paul Keating’s Creative Nation policy of the 1990s. Cultural policy has evolved as an ad hoc series of decisions by governments of all levels. The result is that there is no coherent set of principles to underpin the way our governments at all levels support and regulate culture. Rather, a set of de facto policies has evolved, often haphazardly, which are inconsistent and contradictory.

One of the biggest problems is that the current framework views cultural policy almost exclusively in terms of arts funding, rather than the much bigger area of cultural regulation. Things such as copyright laws, media regulation and censorship, urban planning and public liability laws that impact upon the viability and diversity of cultural expression are beyond the reach of the current paradigm. Though they have a far greater impact on cultural life than the funding of any individual company or initiative, they are beyond the scope and responsibility of our cultural agencies.

When you look at Australian culture in all its richness, the inconsistency of policy responses reveals the ad hoc nature of the current approach.

For instance, the Australian taxpayer spends hundreds of millions a year supporting Australian films, but not Australian computer games. We enforce some of the most stringent and punitive copyright laws in the world, without examining the costs of these special industry protections to consumers, schools, libraries and the public sphere. State governments promote contemporary music policies (“Victoria Rocks”) at the same time as imposing crippling regulations on the live venues that support that contemporary music (such as the laws that shut down The Tote). We create powerful economic incentives to replace live venues with poker machines without any evaluation of cultural consequences. We create regulations such as building codes, zoning and planning approaches without regard to the capital constrained nature of cultural practice. We maintain inconsistent and incoherent approaches to media
regulation that means adults can watch an R-rated movie, but not experience similar material in video games, and perhaps soon, not on the internet either.

Another consequence of these inconsistencies is a sustained lack of funding and support of Australia’s indigenous cultural expressions. In cultural funding terms, the “great Australian silence” towards the richness and diversity of Aboriginal and Torres Strait Islander cultures, first criticised by anthropologist W.E.H. Stanner in 1968, still continues today. While some of the oldest living forms of music in the world slowly die out in central Australia, the Australia Council gives more than five times more money to Opera Australia than it does to its entire Aboriginal and Torres Strait Islander Arts Board. Opera is a valuable part of the western tradition. But Australia’s indigenous cultures are a unique, rich and valuable set of traditions that are both vulnerable and potently powerful symbols of Australia around the world.

But our cultural policy debate rarely discusses these issues.

Where do we weigh the balance between expanding the choices and options for media consumers and small producers, rather than the industry protections of media proprietors? Where in debating copyright frameworks do we balance the rights of copyright holders (generally big media companies) with copyright users (generally consumers and public institutions like schools and libraries) in line with the realities of contemporary cultural practice? Where do we weigh the merits of supporting living artists making original new work against the heritage artforms and traditional European genres that we overwhelmingly fund?

The Rudd-Gillard Government’s cultural policies

While the Rudd-Gillard Government under Minister Garrett has begun the important task of developing a National Cultural Policy, in practice very little has changed since the Howard era – continuing a lineage of ad hoc policies and evolving misallocations that stretch largely unbroken back to the Whitlam era.

In developing a national cultural policy and in taking submissions about what it should be, there has been a notable step forward. The Howard Government did no such thing in 11 years in office. However, whether the need to engage comprehensively with the policies that affect culture can be reconciled with a powerful inertia pushing towards a policy that is purely about funding for the arts remains to be seen.

In calling for submissions on a new national cultural policy, Peter Garrett at the very least encouraged us to examine the way things actually work – or fail to work – already. Arts and cultural debates in Australia often devolve into a contest between those opposing government funding, and those seeking to increase it. Cultural regulations are generally ignored. By focusing debate on our current policy settings, we now have a chance to advance some much-needed options for reform.

Meanwhile, in the absence of a coherent cultural policy framework, much of the cultural policy action has taken place outside the Arts portfolio. In the Communications portfolio, the development of a National Broadband Network promises the largest cultural infrastructure project in the nation’s history – despite rarely being described and evaluated as such. Indeed, there appears to be little if any discussion of the cultural impact of the regulatory, technical, economic rules that will govern such a network.

Equally, the proposal to censor the internet through an unworkable mandatory filter is a decision with profound cultural consequences. This $125 million effort must count as one of the strangest policies of the Rudd-Gillard Government. While the filters are unlikely to prevent predators and pornography, they will have major consequences for freedom of speech and expression. The policy abandons our Western liberal tradition to follow a precedent established by totalitarian countries such as Iran and China. It’s hard to think of a more counter-productive policy for Australian culture.

Why the Australia Council needs to be reformed

The Australia Council for the Arts is the Australian Government’s dedicated arts policy and advisory agency, so it’s a good place to start when we examine cultural policy.

The Australia Council was formed in 1973 by Gough Whitlam’s government. It introduced meaningful support for artists and organisations working in artforms such as theatre, dance, visual arts and literature for the first time.
Unfortunately, the Australia Council’s structure and artistic focus has changed little since the 1970s. In this time, driven by new technologies such as the internet, art and culture has changed radically.

The result is that the Australia Council is increasingly irrelevant to culture today. The act under which it operates defines both what culture is and how it should be administered in ways that are hopelessly out of date. For example, the Australia Council has had little meaningful engagement with digital and new media arts, social networking, or gaming. In a decision driven by internal bureaucratic politics, the Australia Council abolished its New Media Arts Board in 2005.10

In a tale familiar to students of public policy in other spheres, the Australia Council has also been “captured” by the arts organisations it funds. Although it contributes small but significant amounts of funding to smaller companies and individual artists, the Australia Council now exists largely as a conduit to funnel money to a small number of large, privileged arts organisations. Its supposedly important functions of peer-review, advocacy and arms-length policy analysis have withered away to almost nothing. In monetary terms, the majority of the grant dollars it distributes are not peer-reviewed at all.

The Australia Council is the cultural equivalent of the National Trust. For instance, while the Australia Council devotes approximately $90 million to music funding, only two per cent of this goes to jazz, rock, pop and other contemporary forms of music.11

The heritage aspect of the current Australia Council’s role is an important function. But it should not be at the centre of cultural policy. We desperately need a planning and development agency whose primary concern is contemporary cultural dynamics, opportunities and developments, and not merely heritage preservation.

The problem: the need for a holistic approach to culture

We are a long way from a joined-up approach to culture across and within Australian governments. In fact, Australia’s cultural policy is hopelessly fragmented across many agencies, leaving great gaps.

A glance at the way screen and broadcasting policy is handled in Australia illustrates this point. Australia’s federal Arts portfolio under Peter Garrett includes Screen Australia, the national film and television development agency. But Screen Australia plays no role in screen and broadcasting regulation, which is governed by the Australian Communications and Media Authority, part of the Department of Broadband, Communications and the Digital Economy. Copyright law and the Australian Classification Board are the province of the Attorney-General’s department. Digital content innovation and R&D is under the purview of a fourth department, the Department of Innovation, Industry, Science and Research. University film schools such as the Victorian College of the Arts are the responsibility of the Education Department. Film festivals are generally funded by state governments. The permits and regulations for film-makers wanting to shoot in a particular location are imposed by local governments. There is no national screen policy that seeks to join up all these dots.12 Indeed, as film and video production becomes more decentralised, many screen-based practitioners are working in areas such as online video, gaming, and non-broadcast based media that have little or no engagement with, nor are consulted, by any of these agencies.

Australia’s cultural agencies were largely devised when the number of places in which cultural production and distribution took place was small and relatively fixed. At their core they are still rooted to the idea that a small number of elite artists produce and present large-scale culture through major institutions based on a classical European model or – in the case of film – major commercial producers and distributors.

In contrast, society is becoming more culturally diverse. Immigration, demographic change and new technologies and communications media have transformed the spectrum of cultural choices available.13 The large-scale infrastructure and mass subscription model that underpins the logic of many funded arts organisations is poorly equipped to respond to the plethora of new artists, artforms, audiences, genres, and sub-cultures emerging in a rapidly changing cultural dynamic.

The lack of engagement with cultural regulation in the music industry illustrates the counter-productive consequences of this disconnect. In Victoria, the state government has a specific policy for supporting contemporary music called
“Victoria Rocks”, administered by Arts Victoria. Contemporary music is largely performed in small, commercial venues such as pubs, clubs and bars – and the proliferation of niche genres, markets and audiences is creating even greater demand for smaller venues. Yet these same venues are closing in response to tighter regulations from another part of the Victorian government that deals with liquor licensing. Nationally, the need to create viable small scale cultural venues – for music and other creative forms – is clashing with policies that are fostering denser urban planning, expanding numbers of gambling venues and poker machines, and requiring capital intensive building codes. Despite the Australia Council’s own research demonstrating that contemporary music is much more valued than the orchestras and opera companies that it overwhelmingly funds and focuses on, neither Arts Victoria nor the Australia Council have engaged substantially in these debates.

Our funding-centric approach to culture largely ignores these issues, yet federal issues such as tax, social security compliance, copyright and media policy, state issues like liquor licensing and public liability law, and local government issues like noise laws and urban planning are key cultural policy questions. There has been little or no effort by the Commonwealth or the states to try and adopt whole-of-government policies towards culture. As a result, much government cultural funding is wasted, and the practical needs of most artists, small organisations and even entire cultural industries (such as the design industry) are falling through the cracks.

Case study: Creating space for artists to be creative

One of the biggest problems for artists, who typically have low incomes, is finding affordable space from which they can create, distribute and present their work. While a prolonged property bubble has driven up rents and exacerbated this problem, there are still many spaces within Australian cities that sit empty. In late 2008, the Renew Newcastle scheme was established in the regional New South Wales city of Newcastle to take some of the 150 otherwise vacant commercial spaces in that city and make them available to artists, creative enterprises and community groups. To date, the initiative has placed more than 50 artists in shops, offices, studios, and galleries. In doing so, it has revitalised a once emptying city centre and seeded a series of creative initiatives, both commercial and not-for-profit. It is a model for facilitating low-cost decentralised cultural production that other cities such as Cairns, Townsville, Adelaide and Geelong have begun to emulate.

While the scheme has been a success, it is also a case study in the lack of responsibility for cultural regulation at a national level. The very presence of empty spaces in many cities is a product of both market failure and government regulation: many buildings sit vacant due to complex tax laws and planning regulations that provide strong incentives to owners to leave buildings vacant. As a result, flexible access to these spaces for artists and creators is essentially a policy setting – even if it is not an artform-specific funding issue.

Unfortunately, under the current model, there is no capacity for meaningful engagement with the Federal Government around these issues. The Australia Council’s ambit to fund or support culture is defined in the dated, art-form specific cultural responsibilities defined by its 1970s era legislation, and cultural practitioners who work in ways that don’t fit into this model have no place in such a structure. Further, because the Australia Council is also the national cultural policy advisory agency, these artists and their issues are not represented in the Australia Council’s policy advice.

Iconic institutions or starving artists?

Spare a thought for the people who make Australian culture happen: the artists. The debate about Australian culture often ignores the great achievements of the individuals who create it.

In 2003, economist David Throsby released an in-depth report into Australian artists’ incomes. The title of the report, *Don’t Give Up Your Day Job*, says it all. The report found that the mean creative income for an independent artist working in Australia was only $17,600 per annum (the average annual wage in Australia in 2003 was about $52,300). But in that year, the Australia Council distributed just 6.3 per cent of its grant funding to independent artists. The remaining 93 per cent went to organisations. A recent, comprehensive survey of Australian arts funding commissioned by Arts Queensland found that “grants to individual artists to make work are estimated to be fewer than five per cent of all arts funding.”

As folk wisdom suggests, choosing the arts as a career can still mean a short road to relative impoverishment. Most
artists and creative workers take a huge pay cut just to work in their chosen field of employment, and as Throsby found, nearly all of them need an extra part-time job or two just to survive. Of course there is not necessarily anything wrong with this: people like nurses and teachers choose professions that reward them in non-financial ways all the time.

But the huge imbalance of funding between artists and organisations is the result of a long-term decline in direct funding for Australian artists and creative workers that has damaging consequences for the Australian creative economy. In the absence of direct public sector funding for artists undertaking primarily creative work, the balance of arts funding goes towards administrative positions within funded organisations. The unquestioned assumption that large companies and fixed institutions are at the centre of cultural life has placed the management and maintenance of such organisations at the centre of cultural policy concerns and government expenditure.

In this era, such an approach is neither effective nor efficient. Despite their bohemian reputation, individual artists can often be highly efficient, as they are excellent at leveraging and making the most of scarce resources. They can also be flexible and capable of building appropriate structures and mechanisms to create, present and promote individual shows or projects. Their way of operating allows for small-scale experimentation, innovation and risk taking. Individually and collectively, they are highly responsive to technological change, changes in audience dynamics, and the decentralised environment of cultural creation and consumption. They require little in the way of expensive infrastructure. By contrast, the highly-centralised structures in which we invest most of our cultural resources have high overheads and are often conservative, risk-averse and place comparatively little value on experimentation or the creation of new work.

Individual artists (especially non-famous ones) are the forgotten voice in the Australian cultural debate, even while they provide the bulk of the workforce for our cultural endeavours. It’s high time Australia re-balanced its cultural investments and regulations away from big buildings and big corporations, and towards the creative human capital of the cultural sector. At stake is not the future of artistic achievement in Australia — for artists will always create, no matter their economic circumstances — but the ability of Australian creators to tell their own stories, and create for their own communities.

**A new cultural agency for contemporary Australian culture?**

The reliance on the Australia Council as the primary agency for cultural policy is inherently unsustainable. Australia needs a new government cultural agency with a contemporary brief: to ensure that we are a nation that is a creator and not merely a consumer of culture, and that Australians are active and enabled participants in the increasingly globalised cultural pool.

The brief should be primarily cultural, not economic – but must recognise that culture has an economic component. Culture is ethereal and beautiful, but it is also subject to market forces, and can bring great economic benefits.

Such an agency needs to work beyond the funding paradigm, to ensure the tax system, intellectual property law, social security regulations, compliance costs in the built environment and other policy areas take into account the needs of contemporary cultural production. It needs to ensure that contemporary Australian culture is funded and resourced at least as well as heritage arts, and that these policy priorities are elevated to at least the same level.

The key policy goal should be primarily concerned with the creation and promotion of contemporary Australian culture – in all its diverse forms. To do this, we must recognise that most Australian artists and creators do not work for or in large funded arts companies, and that therefore we need to promote policies that support and respect this reality.

One of the ambitions of this agency should be to review and make recommendations on Australian industry and market regulations for the cultural industries, from a cultural as well as an economic perspective. The design of cultural markets, the rules and regulations that govern them and the incentives that they provide are often created by government, and have profound cultural consequences that no agency is currently charged with addressing. This role should not necessarily lead to public subsidy for commercial markets or protectionism, but it should recognise that the market fails to support many artforms – not just orchestras and arts centres.

**The false divide between “high art” and “popular culture”**

Cultural policy has long been bedeviled by a false distinction between what is sometimes called “art for art’s sake”, and
for-profit cultural products created by the entertainment industries. Public funding for the so-called “high arts” is often justified by the artistic merit of artforms such as literature, theatre or orchestral music, and by the supposed inability of these arts to exist if left to the workings of the free market. In this world view, government support for popular culture is often frowned upon as a “dumbing down” of standards, and in any case unnecessary, because the market already provides these products.12

In the real world, this is a false divide. The “high arts” can often be boring, unoriginal and pretentious, while so-called “popular culture” can display high standards of creativity, originality and artistic craft – and vice-versa. Similarly, heritage artforms such as Wagnerian opera or Shakespearean theatre can be immensely popular and highly remunerative, while many types of popular culture can be very unpopular indeed.

In developing a new cultural policy, the age-old dialectic of “high arts” versus “popular culture” should be abandoned. Artworks are not good or bad just because they are popular or unpopular, and valid and original work can be found in every artform and genre.

Five policy solutions:

1. **Recognise that “cultural policy” is about more than funding for the arts.** It’s about policy frameworks across government including media policy, education, copyright and censorship law, tax, urban planning, liquor licensing and R+D.

2. **Abandon the false divide between high art and popular culture.** Art and culture of all different genres and types can be popular or unpopular, and good or bad. Cultural policy should not be based on preconceptions about which artforms are “worthy” of public support, but on cultural values that can manifest themselves in many ways, across many forms and genres.

3. **Create a new cultural agency for contemporary Australian culture.** Australia needs a new government cultural agency with a contemporary brief: to ensure that we are a nation that is a creator and not merely a consumer of culture, and that Australians are active and enabled participants in the global cultural pool. The Australia Council is not an organisation capable of this, or of becoming this.

4. **Cut the red-tape that affects culture.** Many artists and cultural organisations are constrained by access to appropriate infrastructure, like venues and work space, as well as capital. The ability to put in place policy settings that allow them to perform, present and produce with limited capital is more important (and effective) in ensuring their success than direct subsidies.

5. **Fund artists and production, not institutions.** Ordinary working artists are the forgotten people of Australia’s cultural policy debate. Their average income is well below median Australian wages. Yet individual creators and artists are the life-blood of Australian culture. Where new funding is created, it should be directed towards individuals and small companies – not large institutions. And because so many artists are so poor, small amounts of funding can go a long way.


Endnotes


CHAPTER THREE:

AUSTRALIAN CULTURAL AND INNOVATION POLICIES: NEVER THE TWAIN SHALL MEET?
Australian cultural and innovation policies: Never the twain shall meet?

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ABSTRACT
In recent years, Australian cultural policy-makers have begun to pay more attention to innovation policy. Several of the Australian states specifically address issues of innovation in their formal cultural policies, and the Australia Council for the Arts has published an Innovation Strategy which purports to constitute "a coordinated approach to supporting creativity as one of Australia's most valuable assets" (Australia Council 2006). However, despite this prima facie policy commitment to supporting and fostering innovation in the arts and cultural industries, there remains a disconnect between cultural and innovation policies in Australia. On the one hand, cultural policies in Australia are confused and incoherent in their approach to cultural innovation, and many policy settings as they apply to cultural industries are antithetical to the aims of fostering innovation and R&D. Meanwhile, innovation policies continue to pay only marginal attention to the creative arts and cultural industries. This disconnect will be briefly examined in three fields of cultural policy: arts and cultural funding; copyright and intellectual property policy; and broadcast media policy. It is argued that rather than promoting innovation, existing policy frameworks in all these areas, when not specifically framed around the protection of vested interests, are often contradictory and inimical to the disruptive influence of innovative artists, technologies and firms. Possible reasons for the disconnect include pragmatic matters of busy ministers and low policy priorities, and conceptual confusion over the status and value of culture.

Keywords: cultural policy, innovation policy, cultural industries, creative industries, cultural economics, Australia

1. INTRODUCTION: THE POLICY ENVIRONMENT OF AUSTRALIAN CULTURAL INNOVATION STRATEGIES
As Australia's best-known cultural economist observed in 2006, Australia doesn't have a formally stated government cultural policy (Throsby 2006). Instead, Australian cultural policies are the product of an evolutionary history that has tended to accrete new policy frameworks around existing structures of funding and support (Craik 2007). The result is that 'innovation', however defined, has only occasionally been a policy goal of Australian state and commonwealth governments in the realm of arts and culture.

In contrast, when Australian governments have turned their policy attention to innovation in the broader economy, they have (unsurprisingly) concentrated on different industries — like automotive manufacturing — and different cognitive disciplines, especially science and technology.
These two tendencies are perhaps best illustrated by the Hawke Government’s iconic industry policy of the 1980s, the Button Car Plan (Capling & Galligan 1992). Policy responses in this sphere have tended to focus on direct public investment in national research organisations and tax incentives for corporate R&D (Cutler 2008).

The result is that innovation and cultural policies have seldom linked up or even addressed each other in the Australian political economy, despite the recent trend by state governments to define cultural policy in terms of the so-called ‘creative industries’ (Hartley 2005). Commonwealth and state innovation policies deal only tangentially with innovation in the cultural or creative industries: Cutler’s Venturous Australia (2008), for instance, mentions the phrase ‘creative industries’ only once in 228 pages, and the Australia Council not at all. Discussion of the arts and cultural sector is confined to a plea for ‘better understanding of the connections and commonalities between science and the arts’. Cutler (2008: 48) continues:

After all, both science and the arts are concerned with the endeavour of making sense of apparently random phenomena, to explain why things are as they are or could be. It is instructive to recall Charles Darwin was first and foremost an obsessive collector, and it was this obsession with taxonomy that generated his world-changing insights about the evolution of species and living systems. Today he may have been director of a museum.

Cutler (2008) goes on to recommend a modest reform in the funding of creative arts training – essentially to address the funding imbalance between institutions funded by the Environment, Heritage and the Arts portfolio as the National Institute of Dramatic Arts and the Australian Film, Television and Radio School, and those funded out of the federal Education portfolio, such as university-based arts academies like the Victorian College of the Arts. But by late 2008, the Australian Government had moved in the opposite direction, defunding the Australian National Academy of Music and transferring its operation to the University of Melbourne (Chandler 2008). Venturous Australia’s modest interest in the arts is notable because its author, Dr Terry Cutler, is a former senior government arts official. It illustrates the history of disconnect between Australian arts and innovation policies, particularly at a federal level.

2. **The Creative Industries Moment in Cultural Policy**

Meanwhile, on the cultural policy side of the fence, the late 1990s and early 2000s saw an interesting trend in Australian cultural policy at state and municipal levels. While the Australian Government under John Howard’s succession of junior arts ministers embarked on a cautious strategy of policy-by-inquiry, many Labor administrations at state and local government level began to embrace an industry policy model of cultural policy as a pathway to regional industry development. Writers and academics such as Charles Landry (2000) and Richard Florida (2003) became extremely influential, especially at a local government level. For instance, Landry was invited to Perth in 2007 as a ‘thinker in residence’, while a speech by Florida in Brisbane in early 2004 was attended by Queensland’s Premier Peter Beattie, and Brisbane’s Lord-Mayor Campbell Newman.

At the time, both the Brisbane and Queensland governments had published new cultural policies based on the creative industries movement (Brisbane City Council 2004; Queensland Government 2003). These policies, along with Victoria’s ‘Creative Capacity’ policy (Arts Victoria 2003), included at least some discussion of ‘innovation’ as a goal of state support of cultural industries and artforms – although they showed little interface with, or understanding of, the existing innovation policies being implemented in other parts of their own governments. For example, the Australia Council’s Innovation Strategy specifically purports to constitute ‘a coordi-
nated approach to supporting creativity as one of Australia's most valuable assets' (Australia Council 2006). Likewise, the Queensland Government's *Creativity is Big Business* policy discusses in some detail the benefits of innovation in the cultural industries as a tool for promoting regional economic growth (Queensland Government 2003).

But despite this *prima facie* policy commitment to supporting and fostering innovation in the cultural industries, the reality of state and Commonwealth cultural policies showed little change. Australian state and federal cultural policy frameworks are in fact not geared to supporting cultural innovation and remain essentially documents based around welfare economics arguments of the 'merit goods' of certain types of cultural output (Craik 2007; Cowen 2006).

Evidence for this proposition will be examined in three spheres of Australian government cultural policy: arts and cultural funding; copyright and intellectual property law; and broadcast media policy.

3. **The Reality of Australian Cultural Funding Priorities**

Although certain elements of state and Commonwealth government cultural policies address innovation, overall state and Commonwealth cultural policy priorities are not primarily or even substantially framed around innovation outcomes.

For instance, the Australia Council's 'innovation strategy' is a small document that is minor in scope compared with the Australia Council's ongoing funding commitments to its client organisations. The policy should also be seen in the broader context of the Australia Council's recent history, in which a recent organisational restructure abolished its funding program specifically designed to support innovation in arts and cultural practice, the New Media Arts Board (Gallasch 2005).

Cultural innovation within the cultural policy environment has generally been defined in the context of what the funding agencies call 'new work': the creation of new copyrighted cultural texts. However, even if one defines cultural innovation (rather generously) in this way, cultural funding agencies in Australia devote only a small percentage of their funding and activity to this goal. Most funding and activity is concerned with servicing their existing clients within the non-profit cultural sector – principally the so-called 'major performing arts organisations', the state art galleries, and the capital city arts festivals (Craik 2007; Westbury 2007a).

As Westbury (2007b) wrote:

The Sydney Symphony receives nearly $9 million each year. That is more funding than goes to all of Australia's visual artists, or all of the nation's writers and publishers, or all the dancers, or all the Aboriginal and Torres Strait Islander artists, or all the community art practitioners.

The majority of these organisations define their own missions in words like 'excellence' and 'tradition' (Opera Australia 2008; Australian Ballet 2008) rather than 'innovation', and their activities consist not in commissioning and developing new works but rather in performing and presenting a canon of culturally validated 'classics'.

Even where cultural funding agencies do commit to support innovation – for instance in the Australia Council's specific 'new work' funding categories – there is an acknowledgment that much of this new work never reaches the stage of commercialisation (even in the form of an initial public performance or presentation). Indeed, this was a specific finding of the Australia Council Theatre Board's 'Make It New' paper (Baylis & Joshi 2006).

In screen policy, there are similar concerns about the inability of new scripts and film production funded by screen bodies to reach marketplaces. This had led the new agency formed from the merger of the AFC and FFC, Screen Australia, to propose sweeping changes to its funding programs, including essentially abandoning the support of short films (Lowenstein 2008). However, the dismal commercial record of Screen Aus-
Australia's predecessors, the AFC and FFC, suggests that a strategy aimed at commercial returns has its pitfalls too (Connelly 2008; Walton 2005).

Cultural policy can be highly politically controversial, as 2008s controversy over the artwork and ethical practices of the photographer Bill Henson demonstrated. Government cultural agencies also face the normal bureaucratic stresses that lead many to make systemic errors in their decision making (Clapham 2002). The result is that Australia's cultural agencies cannot even agree what cultural innovation is, let alone how to support it.

4. AUSTRALIAN CULTURAL REGULATION: COPYRIGHT POLICY

Although the phrase 'cultural policy' often summons discussions of arts funding, it can also be examined from a regulatory perspective. In the cultural industries, there is no more important regulatory subject than copyright law, which in some cases determines the structure of an entire industry – for example, music publishing (Hesmondhalgh 2007; Mackenzie 2008).

Unfortunately, the current regulatory settings mainly work to mitigate cultural innovation. As even Cutler (2008) acknowledges, Australian copyright law is skewed towards the interests of rights holders, and away from the interests of consumers, 'producers' and artists who wish to appropriate copyrighted work for innovative purposes (Fitzgerald et al. 2008; Bruns 2008; Harrison 2004). Further, publicly funded Australian media organisations such as the ABC are increasingly taking a commercial perspective in their dealings with researchers, academics and artists who wish to access their copyrighted archives (Holmes 2008).

In addition, Australia's numerous and well-funded copyright collection agencies are zealous litigators in protection of their rights-holders' interests, as the recent case of the Copyright Tribunal ruling over record royalties in nightclubs demonstrates (Eltham 2007; Copyright Tribunal of Australia 2007). Examples such as this, and the 2008 case launched by film distributors and broadcasters against internet service provider iiNet, suggest that in certain specific instances Australian copyright law acts as a 'tragedy of the anti-commons' by locking up large amounts of artistic and creative cultural output in copyrighted form, where it is inaccessible to many tools of cultural innovation (e.g. digital remixing, documentary footage) or by charging high rents to the public sphere, such as public libraries (Boldrin & Levine 2008; Lessig 2004).

Like most Australian public policy making in the modern Westminster system, Australian copyright policy making occurs in an atmosphere of political influence and economic dogma (Pusey 1991). In the Howard Government, the result was that Australian copyright was approached in the narrow perspective of bilateral trade negotiations (Weiss, Thurbon and Mathews 2005), rather than any rigorous assessment of the policy costs and benefits involved – for instance the public goods arguments ('wikinomic reform') put forward by Gruen (2007). In fact, there are excellent arguments to the effect that a healthier public sphere in copyright would enhance innovation while winding back the distortions that intellectual monopolies impose (Boldrin & Levine 2008; Vaidhyanathan 2004).

5. BARRIERS TO INNOVATION IN AUSTRALIAN MEDIA POLICY

Australia's media policies include some significant and well-studied barriers to cultural innovation. At the most basic level, new uses of broadcast spectrum are heavily regulated. Other examples can be cited, such as Australia's mandated oligopoly of broadcast TV networks (the 'no fourth network' policy), televised sport anti-siphoning laws, the legislated ban on 'datacasting' and Australia's relatively late take-up, by international standards, of digital TV (Simons 2007; Kenyon 2007).

All of these are policy responses driven, not by innovation concerns, but by intense lobbying from industry interests in the free-to-air broadcast television sector (Jones 2005), in what one
researcher has referred to as 'the enduring realpolitik of Australian media policy' (Thornley 1999). In contrast, British researcher Kate Oakley has argued that the UK experience suggests that liberalised broadcasting laws have encouraged innovation in local film and TV production there (Leadbeater & Oakley 1999).

Another aspect of Australian media policy that appears inconsistent with both commercial broadcast laws and film industry policy is local content regulations. 'Local content' may not necessarily constitute cultural innovation — or even Australian production — but it is one area where Australian media policy attempts to impose a type of trade barrier on media distribution (Gardiner-Garden & Chown 2006).

Another commonly pursued media policy that has been embraced particularly by state governments is foreign production using Australian facilities and crew. Here the evidence suggests that Australian production of foreign film and television is highly trade exposed and subject to currency exchange fluctuations (Scott 2005; Australian Film Commission 2002). In recent times Australian drama has rated well and found new markets on pay TV, suggesting that further broadcast policy liberalisation could deliver more Australian film and TV content in a variety of formats (Bergent Research 2008; Australian Film Commission 2008).

While diversity does not equal innovation, there is no doubt that community broadcasting is the poor cousin of media policy in Australia, despite the fact that the sector represents a key market for the early commercialisation of cultural products like contemporary music, foreign language services and indigenous education (Bell 2008; Bledsoe, Coates & Fitzgerald 2007; Hartley & McKee 2000). In contrast to the commercial sector, the future of available spectrum for Australian community broadcasting is in doubt (Simons 2008).

Australia’s media policy can also be characterised by what it does not explicitly address; for instance, in contrast with a huge screen funding program, there has been little attention paid to the burgeoning interactive digital media and games sector (Hill 2007). Like other types of cultural policy, film policy has adapted poorly to the convergence of artforms that public administrators had previously considered in isolation: for instance, video art and short film are essentially identical media products, but funding for the two are dealt with at the Commonwealth level by film funding bodies or the Visual Arts and Craft Board of the Australia Council (Eltham 2006b; Gallus 2005). A similar disconnect occurs between funding policy for sound art and experimental music (Paine 2008). On the other hand, some have argued that the lack of a large cultural bureaucracy is one reason why games companies have emerged as vibrant exporters (Bantick 2008). Even so, if screen funding is assessed on what it claims to be about, then it is strangely inconsistent to exclude games, new media and indeed internet culture in general from existing funding programs (for instance, digital post-production and computer animation in films like Happy Feet are able to qualify for production offset funding, while computer animated games are not).

In summary, Australian media policy shows little interest in issues of innovation, broadly defined, or even research and development as it applies to the broadcasting and screen industries. Media policy in Australia is instead made and implemented with reference to the political and institutional power that media industries can exert on the bureaucracy and executive.

6. ADVANCING SOME EXPLANATIONS FOR THE DISCONNECT

Possible reasons for the disconnect in cultural and innovation policies in Australia are diverse, but not necessarily novel. Some of them are pragmatic, while others stem from a poor understanding amongst policy makers of the nature of cultural production in the digital age (Holden 2007).

At the most pragmatic level, arts and cultural ministers in Australia are all too often part-timers who must share their cultural responsibilities
with other, much larger portfolios. For instance, the current Australian Arts Minister, Peter Garrett, heads up a portfolio entitled Environment, Heritage and the Arts, of which the arts component is the smallest. At a state level, the arts portfolio is often held by State Premiers, like New South Wales Premier Nathan Rees or Queensland Premier Anna Bligh, who have other pressing priorities at hand. A similar realpolitik of cultural policy making has been described in the UK context by Schlesinger (2009) in his description of the formulation of the Department of Media, Culture and Sport’s Creative Britain (2008) strategy. The result is that cultural policy is often given a low priority.

At the level of policy formulation, cultural policy remains an ad hoc process in the Australian public policy, balkanised across several departments and conceptualised in a narrow, case-by-case fashion (Throsby 2006). A glance at the way screen and broadcasting policy is handled in Australia illustrates this point. Australia’s Federal Arts portfolio under Peter Garrett includes Screen Australia, the national film and television development agency, but plays no role in screen and broadcasting content regulation, which is part of the Department of Broadband, Communications and the Digital Economy. Copyright law is the province of the Attorney-General’s department. Digital content innovation and R&D is under the purview of a fourth department, the Department of Innovation, Industry, Science and Research.

In 2009, Arts Minister Peter Garrett appeared to recognise the issue by appointing a Creative Australia Advisory Group as a first step towards developing a more coherent cultural policy (Perkin 2009). The group contained a mix of prominent members of the Australian cultural sector, including the Director of Sydney’s Museum of Contemporary Art, Elizabeth Ann McGregor who told a journalist at the time: ‘It’s not just about the arts asking for more money, it’s about coming up with solutions and putting forward arguments as cogently as possible about what is the value of the arts.’ However it is precisely the value of culture – extrinsic, intrinsic or even in terms of votes – that remains the most difficult issue for policy-makers, both in Australia and internationally (Bakhshi, Freeman & Hitchen 2009; McCarthy et al. 2004; Holden 2008).

Likewise, in the sphere of innovation policy, Australia has long suffered from an inability to conceptualise the creative industries as worthy of research and development funding; to cite just one example, by late 2008, of the Australian Government’s flagship Cooperative Research Centres program, only one Centre out of 48 could be defensibly described to inhabit the creative industries sphere: the Australian CRC for Interaction Design (Department of Innovation, Industry, Science & Research 2009). In a 2004 paper, Cunningham, Cutler and co-authors argued that while Australia already has many of the pieces of the jigsaw puzzle, it hasn’t yet put them together: ‘the quality of linkages and the lack of clear public policy signals and frameworks, together with a number of other critical issues mark the innovation system as embryonic at best’, they argued (Cunningham et al. 2004).

In 2009, the Labor Government’s Innovation Minister Kim Carr moved to at least partially address this yawning gap with the announcement of Creative Industries Innovation Centre (Carr & Garrett 2009). The media release by the Minister announced that the $AUD 17 million centre will provide free hands-on assistance to small and medium businesses in the creative sector to boost their productivity and realise their potential for wealth and job creation.’ Of potentially far more importance will be a three-year mapping program which might be expected to generate a more sophisticated understanding of the creative industries in Australia (see Higgs & Cunningham 2007).

Even so, a whole-of-government commitment to supporting innovation in the creative industries along the lines of the Blair government’s decade-long experiment with the DCMS (Hesmondhalgh & Pratt 2005; Garnham 2005) appears some way off. The peak government body for cultural policy making in Australia is the
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Cultural Ministers Council, a largely advisory body which has focused on important but subsidiary tasks like improving the quality of cultural statistics gathering and harmonising specific policy objectives across states and territories in areas like arts education, contemporary music and indigenous intellectual property (Cultural Ministers Council 2009). The Cultural Ministers Council has only just begun to involve itself in innovation policy considerations to any meaningful degree (Cultural Ministers Council Creative Innovation Economy Roundtable 2009).

7. Conclusion: New Policy Perspectives

If, as Baumol and Baumol (1984) famously argued, there really is a ‘cost disease’ in some parts of the cultural industries then innovation in the cultural sector is not just desirable but essential for the commercial survival of some artforms. It can also be argued, as do both Cutler (2008) and Potts and Cunningham (2008) in developing a formal model of the creative economy, that cultural sector innovation is increasingly important for future Australian productivity growth, because the richer a society gets, the more of its GDP it devotes to leisure and cultural activities.

Despite this, Australian cultural policy nurses a deep ambivalence towards innovation. Where Australia’s cultural policies can be said to exist at all, they are implicitly framed around values of heritage and tradition in a way that would be instantly recognisable to the followers of Bourdieu (Bennet et al. 1999; Bourdieu 1986). Innovative artforms and start-up cultural organisations are often ignored in favour of established formats and companies, funding mechanisms are sclerosed and rigid, while regulatory oversight is generally weighted in favour of large multinational companies and against first movers and cultural upstarts. ‘Tragedies of the anti-commons’ are evident in areas such as broadcasting spectrum and copyright law.

Nonetheless, Australian policy-makers inside innovation portfolios are slowly waking up to the potential of the cultural and creative industries. If the value of cultural innovation can be better understood across the broader government policy environment, and if the vested interests that typically capture the policy agenda in established sectors can be balanced against the potential for endogenous new growth in these emerging industries, there is potential to reform Australia’s cultural policy frameworks in favour of more innovation, emerging artforms, new work and living artists (Eltham 2006a).

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Australian cultural and innovation policies: Never the twain shall meet?

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Australian cultural and innovation policies: Never the twain shall meet?


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CHAPTER FOUR:

BOOM AND BUST IN AUSTRALIAN SCREEN POLICY: 10BA, THE FILM FINANCE CORPORATION AND HOLLYWOOD’S ‘RACE TO THE BOTTOM
Abstract

In recent years, a narrative has emerged in the Australian popular media about the box office ‘unpopularity’ of Australian feature films and the ‘failure’ of the domestic screen industry. This article explores the recent history of Australian screen policy with particular reference to the ‘10BA’ tax incentive of the 1980s; the Film Finance Corporation of Australia (FFC), a government screen agency established in 1988 to bring investment bank-style portfolio management to Australia’s screen industry; and local production incentive policies pursued by Australian state governments in a chase for Hollywood’s runaway production. We argue the 10BA incentive catalysed an unsustainable bubble in Australian production, while its policy successor, the FFC, fundamentally failed in its stated mission of ‘commercial’ screen financing (over its 20-year lifespan, the FFC invested A$1.345 billion for A$274.2 million recouped – a cumulative return of negative 80 per cent). For their part, private investors in Australian films discovered that the screen production process involved high levels of risk. Foreign-financed production also proved highly volatile, due to the vagaries of trade exposure, currency fluctuations and tax arbitrage. The result of these macro- and micro-economic factors – often structural and cross-border in nature – was that Australia’s screen industry failed to develop the local investment infrastructure required to finance a sustainable, non-subsidised local sector.

The importance of the screen industry in Australia’s cultural landscape

In the early twenty-first century, film and television remain the dominant media of Australian cultural consumption, as they were for much of the twentieth century. The Australian Bureau of Statistics (ABS) notes that Australians’ most common leisure activity is watching television. In 2006, 87 per cent of Australians watched or listened to TV daily, for an average of just under three hours (179 minutes), down slightly from the 1997 figure of 182 minutes (ABS, 2008). Screen products are also the biggest category of cultural consumption for Australian consumers: in 2003–04, Australians spent an estimated A$2.7 billion on cinema tickets, DVD rentals and pay TV subscriptions, and an additional A$2 billion on the televisions, VCR and DVD players needed to watch them. In comparison, book and newspaper purchases totalled A$2.6 billion, and CD purchases only A$665 million (ABS, 2009: 20). When Australians attend a cultural event or venue, cinemas are the most popular destination (ABS, 2007).
Film and television dominate Australian cultural consumption, yet the film and television production market is relatively small in scale. For instance, in cinemas, foreign-produced movies accounted for at least 90 per cent of Australian movie ticket sales throughout the 2000s (Screen Australia, 2010a). Australia’s total size of screen production in 2006–07 was a relatively small A$1.8 billion; feature films accounted for only A$183 million of this (Screen Australia 2010b). Australia consequently runs a large and ongoing trade deficit in film and television media.

Screen policy is highly visible in Australian cultural policy debates, due to the screen industry’s perceived cultural importance and media profile. In recent years, a popular media narrative has emerged – particularly in newspapers – about the box office ‘unpopularity’ of Australian feature films and the ‘failure’ of the domestic screen industry (Bodey, 2009; Schembri, 2008; Nowra, 2009; Williams, 2010). In contrast, Australian government agencies responsible for screen industry development have defended the local industry – and their institutional legitimacy – by arguing that ‘Australian films have performed relatively well given their release strategies’ (Screen Australia, 2009).

This article examines the cultural policy debate about screen funding and the ‘failure’ or ‘success’ of Australia’s screen industry, with particular focus on the 10BA tax incentive and the Film Finance Corporation of Australia (FFC), a government-owned screen agency established in 1988 to bring investment bank-style portfolio management to Australia’s screen industry. Over its 20-year institutional lifespan, the FFC invested A$1.345 billion for A$274.2 million recouped, a cumulative return of negative 80 per cent. We focus on the transition from 10BA to the FFC, and on the film industry rather than television, which has a substantially larger production pipeline of projects.

Through examining the FFC’s declarative policy goals, and the possible factors that might explain its dismal failure as an investment vehicle for film as an alternative asset class, a broader and deeper perspective of the Australian screen industry emerges that highlights the intermeshing of global, structural and local industry factors at play. Rather than the issues of ‘talent’ or ‘quality’ often posited in journalistic narratives of the screen industry, we focus primarily on the role of finance and production. In doing so, we build on the earlier scholarly research of Elizabeth Jacka, Tom O’Regan, Janet Wasko, Toby Miller and others, which focused on the pre-FFC period of the Australian Film Commission. Our analysis suggests that cross-border, macro-economic and structural conditions, and in particular opportunities for cross-border tax, location and cultural arbitrage (Ghemawat, 2007; Porter, 1990), have contributed to the struggles of Australian films to attract local audiences. Indeed, they may represent underlying explanations (for instance, low marketing and production budgets) for the perceived failures of Australian screenwriters, directors or producers to create hot box office products.

From 10BA to the Film Finance Corporation

Australian cinema has a more than century-long history of screen production (Pike and Cooper, 1998). The world’s first feature film is often credited as an Australian production, the 1906 film The Story of the Kelly Gang (Nowell-Smith, 1996). For most of the twentieth century, Australian cinema was characterised by a pattern of modest but culturally significant levels of local production, accompanied by

By the early 1970s, an upsurge of interest in a more nationally assertive Australian cultural policy attracted political support and accompanying federal funding. In 1973, the Whitlam government created the Australia Council, a national funding body for the arts, modelled on English and Canadian institutions (Gardiner-Garden, 1994). In 1975, the Australian Film Commission (AFC) was established. This national screen funding agency marked the beginning of a national policy of sizeable direct public subsidies for Australian production, although limited subsidies for documentary production had existed since 1945.

In 1978, and then again in 1981, the Fraser government amended Australian tax law (the Income Tax Assessment Act 1936) to enable screen producers to claim a tax deduction for eligible film production – a production subsidy. The deduction rate was set at 150 per cent in June 1981, lowered to 133 per cent in 1983 and then lowered to 100 per cent between 1987/88 and July 2007 when the new Producer Offset replaced it (Screen Australia, 2010g). The Income Tax Assessment Act’s relevant sections were classified as ‘10B’ and ‘10BA’, and these tax subsidies soon became common methods for attracting film financing for domestic production (DCITA, 2005). 10BA’s ‘architect’, Joe Skrzynski, had an investment banking background, and was appointed to spearhead the Australian Film Commission (Jacka, 1988c: 39).

Due to the subsidy stimulus and other contributing incentives (for instance, investors only had to pay tax on half of their initial investment, and also had access to location and production subsidies), film production experienced an unprecedented boom. According to the Australian government’s screen agency, Screen Australia, ‘in the eight years from 1980/81 to 1987/88, during which the 10BA concession was at least 120 per cent with at least 20 per cent of income from the investment exempt from tax, production budgets secured through 10BA totalled … 92 per cent of Australian features produced in the period’ (Screen Australian, 2010c).

Rapid growth in feature film and television production resulted, notably in an unsustainable production bubble in 1981–84 that coincided with similar speculative bubbles in artificial intelligence and expert systems, biotechnology and early video games (Malkiel, 2007: 68–71). Private investment in Australian feature film production soared: while in the 1970s, most feature film production was government financed, by 1981/82 private investment accounted for 95 per cent of feature film investment (Jacka, 1988b: 29). The 10BA scheme’s approach to film financing was modelled on an investment prospectus which, although inefficient, led to the growth of film management companies, and investment banks that specialised in investor prospectuses and insurance guarantees (Jacka, 1988a: 7–11; Jacka, 1988b: 28–29; Augar, 2006). This approach promised to deliver an improved financial infrastructure for screen production, but the high risk and low profitability of Australian screen production meant that this infrastructure never fully developed.

The 10BA era saw many popular and internationally successful films produced, notably The Man from Snowy River (1982), The Year of Living Dangerously (1982) and the 10BA/foreign studio-financed blockbusters Mad Max 2: The Road Warrior (1981) and Crocodile Dundee (1986). The audience share for Australian cinema
during 10BA’s subsidy was the highest in post-war history (Screen Australia, 2010d; Screen Australia, 2010h). However, tax evasion scandals and the rising cost of the 10BA provision led to the winding back of the 10BA subsidy from 1988. With the taxpayer as the overwhelming funder of Australian production, the production boom proved vulnerable to a more austere Australian fiscal policy after 1987 (French, 2001; Stratton, 1990). When the 10BA incentive was wound back to 100 per cent (eliminating the subsidy), the production bubble rapidly deflated. Thus, while the 10BA scheme continued to operate in this modified form until 2007, the ‘10BA era’ can be considered to have ended by the late 1980s.

The local production sector and the relevant government agencies, including the Australian Film Commission, lobbied for a policy response to the now-rampant over-capacity – the sudden lack of investment demand – as a replacement for the 10BA subsidy. The eventual solution decided on by the Hawke government was the Film Finance Corporation, a government-owned financing body modelled on a blueprint set out by the Australian Film Commission’s policy adviser David Court. Court had authored two influential policy discussion papers: ‘Film Assistance: Future Options’ released in November 1986, and a ‘Supplementary Paper’ released in January 1987 (Jacka, 1988a: 16–19). After a ‘licensing’ idea failed to gain industry support, Court proposed the FFC as a ‘film bank’ (Jacka, 1988a: 16), in which projects with initial private investment interest would be ‘topped up’ and guaranteed in return for an ownership stake and a cut of the film’s eventual profits (if any should materialise). The FFC was announced by Treasurer Paul Keating on 25 May 1988 and launched later that year (Jacka, 1988a: 19). Court notes:

The idea was that it would be market-driven, that is, responsive to the investment decisions of distributors, sales agents, TV networks, etc. But it was understood to require continuing subsidy. The FFC was a model for delivering that subsidy. (Court, personal communication, 12 April 2010)

At first, the FFC’s A$70 million budget was perceived to have altered the screen industry’s institutional ‘balance of power’. According to Screen Australia, ‘direct funding from government agencies, principally the Film Finance Corporation Australia, again became the major source of finance in the 1990s’ (Screen Australia, 2010d). However, over time the AFC’s Special Production Fund (Jacka, 1988a: 13; Jacka, 1988b: 43–46) and the state film corporations in Queensland, New South Wales and Victoria also established themselves as funding agencies, moving from being production facilitation agencies (helping with regulatory permissions and location scouting) towards becoming significant financiers of local production. The longer-term outcome was that domestic investment in Australian feature films came to be overwhelmingly taxpayer financed, a trend that accelerated over the next two decades, even if the rhetoric and policy orientation of the FFC were framed around investment recoupment and commercial return (Parker and Parenta, 2009; Jacka, 1988d).

We argue that the 10BA film boom of the early to mid-1980s showed many characteristics of an industry bubble. Tax-minimisation schemes inflated Australia’s film production slate in a period of ‘irrational exuberance’ (Shiller, 2000) and investment bank growth (Augar, 2006), so that the quality of film productions ran secondary to their role as tax arbitrage and minimisation vehicles (Stratton, 1990). Yet, just as many so-called Web 2.0 firms emerged from the 1995–2000
The dot.com bubble, the 10BA period also stimulated investment in supply-side capacity in location and post-production facilities (House of Representatives Standing Committee on Environment, Recreation and the Arts, 1992; Reid, 1999). These underpinned the screen industry’s next ‘image of the future’ (to use futurist Fred Polak’s term): the late 1980s vision of Sydney and the Gold Coast as Hollywood’s preferred back-lot (O’Regan and Goldsmith, 2006; O’Regan and Ward, 2006; Polak, 1973). In doing so, 10BA bequeathed an unexpected contribution to the industry’s productive capacity, similar to the long-term payoffs of railroad, telegraph and fibre-optic infrastructure (Gross, 2007).

The investment performance of the Film Finance Corporation

The FFC operated for 20 years, from 1998 until 2008, when it was amalgamated with the AFC and Film Australia by the Rudd government into a new body, Screen Australia. The 20-year track record of the FFC as an investor therefore offers a constrained data-set and a useful sampling from which to assess the investment track record of an Australian cultural agency. Although we offer some initial analysis below for illustrative theory-testing, more in-depth analysis of the FFC and Screen Australia data-sets, and the FFC’s investment in 1,165 projects, is beyond the scope of this article. Rather, the causal and explanatory factors we discuss may inform more rigorous research.

Figure 1 shows the FFC’s nominal return on investment during its two decades of institutional existence, using FFC figures published in a glossy brochure ‘showcasing the 20 years of achievement by the Australian government’s principal agency for funding the production of film and television in Australia’ that accompanied its 2007–08 Annual Report (Film Finance Corporation, 2008). The aggregated data available meant it was not possible to adjust for inflation.

From 1988 to 2008, the FFC invested A$1.345 billion in 1,165 Australian film and television productions, for a total return of A$274 million – a cumulative return over that timeframe of negative 80 per cent. The FFC states that its investment had a multiplier effect on final production budgets, arguing that its A$1.345 billion investment translated into a total screen production value of A$2.872 billion. But Screen Australia’s own figures tell a different story. Production of Australian films has flatlined at an average of 25 a year since the early 1990s, and the box office share of Australian features has declined from an average of 11.5 per cent for the 1980s to 4.5 per cent for the period 2000–08 (Screen Australia, 2010d). Production budgets per film have increased modestly over this period, and this increase needs to be seen in the context of the rapidly spiralling cost of Hollywood productions, notably marketing costs (McDonald and Wasko, 2008: 51).

On an initial analysis, the FFC and Screen Australia’s production data suggests that the FFC era has seen less feature film production and a declining share of cinema attendance in Australia, compared with the 10BA boom’s glory days. The FFC’s uncertain ‘recoupment’ record also bears witness to the high risks for the investor inherent in a taste-based market with highly uncertain demand. Consequently, ‘nobody knows’ beforehand whether a film will succeed, due to the ‘random walk’ of combinatorial uncertainties from script and production to marketing, distribution and exhibition, although Hollywood studios increasingly use data-mining and other forecasting models (de Vany, 2004; Wasko, 2003: 3;
Note: Figures in nominal dollars, not adjusted for inflation.

**Figure 1: Film Finance Corporation recoupment on investment, 1988–2008**

Note: Figures in nominal dollars, not adjusted for inflation.
Source: Screen Australia (2010e).

**Figure 2: Average annual production numbers, average production budgets and average percentage of Australian box office for Australian feature films, by decade, 1980-81 to 2008–09**
As Australian critic and industry commentator Lynden Barber (2009) has observed: ‘Many of the failures of the local industry have been the result of commercial misjudgments – not only by the federal and state funding agencies, but also by private investors, distributors and filmmakers.’

When judged by its own initial goals of ‘commercial’ financing, using an investment bank model based on insurance contracts and completion guarantee structures, the FFC failed to generate commercial returns. David Court counters that: ‘The FFC simply did not have available to it the range of investment strategies you envisage. In particular, it was unable to properly diversify its portfolio and effectively was unable to invest up or down the value chain. That said, it was quite good at risk management, probably too good – hidebound and risk-averse.’ (Court, personal email, 12 April 2010) Nevertheless, by the end of its institutional lifespan, the FFC justified itself by resorting to old-fashioned industrial policy arguments about the amount of production it was financing, rather than the profitability and diversification of that investment portfolio (FFC, 2008).

**Hollywood’s runaway productions in Australia**

By the late 1980s, concurrently with changes to 10BA’s subsidy levels and the FFC’s creation, many Australian state governments began to move aggressively into the film policy sector with a range of local production incentives and subsidies. As Toby Miller and his co-authors observe (2005: 143) in the best recent discussion of Hollywood’s runaway productions in Australia:

> When Dino De Laurentiis was choosing between Sydney and Queensland’s Gold Coast as locations for a joint-venture studio with the Australian company Village-Roadshow in 1987, one factor in the latter’s favour was the A$7.5 million loan patched together by the then Queensland Film Corporation, which attracted A$55 million via a local share-issue (another was lax labour laws that enabled easy exploitation of children). De Laurentiis’ company collapsed after the stock market crash that year, and the space seemed destined to fail. Touted as a new Disneyland site or a multifunction polis, neither plan succeeded. But in 1988, a 150-day strike by the WGA over creative and residual-rights payments led to a chronic shortfall in new programmes. Village Roadshow responded by refinancing its investment with Warner Brothers and seeking foreign business.

The Movieworld complex on Queensland’s Gold Coast was followed by similar investments in high-end location and post-production facilities at Sydney’s Fox Studios and Melbourne’s Docklands Studios (Newman, 2008: 301). All three facilities featured significant cash, location and production subsidies and other incentives from the relevant state governments, often auspiced through their state film agencies, including payroll tax breaks and preferential leases (Miller, 1998; Maher, 2004: 23). By 2000, Australia was attracting significant levels of overseas production away from the market leader, Vancouver, which has provided the location for over 80 per cent of Hollywood’s foreign-produced features since the late 1990s (Wasko, 1998: 58). For example, while only one foreign feature was
produced in 1990, with a budget of A$20 million, by 2001–02 seven films were being produced, with a combined budget of A$374 million. Local employment more than doubled, from 5,998 in 1994 to 15,195 in 2000 (Screen Australia, 2010f; Given, 2003). Miller cites a 2001 study by Ulich and Simmens, in which Warner boss Lorenzo di Bonaventura explains:

*The Matrix* [shot at Sydney’s Fox Studios] cost us 30 per cent less than it would have if we shot in the United States … the rate of exchange is 62 cents on the dollar. Labor costs, construction materials are all lower. And they want us more. They are very embracing when we come to them. (Ulich and Simmens, 2001: 361)

In Australia, the debate about runaway productions such as *The Matrix* and the second *Star Wars* trilogy is often framed between two poles: ‘internationalist’ financiers versus ‘Australian content’ advocates in the federal and state government film agencies. State government film agencies in particular brushed aside fears of ‘Hollywoodisation’ or ‘Hollywood South’ (Newman, 2008: 296–97) that arose during 10BA to wholeheartedly pursue runaway production. Two strategies were evident. First, Australia screen agencies encouraged ‘equity co-production’ agreements, analogous to the deals Hollywood studios struck to take advantage of European production subsidies (Miller et al., 2005: 195–96). Second, government screen agencies enthusiastically competed to lure foreign production to Australian facilities. Deal incentives for Hollywood producers were transparent: production subsidies, tax breaks, soft loans and preferential share issues, and cheaper labour, an arbitrage opportunity for ‘value migration’ (Miller et al., 2005: 143, 145–47; Slywotzky, 1996). While the Australian dollar’s exchange rate remained attractive, Australian crews (but more rarely Australian screenwriters, producers and directors) benefited through employment and small business development. Tourism and related industries also experienced flow-on growth.

Unfortunately, Australia’s runaway production boom proved short-lived. By the mid-2000s, rising Australian terms of trade had seen a significant appreciation of the Australian dollar, a phenomenon that accelerated as a boom in Australian mineral exports to north Asia pushed the Australian dollar towards parity with the US dollar by the decade’s end. Although disaggregated figures for runaway production are not readily available, the scale of the contraction can be shown by the fact that the total industry value of Australian production fell from A$2.24 billion in 1999–2000 to A$1.67 billion in 2002–03; after a lag, screen employment in Australian also contracted sharply, from 16,427 in 2002–03 to 13,844 in 2006–07 (Screen Australia, 2010b, 2010f). By 2006, post-production facilities at MovieWorld on the Gold Coast were closing as Hollywood studios divested their investments. New Zealand also emerged as a regional competitor, after tax credits secured Peter Jackson’s *Lord of the Rings* trilogy over Tasmania as an alternative location (O’Regan and Ward, 2006: 18; Newman, 2008: 303). Australian newspapers began to report regularly that the local screen industry was ‘in crisis’ (Bodey, 2008; Williams, 2010).

Australia’s screen industry responded in characteristic fashion, advocating for increased subsidies for foreign production in Australia, which the Rudd government duly delivered in mid-2008 as part of a new film policy that saw increased production rebates (including a 15 per cent location offset for foreign
production), and the amalgamation of the Australian Film Commission and the Film Finance Corporation into Screen Australia (AFC, 2006; Department of the Environment, Heritage, Water and the Arts, 2009).

Runaway production in Australia turned out to be as evanescent as its name suggests. Currency competitiveness was a key factor determining where the production dollars flowed, as the AFC admitted after surveying Hollywood producers in 2002: ‘Australia is seen by these producers as more competitive than Canada because of the exchange rate.’ (AFC, 2002: 22). As well as an appreciating currency, Australia also faced increasingly fierce competition from Canada, Mexico and other US states, which had begun to offer their own generous production subsidies and tax incentives (Moneypenny Business and Taxation Services, 2003; Scott and Pope, 2007).

By the late 2000s, Australian policy-makers therefore faced a policy landscape disconcertingly similar to that of the late 1970s, with the bulk of Australian production dependent on taxpayer funding, either through direct public investment in local film and television or indirect subsidies for foreign-financed production. A self-sustaining private investment market for Australian screen remained tantalisingly out of reach – as it has done since the end of the 10BA subsidy era.

**Structural factors and pro-cyclical policies in the 10BA and FFC eras**

We argue that cross-border, macroeconomic and structural factors involved with film finance, film markets and project selection decisions – rather than merely a paucity of local screenwriting, acting or directing talent, as is often suggested in the popular media – represent a significant causal explanation for the current (un)popularity of Australian cinema. While it is possible that lower artistic standards, or less popularly appealing screen products, may be amongst the reasons for the current low market share of Australian cinema, we argue that is far more likely that the apparent ‘unpopularity’ of Australian films is in fact a consequence of structural factors constraining the creative output of Australian filmmakers: low production and marketing budgets, distribution bottlenecks, and the poor investment decisions of monopsonistic screen funding agencies.

Second, the unintended consequence of policy decisions since 1981 has been considerable volatility in local screen production levels. Importantly, Australian screen policy in this period has tended to be pro-cyclical, accentuating the boom-and-bust cycles to which local cinema was already susceptible. Policies that can be considered to have exacerbated this volatility include the 10BA subsidy of the early 1980s and the encouragement of runaway production in the 1990s and 2000s. While the good times saw considerable employment and production growth, the busts led to savage industry adjustments. Nor did the self-sustaining industry anticipated by policy-makers ever eventuate: by the end of the first decade of the 2000s, Australian feature film production continued to struggle to draw local audiences (let alone export markets) and attract private investment. What policy lessons might be drawn?

One lesson, in our view, is that the current journalistic narrative of industry ‘crisis’ is a major barrier to sound policy development. While policy-makers can’t necessarily influence screen journalism, they make policy in an environment in which media narratives can shape political responses. Journalistic reportage on new
films often shows ‘halo’ and ‘recency’ biases that revolve around crude measures of box office performance (even in an era where foreign-territory distribution and DVD deals can represent the major proportion of a production’s final income) (de Vany, 2004: 48). Further, many journalists prefer to concentrate on festival nominations and prizes, and prominent critics’ views, leading them to unrealistic estimates of the likelihood of a given film’s commercial success (Williams, 2010). Journalistic reliance on screen agency marketing as a story source can also obscure the role of independent screen producers, directors and early investors. A different approach currently emerging from the screen ‘blogosphere’ would see journalists moving beyond crude box office measures of profitability and conducting post-implementation reviews of new films. Nikki Finke’s Deadline Hollywood blog (www.deadlinehollywood.com) provides one successful example of this approach.

A second lesson emerges from an analysis of the extant literature on Australian screen, which has understandably tended to focus its attention on the core texts of Australian screen: the film and television productions themselves, and the work of Australian directors. One consequence of this has been relatively little examination of the role of cross-border, macroeconomic and structural conditions in the development of the local industry (the work of Tom O’Regan is an exception in the Australian context; see also de Vany, 2004; Wasko, 2003; Gomery, 1998; Maltby, 1998; and Smith 1988 for examinations of these phenomena in Hollywood). In the Australian context, the cultural studies approach tends to address the evolutionary role of institutions only insofar as it informs an engagement with the primary cultural texts (King et al., 2009). Fields such as cultural microeconomics can offer new conceptual frameworks for problem diagnosis and solution design in Australian screen studies, but have been little explored in this context.

On a policy level, a further conclusion can be drawn about the institutional legacies of 10BA and the FFC faced by Australian screen policy-makers. Despite the intentions of the architects of those frameworks, such as Joe Skrzynski and David Court, the FFC appears to have suffered from ‘institutional capture’ by film government bureaucrats and the local industry, which Court (1994) has carefully re-evaluated, as well as ‘lock-in’ effects from other screen agencies and policy decisions. As a result, the FFC’s operations slowly evolved from a fairly pure investment bank model to a subsidy-based industrial policy approach. Meanwhile, the state-based screen production facilities proceeded on a parallel policy track, driven as much by political opportunism and ‘boosterism’ as by any explicitly articulated policy framework.

In addition, despite its mandate as a new screen funding institution, the FFC operated from the beginning in an environment of conceptual continuity with past government screen policies. With the demise of the 10BA financing boom, a monopsony emerged (a market structure with a single buyer), in which the AFC and FFC (and to a lesser extent the state-based screen agencies) were usually the sole buyers and/or major investors in Australian films, despite international co-production agreements. Under this market structure, the AFC rather than private investors provided the initial development funding for many projects, with the FFC ‘topping up’ the funding once the AFC hurdle had been cleared. Consequently, the FFC assumed significant counter-party, project and market risks, including adverse selection. As it turned out, the FFC did not recoup the anticipated revenues from successful projects to invest in new productions. Had there been several competing
processes, rather than attempting to micro-manage development or meddle with content and creative decisions. We propose four such alternative examples from other industries: (1) the Australian Idol series for artist and repertoire development in the music industry (content development as talent quest); (2) current interest in Government 2.0 mechanisms for stakeholder consultation (screen development as ‘wikinomic reform’ that employs the ‘wisdom of crowds’) (Tapscott and Williams, 2006; Surowiecki, 2004); (3) new proposals from experienced screen producers such as Robert Connolly (in essence, deregulation of screen development funding) (Connolly, 2008); and (4) innovation tournaments such as the X-Prize Foundation (www.xprize.org) and the Project Greenlight television series (Terwiesch and Ulrich, 2009). Furthermore, if script quality really is an endemic problem, then perhaps Australian policy-makers might consider an auction system, such as the one already used for Hollywood ‘spec’ scripts (Wasko, 2008: 48). Why continue to use incremental refinements if the underlying processes for project selection don’t work?

Another lesson for screen industry policy-makers and producers may be to consider the 10BA and FFC periods from the perspective of Hollywood producers and studios. Hollywood producers took advantage of Australian location and production subsidies during an evolution in the structure of the Hollywood industry, which saw new development deals and partnership company structures (Wasko, 1998: 50–51, 53). Two pivotal acquisitions – Sony’s US$3.9 billion deal for Columbia Pictures Entertainment in 1989, and Matsushita Electric Industrial Company’s US$6.9 billion deal for MCA in 1990 – shook up the industry and foreshadowed the mid-1990s merger waves in media, finance and investment banking (Augar, 2006; Balio, 1998: 64). These acquisitions destroyed value in the merged companies, but they also imposed learning curves on Hollywood producers, particularly with respect to the global marketing and distribution of feature films, that later showed up in MBA courses on finance and tax arbitrage strategies in the screen industry (Trumpbour, 1998; Desai et al., 2002a, 2002b). The result was an evolving Hollywood industry structure (Dowling, 2005). In particular, Hollywood studios developed core competencies in risk management, global marketing and distribution, investment diversification through project portfolios, and distributor/exhibitor lock-in for film launches (McGahan, 2004: 44–47), while outsourcing much of their core production needs to tax-friendly foreign locations and post-production facilities. Ironically, these core competencies are the very same ones that the government inquiries we examined above noted as areas of serious deficiency for the FFC and other Australian government screen agencies.

For their part, Australian producers were exposed to very different competitive pressures – pressures that emphasised good relationships with the monopsony providers of local film finance, the screen agencies themselves. Thus, while Australian producers concentrated on proposing projects that would be likely to win the attention of domestic screen agencies, Hollywood embarked on a ‘race to the bottom’ scenario – a subsidy chase to jurisdictions that offered production subsidies and tax advantages. In effect, Australian producers competed for a small pool of captive grant funding, while Hollywood studios embarked on a complex cross-border strategy of cultural, geographic and tax arbitrage (Ghemawat, 2007: 170, 174–80). Perhaps without fully realising it, Australian crews and post-production facilities had therefore entered a ‘rank-order tournament’ for labour,
locations and production subsidies, which pitted Australian facilities against those in Mexico, Canada and various non-Californian US states (Christopherson, 2008: 163; Miller et al., 2005: 97–102; Lazear and Rosen, 1981).

Finally, while our article reconnects with an earlier tradition of Australian screen industry research, it also identifies areas for future scholarly research. The publication of more fine-grained and disaggregated data from the FFC and other government screen agencies would assist the debate on domestic screen investment recoupment. Co-integration of data sets, including legacy data from different government agencies and historical sources, might reveal different patterns and testable hypotheses. Case studies and histories may also inform the reassessment of the FFC’s decision-making processes, investment track record and organisational evolution, in particular its relationship with other screen industry institutions. We also note other areas – such as behavioural economics, evolutionary finance, mergers and acquisitions studies, and the economics of the design and regulation of cultural markets – that may hold further lessons for screen producers and Australian screen policy-makers.

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CHAPTER FIVE:

A ‘GAME OF NOMENCLATURE’:

PERFORMANCE-BASED SONIC PRACTICE IN AUSTRALIA”
A ‘game of nomenclature’?
Performance-based sonic practice in Australia

BEN ELTHAM

This article examines four artists who are currently influential in the Australian sound art and experimental music scenes. In interviews with Robin Fox, Anthony Paters, Lloyd Barrett and Joel Stern, a picture emerges of a small, interconnected and vibrant Australian artistic community, fertile with cross-collaboration and significantly engaged with each other’s work.

Lloyd Barrett

Lloyd Barrett describes himself as a ‘UK-born, Australian-bred digital media artist and performer’. His work includes generative musical artforms, multi-channel sound pieces and video pieces including The Drift and Let’s Hear it for the Vague Blur (co-directed by Joe Musgrove). Like the other artists encountered here, Barrett has appeared and performed at several of the festivals described by Julian Knowles in a 2008 article about the importance of Australian experimental arts festivals such as Liquid Architecture and Electrofringe.¹

Barrett describes his work as highly informed by film culture and cinema, and he has scored and sound designed for a number of Australian theatrical and contemporary dance performances. He has also released an album, Mise En Scene (2006), with Lawrence English’s Room 40 Records.

Barrett says of his musical influences:

I was the bass player for my high school ensemble and played bamboo xylophone in a gamelan orchestra but I think I was more a listener to music, in particular challenging sounds, before I realised I could use a computer to set my own style. Much of my work is informed by film or literature – in particular, I’m interested in evocations of space. Hence, Mise En Scene as a title ... the elements that make up the scene, minus the drama.

Barrett sees his work as stemming from an identifiable antipodean tradition, explaining that ‘what I hope to do is connect a legacy of Australian audiovisual performance experiments from those of Percy Grainger and Len Lye through the work of the Cantrills in expanded cinema to Stephen Jones and his video synths and Robin Fox with his lasers. In doing so I hope to rationalise this as a sustainable practice, not just an experimental form.’

As with the other artists interviewed here, Barrett underscores the importance of Australian festivals for the development of his work. His Mise En Scene is an example of the intimately audiovisual nature of his work. Inspired as much by film music as the musique concrète movement, Mise En Scene blends sonic textures and orchestral swirls with the occasional keyboard twinkle into a dense, spatially evocative melange that is strongly visually suggestive. Some reviewers have compared the work to composers such as Bernard Parmegiani, and Barrett does indeed share Parmegiani’s penchant for conducting compositions in sonic space, but Mise En Scene also juxtaposes gorgeous drones with interesting dynamic discontinuities into an uncanny, perhaps even highly anxious whole.

Barrett’s current research is ‘working towards a typology for digital audiovisual performance’. He argues it is important to distinguish this type of performance as an emerging form, rather than a novelty, or subset of VJ-ing or ghetto-biz digital arts niche.

Joel Stern

Joel Stern is a Brisbane-based artist whose practice encompasses exploratory, electronic and improvised sound,
with an emphasis on performance. Stern’s recent CD, Objects Masks Props (2008, Naturestrip), received considerable critical acclaim in experimental music circles. His collaborations, for instance, with the act Abject Leader, often encompass audiovisual art and sound installations, leading to international film festival screenings at Cannes, London, Brisbane and Melbourne, and his sculptural-installations at Brisbane International Arts Festival.

‘Reading the liner notes to Sonic Youth’s Confusion is Sex (Neutral, 1983) at about age sixteen, I remember realising that music extends into experimental, abstract and conceptual realms that have little to do with conventional musicianship or chops’, Stern says. ‘It was a massive revelation for me that gave me a lot of confidence; ideas were at least as important as technique’, adding dryly that ‘this understanding outlasted my love for Sonic Youth’.

As with Barrett, the visual arts and cinema were concomitant early influences for Stern, including Michael Snow’s 1967 art film Wavelength and the sonic aspects of Jean-Luc Godard’s mid-1960s films such as Alphaville, Masculin Feminin and Weekend. Stern points to ‘the non-linearity and cut-up structure’ of Godard’s arrangements, which he argues Godard understood from ‘Dziga Vertov’s manipulations of industrial recordings throughout the 1920s and also from the French musique concrète of the preceding generation’.

‘That dynamic between sonic abstraction and narrative sound still resounds in all my work’, he says. ‘It’s an opposition between zones of reality and unreality, which is endlessly malleable’. He also points to the ‘expanded cinema’ tradition, and his inspiration in particular from the work of Melbourne film artists Corinne and Arthur Cantrill. Stern has a robust approach to sonic experimentation common to other artists discussed here. ‘I’ve a fascination with exotic, primitive, junk instruments – I’m a hoarder, a collector of musical and sonic detritus’. This love has informed some of his recent work, for instance with latex membranes stretched over plastic tubes, which vibrate when blown through.

As well as performing at many Australian sound and music festivals, Stern has long been active curating and organising his own events. His collaboration with Danni Zavala and Sally Golding in the collective OtherFilm has contributed significantly to Brisbane and Australia’s experimental cinema and music communities; in particular, OtherFilm is almost solely responsible for reviving contemporary interest in the work of the Cantrills.

Stern talks about sound in a highly tactile way. On meeting a bee-keeper while on tour in rural New Zealand, he became fascinated by his hives. ‘I gave him my tiny microphones I was carrying which he proceeded to insert right inside the beehive and to agitate the bees rather aggressively with a stick’, he recounts. ‘The bees sound massively huge’.

The bee recordings later found their way into his piece Phenomena Wings. ‘The trace qualities of all the original moments and spaces are still present but they have been reformulated into a sonic collage that moves across time and space, interiors and exteriors, and different moments of my own experience’, he explains. ‘That methodology is pretty much consistent throughout my work’.

Anhyon Pateras

Melbourne’s Anthony Pateras is primarily a composer and performer, but his work is still of considerable interest in this context because of its highly experimental textures and the inquisitive approach he takes to his medium.

Pateras’s classical music following is impressive. His string octet Chromatophore (2008) has received performances from the Los Angeles Philharmonic, the Dutch Radio Kamerorkest and the Australian National Academy of Music Ensemble. He has also performed his own works with Speak Percussion, the Australian Chamber Orchestra, Percussion Group The Hague, the

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Melbourne Symphony Orchestra, and has received further performances from Vanessa Temlinson, Eugene Ughetti, Flux String Quartet and Ear Massage Percussion Quartet amongst others.

Pateras also performs regularly in the underground music scene, particularly in Melbourne. He met Robin Fox at La Trobe University, the start of a fruitful artistic collaboration that has seen the two perform as a duo for many years. Pateras cites current influences and inspirations as including Ligeti, Takemitsu, Len Lye, Cecil Taylor, Peter Thomas, Chico Barakat and Quincy Jones’ which, he hastens to add, has ‘nothing to do’ with the death of Michael Jackson.

Perhaps because Pateras has a sophisticated understanding of contemporary Western art music, the Australian context remains important for him. ‘Australia is relatively young, and we are in the cracks of everywhere else’, he explains.

This is fascinating to me because we are not weighed down by art/music history to the extent that Europe is, for example. Therefore as artists we are in a very comfortable position to do anything we want. What continually amazes me is that imitation and repetition in the arts is preferred over innovation and evolution by curators and festivals (especially in music). I try to take advantage of the freedom of my distance though my activities on all fronts.

Like Stern, Fox and Barrett, Pateras has played at a number of Australian experimental sound and music festivals, and cites the pioneering significance of Sydney’s New Now Festival in the national push (from the mid-1990s) to promote sound practices. A progressive and open attitude is clearly an important part of Pateras’ artistic make-up.

Although Pateras describes himself as a composer, Fox believes believes Pateras ‘approaches composition from a sound art perspective’. So, when asked whether there is a philosophical position behind his work, Pateras comments that he doesn’t have any specific sound art pieces, but that ‘as a musician, it’s not about having more records than everyone else ... [but] about getting a deeper understanding of the concepts behind the work that resonates with you, and somehow commenting on or arguing with that. That can take a lifetime of course.’

Robin Fox

Robin Fox’s work is perhaps the most viscerally enjoyable of all four artists. Including works for cathode-ray oscilloscopes and large lasers, his current practice has inspired visual arts academics, curators and musicologists as well as the contemporary arts and music crowds at festivals and underground parties. Interestingly, Fox is perhaps the most comfortable of the artists examined here with the overt description of ‘sound artist’, though his work also encompasses live digital media in improvised, composed and installation settings.

‘I come from a very musical family’, he says of his early influences. ‘My mother was a composer, and she was working with computer music in the early 1980s, writing experimental mainframe computer music.’

After dropping out of a law degree, Fox studied composition at La Trobe University, which he says ‘had a good computer music department’, despite being ‘hooked on post-WWII serialist kind of things. By the time I was writing my Honours thesis I was interested in visual music, I was interested in graphic score and the interpretation of that stuff, and that led me towards improvisation and the idea of spontaneity.’

After buying a computer to type out his Honours thesis, he downloaded a piece of software called Audiomulch:

I get obsessed with it. I loved the idea that you could work in complete isolation and that any idea that you had you could test immediately ... I hadn’t played music for a long time, so I wanted to design interfaces for computers that would allow me to improvise with other musicians, so that became a project for quite a few years. What I liked about that situation was treating a computer like an instrument, which ten years ago was quite a contentious issue.

Fox’s interest in oscilloscopes began serendipitously on an opera project several years ago; his desire to see what the cathode-ray oscilloscope noises looked like culminated with his Backscatter DVD. His work with lasers is a natural outgrowth of the oscilloscope work, ‘an attempt’, he says, ‘to make this two-dimensional film format somehow three-dimensional’.

Like Stern, Fox came to sound art from an experimental music background and describes his methodology as heavily influenced by those ethos:

Experimentalism – ‘I’ve always been interested in that, in terms of the process of asking a series of questions and seeing what happens. So I have an idea of combining particular elements in particular ways. I think there’s a separation at some point where I’m not interested in making music in any structural or formal sense, so it’s much more an engagement with the idea of sound as a phenomena, which is basically what sound art is, and people don’t have to have any musical training or background to experience that and to work with that. It has become quite a separated field, I think.’

All four artists examined in this article cite a strong commitment to performance. In varying degrees, all trained in Western classical music before becoming interested in different types of sonic expression. Arguably, all share a commitment to what might be termed ‘pragmatic experimentation’, an experimentation which moves their work beyond what Fox calls the ‘game of nomenclature’ that tends to arbitrarily divide music (whether experimental or classical), from art (whether sonic or visual). Perhaps most importantly, these artists know each other; they have both collaborated in various permutations and appeared alongside each other in various Australian experimental arts festivals – illustrating both the small size and artistic fertility of the Australian crossover between sound art and experimental music.

Notes


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CHAPTER SIX:

THREE ARGUMENTS AGAINST ‘SOFT INNOVATION’:
TOWARDS A RICHER UNDERSTANDING OF CULTURAL INNOVATION
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Three arguments against ‘soft innovation’: towards a richer understanding of cultural innovation

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Three arguments against ‘soft innovation’: towards a richer understanding of cultural innovation

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This paper critiques recent research on innovation in the cultural and creative industries. In particular, this paper examines Paul Stoneman’s idea of ‘soft innovation’ as a jumping off point for discussing theories of cultural innovation more broadly. Three critiques are advanced. Firstly, soft innovation is a theoretical perspective that has developed from neoclassical economics, and is therefore vulnerable to criticisms levelled at neoclassical explanations of economic behaviour. Secondly, the theory of soft innovation can be criticised for being contingently inaccurate: the observed reality of cultural industries and marketplaces may not reflect the theory’s premises. Thirdly, because soft innovation defines the significance of an innovation in terms of marketplace success, it implies that only high-selling cultural products are significant, a difficult claim to substantiate. This paper concludes by arguing that our understanding of innovation in the cultural sphere can benefit from a multi-disciplinary approach grounded in the full gamut of human creativity.

Keywords: soft innovation; cultural innovation; innovation policy; cultural industries; creative industries; cultural economics

Introduction: innovation studies and the cultural and creative industries

Innovation has come to occupy a key position in contemporary economic theory as a driver of economic growth (Kuznets 1973, Romer 1990). Because of the centrality of economic growth to the economic policy of nearly all nation-states, the study of the economic significance of innovation has exerted a very considerable influence on the policies of many nation-states (Nelson 1993). As a result, innovation has become a hugely significant idea. For instance, Paul Romer’s entry on economic growth in The Concise Encyclopedia of Economics, contains the following statement: ‘For a nation, the choices that determine whether income doubles with every generation, or instead with every other generation, dwarf all other economic policy concerns’ (Romer 2007). Romer’s entry cites a key text from the innovation literature, Rosenberg’s (1982) monograph, Inside the Black Box: Technology and Economics.

Innovation has traditionally been a topic tied to the study of science and technology (Godin 2008), often encapsulated by the acronym ‘R&D’, standing for ‘research
and development’. In this context, ‘research’ was generally conceptualised as pure or applied research in the physical and biological sciences, and ‘development’ was generally thought to concern the application of such research to the development of new technological artifacts of economic or military value. For instance, one of the foundational texts in the field, Rogers’ (2003) *The Diffusion of Innovations*, began with the study of the uptake of hybrid corn varieties amongst farmers in the USA (Ryan and Gross 1943). However, scholars have also sought to extend their study of innovation to other sorts of research and other sectors of the economy – for instance, those sectors of the economy that produce cultural, artistic and symbolic products and services (Hirsch 1972, Caves 2000, Bakhshi *et al.* 2008). These parts of the economy are often called the ‘cultural industries’ (Hesmondhalgh 2007) or the ‘creative industries’ (Department of Culture, Media and Sport 2001).

This paper will engage with one particular research programme which has come to exert a significant influence on policy-makers in many western democracies: the idea of innovation as it applies to the cultural and creative industries (Hesmondhalgh and Pratt 2005). An important recent text in this field is Stoneman’s (2010) *Soft Innovation*. This book builds on Stoneman’s extensive research in the economics of innovation and applies it to the cultural industries, particularly the development, production and distribution of aesthetic or symbolic works such as new books, movies and records.

In this paper, I will examine some of the assumptions of Stoneman’s theory of cultural innovation, and present counter-factual evidence against it. The aim is not to review and critique Stoneman’s book per se (for this, see Towse 2010, pp. 473–474), but rather to use it as a jumping off point for a discussion of the theoretical implications of soft innovation for broader cultural debates. In doing so, I will mount three arguments against soft innovation. Firstly, I will argue against the neoclassical assumptions of Stoneman’s microeconomic model. Secondly, I will argue that soft innovation is contingently inaccurate: that is, the observed reality of cultural industries and marketplaces may not reflect the theory’s predictions – particularly when it comes to the nature of cultural firms and artistic labour. Thirdly, I will argue that soft innovation can be criticised for its theoretical asymmetry, in the sense of the term ‘asymmetry’ as understood by scholars in the field of science and technology studies (Callon 1986, Bijker 1995). This argument posits that, because Stoneman defines the significance of an innovation in terms of marketplace success, his concept of soft innovation implies that only high-selling cultural products are of any significance, a difficult claim to substantiate. Finally, I will briefly discuss the value of multi-disciplinary approaches to the breadth and complexity of cultural innovation.

**Stoneman’s theory of soft innovation**

Stoneman’s (2010) theory of ‘soft innovation’ aims to extend existing neoclassical theories of economic innovation, as expressed and codified in the Organisation for Economic Cooperation and Development’s (OECD 2006) *Oslo Manual*, to the sphere of new products and services in the cultural and creative industries. In particular, Stoneman is interested in aesthetic and symbolic products such as books, movies and games.

It is important to understand the background to Stoneman’s enquiry, which develops out of the mainstream of neoclassical economics. Beginning with the work of Schumpeter (1950), this research programme has been institutionalised by
economists and policy-makers around a framework of science and technology-based research and development (Godin 2008). As Stoneman observes, until a recent revision, the OECD’s Oslo Manual defined innovation as ‘technological, product and process’ innovation, often shortened to the acronym ‘TPP’ (OECD 2006). TPP innovation is in fact two things – a technological product innovation (such as a new good or service developed as a result of scientific research) or a technological process innovation (such as a new production or distribution method, or new equipment or software). In recent years, this definition was extended to include organisational innovation (for instance, advanced management techniques such as ‘Total Quality Management’) and marketing innovation (for instance, packaging, promotion and product placement strategies) (OECD 2006, pp. 48–51). The OECD definitions enshrined in the Oslo Manual (and its close relative, the Frascati Manual) have important economic policy implications, because they represent the basis of the statistics collected by most OECD countries. In some countries, for instance Australia, they are even used as the basis for defining corporate eligibility for government research and development tax concessions (Australian Government 2008).

Stoneman seeks to extend this definition to the realm of the cultural and creative industries by adding a further definition, which he dubs ‘soft innovation’. Soft innovation is distinguished from TPP by its focus on the creation or symbolic transformation of goods and services of an aesthetic or formal nature. He defines soft innovation as:

Soft innovation is innovation in goods and services that primarily impacts upon aesthetic or intellectual appeal rather than functional performance. (Stoneman 2010, p. 22)

For Stoneman, soft innovation has two aspects. The first is innovation ‘in products … that offer aesthetic appeal’, such as books, music, films, fashion, art and computer games (Stoneman 2010, p. 23). This is the aspect of soft innovation with which we will be most engaged with in this paper. The second aspect is captured to a significant extent by the OECD definition of marketing innovation. However, Stoneman argues that it should also encompass aesthetic modifications and designs of products, such as ‘the appearance of furniture, the sound of a car exhaust, the taste of a meal, the small of flowers in a garden design, and the touch of a sheepskin rug’ (Stoneman 2010, p. 24). Clearly, the modern concept of branding, which has become so influential in discussions of contemporary capitalism (Klein 2000, Manning 2010), can be encompassed within this definition.

One of the subsidiary aspects of Stoneman’s definition of innovation is his framing of the ‘significance’ of a particular innovation. An innovation’s significance, according to this definition, is essentially equal to its success in the marketplace in terms of sales. Although Stoneman is careful to argue that the true test of a soft innovation’s relative significance is its ‘economic welfare’, in the neoclassical sense of the definition of welfare as the sum of the producer and consumer surplus produced by the new innovation, he admits that measuring welfare impacts in this sense is difficult, and therefore falls back on sales and market share as the proxy test for significance, in keeping with the neoclassical identification of prices with value (a good introduction to which is canvassed by Throsby in his 2001 discussion of aesthetic and artistic value; see Throsby 2001, pp. 19–43):
In the absence of actual measures of welfare impacts, throughout this work the impact on consumer and producer surplus of a given new product or product variant will be taken to be indicated by the sales and/or market share realised by that product or product variant. It is termed the ‘market impact criterion’… (Stoneman 2010, pp. 32–33)

Stoneman goes onto discuss non-economic definitions of innovation significance, including those that encompass artistic criteria of various types. However, while he concedes such definitions have merit, he argues that in any discussion of the economics of aesthetic innovations, tests of significance of an aesthetic and artistic nature can be safely disregarded in favour of the market impact test:

Rather than trying to resolve an argument that probably cannot be resolved, the view taken here is that the market impact approach is one well suited to economic analysis which is what this volume employs. The use of other tests of significance may well involve different approaches that are not pursued here. (Stoneman 2010, p. 34)

Stoneman’s theory of cultural innovation therefore has a number of salient features: it is market-based, specifically referring to the introduction of new goods and services for sale in a marketplace; it is neoclassical, in the sense that it explicitly builds a model based on neoclassical economic assumptions; and it is reductionist, in the sense that concepts and understandings of innovation that originate from fields outside economics, such as sociology, anthropology or science and technology studies, are specifically deprecated or ignored. If we accept that this is a valid characterisation of the premises of Stoneman’s argument, we can therefore turn to examining the validity of these premises to see whether his argument holds.

**Argument 1: the argument against soft innovation as a subset of neoclassical microeconomics**

The core of Stoneman’s theory of soft innovation is presented in Appendix 2.1 of his 2010 book of the same name. Interestingly, it is presented with two supply and demand diagrams, reflecting the power of such diagrams in the explanation of neoclassical theories (Blaug and Lloyd 2010). Stoneman’s analysis rests for its theoretical basis on a foundation of what might be fairly called ‘neoclassical microeconomics’. In the context of Stoneman’s innovation theory, this means a model of marketplaces in which certain key assumptions are advanced as foundational. Stoneman explains it in the following terms:

Here … primarily as a reflection of by far the largest school of economics, the approach concentrates on the school that is called ‘neo-classical’. The fundamentals of this school are that firms and consumers are rational, with firms pursuing profits and consumers maximising utility; that utility and production functions exhibit the required convexity (declining marginal utility and marginal productivities with appropriate scale economies); and that markets clear with equilibrium between supply and demand. (Stoneman 2010, p. 42)

Stoneman goes onto argue that ‘such a neo-classical world’ will also feature ‘perfect competition’ and be ‘without any uncertainty’ (Stoneman 2010, p. 42).

Do these assumptions hold in the real world? A large body of evidence from many different fields of enquiry suggests that they do not. In particular, counter-factual
The irrationality of real-world cultural economics

There is now a substantial literature, often termed ‘behavioural economics’, pioneered by Daniel Kahneman and Amos Tversky, which advances the argument that human cognition is biased in a number of predictably non-rational ways (Tversky and Kahneman 1981, Kahneman et al. 1991, Sunstein et al 2002, Ariely 2009). The crux of this argument is very simple: consumers, investors and managers of firms are not always rational in their decision-making. They are instead prone to irrational, inconsistent or otherwise flawed judgement when it comes to making consumption or investment decisions. While the assumption of rationality allows for a number of elegant microeconomic theories to be advanced, it is becoming increasingly clear that this assumption is not borne out by events in the real world.

The shining counter-example to the assumption of rational markets (and of an associated theory, that of efficient markets) is of course the global financial crisis of 2008 (Krugman 2009, Stiglitz 2010, Quiggin 2010). But even if we are to leave aside the global financial crisis and the broader literature regarding rational markets and expectations momentarily and examine the actions of firms specifically within the cultural and creative industries, there is certainly ample evidence of counter-productive behaviour, profit-destruction or run-of-the-mill corporate folly within these industries.

The past decade furnishes many examples; five will be briefly cited here. Firstly, the orgy of poor investment decisions by media and IT firms in the internet bubble that burst in 1999–2000 shows the enduring ability of asset price bubbles to destroy value (Shiller 2000). The folly of dot com exuberance is exemplified by the 2000 AOL-Time Warner merger, still the largest merger in the US corporate history. In 2010, shares in the merged entity were trading at a value approximately equal to one-seventh of their pre-merger level a decade earlier (Arango 2010). Secondly, a particularly illuminating example is the failure of the major global music publishers to adapt to the challenge of internet file sharing, symbolised by the Pyrrhic victories of their legal assaults on sites such as Napster and Limewire, while revenues dropped and downloading continued unabated (Burkart and McCourt 2006). A third example can be found in Hollywood, where De Vany’s (2004) quantitative analysis of movie studio microeconomics demonstrates that movie investment is so uncertain as to be almost by definition irrational. De Vany shows that the very long tails of movie profit distributions mean most movies lose money; as a result, movie investors need to be lucky enough to commission statistically unlikely ‘blockbuster’ hits to remain viable:

Most studios and certainly most studio executives do not have the resources or time to produce a large enough sample of movies in order to realize the expectation. They would be broke or fired before that. So, they have to be lucky. They have to hit in the tail of the distribution on their first few tries or their losses will be too great. And the odds are against them because the most likely outcome is that the movie will lose money. (De Vany and Walls 2004, p. 1051)
The long tail distribution of many cultural markets, combined with the glamour and social status attached to show-business activity, explains the well-documented tendency towards ‘vanity’ amongst Hollywood motion picture investors, such as the private equity firms and hedge funds that ploughed more than $US8 billion into the industry in the mid-2000s (Morawetz et al. 2007, Young et al. 2008). A fourth and related example of irrational investor behaviour also comes from the motion picture industry. This was the dismal 20-year performance of the Australian Government’s Film Finance Corporation, a government-funded film investment body that lost more than $AUD 1billion between 1988 and 2008, booking investment returns of negative 80% in that time period (Burns and Eltham 2010). Fifthly, there is an entire class of arts organisations which operate in the non-profit sector, maximising (if they maximise at all) a quite different set of utilities than those pursued by for-profit firms. It is true that many economists have used neoclassical theory to explain the actions of non-profit firms in the arts (Cowen 1996, Frey 1998, Throsby 2001). However, cultural research also offers many counter-examples to the assumption that creative firms act in neoclassically rational ways, for instance in regard to the difficulties faced by firms attempting to reconcile the very different goals and motivations of managers seeking to maximise profit, and artists and creative workers attempting to pursue their craft (Jeffcutt and Pratt 2002, Banks 2010).

The disequilibrium of cultural supply and demand

Another assumption made by Stoneman is that of supply and demand equilibrium. Like rational behaviour, this assumption is generally held by neoclassical economics to be axiomatic, despite the considerable evidence in economic history of sustained gluts and supply over-hangs in many markets. Indeed, if supply and demand really are necessarily in equilibrium, then long-running asset-price bubbles are impossible – an argument that is in fact often advanced at the height of bubble-driven irrational exuberance (Shiller 2003, Reinhart and Rogoff 2009). Further, if creative industries are by definition in competitive equilibrium, then a large shock such as faced by the record industries after the introduction of Napster should have been immediately apparent and empirically demonstrable. Instead, the true size of the impact of file sharing on record sales is still the scene of considerable academic controversy, as Towse et al. (2008) note when they point out that:

It it is by no means clear that the record industry was in [a] state that resembled a competitive equilibrium when file sharing struck. On the one hand, it is organised in a few major multi-national firms that wield considerable market power according to most accounts ... On the other, the record industry appears to go through structural changes with continued merger activity among the major companies, increasing importance of media tie-ins as a source of income and authorised online services growing rapidly to name but a few volatile aspects. (Towse et al. 2008, p. 14)

Additionally, for supply and demand to interact in the neoclassically expected fashion, then goods and services have to be rivalrous and excludable. While for some cultural products, this is of course the case, for many cultural products it is not. Many cultural products – particularly the easily digitalised products of the music and movie industries – are in fact becoming increasingly non-rivalrous and non-excludable. Most notably, the digitalisation of cultural products is fundamentally
changing the economics of cultural industries by removing the ability of firms to charge for their products access. As DeLong and Froomkin argued in a prescient paper written a decade ago:

When commodities are not excludable, people simply help themselves. The user sends money to the producer not because it is the only want to gain the power to use the product, but out of gratitude and for the sake of reciprocity. (DeLong and Froomkin 2000)

DeLong and Froomkin’s observation almost exactly predicts the eventual strategy pursued by many artists in the face of downloading, for instance the band Radiohead when it offered downloads of its album *In Rainbows* on the internet for free, while allowing users to make a donation (Burns 2008).

The non-rivalry (able to be copied perfectly an infinite number of times) and non-excludability (freely downloadable by anyone with internet access) of many cultural products points to a world where ordinary supply and demand dynamics break down. Because the supply of a widely torrented MP3 or DivX file is essentially infinite, the price of that product has for most consumers dropped to zero. In his book *Free*, Anderson (2009) explores the economic implications of this new dynamic, in which informational innovations transform previously rivalrous and excludable goods into infinitely available, zero-cost giveaways (see also Varian 2005). In industries such as encyclopaedias and recorded music, the introduction of these innovations has destroyed value, measured as profit or market share, in rather direct counter-example to the creation of value that Stoneman’s model predicts.

A final point may be made in relation to the cultural economics of innovation, which is that it is not necessary to problematise neoclassical foundations in order to advance cogent and convincing arguments against prevailing models of cultural industries innovation. Indeed, as Benkler (2006) points out, the characteristics of information goods, most notably their non-rivalry and the ‘standing on the shoulders of giants effect’ (the recursive nature of information production, which means that, to quote Benkler (2006, p. 37), ‘information is both input and output of its own production process’) mean that the predominant empirical evidence that finds that stronger intellectual property regimes correlate with lower investment levels in innovation by firms ‘[is] entirely consistent with theory’ (Lerner 2002, Benkler 2006, p. 39). Significantly, the public good characteristics of cultural products and services, as explored by Benkler, DeLong and Froomkin, and others, remains a problem for the soft innovation model that holds even in the neoclassical microeconomic paradigm advanced in Stoneman’s definition.

**Argument 2: the argument against soft innovation from sociological contingency**

Leaving aside the assumptions of neoclassical microeconomics, a second argument can be mounted against soft innovation. This is an argument from sociological contingency, which seeks to compare the theory of soft innovation against the observable reality of everyday economic and cultural life. What does the real world of cultural production actually look like? Are cultural and aesthetic innovations mainly of a for-profit nature, originated by firms or entrepreneurs with the expectation of economic return? Or are new creative works originated by authors, artists and musicians for a range of reasons, some economic, some social and some entirely individual?
This is an admittedly broad question that cannot be answered easily or succinctly. Two approaches will be considered. One approach is to examine the sociological and ethnographic literature that investigates artistic and cultural creativity, and see what it might reveal. And there is indeed a substantial literature that exists on what has come to be called the ‘social production of art’ (Wolff 1993), which will be canvassed below. Another way of answering this question is to look at the debates surrounding the most common form of intellectual property right associated with cultural creativity: copyright (see Towse et al. (2008) for an excellent introduction).

**Do copyrights act as an incentive for cultural innovation?**

Copyrights clearly hold a central position in any analysis of contemporary cultural innovation, not just because they play an analogous role to that of patents in technology-based industrial innovation, but also because of the highly visible legal battles fought over piracy and copyright violations by industrial cartels like the Recording Industry Association of America and the Motion Picture Association of America in the 1990s and 2000s (Lessig 2004, Vaidhyanathan 2004, Burkart and McCourt 2006). Traditionally, the economic theory of copyright law – in the legal sphere, dominated in terms of citations by the work of Landes and Posner (1989, 2003) – has also proceeded from neoclassical assumptions regarding the importance of copyright as a property right of artists and publishers, seeing it as a necessary condition to provide the right incentives for the continued creation of new works. Landes and Posner explain this line of reasoning by appealing to Paretian ideas of welfare maximisation and efficiency:

> Copyright protection – the right of the copyright’s owner to prevent others from making copies – trades off the costs of limiting access to a work against the benefits of providing incentives to create the work in the first place. Striking the correct balance between access and incentives is the central problem in copyright law. For copyright law to promote economic efficiency, its principal legal doctrines must, at least approximately, maximise the benefits from creating additional works minus both the losses from limiting access and the costs of administering copyright protection. (Landes and Posner 1989, p. 326)

In other words, the traditional view of copyright law is that it provides a critical economic incentive for the creation of new works by artists. But as Towse (2006b, p. 87) observes:

> the whole debate about the importance of copyright has always been conducted in an information vacuum as far as artists’ rewards from it are concerned … the little evidence there is confirms what everyone knows anyway – that the superstars have high royalty earnings and the rest typically earn very little.

As a number of labour market studies of artists have demonstrated (see Throsby and Zednik (2010) for a recent, rigorous Australian survey), most artists do not earn particularly high wages or fees from their creative activity. Creative labour markets seem to be characterised by ‘Matthew effects’ in which the already successful gain more success (Bielby and Bielby 1999, Lincoln and Allen 2004) and also by power-law distributions of earnings – the so-called superstar economics of Rosen
(1981) – meaning that while some talented or lucky artists achieve vast wealth and fortune, most make far less than an average wage (Alper and Wassal 2006). In Throsby and Zednik’s Australian study, for instance, 56% of the surveyed artists earned less than $AUD 10,000 annually from their creative practice, a figure less than the Australian poverty line (Melbourne Institute 2010). Moreover, copyright incomes and royalties represent only a portion of most artists’ total income. Hence, whatever their hopes and dreams, for the majority of practising artists, there is little evidence to support the contention that copyright represents a rational incentive for artistic creativity in the neoclassical sense advanced by Landes and Posner.

What does the sociology of culture tell us about cultural innovation?

When we turn to the extensive sociological literature about artistic creativity, this should not surprise us. This literature stresses the institutional and social constraints of cultural production, observing that artists create and perform work in an ‘art world’ which helps to structure their creative lives (Becker 1982, Zolberg 1990, Wolff 1993, Peterson and Anand 2004). As a corollary of this, many artists appear to embark on their creative lives for reasons as much to do with aesthetics, lifestyle and an individual commitment to art-making as with the earnings potential of their career. This is probably just as well, because nearly all studies of creative labour markets observe high levels of unemployment and under-employment (Miege 1989, Menger 1999, Neff et al. 2005, Towse 2006a). Hence, while many artists are indeed interested in creating new and innovative work, they are typically doing so for different reasons and under very different constraints to those suggested by Stoneman’s firm-level microeconomic model.

To see why and how, let us briefly examine a series of ethnographic and sociological studies of the lives and careers of several different types of artists and creative workers: multimedia developers and film and television crews, musicians and visual artists.

Ross’ (2003) account, based on more than a year of participant observation of a New York multimedia firm, established a compelling account of the internal contradictions between the aesthetic and lifestyle motivations of creative workers and the financial and managerial imperatives constraining them. Ross concluded that while many workers really did enjoy the self-directed freedom afforded by their relaxed workplace (one interviewee took a much lower paying job with a smaller creative firm ‘for the vibe’), these benefits came at the cost of a collapse between the boundaries of work and leisure: ‘for employees who consolidate office and home, who work and play in the same clothes, and whose social life draws heavily on their immediate colleagues, there are no longer any boundaries between work and leisure’ (Ross 2003, p. 19; see also Lewis 2003). Hesmondhalgh and Baker (2008, 2010), Blair (2001) and Ursell (2000) studied workers in the film and television industries, particularly freelancers, and found similarly high levels of personal investment in their cultural labour. However, this was accompanied by the anxiety and anomie of casualised, insecure and risky labour conditions. The flip side of this coin was explored by Terranova (2000) and Banks and Humphreys (2008), who studied the labour conditions of amateur and semi-professional user co-creators in the games industry, finding considerable evidence of commercial game development as leisure, a practice happily commodified by the companies involved.
In regard to musicians, there is now a detailed literature exploring the everyday lives of working musicians that can be traced to the pioneering field work of Becker (1973) with jazz musicians in the USA in 1948 and 1949. Becker’s participant observations was amongst the first academic studies to describe the intense feelings of conflict felt by musicians between the demands of their aesthetic impulses and the economic realities of the US music industry at that time. Subsequent research has also described the complex relationship between art and commerce that must be negotiated by those artists who are unable to sell adequate amounts of their own creative works; for instance, Christian (1987, p. 239) found that ‘most semi-pro jazzmen would rather not play at all than completely sell out to popular taste’. Similar attitudes concerning the tension between art and commerce can be found in other ethnographic and musicological studies of contemporary musicians of many different genres, including Chang (2005), Toynbee (2000), Thornton (1995, pp. 58–66), Frith and Horne (1987) and Bennett (1980), not to mention the many first-person accounts of musicians in their biographies and autobiographies (Davis and Troupe 1990, Cole 1993, see Longhurst 2007, pp. 51–84 for an overview). An interesting related analysis is by Park (1995), who studied amateur orchestral musicians in community orchestras, reporting on the difficulties inherent in maintaining high levels of musicianship in the context of a voluntary organisation. Like most artists pursuing their craft in a non-professional manner, these musicians incurred considerable economic and time costs in their creative practice. In summary, while not every musician plays for the love of their art, there is plenty of evidence that musicians are motivated for reasons other than the incentive of financial gain.

Much the same can be said for the young and emerging visual artists in London studied by McRobbie (2004). These artists were highly motivated, hard working and possessed of a pioneering entrepreneurial spirit – precisely the qualities that Joseph Schumpeter lauded in the figure of the entrepreneurial industrialist. However, most were unsuccessful, reflecting the harsh realities of a labour market crowded with new aspirants and buffeted by the forces of global competition. Living in the shadow of a global art market that catapults a lucky few superstar artists to millionaire status, most of McRobbie’s cohort subsidised their art practice with second and third jobs. McRobbie presents a picture of the independent artist as a struggling firm: a sole-trading micro-enterprise in which the ‘proprietor’ trades low wages and precarious working conditions for evanescent social status gleaned through a sophisticated palette of cultural capital. Such ‘independents’ (Leadbeater and Oakley 1999) might well be innovative, but to focus only on their creation of new work would be to ignore the broader conditions of exploitation, marginalisation and precarity that the creative industries micro-enterprise seems to incubate (Banks and Hesmondhalgh 2009). Far from introducing innovations in the pursuit of profit, these firms cross-subsidise their unprofitable operations in the pursuit of their founders’ creativity.

The sociological literature about creative labour brings into greater focus one of the key deficiencies of Stoneman’s theory: the impoverished nature of his model of the creative firm. By defining innovation as something introduced to the marketplace by a business or organisation, Stoneman conflates the very different interests and characteristics inherent in the complex processes of cultural production. Artists and managers, capital and labour, itinerant freelancers and veteran professionals, tiny start-ups and multi-national corporations: all are assumed to be acting as com-
modified inputs to the function of cultural production. To put it mildly, this is an oversimplified perspective of cultural production, and one which cannot account for the true complexity and ambiguity of cultural innovation. It is worthwhile contrasting this model to the more nuanced understanding of the cultural firm advanced by Caves (2000). Caves writes from a similar neoclassical perspective as Stoneman. However, he was very interested in the contractual negotiations inherent in creative production chains, and remained alert to the forces of uncertainty that inherently complicate the processes of cultural innovation.

**Argument 3: the argument against the asymmetry of economic significance**

If soft innovation is an extension of the existing orthodoxy about innovation, it is reasonable to ask whether this orthodoxy is itself valid. As Godin (2010) has shown, the field of innovation studies can be thought of as composed of two related schools of thought: a North American tradition focusing on the contributions of technological innovation to economic growth, beginning with Schumpeter and progressing through Arrow (1962) and Schmookler (1966) to the evolutionary perspectives of Nelson and his collaborators (Nelson and Winter 1982), with offshoots to the new endogenous growth school represented by scholars like Romer (1990); and a European tradition focusing on innovation as the commercialisation of products and processes, in which the central figure is Freeman (1974). This latter tradition is today usually called ‘innovation studies’ and has grown to encompass many different disciplines and research programmes. Fagerberg and Verspagen (2009) have recently conducted a citation analysis and survey of the innovation studies field (for a generalist introduction to the literature of this field, see Fagerberg 2006). While they distinguish a more complex literature than Godin, finding four broad ‘clusters’ of scholarly communities, Fagerberg and Verspagen also conclude that Schumpeter, Nelson and Freeman are the three key ‘sources of inspiration’ in the field. Of these three, Christopher Freeman is the researcher whose work most importantly prefigures that of Stoneman. Freeman led a research team at the University of Sussex called the Science Policy Research Unit and was a long-time editor of the journal *Research Policy*. He and his collaborators and students at the Science Policy Research Unit, such as Keith Pavitt, Giovanni Dosi and Luc Soete, came to define the OECD and European Community’s policy approach to innovation (Freeman worked as a consultant to the OECD in the early 1960s and wrote the first *Frascati Manual*). In recent years, Dosi has advanced the idea of a ‘Stanford-Yale-Sussex synthesis’ that fuses the information economics of Arrow and his successors with the evolutionary economics of Nelson (Dosi et al. 2006). There are good reasons, including the researchers he cites, to consider Stoneman’s book an example of this synthesis, even if he disavows the insights of evolutionary economics in favour of a neoclassical approach.

In general, the neo-Schumpeterian bent of most innovation studies scholars has led to a focus on innovation at the level of the firm – often a large, multi-national firm – introducing new products or processes in order to gain market advantage. The innovation studies tradition pursued by economists did not overly concern itself with the fine-grained socio-cultural details of technological innovation (inside the black box) until the 1980s (Rosenberg 1982, Hippel 1988). As recently as 2007, Rindova and Petkova argued in the conclusion of a theoretical paper on the nature of product innovation that ‘little innovation research has addressed the aesthetic and
symbolic dimensions of new product artifacts’ (2007, p. 229). Pavitt, in his chapter on ‘Innovation processes’ in the Fagerberg and Nelson-edited *Handbook of Innovation*, echoes much of the literature in this tradition by arguing that innovation processes share two fundamental characteristics: firstly, they are market-based, involving ‘the exploration and exploitation of opportunities for a new or improved product, process or service’, and secondly, they are inherently uncertain, involving learning by entities that Pavitt generally assumes to be firms (some (but not all) of this learning is firm-specific) (Pavitt 2006, pp. 87–88). As a result, while much basic research occurs in universities and the public sector, commercialisation is generally assumed to occur in the marketplace.

This view of innovation has met with strident criticism from researchers working in the field typically referred to as ‘science and technology studies’. Although science and technology studies is a large and diverse field which resists neat encapsulation (Sismondo 2010), two of its central research interests are a scepticism towards technological determinism and an examination of the social and cultural influences underlying the adoption of new technologies. The ideas about the so-called ‘social shaping of technology’ or ‘social construction of technology’ (SCOT) developed by researchers in this school (Pinch and Bijker 1987, Williams and Edge 1996, MacKenzie and Wajcman 1999) have important implications for the neoclassical theory of innovation, because they complicate and in many cases contradict the dominant theory of scientific research and development which underpins the OECD innovation framework (for a review of the historical development of the innovation model and its enshrinement in official OECD statistics via the Frascati Manual, with which Freeman was intimately involved, see Godin 2006).

Bijker’s (1995) book *Of Bicycles, Bakelites and Bulbs* is perhaps the fullest exposition of the SCOT thesis. While it is not possible to detail in full the argument developed in Bijker’s book (see Klein and Kleinman (2002) for a recent recapitulation and summary), one important aspect stands out for the purposes of this argument. This is the idea of symmetry. Bijker and the SCOT school argue that a critical drawback of much of the work produced by economists and innovation scholars is a tendency towards writing the history of technology through an idealised perspective of ‘successful’ technologies. They argue that, to be truly rigorous, such theories must equally account for why certain technologies and innovations were not adopted. This, roughly, is Callon’s idea of symmetry in the explanation of socio-technological change (Callon 1986). This principle builds on Bloor’s (1976) proposition of symmetry in regard to the history of science, which argues that true and false beliefs should be explained in the same terms. As Bijker (1995, p. 273) explains: ‘the technical is socially constructed, and the social is technically constructed ... in the case of technology, working and failing machines [should] be explained in the same terms’.

In the case of innovation studies, we might restate this principle as saying that a particular product or process only becomes an ‘innovation’ as the result of the stabilisation of a number of social and technological factors. Bijker examined detailed case histories of the introduction of three technological innovations: bicycles, plastics and the fluorescent light bulb. In the case of the fluorescent bulb, for instance, he establishes in convincing historical detail the way that US electricity generators, which owned both the patents and a controlling share in the dominant US lamp manufacturers, were able to use their market power to effectively determine the eventual type of fluorescent lamp introduced there: one that was of high intensity,
and therefore used at least as much electricity as the incandescent bulb it might replace (Bijker 1995, pp. 200–267). I will argue here that the idea of symmetry has particular merit in regard to aesthetic or symbolic innovation, where the concept of novelty is often hotly disputed (Krauss 1985).

Stoneman’s theory of soft innovation is highly asymmetric. Stoneman argues that the only significant innovations are the ones that are successful in terms of their sales-weighted market share. But, as has been discussed above, many cultural products are increasingly non-excludable. Thus, a cultural product like an MP3 can have a high demand and wide diffusion but low profits, because most ‘sales’ are at the pirated price of zero. Hence, the success of a cultural innovation must be due to more than just its ‘market impact’. As the counter-example of piracy shows, market impact is clearly dependent on the existence of appropriate economic incentives provided by intellectual property rights, backed up by legal enforcement. A symmetrical explanation of cultural innovation would instead argue that the novelty of a particular intellectual property is itself the result of a social construction: a new artistic work is in part a legal definition, enshrined in copyright law and part of a legal framework created by governments as a result of considerable political conflict and debate (see, for instance, the debate around the passing of US copyright legislation such as the Sonny Bono Copyright Term Extension Act of 1998). Indeed, the standards of novelty required of new copyrights are far less stringent than those required of new patents. Are new copyrights therefore somehow less innovative than new technological patents, owing to their much lower standards of documentation and novelty? Stoneman’s definition of soft innovation cannot answer such a question, precisely because it ignores such social, political and legal dimensions.

Even if we confine our analysis of an innovation’s significance to the quantitative measure of sales, how are we to judge the importance of a cultural product which sells in small numbers initially, but which goes onto establish itself as a high-selling classic years (or even decades) later? Such examples are by no means uncommon in the history of art, as painstaking work by Sassoon in his book The Culture of the Europeans (2006) has demonstrated. One example we might briefly consider concerns the writings of Walter Benjamin, which sold in tiny numbers in his own lifetime. Benjamin’s books were proscribed by the Nazis, and most went out of print; one survived the war only by dint of its possession in the library of Georges Bataille (Missac 1995). It took several decades after Benjamin’s rediscovery following the World War II for his work to be translated into English, after which it slowly attracted wider interest from academics, particularly amongst art historians and in Literature and Media Studies Departments. Hundreds of thousands of copies of Benjamin’s books have been sold, though they had nearly disappeared entirely; his essay ‘The work of art in the age of mechanical reproduction’ (Benjamin 1968) has been cited by researchers thousands of times. Were Benjamin’s works ‘significant’? In the short run, no. But in the long run, yes.

History is also full of artists who were hugely successful in their lifetime, but are almost forgotten now. The composer and impresario Giacomo Meyerbeer and the gothic novelist Ann Radcliffe are two notable examples: Meyerbeer in his day was more famous and wealthy than his contemporary Beethoven, while Radcliffe was every bit as feted as her contemporary Jane Austen. Today the two arouse largely specialist or historical interest, while books by Austen and concerts of Beethoven remain in high demand. In this respect, the longevity of cultural works makes them unlike most other products in the economy: while Keynes was right when he
quipped that ‘in the long run, we are all dead’, the long run for some cultural works can be very long indeed. Copyrights in many western nations now last until 70 years after the death of the author, long after the initial sales significance of Stoneman’s market impact criterion will have become irrelevant – indeed, long after the original innovating firm has disappeared as a going concern.

Another aspect of cultural markets provides perhaps the most convincing counter-example to Stoneman’s market impact test. This is the language barrier confronted by works translated into other languages. The diffusion of cultural products across international markets depends on many factors, including the country they originate from and the language they were originally written or spoken in. Movies in languages other than English have a tiny market share in the USA, for instance; conversely, because of the market power of Hollywood, American movies are widely exhibited globally, though often over-dubbed for foreign markets (Wasko 2003, Scott 2004, Miller et al. 2005). The complex interplay of cross-border distribution networks, cultural tariffs and language barriers creates a mosaic of different markets for cultural products that bears little resemblance to the single market, perfectly competitive models advanced by Stoneman. This mosaic is as much social, political and linguistic as it is economic.

Discussion: towards a richer understanding of cultural innovation

Neoclassical economics clearly has considerable explanatory power when it comes to the study of cultural innovation. It is undeniable that an increasingly global market for cultural products now exists, and that within this market, firms introduce new symbolic and aesthetic innovations all the time. But if this is all soft innovation is, our understanding of what is new and what is innovative in the arts and culture is not noticeably further advanced than that of Adorno and Horkheimer (1944). This paper has mounted three specific criticisms of the theory of soft innovation. All three arguments are aspects of the same general conclusion: that cultural and artistic works cannot be understood only as economic entities in a marketplace, and that innovation in the arts and culture is the result of much more than merely the decision of a firm to bring a new work to market. The risk of conceptualising cultural innovation as a kind of addendum to high-tech R&D is not just that of reductionism; it entails abandoning much of what we have learnt about the creation of cultural texts since classical times.

There are a number of relevant research programmes in which we could explore ‘really existing’ cultural innovation. For instance, a large body of literature in the fields of cultural studies and cultural geography has developed in recent decades that traces the fundamentally creative and innovative nature of cultural consumption and production (Lash and Urry 1994, Gibson 2003, Amin and Thrift 2004). Indeed, a number of scholars in this field, such as Martin (1999), have described a ‘cultural turn’ in economic geography that has drawn significant inspiration from some of the other fields mentioned in this essay, particularly the work of Schumpeter and his interpreters, and the actor-network theorists (Barnes 2001, James et al. 2007). One of the key arguments often advanced in this literature is the importance of cultural difference and geographic juxtaposition to cultural innovation: Jackson observed in 2002 that ‘our own research suggests that the agents of cultural innovation – be they “ethnic entrepreneurs”, cultural intermediaries or “ordinary consumers” – exhibit a higher degree of reflexivity than they are often credited with’ (Jackson 2002, p.
14) while the work of Amin and Thrift has explored the local characteristics of affect, creativity and innovation in urban communities (Amin and Thrift 2002, Amin and Cohendet 2004, Thrift 2004).

One of the most interesting alternative theories can be found in Sennett’s monograph *The Craftsman* (2008), which advances a theory of cultural innovation of an entirely different nature to those that have been discussed here. For Sennett, innovation can be found in the materiality of working with tools in a creative way and in the intimate manipulations of the experienced craftsperson – a rich and quite different understanding of innovation to that found, by way of comparison, in the writings of the Sussex scholars.

Further, if we are prepared to look for them, older and richer traditions of cultural scholarship are available to us. Just as science and technology studies has revealed a subtler and more complex picture of scientific discovery and technological innovation than the black box and white lab coat of popular vernacular, so too has art history and the sociology of culture brought us much ‘thicker descriptions’ (Geertz 1973) of the practice, production and reception of art and culture than the iconic misconceptions of the starving artist, the tortured genius or the Hollywood star. It is outside the scope of this paper to propose a complete theory of cultural innovation, but one working hypothesis is that we are most likely to discover it from a multi-disciplinary approach grounded in the full gamut of human creativity. The careful and detailed elaboration of the social, economic, cultural and political influences prefiguring a particular assemblage of creative and symbolic production, animated by human beings each possessing their own irreducible individuality, has many precedents. We can find it in the work of scholars of the Warburg School like Panofsky and Yates, in the remarkable research project of Walter Benjamin’s *Passagen-Werk* (1999), and in the painstaking research underlying Habermas’ *Structural Transformation of the Public Sphere* (1989). It is present in Brook’s theory of new theatre in *The Empty Space* (1968), Barba’s theatre anthropology in *The Paper Canoe* (1995) and Danto’s philosophy of art in *The Transfiguration of the Commonplace* (1981). We can find it in works from specialist perspectives such as DeNora’s *Music in Everyday Life* (2000), Becker’s *Art Worlds* (1982) and Wolff’s *The Social Production of Art* (1993), as well as in generalist histories like Watson’s *A Terrible Beauty* (2000), Berger’s *Ways of Seeing* (1972) and Sassoon’s monumental *The Culture of the Europeans* (2006). It is a measure of the narrowness of academic discourse that it might be seen as indulgent or irrelevant to cite and discuss works of such widely divergent intellectual traditions – and yet all these works have highly specific things to say concerning innovation in the sphere of culture. The human impulse to create art is at least as old as the practice of trade. Reducing one to the other is only likely to dim our understanding of both.

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