

What's New for Culture in the New Economy?

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INTRODUCTION

This paper reviews and evaluates recent work arguing for the rising importance of the cultural sector, and creativity in general, in the context of the new economy. Each of these keywords — new economy, creativity, cultural sector — is ambiguous without further definition. This paper aims to clarify the big arguments made using these terms, and see whether there is good evidence to support them. In particular, I will focus on claims that individual creativity and innovation have become central to economic productivity and competitiveness. I will argue that although large-scale structural changes in social and economic life have been evident for some time, recent commentary may oversell or misidentify these shifts.

The paper has four main parts. First, I discuss the “new economy” and ask whether we really are now living in a global marketplace driven by information technology that values innovation and creativity. Second, I describe the institutional changes in firms and labor markets alleged to have come about in response to the new economy and its demands. Third, I review two recent efforts to argue that (first) the creative sector and (second) a new creative class are emerging as the most important features of post-industrial societies. Finally, I raise some questions about and criticisms of these arguments.

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CLAIMS OF A NEW ECONOMY

Is there a “new economy”? Commentators seem to have become a little shy of the term recently, perhaps because the old economy returned in the form of a recession and a slew of business scandals. The downturn has made those scare quotes more common. So it might be best to begin by jumping back to 1998, when people were more optimistic about the new economy and its prospects. Here is an unselfconscious popular definition, from the editors of *Wired* magazine:

When we talk about the new economy, we’re talking about a world in which people work with their brains instead of their hands. A world in which communications technology creates global competition - not just for running shoes and laptop computers, but also for bank loans and other services that can’t be packed into a crate and shipped. A world in which innovation is more important than mass production. A world in which investment buys new concepts or the means to create them, rather than new machines. A world in which rapid change is a constant. A world at least as different from what came before it as the industrial age was from its agricultural predecessor. A world so different its emergence can only be described as a revolution (*Wired Magazine* 1998).

As the self-appointed opinion leaders of the “digerati,” the staff at *Wired* were about as invested in the reality of the new economy as one could be. Yet even they had a few reservations about it: “Some zealots”, they go on to say, “talk about a New Economy, capital N, capital E, all too easily caricatured as ‘there won’t be inflation anymore, because of technological change’” (*Wired Magazine* 1998). Clearly, *Wired* didn’t believe that the social changes it was seeing were bringing boundless economic growth and perfect social harmony. Theirs is an enthusiastic definition, but it is not obviously outrageous or naïve. Nevertheless, they did insist that it could “only be described as a revolution.” An era with new problems as well as possibilities, then, but without doubt a *new* era.

Wired’s definition contains three big claims that capture most of what is at issue. First, advances in *information technology* are said to be having a huge effect on work and industry. Second, the economy has become *globalized*. Goods and services are being produced and traded in world-spanning markets, thanks in large part to the new communications technologies. And third, the *skills and creativity* of individuals are becoming increasingly important in this information-driven, globalized world. Investment “buys new concepts or the means to create them, rather than new machines.” Let’s sketch what’s supposed to be happening in each case.

Information technology

By now, most of us are wary (and weary) of hype about the Internet and its associated technologies. Here is George Gilder writing about the revolutionary potential of bandwidth, for instance:

At the millennium, the incandescence [of fiber-optic bandwidth] is diffusing around the world, offering a promise of new freedom and prosperity . . . Encircling the globe under oceans and beaming from satellites, the radiance is increasingly eroding the powers of despots and bureaucracies, powers and principalities (Gilder 2000, 263).

Sounds amazing, the skeptical reader might respond. So why can't I get DSL service at my house? The visions of the techno-mavens are often enthralling (e.g., Dertouzos 1997), but they have a tendency to jump from possible technical innovations to wholesale social reorganization, with excitable prose providing the energy required for the leap. The fundamental problem with Gilder's variety of forecasting is not that it gets a technology's characteristics wrong — there *is* a network of optical fiber encircling the globe, and it's a remarkable thing — but it forgets there is already a world in place when a new technology arrives. That world is not there simply to be swept away. The truth about technology's effects on society is, alas, very messy. In a recent review of research on technology's effects on work, Liker et al. (1999, 575) conclude that

the social reality of technology implementation is highly complex. Very different technologies are brought into very different social settings for very different reasons, often with completely opposite effects and thus complex theories that recognize the emergent and socially constructed nature of technology are needed.

This ambivalence is a long way from Gilder's lyrical incantations about the pulsing harmonies of light emanating from the telecosm. Expressing caution about the effects of technology does not mean denying the possibility that it might cause some revolutionary change, of course. But the most convincing work in this area does not take a deterministic view. In an excellent early study of computerization in a variety of industrial settings, Shosanna Zuboff (1988) argued that computers changed the sorts of skills that were needed in the workplace. But they also changed the nature of managerial authority. Zuboff found that information technology could de-skill or re-skill workers depending on how it was viewed by both managers and workers. It could retard or enhance the creativity of workers. Its final effects were largely the product of social choices rather than

technical imperatives. Zuboff wrote before the growth of the Internet and World Wide Web, but the point still applies. Lawrence Lessig, for instance, has strongly argued that assumptions and decisions about what the Internet is for will end up being built into the code that makes the medium work (Lessig 2001, 2000).

The IT revolution is not a unitary phenomenon. It is difficult to make strong, substantive generalizations about. Depending on the context, email might foster creative, autonomous workgroups or it might be a way for management to spy on workers (Sproull and Kiesler 1991). New software may empower architects and designers or it might insidiously encourage conformity to established standards (Lunenfeld 2000). Although it does not make for good copy, this point about the differential effects of technology across different contexts is made over and over again by people who study the empirical effects of technical change.

Globalization

The second claim about the new economy is that it is global in scope, and that globalization is changing the rules of economic competitiveness. In a clear articulation of the mainstream view, Fraser and Oppenheim (1997, 170) define globalization as

the process by which the world's economy is transformed from a set of national and regional markets into a set of markets that operate without regard to national boundaries ... The increasing availability of global capital, coupled with advances in computing and communications technology, is serving to accelerate the processes of globalization. Economies are becoming superconductors of vast flows of capital and transplants of production techniques ... Underpinning these changes are three mutually reinforcing factors: [1] The growing scale, mobility, and integration of the world's capital markets. [2] The increasing irrelevance of national borders as regulation is liberalized and other economic barriers fall. [3] The expanding ability to leverage knowledge and talent worldwide through technology.

The emergence of a global market is reflected in trade statistics. The exports and imports share of U.S. gross domestic product increased from 11 percent in 1970 to 25 percent in 1997. World exports increased from \$1.3 trillion in 1970 to \$4.3 trillion in 1995, in constant dollars (Atkinson and Court 1998, 11). Globalization is not simply about firms exporting more to other countries, however. A more important trend is the proportion of the world economy that is "globally contestable". Firms from other countries are competing in what were formerly local or domestic markets. In 1997, Fraser and Oppenheim estimated that value

of the globally contestible portion of the world economy would rise from about \$4 trillion in 1995 to more than \$21 trillion by 2000.

What do these figures mean? For some pundits, particularly in the early 1990s, globalization was bad news for national economies. Lester Thurow, for instance, argued that the United States, Germany and Japan now all produced more or less the same kinds of goods and were being forced into direct, potentially destructive competition with each other (Thurow 1993). Thurow's book was perhaps the last major example of a once-common genre that we might call "Pick the Global Winner". The world economy was like the World Cup, a tournament where national economies played against each other. The winners would be the teams with the smartest managers and most skilful players.

More recently, commentary has focused on the differential effects of globalization within societies. For some, globalization is a disaster for the majority of workers (Greider 1998); for others, it is the inevitable triumph of free market mechanisms against the "dead hand" of planning and protectionism (Lindsey 2001). In the cultural sector, globalization can look like the devastation of local cultures at the hands of conglomerates, or an opportunity for small cultural enterprises to present their work on a world stage (for discussion see Blakely 2001). Neither side doubts the significance of the phenomenon.

Nevertheless, there is considerable debate about the effect of trade and international capital flows on domestic economies.¹ The consensus amongst economists is that it is much smaller than either the advocates or the critics of globalization believe (Borjas et al. 1997, Sachs and Shatz 1994).² Paul Krugman, in particular, has repeatedly emphasized that foreign competition cannot be held responsible for economic instability, wage decline or problems in the manufacturing sector (Krugman and Lawrence 1994). Difficulty pinning down the effects of globalization has done nothing to rein in the rhetoric on either side, however. The alleged consequences of globalization suit different political positions. Krugman remarks that "[m]any on the Left dislike the global marketplace because it epitomizes what they dislike about markets in general: the fact that nobody is in charge . . . Meanwhile, many on the right use the rhetoric of globalization to argue that business can no longer be expected to meet any social obligations" (Krugman 1998, 76).

¹Here I am indebted to Morris and Western (1999) for their excellent review and discussion of these issues.

²But see Leamer (1994) and Wood (1995) for alternative arguments.

Skills and creativity

The third claim is that the new economy demands different skills from its workers. As the economy churns (thanks to that global marketplace), it puts a higher premium on creativity and the capacity for innovation. A well-known formulation of this argument comes from Robert Reich (1991). Reich argues that the economic well-being of Americans depends on individual skills rather than the profitability of corporations. In particular, in order to make sure that people do well it is necessary to invest in training in the right way. The skills of “symbolic analysts” (as opposed to routine producers or providers of in-person services) are most in demand in the new economy. We should therefore be making sure people acquire those skills, he argues.

Reich’s worries about American competitiveness in the global economy are similar to Thurow’s. Both were writing during the recession of the early 1990s, when countries like Japan seemed to be doing much better than the U.S. on all fronts. Such fears were forgotten a few years later, when the dot-com boom coincided with prolonged recessions in Japan and Germany. But Reich’s concept of “symbolic analysts” anticipates the present wave of interest in fostering an innovative and creative workforce. Contributors to a recent volume on this topic (Imparto 1999), for instance, argue that “intellectual capital” is the most valuable resource a firm has. Harried CEOs lose sleep over it:

In the old economy one didn’t need to worry about these intangible assets until the day the company was sold. Now CEOs worry about them from the moment they awaken in the morning until the moment they fitfully fall asleep at night. Is my company prepared for what’s coming? Do we have enough information, and are we distributing it properly? Are my people smart enough? Am I smart enough? Should we be training more? And if so, what should we be learning? What is the intellectual capital of my company, and how can I increase it? (Malone 1999, 39)

Malone’s focus on intellectual capital — and by extension, its container, the innovative worker — is increasingly common. Manuel Castells argues that the new economy is a dynamic and information-rich environment that workers must navigate. Labor must therefore be “self-programmable.” Talent is the key resource (Castells 2001). More radically, Ken Robinson (2001) argues that we need to reconfigure our educational, economic and community institutions to better generate and take advantage of the individual creativity that the new economy demands.

This general line of thinking about a new kind of worker has its roots in thirty-year-old debates about life in the year 2000. It can be traced to Daniel Bell's work on the rise of Post-Industrial society (Bell 1976). Bell argued that a number of institutional and functional shifts were occurring in the U.S. that, taken together, amounted to a new kind of society. These included the increasing centrality of theoretical knowledge to the economy, the growth of a "knowledge class" of scientists and engineers, and a move from manufacturing to services. His analysis stood out because it rejected the idea of a historical "master process." Instead, he insisted that social change is a multi-faceted process, and that the new order would overlay the old one rather than simply replacing it.

Bell was sure that a transition was happening, but could not give a positive characterization of it. Hence the term "post-industrial." The rapid diffusion of computers in business and then homes supplied the "information society" label in the 1980s. Similarly, Peter Drucker coined the term "knowledge worker" in the 1960s, describing much the same set of occupations as Bell identified with post-industrialism. Reich's symbolic analysts can be seen as the next way point in this conceptual migration. As I discuss in more detail below, the latest move has been to capture the emphasis on intellectual capital, flexibility, knowledge and skill under the concept of the "creative worker."

INSTITUTIONAL CHANGE

The "new economy" argument is that a global, networked economy with information and services as its primary profit centers has emerged, with a new kind of worker to staff it. But a new economy does not mean simply that the service sector grows at the expense of manufacturing, or that international trade becomes more common. Not only has the economy shifted from the production of goods to services, but *how* these services are being produced has also changed. That is, economic institutions are changing along with economic outputs. These changes have been most visible in the organization of the firm and in labor markets.

Firms

Since at least the mid-1980s, sociologists of organizations have been tracking a series of changes both in the internal structure of firms and in their relationship to other businesses (Piore and Sabel 1984). The broad trend is away from the classic model of bureaucratic hierarchy and toward a variety of alternatives, all of which can be thought of as more horizontal, flexible and "networky" than their predecessors. Paul DiMaggio notes that inside organizations, changes in information technology "expand the capacity of firms not only to monitor their

workers and production processes but also to engage more employees in processes of product design and organizational change” while “consultants, pundits and new MBAs are telling seasoned managers to violate helter-skelter the rules they learned in business school” (DiMaggio 2001a, 4-5). On the outside, firms have developed new ways of interacting with their suppliers. These new forms are, in Walter Powell’s phrase, “neither market nor hierarchy” but fall somewhere in between (Powell 1990). This kind of “relational contracting” has spurred research on trust and social capital, as researchers seek to understand how these kinds of intermediate relationships persist without explicit managerial supervision or market contracts.

Of course, firms have always had both informal work groups inside their walls and trust-based network ties with suppliers and customers outside them (Macaulay 2001). And relational contracting is not new in some parts of the economy, notably the creative industries (Caves 2000). But until recently, managers have not been urged to think about their organization in these terms. The flood of advice now telling them otherwise constitutes a powerful feedback loop, a self-fulfilling process whereby companies restructure themselves in the image of their consulting firm’s image of the world. The Internet, once again, gave a big push to these new metaphors for organizational structure. The network picture of the firm was born in the 1980s and was tailor made for the Internet. Hence a book like *The Cluetrain Manifesto* (Locke et al. 2001), which urges managers to embrace an open, horizontal, conversational model of their company — or, it seems, be laughed out of business.

Labor markets

As firm structures have changed, so have the way organizations manage, hire and fire their workers. The flexibility and looseness of the new organizational forms is paralleled by increased uncertainty for workers. Ideally, this uncertainty is accompanied by greater opportunities. Instability in the labor market is supposed to give workers the ability to pursue better projects and larger returns to their skills. The popular version of this idea is that workers should think of themselves as “free agents” (Reinhold 2001, Pink 2001). Free agents are supposed to develop versatile skill sets and “fields of work” rather than pursue careers within particular organizations. Employee loyalty is dead, says Tom Peters:

[C]orporate loyalty is rubbish ... I want to give you an exciting work environment, peerless teammates and a string of challenging projects with top clients ... In turn, I demand that you give your all to these hot projects. And I demand that you be loyal — to your

teammates, to the client, to yourself . . . However, I also demand that you not be “loyal” to me or my company (*New York Times Magazine* 2000, 83).

And in response, of course, the company will cheerfully return the favor. Critics of flexible work practices were quick to argue that these new forms were just a way to eliminate employee job security in a way that significantly benefitted employers (Shaiken et al. 1986). A strong line of criticism has grown from this root, arguing that corporate America is turning into a “white collar sweatshop” where overworked Americans struggle to hold down insecure jobs with poor benefits in a highly monitored environment (Fraser 2001). Richard Sennett takes the argument further, suggesting that the breaking of the traditional employment bargain has had severe consequences for the social and psychological well-being of workers (Sennett 1998).

Is this the correct analysis? Recent research suggests that the picture is mixed. The claim that most workers are living in a free-agent paradise is false on two counts: free agency is not a paradise and most workers are not free agents. The rapid growth in service sector jobs offers some support for the “white collar sweatshop” claim. On average, service jobs pay less and offer fewer benefits than manufacturing sector jobs. But as Martina Morris and Bruce Western point out, the fact that 80% of U.S. jobs are now in the “service producing” sector means that sector is a heterogenous one. “Low end service industries, like retail trade, provide wages that are 30% below average while high end services, like those found in the finance, insurance, and real estate sectors, offer wages that are about 8% higher on average” (Morris and Western 1999, 639). Similarly, Joseph Meisenheimer argues that although “some observers view employment shifts to services as shifts from ‘good’ to ‘bad’ jobs . . . a deeper assessment reveals that, within each major industry and especially in services, there is a range of job quality . . . [M]any jobs in the services industry compare favorably with those in manufacturing and other industries” (Meisenheimer 1998, 22). And in the creative sector, actual creative *work* (and the rewards for it) is very unevenly distributed across a range of *occupations*, some strongly creative in character, others much more service oriented (Heartfield 2000).

Understanding the heterogeneity within the service sector — and by extension the creative sector — is therefore an important problem. Vicki Smith recently studied the working lives of people in four very different sub-sectors of the post-industrial economy: non-unionized, entry-level workers at a Philadelphia photocopying company; a timber plant in the Pacific Northwest trying to manage global competition in an “old economy” product market; a high-technology computer products company; and a job-search club for professional, technical

and managerial workers. Smith found that the labor market was indeed an uncertain and difficult one for all the workers she interviewed, as critics like Sennett and Fraser have argued:

[T]he reality is that institutional, structural insecurity is an unremitting possibility ... What looks like a good contract for workers — participate, give extra effort and intensity to the job, sweat over production glitches and outcomes, all in return for being admitted to a partnership with management — is a contract betrayed when employment security is replaced with uncertainty or termination. (Smith 2001, 176-77, citation omitted)

But Smith also discovered that many interviewees “were willing to adapt to uncertainty because they felt they were gaining skills and insights that would allow them to maintain a solid footing in the new economy” (Smith 2001, 9). Moreover, many were “poised and willing to experiment, to undertake new responsibilities, to be held more accountable, and to identify their interests with those of their employers if they perceived that employers were committed to working *with* workers and not against them and to building quality work environments” (Smith 2001, 175).

Smith had expected labor market conditions to push workers towards collective action in an effort to insulate themselves from labor market instability. The absence of such efforts is partly explained by structural features of the labor market. Temp workers, for instance, routinely move from project to project, which makes it difficult to begin organizing. But the self-conception and choices of workers are also important. The Temps that Smith studied thought of themselves as good workers who were more reliable than the stereotypical “bad Temp.” They preferred to identify themselves with permanent workers or even management rather than with other Temps (Smith 2001, 114-116).

In general, workers were prepared to act on new economy rhetoric, though not in all circumstances. The work environment and its institutional setting were important to their willingness to do all that was demanded of them. Smith’s research deliberately tries to go beyond the good jobs vs bad jobs debate, arguing that “it is time to consider the possibility that these elements are planted side-by-side in dissimilar cases, not separated off with unquestionably ‘good’ jobs and work settings on one side and unquestionably ‘bad’ jobs and work settings on the other” (Smith 2001, 7).

We can see a new debate beginning to open up. It has the new economy buzz as its backdrop, and research on changing corporate organization and labor market institutions as its starting point. This new debate is about the changing character and motivations of the labor force. “Despite tremendous insecurity caused

by downsizing and restructuring,” Paul Osterman (1999, 181) notes, “employees have been willing to implement high-performance work systems that draw on their ideas and commitment to the enterprise.” The question is why they would do this.

THE DISCOVERY OF THE CREATIVE INDUSTRIES

A new answer stresses the importance of individual creativity, and the creative sector in general, to the economy. For convenience, we can think of two versions of this idea. The first argues that the “creative sector” is a rapidly growing part of the post-industrial economy. The main questions are to decide what defines this sector, say why it is distinctive and develop a theory explaining how it works. The second argues that creativity is vital to the economy more generally, even (and especially) outside the creative sector, however that ends up being defined. Here the emphasis is on the concept of the “creative worker.” Creative workers, the argument goes, are vital to the vitality of cities and regions and the economic health of the nation. These ideas converge. In the field of cultural policy, many have seized on the notion that there is some further link between what happens in the creative sector *sensu stricto* and creativity in the economy *sensu lato*. There are a number of candidates for what that link might be, of varying plausibility.

Defining the creative sector

Like the concept of the “new economy”, the idea of the “creative sector” or “creative industries” can be seen emerging over the last thirty years or so and then getting a big push in the last ten. The concept originates in an essay by Adorno and Horkheimer (1977, orig. 1944), where it also takes its most severe and pessimistic form. In their view, a homogenous, monolithic Culture Industry feeds commodified cultural pap to alienated consumers and frustrates the creation of real art. Adorno and Horkheimer’s Critical Theory was an import from pre-war Germany, and never put down deep roots in the United States. In the 1960s, sociologists began to explicitly reject it, arguing (not always at the same time) that it underestimated the complexity of culture and the sophistication of consumers on the one hand, and had nothing much to say about the variety of institutions and organizational systems that produced cultural goods on the other. The former complaint led to Cultural Studies, which focused on how people actively interpreted the things they consumed. The latter led to a “production of culture” approach, which focused on how organizational fields and institutional boundaries affected how cultural goods were made and distributed.

One could say that theories of culture have shifted their emphasis in a way that parallels changes in theories of organization and economic growth. In both cases, the trend has been away from one-size-fits-all generalizations about culture and towards the view that there is a great deal of heterogeneity in cultural production and flexibility in cultural consumption. In particular, this has manifested itself in a more nuanced and differentiated view of the relationship between culture and the market.

Flew (2002, 5) argues that the classic left-wing critique of commodified culture is part of a broader “elite disdain for mass media and commercial culture” which “was to some extent mirrored in traditional rationales for arts policy.” Indeed, the origin of many arts organizations can be traced to the efforts of cultural entrepreneurs to define and enforce standards of taste (DiMaggio 1982). Flew argues that the long-term effect of this high-culture/low-culture divide on cultural policy was counterproductive, as “cultural activities became the focus of policy only to the extent that they failed to reach sufficiently large audiences to be commercially viable” (Flew 2002, 6). By the 1990s, at least partly in response to the political problems this attitude eventually caused, cultural policy advocates in the U.S. and elsewhere began to push for a new definition of the cultural sector that embraced commercial cultural goods and emphasized the role of arts and culture in promoting innovation and thus economic growth. The vocabulary of the new economy is tailor-made for this project:

We traditionally think of creativity as an attribute of an artist or the arts. Yet creativity is a broad, fundamental notion . . . [that] encompasses innovation, entrepreneurship and expression. It connotes both the art of giving birth to new ideas and the discipline of sharing and applying those ideas to the stage of realized value (Collaborative Economics 2001, 4)

A small wave of official reports and studies have promoted this idea in Europe (Feist 2000, Department of Culture, Media and Sport 1998), the United States (New England Council 2000, National Governors Association 2001), Australia (Department of Communications, Information Technology and the Arts 2000) and elsewhere. As a rule, these reports define the cultural sector to include advertising along with the performing arts, broadcast media along with museums and software development along with symphonies. Recent studies by economists on this topic reinforce this view, and a thriving field of cultural economics investigates the sector in detail (Towse and Khakee 1992, Caves 2000, Throsby 2001). Richard Caves gives the following definition:

“Creative” industries supply goods and services that we broadly

associate with cultural, artistic or simply entertainment value. They include book and magazine publishing, the visual arts (painting and sculpture), the performing arts (theatre, opera, concerts, dance), sound recordings, cinema and TV films, even fashion and toys and games (Caves 2000, 1).

Caves aims to provide a theoretical approach that captures the distinctive features of this sector. He argues that economic activity in the creative industries faces peculiar constraints which affect the supply, demand and pricing of cultural goods.³ This approach can be seen as building on quite a long tradition of research on the organization of the culture industries in commercial and nonprofit environments (Hirsch 1972, DiMaggio 1986, Bielby and Bielby 1994).

From a policy perspective, the upshot of a new definition of the cultural sector is to greatly broaden the scope of cultural policy. By emphasizing the contribution of the creative sector to the economy as a whole, the problems of cultural policy are effectively the same as the problems of economic policy, insofar as it relates to growth, productivity and competitiveness. This is much more interesting territory than the old battlefields over state funding for the arts. A question is whether this new vocabulary reflects real changes in the economy, or whether it is simply a convenient cloak in which to wrap traditional goals. “What has become increasingly apparent in policy debates around the cultural industries,” Flew (2002, 6-7) remarks, “is the extent to which they have been drawn upon by traditional elements of the subsidised arts . . . to accommodate more traditional arguments for arts subsidy.” Exciting as it is, the new theoretical work on the organization of the creative industries is not quite enough to convince us that this sector is now central to a new economy.⁴ Learning more about how the creative industries work is important to making good policy about them. But it does not necessarily give enough leverage to lift cultural policy onto a new and more influential plane. Are there strong arguments creativity really is, in Daniel Bell’s phrase, an “axial principle” of the new economy?

Creativity as an axial principle

“In identifying a new and emerging social system” Bell (1976, 18-19) wrote almost thirty years ago,

³For example: high uncertainty about the demand for any particular cultural good; the fact that artists may care about (and thus continue to produce) their work independent of its commercial value; the diversity of creative and mundane skills required to produce cultural goods; the durability and replicability of cultural goods and property rights questions this raises.

⁴And not all of the scholars doing this work would make that claim, of course.

it is not only in the extrapolated social trends, such as the creation of a service economy or the expansion of the professional and technical class, that one seeks to understand fundamental social change. Rather, it is through some specifically defining characteristic of the system, which becomes the axial principle, that one establishes a conceptual schema.

Here Bell picks out the shifts in occupational structure and the rise of the service sector that analysts are still talking about. For him, the axial principle of post-industrial society — the thing that explained why the structural changes were happening — was the primacy of theoretical knowledge. For us, the question is whether we should tweak his definition a little so that “theoretical knowledge” reads “creativity” or “innovation” instead. Two recent contributions by John Howkins (2001) and Richard Florida (2002b) suggest, for different reasons, that we should.

In *The Creative Economy*, Howkins defines the creative industries as the sector of the economy whose products fall under the purview of intellectual property (IP) law. There are four main kinds of intellectual property: patents, copyrights, trademarks and designs. Each has its own body of law and administering institutions, and each originated in the desire to protect a different kind of creative product. The strength of protection offered by each kind of law roughly corresponds to the order in which I just listed them. Howkins argues that each form of IP law has a large industry associated with it, and together “these four industries constitute the *creative industries* and the *creative economy*” (Howkins 2001, xiii). On this definition, the creative industries constitute a very large sector of capitalist economies. Copyrighted products (books, films, music) bring in more export revenue than manufactured goods like clothes and cars. Britain’s biggest single export in 1998 was the Spice Girls. Film-maker David Puttnam noted in 1996 that Britain’s “rock musicians contribute more to the balance of payments than the steel industry” (quoted in Heartfield 2000, 9). Similarly, record numbers of patents have been issued in the U.S. in the last few years. Creativity — backed up by IP law — is a huge business.

Howkins’ definition of the creative economy has a number of advantages. It provides a useful and coherent way of deciding whether a given activity is part of the creative sector or not. Creative industries depend on some kind of state-enforced system of intellectual property rights. This allows him to move away from potentially difficult questions about whether this or that occupation is creative. For Howkins, the “people who print books and build theatre sets are as much a part of the creative economy as those who write and perform on stage” (Howkins 2001, xiv). It also allows Howkins to bring together different kinds of

creativity under the same rubric, which raises many interesting new questions. In particular, the sciences are part of the creative economy because their products are protected by patent law. Someone more used to creativity in the context of the arts might think that broadening the definition in this way also dilutes it. But there is no denying that science is a creative activity. More importantly, though, the fact that science, like art, is governed by IP law makes it very worthwhile to treat both together. Odd as it may seem, questions of copyright in music share a boundary with questions about the patentability of the human genome. Both can be stored digitally and, in principle, be copied easily. How strong should the ownership rights be in each case? What is the proper public interest in allowing the information to circulate freely? Similar questions arise in both cases, and Howkins' framework makes this clearer. Thinking in terms of a single creative sector also lets us ask why different parts of it are controlled by different flavors of IP law, and consider about the effects of implementing stronger or weaker sets of rights to different creative products.

A sectoral approach directs our attention to the legal institutions that allow profits to be made from ideas. As Howkins notes, "intellectual property exists only insofar as a government or law court says it does. No law, no property" (Howkins 2001, 24). (This is true of all forms of property, of course.) Howkins keeps the upbeat "creative sector" label, but it seems to me that the most important question raised by his work is whether the rapidly evolving system of IP law is helping creativity or strangling it to death. Perhaps the creative industries are badly named. I return to this question below.

In *The Rise of the Creative Class*, Richard Florida takes a different tack. He begins with an occupational rather than a sectoral definition. He is interested in tracking the rise of a class of occupations (and the individuals who hold them) rather than a special sector of the economy. Florida argues that U.S. society stratifies into four main occupational groups: the agricultural, working, service and creative classes. The creative class includes a "super-creative core" of "people in science and engineering, architecture and design, education, arts, music, and entertainment ... [whose] job is to create new ideas, new technology and/or new creative content". Besides these occupations, the creative class also includes "a broader group of *creative professionals* in business and finance, law, health care and related fields. These people engage in complex problem solving that involves a great deal of independent judgment and requires high levels of education or human capital" (Florida 2002b, 8).

Florida argues that the creative class is now ascendant in the economy. The size of the working class fell by fifteen percentage points from 1960 to 2000. As we have already seen, non-manufacturing jobs grew to about 80% of all jobs by the end of the twentieth century. Florida takes the best of these non-manufacturing

occupations and amalgamates them into the creative class. Even with the super-creative core and the creative professionals removed, the residual service class is still the biggest occupational group, with about 45% of the workforce. The creative class comprises about 30% of the workforce. About 12% of workers are in the “super creative core”.

Florida’s focus on occupational classes takes him in a different direction from Howkins. The idea of a “creative sector” necessarily plays a secondary role in his analysis. The stage hands and janitors who help keep the local theatre running are in Howkins’ creative sector, but they are not in Florida’s creative class. The theater’s accountants, however, *are* part of the creative class — they are in the “creative professionals” category. Now, whatever their other virtues, accountants do not normally spring to mind as an example of a creative occupational group. At least, not in a positive sense. As recent events have shown, “creative accountancy” is not something we usually want in an auditor. I return to this issue of classification below.

A second feature of Florida’s approach is that it allows him to go beyond workplace conditions and take a more comprehensive look at the lives of creative class members. A key part of the argument is that the members of the creative class “share a common creative ethos that values creativity, individuality, difference and merit . . . every aspect and every manifestation of creativity — technological, cultural and economic — is interlinked and inseparable” (Florida 2002b, 8). A good portion of the book is devoted to establishing the reality of this common ethos and its importance in many contexts. It affects the choices that members of the creative class make at work, the kind of jobs they prefer, what they like to buy, how they separate work-time from leisure-time (or not), and — perhaps most important — where they choose to live. Because the ethos of the creative class applies to all parts of their lives, they prefer to move to cities that offer them lots of ways to be creative (Florida 2002a). Cities that rank high on measures of “technology, talent and tolerance” attract members of the creative class in greater numbers, in a self-reinforcing cycle.

Geographers have been interested in the relationship between capitalism and spatial organization for a long time. There is a strong Marxian tradition that views the city as the spatial expression of capitalism. In this view, change in urban and suburban environments reflect deeper changes in the political economy of capitalism (Thrift and Peet 1989, Harvey 1989). (This theme has recently been taken up by business strategists, to different ends — e.g., Porter 2002.) In particular, cities have become central to the production of a global culture which, paradoxically, is characterized by increased demand for niche-marketed products to satisfy ever more specialized and eclectic consumer tastes (Hannerz 1996, Lash and Urry 1994). The result is that “the culture-generating capacities of cities are

being harnessed to productive purposes, creating new kinds of localized competitive advantages with major employment and income-enhancing effects” (Scott 1997, 335).

Florida’s argument fits in with these ideas. His innovation is to characterize professional and high-end service jobs in terms of their creativity, and then emphasize the cumulative effects of individual choices by people in this creative class on the economic productivity and cultural vitality of cities and regions. For those interested in cultural policy, the implications are intriguing. The argument might help explain why the workers interviewed by Vicki Smith were so often willing to take on the arduous demands of the post-industrial workplace. They are imbued with a creative ethos that drives them to take on new challenges. Although Florida does not say much about its origins, presumably it is a good thing to encourage this ethos. After work, the creative class want to have interesting and challenging activities available to them. The role of the arts and music scene in a city is very important to them. They want to live in a place that has a good buzz, so that’s what cities should be thinking about as they invest in urban development. Fostering a creative community is the key strategy: “The bottom line is that cities need a *people strategy* even more than a business strategy. This means supporting creativity across the board — in all its various facets and dimensions” (Florida 2002b, 283).

QUESTIONS AND CAVEATS

Howkins’ and Florida’s claims complete a chain of argument about what’s new for culture in the new economy. Boiled down to a few sentences, it goes like this: The new economy is a global system based on information technology, knowledge and innovation. It has created a new kind of corporate form that is flexible and network-like. Its labor markets are churning and uncertain. It produces well-designed, niche-marketed goods and services whose main value is the intellectual property they embody. It is staffed by hard-working and creative people who like to be challenged at work and at play. Those people choose to live in interesting, culturally rich, tolerant places. It sounds exciting. Is it true?

How are the creative sector, the creative worker and the new economy related?

The sectoral picture of the creative industries and the occupational picture of the creative class are both attractive to those interested in broadening the scope of cultural policy. But there are myriad ways to think of why each is important to the new economy. Commentators variously claim that (a) The creative sector will

continue to grow and grow, justifying more research and explicit policy-making in this area. It will be important to understand how the creative industries work simply because they keep increasing in size. (b) The creative sector has had uncertain labor markets, flexible collaboration and project-based work for a long time. It's a miner's canary for the wider economy — we can understand the new economy better by looking at the experiences of people in the cultural sector. (c) Creativity in general is becoming increasingly important to competitiveness, so the skills of people working in the creative/cultural sector will be highly valued. (d) The creative class is itself intensely interested in cultural goods of many kinds; they are creative in all aspects of their lives. So cities should invest in culture. And so forth.

There's some plausibility to each of these claims, and it is possible that they might all be true. But they are heterogenous, and suggest a variety of possible outcomes for art and culture — some good, some bad — depending on where one stands. The first, about the continuing expansion of the creative industries, is the easiest to defend but establishes little in itself. Cultural policy will become more important as the creative sector grows. But what kind of policies? And can there be any shared policy agenda among the diverse sets of interests encompassed in the broad definition of the creative industries? The truth of the second, about the relevance of the creative industries' labor markets to the rest of the new economy, is unclear. Are the labor market experiences of a project-based stage actor relevant to those of a project-based systems administrator? And is the artistic labor force a good model in any case? For instance, Menger (1999) notes that the labor market for artists is beset by chronic oversupply and above-average rates of poverty. Of course, this is just to say that the lessons of the creative sector may be disheartening. The third claim has not really been established empirically either. But if people from the creative sector will be in demand, they will not all equally be in demand. Computer animators and web designers will fare differently on the market from piano teachers and ballet dancers. Moreover, at present there is no obvious way for firms outside the creative industries to tap into the skills of artists and creative workers, and no good theories about whether and how these skills are transferable. Finally, the interest of the creative class in cultural goods may be consistent, but it is unlikely to be uniform.

The growth of the creative sector implies increasing internal heterogeneity. Thus, the problems of resource allocation, competing constituencies and multiple goals that bedevil any large policy area will inevitably arise in this one. So far, there has been very little consideration of this issue.

Does the creative sector foster innovation?

A second question concerns the relationship between creativity *per se* and the creative sector. Creativity by itself will not make anybody rich. Intellectual property laws are what do that. Early on in his book, Howkins writes about Andrew Wylie, a literary agent with an aggressive attitude about property rights. Wylie “believes people should be able to own their copyrights as robustly as they can own their physical property. Owners of trademarks and brands own them totally and for ever. But owners of literary rights do not.” In consequence,

Walt Disney Corporation, which operates a trademark business, can invest in its intellectual properties as confidently as someone investing in their own home. But people who own a copyright business, or a patent business, cannot. Lewis Carroll’s *Alice in Wonderland*, which is a copyright business, has no permanent existence. Its owners, [Wylie] says, cannot justify an investment in a Wonderland . . . Wylie says that, if William Shakespeare had been able to protect himself by trademarks, the Shakespeare business would be bigger than the Microsoft business . . . He points out that James Joyce and William Faulkner are diminishing assets and will become worthless . . . this discourages a proper business attitude to investment (Howkins 2001, 20-1)

Wiley could hardly have chosen a better set of examples for the point at issue. Disney made a great deal of its money by taking fairy-tale characters out of the common culture and turning them into trademarked icons. Shakespeare borrowed his plots and characters wholesale, to put it charitably. If Shakespeare is to have IP protection, there’s no reason why the family of the 10th century Icelandic poet Snæbjörn, who wrote a very similar story, should not counter-sue for the rights to *Hamlet*.⁵ Henry Jenkins has pointed out that the main reason *Alice in Wonderland* is so well known today is because “between 1869 and 1930, some 200 writers imitated, revised or parodied” Carroll’s work (Jenkins 2000). And as for James Joyce — well, the “Oxen of the Sun” episode in *Ulysses* leaves him open to lawsuits from just about everybody from the author of *Beowulf* to Thomas Carlyle.

Howkins, of course, is aware of this problem. He notes that the public interest is poorly represented in the world of IP law (Howkins 2001, 81). A name like “the creative sector” suggests a host of independent artists and scientists working away on their projects and getting the credit they deserve for them. But IP sharks like

⁵Shakespeare’s use of *The Murder of Gonzago* in Act II undoubtedly goes beyond the bounds of fair use as well.

Wylie belie this image. Perhaps it is not creativity and innovation that is the axial principle of the new economy, but rather the *concentrated ownership and control* of ideas. In that case, the “IP industries” might be a better name for this sector. The goal is not so much the fostering of creativity as the ever more fine-grained control of existing goods (Bettig 1997). The Internet, and digital technology more generally, is potentially well-suited to this project. Rather than propelling us into a creative and innovative future, the IP industries and information technology may privatize our culture and sell it back to us on a pay-per-view basis (Lessig 2001, Healy 2002).

Is there really a creative class?

Florida makes bold claims for the existence and importance of the creative class. Do they hold up? He rejects the idea that many U.S. workers are living in a “white collar sweatshop” (Fraser 2001). He cites a high-tech worker writing to *Fast Company* magazine, who said “Nobody held a gun to anyone’s head . . . It seems as if the American work ethic of the New Economy . . . turned us into such whores that it’s all for sale if the price is right!” (Florida 2002b, 134). But unlike this person, Florida argues,

most of us are not even doing it for the money. Members of the creative class do it for the challenge, the responsibility, for recognition and the respect it brings. We do it because we want to work on exciting projects with exciting people. We do it because as creative people, it is a central part of who we are or want to be . . . [C]ompanies try to motivate and persuade us [to work harder] rather than boss or bribe us . . . and we are most willing to be seduced . . . I call this ‘soft control.’ (Florida 2002a, 134)

So are we workaholics or intense creatives? In the middle of the book Florida reprints a very funny monologue by performance artist Steven Tomlinson given at a conference Florida attended in Austin. Tomlinson gives a mock new-economy pep-talk, complete with Power Point slides, talking about how “start-up stars and dot.Commandants” have “bought into our non-diversified *Deferred-Life Plan*.” He has some strategies to make sure they buy:

Strategy 1. Denial. . . . Keep in mind, we’re talking about desperate customers who can barely afford the minimum payments on their maxed-out self-delusion . . . *Strategy 2. Sunk Costs.* . . . [T]hey’re fully vested in *our* definition of success. ‘If you crap out now, you lose everything — money, respect, and your Elite Status in

out Preferred Customer program.’ . . . *Strategy 3. Speed.* Fear’s great, but frenzy’s better . . . Get people back on autopilot. Always on. 24/7. Focused on success . . . Deferred-Life customers like speed, because they less they think, the better they feel (Florida 2002b, 155-8)

Florida interprets Tomlinson as saying that “while the IPO pipe dream may have cooled off, the desires that motivate people to a front-loaded career — and the ‘deferred-life plan’ — persist . . . The star track is the hook in the mouth of the young Creative Class person on the make” (Florida 2002b, 159). An alternative reading, however, is that Tomlinson’s monologue is a land-mine buried in the middle of the argument for the creative class, and that this picture of soft control uncomfortably resembles Fraser’s white collar sweatshop. To some extent this question turns on how you interpret the evidence, because we can’t get inside the heads of everyone in the work force. Florida’s research suggests one picture, Fraser’s and Vicki Smith’s a somewhat different one. We need more research that tries to understand the motives and attitudes of these workers.

A second question is whether the creative class is a coherent group of occupations. Florida uses Standard Occupational Classification (SOC) codes to derive the classes. The super-creative core includes all computer and mathematical occupations, for instance. Some of the occupations in this group — ones with many workers in them — seem hard to classify as “super-creative”. SOC code 15-1041 is “Computer Support Specialists”. Tech support is not a creative job. Particularly in telephone support, it mainly involves mechanically navigating pre-generated question-trees to isolate problems and then reading out the pre-written answer. It is the new economy alienated, low-status job *par excellence*.

Examples like this could be multiplied, both from the “super-creative core” and the “creative professionals” branches of the creative class. Even jobs that seem unquestionably creative may be changing substantively. Computer programming, for example, is often thought of as a paradigmatic new-economy job. Yet many programming jobs are routine and uninteresting, and the job itself is a prime candidate for deskilling. Nerd culture is full of terms expressing this anxiety — no-one wants to be a code monkey in a cube farm (Daisey 2002).

Finally, Florida himself is worried that the creative class he has identified will not behave as they should. He ends his book by urging the creative class to “grow up” and “evolve from an amorphous group of self-directed, albeit high-achieving, individuals into a more cohesive, more responsible group.” He’s aware that “informing creative people everywhere that they are now members of a new class [and] telling them to develop a corresponding class-awareness” is “putting a lot on the line.” But he feels that the “challenge before the Creative Class is a tall order” and they need to be encouraged to get working on it (Florida 2002b, 316-

7). If people don't oblige — if they show no evidence of thinking of themselves in these terms — the potential social impact of the creative class is greatly weakened. It would go the way of the symbolic analysts, the free-agents, Generation X, and other groups that have only a weak basis in the identities of real people. Given the difficulties involved in constructing the class definition, I am skeptical about the reality of the creative class. But the jury is still out, and Florida's analysis is important because it outlines a way that creativity could become the kind of axial principle that Bell discussed.

CONCLUSION

The structural changes marking the transition to a post-industrial economy were visible from the early 1970s. The institutional reconfiguration they prompted began to become clear in the 1980s. In the 1990s, the sudden shock caused by the Internet accelerated these changes, but also propelled commentary about them into orbit — hence the new economy hype at its worst. But the most recent round of analysis and debate has begun to get things into better perspective. This paper discussed three themes in this debate, which we can arrange in increasing order of ambition. First, the growing importance of the creative industries has led to a resurgence of interest in understanding how they work. Second, the expansion of property-rights in Intellectual Property has led scholars to think of innovation of all sorts in terms of the laws which regulate its ownership. Third, changes in work life and labor markets have led to efforts to understand the motivations of workers in terms of their willingness to take risks, bear uncertainty and seek out creative and challenging places to live and work.

These themes should not be dismissed out of hand, but I did present some questions and caveats about them. Analyses of the creative industries might not generalize to other sectors of the economy, or might apply in unexpected ways. Excitement about the new importance of intellectual capital and creative goods should be tempered by a concern for the long-term effects of IP laws on innovation. And we should look carefully before reclassifying service and professional workers as creatives. The point here is *not* that nothing has changed. Quite the reverse. The structural changes have been so big that their effect cannot possibly be summed up in a simple slogan. There *is* something new for culture in the new economy — just not one thing. The focus on creativity and the creative sector provides a useful way to begin analyzing the post-industrial economy. Those interested in promoting arts and culture in this new environment, however, should bear in mind the difference between using new economy jargon to give “a bullish defence of the arts in economic terms” (Heartfield 2000, 10), and finding out

what's actually happening.

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