

David Throsby: *The economics of cultural policy* Cambridge University Press, UK, 2010, ISBN: 9780521868259

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With his new book, *The Economics of Cultural Policy* (2010), David Throsby promises to provide a comprehensive synopsis of all economic contributions to the analysis of cultural policy while extending the discussion beyond the usual questions, inviting non-economists and specialists alike to join the conversation. The book suggests that theoretical and applied economics can broaden the existing study and practice of cultural policy by addressing such questions as: *How do we understand and study cultural policy within a rapidly changing environment? What economic arguments can we draw on to support government decision making in matters of art and culture?*

With respect to rapid changes in the economy such as high-tech innovations and market globalization, we often speak of “new”, “knowledge-based” and “creative” economies, arguing that creativity is a precursor of innovation that promotes economic benefits. In such a changing economic climate, policymakers, scholars and business leaders have increasingly seen the potential of the “new economy” along with that of arts and culture, in enhancing creativity. Thus, art and culture have become important sources of change in the economy. Shifts in the contemporary economy have subsequently given rise to new questions that invite us to revisit existing discussions within cultural policy research and practice.

In this volume, Throsby investigates the important shifts, suggesting that conducting cultural policy today requires a better understanding of the complex interrelation between the economy and culture. The fact that cultural policy has broadened its scope from creative arts to creative/cultural industries, reflecting “new” areas, such as a cultural industry, the creative class, and cultural cities, invites us to rethink the arguments: now we need to embed an economic justification in the decision-making process to support one or another cultural policy strategy.

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Such processes “have tended to push cultural policy towards becoming an arm of economic policy” (p. 5), where cultural significance alone is not an argument for government intervention. In response, Throsby discusses what solutions economic theory and application can bring to cultural policy analysis.

While maintaining that the economic approach will strengthen the reasoning within existing cultural policy studies, he argues that it “does not by any means imply a capitulation to an exclusively economic conceptualization of art and culture” (p. 7). Throsby navigates between neoclassical economics and the perspective of political economy, “an economics that is flexible, open-minded, and receptive to the intellectual influence of other disciplines in the social sciences and humanities” (p. 234), using a balanced approach to bring understanding of how economic theory can be beneficial to cultural policy design and analysis. The author explicitly highlights the importance of both the cultural and economic value of cultural goods and services—a discussion previously developed in his *Economics of Culture* (2001)—and by doing so takes an interdisciplinary view, using insights from other social sciences.

The first three chapters of the book are theoretical and conceptual in character, addressing core questions and definitions. The main themes, concepts and definitions developed in the first three chapters run throughout the remainder of the book as Throsby’s analysis delves further into economic argumentation and illustrates the implications that economic concepts have for policymaking within different areas of culture: the arts, cultural industries, cultural heritage, urban and regional development, tourism, international economy, cultural diversity, arts education, economic development, intellectual property and cultural statistics. In each chapter dedicated to a specific cultural area, he first defines its scope, then emphasises the main shift in the evolution of the area’s cultural policy. He also addresses the area’s main policy issues and the contributions of an economic approach within a comprehensive analysis.

Throsby advances the understanding of the relevance of economics in the study of cultural policy, introducing fundamental economic ideas—public and private goods, market failure, externalities, market and non-markets values, and so on. In his analysis of the creative arts (visual, literary, performing)—which have traditionally operated largely within the third sphere and are heavily supported by the government—he notes that new issues have evolved along with recent shifts in cultural policy. For example, the motivation for public funding now involves embracing economic logic as well as bringing to mind the concept of cultural and economic values applied to the analysis of allocation of direct (subsidy, grants, awards) and indirect (tax exemptions) funds. While explaining the logic behind government interventions in the arts, the author places greater emphasis on the market failure argument that is linked to the character of public goods, externalities and asymmetric information.

Based on a clear definition of cultural goods as activities resulting from human creativity that convey symbolic meanings and incorporate property rights, Throsby analyses the specific features of the cultural industries. Further reflecting on the industries’ dual characteristics—cultural content and industrial organization—he explores the concentric circle model of the cultural sector. He argues that the model

advances the cultural policy process of designing clear objectives, instruments and allocation strategies by providing a useful delineation of the sectors in cultural industries and analytical methods. What is more, the proposed analytical methods can strengthen advocacy arguments for the importance of the creative arts as a core element of the rapidly expanding cultural industries—an argument especially valuable for the advocacy of culture in developing countries.

When it comes to the monitoring and evaluation of cultural policy, Throsby highlights that systematic methods of assessment combined with well-defined data sources will assist efficient decision making, especially when scarce financial resources have to be allocated to different areas of cultural interest. To support this, he briefly introduces some applications of various market and non-market valuation methods. For example, in the realm of cultural industries, he discusses the measurement of their economic contributions in terms of gross value of production, value added, employment and the like. Looking at cultural heritage (built, moveable and intangible), Throsby applies the concept of cultural capital to explain the relevance of heritage as an asset with important public-good benefits. Here, he suggests that cost-benefit analysis and other valuation methods, such as hedonic pricing and contingent valuation, can be useful to measure non-market values. In cases such as the creative arts, he acknowledges the difficulties of operationalizing cultural value and suggests decomposing it into various attributes and applying a judgment-based assessment by a group of experts. The analysis could have gone more deeply into the role of the experts, exploring power relations between them and other actors involved in assessing value and their impact on the evaluation process.

The intensified importance of art and culture within the economic realm evolves into cultural policy discussions of urban and regional development, tourism, international economy, cultural diversity, economic development and intellectual property. While investigating some specific features of each area, Throsby once again closely intertwines economic and cultural aspects in cultural policy analysis, emphasising the use of some concepts. In the areas of urban development and tourism, the author broadens the discussion of human, and cultural capital, sustainable development, and a liveable environment—concepts that advanced the economic analysis of the relevant cultural policy issues. In international trade of cultural goods, he focuses on the concept of cultural exception. The analysis of culture in economic development deals with the contributions of art and culture to the economy, impact studies, cultural diversity and sustainability in its three aspects—economic, ecological and cultural. Throsby addresses the economic basis for copyright, referring to the intellectual property characteristic of the cultural good. The analysis of copyright regulation and administration is based on financial issues which provide incentives to the creators and producers of the cultural goods.

In this volume, Throsby identifies important aspects of cultural policy and argues that it can be enriched rather than debased by economic logic. He persuasively argues this by elaborating on various theories and their application to broader areas of cultural interest. While he introduces theoretical economic arguments in a seemingly balanced and comprehensive way, their practical applications could have been more convincing by supporting them with more varied illustrations from different cultures and countries.

The Economics of Cultural Policy is a valuable contribution to the study of cultural policy that invites policy researchers, policy makers and cultural economists to share its rich economic foundation. Throsby explains cultural policy systematically, comprehensively and, most importantly, through economic logic, a logic which, he seems to be saying, is—and will be—necessary to support the study and practices of contemporary cultural policy.

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