Arts and Culture in the New Economy

Introduction

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Within the last decade, there has been a surge of scholarship, media commentary and experimentation on what is rather loosely referred to as the "new economy." In the opening essay of this issue of the *Journal of Arts Management, Law, and Society*, Kieran Healy describes the major attributes of the "new economy" as the term is being used by philosophers, pundits, and practitioners. He suggests that three defining assumptions drive the "new economy." First, the new economy derives much energy and expectation from the enlarging new technologies, especially information technologies. Second, the new economy is globalized—it builds on world markets, goods and services, and transcultural transactions. And in the newest of the arguments about the new economy, the assumption is that its success and its spread increasingly depend on the "creativity" of individuals and of communities.

There is a great deal of speculation about how much the nature of economics has actually changed in our time. How true, how different, how pervasive, how urgent, and how provable is the new economy? Healy's essay not only defines the phenomenon, it also raises these questions. One of the most basic questions of all—which Healy also posits—is how these ideas relate to the arts. The very vocabulary of new economy theorists forces this issue. It is planted in front of us when Richard Florida writes about "The Economic Geography of Talent," when the British Secretary of State for Culture, Media and Sport creates a Creative Industries Mapping Document, when Sheffield, England holds—as it will in the fall of 2002—a Creative Clusters Summit

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Conference, when Richard Caves writes *Creative Industries* (2000) and John Howkins writes *The Creative Economy* (2001). Healy believes that such texts and tests offer "a useful way to begin analyzing the post-industrial economy." But the emphasis placed on creativity by these analysts poses special challenges for the arts. As Healy puts it, such new economy jargon can merely be mimicked and echoed by the arts sector in its own defense, or—preferably—the work and the insights it provides can be put to use to "find . . . out what's actually happening."

What is actually happening with the arts in this environment? As an examination of recent writings on the new economy makes clear, the work that is being touted and cited seldom addresses the arts sector directly. New economy scholars have not given much thought to the role of the arts. Practitioners come somewhat closer to such questions, but most of the new economy thinkers, despite their frequent references to creativity, barely give the nod to the arts themselves. The relationship between the new economy and artistic production is largely not addressed.

The next three essays in this issue make contributions of importance in this context. The original research reported in these essays was supported by a grant from the Irvine Foundation. Two and a half years ago, Irvine officers asked whether new sources of financing could be identified for the arts in the United States, whether angel or socially responsible investors, venture philanthropists, or venture capitalists could be encouraged to find investment opportunities in the arts. The researchers and the Irvine officers were mindful that such resources had already been applied in sister industries of the arts—schooling, the environment, job training, housing. The task was to determine whether such new financing might be available to arts enterprises as well. Consideration of this question, however, led the investigators to other, related questions: How have the arts traditionally conducted business? What are the conventions of negotiation, transaction, and contracts? What are the relationships between for-profit and not-for-profit ventures in the arts? How do the arts fare in the world of philanthropy? And how do they fare as philanthropy changes in the "new economy"? How prepared are artists and arts organizations to meet the challenges of changing times? Although the study appeared to have a specific and quite limited goal at the time it was undertaken, the Irvine project actually examined the arts, arts enterprise, and arts production within the immediacies of the new economy in the United States.

Frank Hodsoll's essay "Cultural Transactions" provides a case in point. In fifty-two interviews with leaders in the arts across all the disciplines, from music to movies to museums, Hodsoll takes a hard look at the habits of cultural deal makers, both commercial and not-for-profit. The information he compiled describes a sector that—in business terms—is fragmented, underanalyzed, personality and celebrity driven, a sector that cannot predict market results for most of its products and that is dependent on a handful of funders and angels, mostly motivated by love of the material and prepared to give away or lose money. In short, Hodsoll's interviewees reveal that the arts business has its own characteristics. Creative people and enterprises struggle to survive, with an outside hope of real returns. Hodsoll posits possible improvements, ranging from better research to better operations and infrastructure; he urges improved marketing and communication across the sector.

In "The New Philanthropy: Its Impact on Funding Arts and Culture," Nina Cobb looks searchingly at the current environment in philanthropy, its growing size, emerging players, and shifting ground rules. She examines the so-called new philanthropy as a phenomenon of the money and new ideas of the new economy. She looks particularly at the position of the arts as a grantee sector. Cobb's findings are not reassuring for the arts sector. So-called venture philanthropists have not identified arts and culture as a priority, nor have the new donor-driven funds offered by investment houses and banks, nor the growing program related investment, incubators, and innovation funds being put in place by traditional philanthropic sources. Cobb's analysis indicates that the arts and culture are being passed by, as engines of the new economy influence philanthropy in the United States.

Caroline Williams and Lisa Sharamitaro explore the foundations of socially responsible investment in its several manifestations. In defining such investment vehicles and examining their goals and guidelines, Williams and Sharamitaro reveal how far they are from the world of the arts. Although the intervention of giving circles, social venture partners, angels, and other new venture investors is widespread in other public interest sectors, it is largely invisible in the arts and culture. Williams and Sharamitaro describe a set of possible funds that might be created for cultural investment and indicate the role that foundations might play in creating such opportunity.

Steven Tepper bases his essay, "Creative Assets and the Changing Economy," on conversations with scholars and on his study of the new economy literature. Scholars and analysts, he says, despite their focus on creativity, are not researching "how creative work and institutions are changing and what might be done to encourage or foster a healthier, more robust, more creative, and more diverse cultural life." Without such research and without inquiry that goes beyond mere computation and conjecture, Tepper argues that we cannot expect creativity to be valued or meaningful policy initiatives to develop in arts and culture. His essay challenges scholars to recognize the deep and demanding questions that are going unaddressed.

As the articles in this issue demonstrate, the Irvine Foundation's original question about attracting capital to the cultural sector forecast many others about arts and culture in the new economy. The biggest question—the one at the center of this discussion—is whether we are ready to take the arts seriously.