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A view from a fossil

The new economy, creativity and consumption – two or three things I don't believe in

Toby Miller
New York University, USA

ABSTRACT The new economy's definition and history need to be questioned, specifically the notion that the 'creative industries' are panaceas for economic problems and gifts to cultural studies that make it important. Questions of labor have been occluded in much discussion of the new economy and in cultural studies. Instead of a focus on consumption and meaning, progressive critics need to turn their attention to the new international division of cultural labor.

KEYWORDS creative industries • new international division of cultural labor

The three key terms of the 'New Economy, Creativity and Consumption Symposium' worry me, to the extent that I believe in them. I doubt their status as accurate descriptions and as research topics: I think there are good reasons to question the existence of a 'new economy', at least in the way the term is used; I feel dubious that decades spent by radical critics problematizing creativity now see many of them endorsing it; and I am concerned that a concentration on consumption is misleading both as an account of the economy and as a locus of progressive research. My crass materialist reductionism seemed rather archeological next to many folks who work for business, government and international organizations, effectively abandoning the notion of critique. So here is my 'view from a fossil'.

Most of the specific comments in this article are about the United States because:

1 it is allegedly the center of a new economy;
2 it is a hub for the trade in fun and art;
3 it focusses on consumption as an ideological tenet of the Washington Consensus of neoliberalism;
4 it is one of four zones whose exchange of services is central to the world economy, along with Japan, China and Western Europe;
5 it has a major impact on the 'third world'; and
6 I have some limited insight into this massively complex society, whose economic heart flutters, governmental perversions and bloodthirsty passions affect countless other sovereign states.

I'll run through the three key terms of my title in sequence, then provide a magical synthesis that proposes a focus on relations of production.

The new economy

Many phases of 'technological futurism' in the US have been hailed as new economies. The latest new economy was much touted in the US in the period between about 1995 and 2001. In seeking to explain the rise in productivity over this period, which exceeded the post-Second World War boom, neoclassical economists, leader writers, media mavens and policy martinets pointed to the technological gap between the US versus Japan and Western Europe and the number of 'smart' jobs. The welfare state was decreed a thing of the past, not least because so too, supposedly, were the ups and downs of the business cycle it had been designed to ameliorate (Stiglitz, 2002).

Each of these phases has basically been about transforming the division of labor and the distribution of income (Fraser, 2002). The reasons for the latest productivity gains are also to do with exploitation. Between 1973 and 1998, hours of labor per capita fell by 12 percent in Western Europe. However, in the US, working hours rose by 12 percent while job security and real wages went down. Technology may have changed white-collar work, but its major impact was on low-wage jobs like fast food, retail and car manufacture where systems of surveillance increased along with the capacity for decentralization. This makes sense to me at a very mundane level. When I hear the expression 'new economy', I think of the transfer of labor onto me as both consumer and worker: in fast food outlets, I clean up what I have eaten; as a reviewer of research grants, I print out what has been emailed to me; as a convener of university committees, I organize meeting times and locations, and so it goes on. This wasn't the case 10 years ago, as my familiarity with plastic trays, my bill for printer cartridges and my telephone habits all attest.

Along the way, talk of a new economy has also been a smokescreen for the prevailing neoliberal Washington Consensus. Dominant since the late 1970s, the consensus favors open trade, comparative advantage, deregulated financial markets and low inflation. Since the 1970s, financial and managerial decisions made in one part of the world have taken very rapid effect elsewhere. New international currency markets sprang up at that time, following the decline of a fixed exchange rate, matching regulated systems with piratical financial institutions that crossed borders. Speculation brought greater rewards than production, as the trade in securities and debts outstripped profits from selling cars or building houses. The world circulation of money created the conditions for imposing international creditworthiness tests on all countries. At a policy level, this put an end to import substitution and the very legitimacy of national economies, which were supplanted by export orientations and the idea of an international economy. With productive investment less profitable than financial investment and with companies rationalizing production, the worlds of marketing, labor and administration were reconceived on an international scale. The emergence of the North American Free Trade Agreement (NAFTA), the finalization of the General Agreement on Tariffs and Trade (GATT) and the formation of the World Trade Organization (WTO) created the regional and international cornerstones of the Washington Consensus for the US (Stiglitz, 2002). It has presided over slower worldwide growth and greater worldwide inequality than at any time since the Depression. The richest 20 percent of the world's people earned 74 times the amount of the world's poorest in 1997 (up from 60 times in 1990 and 30 times in 1960). But, despite these data and the manifold catastrophes of the Washington Consensus through the late 1990s (in Mexico, Southeast Asia, Russia, Brazil and Argentina), neoclassicism is still hailed as exemplary policy. Repeated failures are deemed aberrations by apologists, who confidently await 'the long run' when equilibrium will be attained.

The consensus is animated by a mantra of individual freedom, marketplace allocation of resources and minimal involvement by governments in economic matters. This provides the intellectual alibi for a comparatively unimpeded flow of capital across national boundaries and the rejection of labor, capital and the state managing the economy together. The major global instruments of financial governance designed by John Maynard Keynes have been revolutionized. The original task of the International Monetary Fund (IMF) was to sustain demand at the same time as it allowed employment to remain stable. Suffering nations could turn to the IMF instead of deflating their economies or erecting trade barriers against their neighbors, and the interests of international finance were subordinated to those of the popular classes. Today, markets are held to be perfect if they operate without such interventions. The IMF does not have enough money of its own to function, so it frequently relies on private banks. The result has often been about maximizing profit, not alleviating misery, such that the multimillion US dollar bail-out of East Asia was in part a payout to US financial institutions that had made bad investments (Hutton, 2002; Stiglitz, 2002).

The free market style of the new economy was an investment nightmare. Nobel laureate Joseph Stiglitz, former chair of the President's Council of Economic Advisors and chief economist at the World Bank, has stated that the recession of 2001 illustrated that the 'New Economy rhetoric contained more than a little hype' (2002) via the biggest bankruptcy in history (WorldCom), the largest stock market slide since the Depression (Wall Street), the most profound exposure ever of fictive capital (Enron) and unprecedented terror in the hearts of those with mutual fund retirement accounts (me). Stiglitz memorably perorates that the new economy came at a time when:

> Money that could have gone into basic research, to improve the country's long-term prospects; money that could have been spent to improve the deteriorating infrastructure; money that could have been invested in improving both dilapidated inner-city schools and rich suburban ones, instead went into useless software, mindless dot-coms, and unused fiber-optic lines. (2002)

The creative industries

During the mythic new economy, numerous sociologists, non-governmental organizations and cultural studies policy mavens argued for a shift in importance away from primary and secondary industries and towards tertiary ones. In the words of populist UK analyst John Howkins, 'people who own ideas have become more powerful than people who work machines and, in many cases, more powerful than people who own machines' (cited in Tepper, 2002). Howkins's opinion seems to be shared by many in the British government and its seemingly endless cadre of faux and fallen leftist academic apparatchiks. Services – notably entertainment – have become a crucial sector in 'first world' production. The creation of content is seen to be vital to this new Britannia and to the US, as they rely not on the productivity of corporations, but on well-policed copyright systems and low expectations of permanent employment.

So what counts as 'creative'? Depending on where you are, the term seems to incorporate music, theater, animation, recording, radio, TV, architecture, software design, toys, books, heritage, tourism, advertising, fashion, crafts, photography and cinema as portions of gross domestic product or balances of trade (Towse, 2002; UNESCO, 2002). Other analysts have proposed a distinction between economic practices that span 'learning, observation or experience' versus 'the most basic demands . . . such as housing, clothing, and food' (Beyers, 2002), although I cannot imagine making or buying housing, clothing or food in the absence of learning, observation and experience.

Perhaps the simplest definition is a nominalist one that simply includes items that are generally accepted as intellectual property. But this nominalism has, of course, a distinct history. In a leisurely manner, the US took 200 years to develop cultural production before joining a worldwide system of copyright protection, which we proceeded to rewrite. The Intellectual Property Association estimates that intellectual property is worth US$360bn per year in the US, putting it ahead of aerospace, cars and agriculture. Between 1980 and 1998, the cost of the annual world exchange of print, film, radio, photography, art and music grew from US$95bn to US$388bn, almost all of it between Japan, Germany, the UK, France and the US. The world's cultural structures are dominated by nine corporations: General Electric, Bertelsmann, Time Warner, News Corporation, Sony, Liberty Media, Disney, Viacom and NBC. They own 85 percent of world music, all the major Hollywood studios, most satellite and cable services, much of book and magazine publishing and a vast array of broadcast TV (McChesney and Schiller, 2002). Half of these companies are US-based and all the others are located in Western Europe and Japan. We can now add the People's Republic of China to the list as a key player (UNESCO, 2002). Whereas culture has frequently permitted the South a certain political and social differentiation, the 'third world' has not been allocated a substantive role under the new arrangements beyond providing a kind of anthropological avant-garde laboratory for music, medication and minerals. The costs of compliance with the WTO Agreement on Trade-related Aspects of Intellectual Property Rights divert money away from basic needs and towards costly computer equipment and costly bureaucrats with the skills and resources to evaluate and police copyright, trademarks and patents.

In the US, we are told that bohemian jobs (software designers and loft artists) comprise 12 percent of the workforce, up from 5 percent a century ago (Dreher, 2002). In Britain, culturalist mavens who have discovered numeracy claim that 'the creative industries in the UK [are] worth £112.5bn' (Curtis, 2002). One person out of every 61 who applied to college in the UK in 1994 sought a career as an artist or designer whereas, five years later, the proportion was one in 19 (Tepper, 2002). Such data have led policy makers away from a focus on what some economists charmingly refer to as 'humdrum workers' towards 'artistic workers', the supposed difference being that the humdrum seek to maximize their *income*, whereas the artistic seek to maximize their *creativity* (see Towse, 2002). Creativity is much touted in contemporary mixed economy capitalist societies as a route to economic development. Harnessing the skills of the population is meant to replace lost agricultural and manufacturing employment with creative sector employment. Creativity is also seen as a social policy answer to the dislocation caused by deindustrialization; in other words, we'll fix the poverty and collective distress caused by closing coal mines by setting up museums that detail what life was like in those coal mines; or, we'll establish a slavery tourism trail that will provide jobs for poor whites and blacks by attracting affluent blacks to visit their heritage. In the US, the National Governors' Association argues that 'innovative commercial businesses, non-profit institutions and independent artists all have become necessary ingredients in a successful region's "habitat"' (cited in Tepper, 2002).

Consider New York City. When manufacturing jobs were lost in the 1970s and the city entered a severe financial crisis, Mayor Abe Beame appointed a Committee on Cultural Policy which reported that economic rebirth could be assisted by exploiting cultural assets. Twenty years later, the nation's Regional Planning Association held that the area's prominence in the arts had played a crucial role in its recrudescence as the center of global financial exchange (Martorella, 2002: 118–19, 123). New York has 2000 arts organizations, 150,000 artists and 2000 commercial arts businesses and professionals (Souccar, 2002). The major US TV networks are headquartered there, along with some of the world's most important theaters, museums, art market brokers and fashion glitterati. As a consequence, Gotham's art, fashion and popular culture and the recent invention of Silicon Alley are often regarded as 'an unalloyed good' (Pogrebin, 2002).

But the Center for an Urban Future has found that New Yorkers hate artists moving into their neighborhoods; rents go up, so long-term occupants of both domestic and commercial space are forced to leave, then the artists themselves have to move out because they can't afford to live and work in the cultural precinct they have generated. Areas like Chelsea have seen an increase in rents of 262 percent since 1996 (Pogrebin, 2002). Gentrification completes the gutting of working life for proletarians and minorities, as it creates a space of safety, entitlement and groove for corporate gays, white liberal feminists, frat boys and sorority girls, who are keen to wear black clothes and eschew suburbia until the children arrive, and people like me and my friends (to the extent that we are not covered by any or all of the above categories). Significantly, the idea of a 'creative class' drawn to cities that cultivate the arts, music, nightlife and quaint historical districts has been quantified in the US by two indices: the Technological Index and the Gay Index. These are said to measure technical innovation, entrepreneurship and the avant-garde, effortlessly blending Big Blue (IBM) with 'big bohemian' in a shared search for knowledge infrastructures and 'lifestyle amenities'. Newness meets diversity via 'technology, talent and tolerance'

(Dreher, 2002) – a grand middle-class melting pot of corporate multiculturalism.

Elsewhere, such strategies have been criticized for their regional variations in economic value, seasonal visitation patterns and major economic transfers occasioned by public support of dubious investments such as sports teams. In many cases, the multiplier effect claimed is sustainable only through accounting practices that look good in the aggregate, but are problematic on closer inspection (Beyers, 2002). In the US, a National Football League team may play a total of eight home games each season. This is worth a gigantic public subsidy that enriches plutocrats and keeps peanut-sellers in work for 45 hours per year. Whatever (*lo que sea*), peanuts bring us to consumption.

Consumption

Consumption is the key to the new economy/creativity mantra. Labor is subordinate, an 'X-factor' inefficiency, and the consumer is sovereign, the creative person at the heart of the new economy. At the same time, consumption has become a hero for many on the 'first world' cultural left. How has this occurred, given the origins we share in Dr Johnson's sage warning that commerce corrupts the tongue, subsequently taken up by the culture-and-society tradition of progressive literary studies in the UK (Day, 2002)? In Britain, the Association for the Business Sponsorship of the Arts highlights the fascination of corporations with 'how they can benefit from the arts, how new experiences, values and skills can unlock "creativity" '. Other than in organizational *argot*, this is a bee's knee away from the Royal Society of the Arts opining that 'creativity and innovation are the lifeblood of any organization concerned with survival and prosperity' (Day, 2002) and the Arts and Humanities Research Board announcing that such research must make 'the transition from creativity into productivity' (Curtis, 2002). So the Body Shop asks its executives to practice body painting, Mars puts on a musical and *Henry V* becomes a management text (Day, 2002: 38).

The all-powerful customer-consumer (invented and loved by policy makers, desired and feared by corporations) and the all-powerful creator-consumer (invented and loved by cultural studies, tolerated and used by corporations) are said to be so clever and artful that they make their own meanings, outwitting the institutions of the state, academia and capital that seek to measure and control them. This position has been elevated to a virtual *nostrum* in some cultural studies research into TV audiences and internet users, who are thought to construct social connections to celebrities and others, subverting patriarchy, capitalism and other forms of oppression. The popular is held to be subversive because its texts are decoded by viewers, or encoded by emailers, in keeping with their own social situation.

In other words, the active audience is weak at the level of public cultural production, but strong as an interpretative community. We are told of women who go online to incarnate new forms of female subjectivity, passing as something that would be difficult for them to achieve in social life, or of fans who resist consumer capitalism by interpreting texts unusually, dressing up in public as men from outer space or giving themselves fantasy roles in *The Sims*. These research claims have become so well known that the *Wall Street Journal* describes cultural studies as 'deeply threatening to traditional leftist views of commerce' because its doctrines are so close to the sovereign consumer beloved of the right: 'The cultural-studies mavens are betraying the leftist cause, lending support to the corporate enemy and even training graduate students who wind up doing market research' (Postrel, 1999). Yet leading bourgeois economist Jagdish Bhagwati (2002) is convinced that cultural studies and the media are parties to global grass-roots activism against globalization. This suggests that there is hope; after all, many of those actions have been taken against the Washington Consensus and its consumerist alibis. So we need to move towards an alternative cultural studies, closer to Bhagwati's fears than the *Journal*'s celebrations.

Magical synthesis

Alternative cultural studies must transcend both cultural imperialist critiques (watching US drama will turn rural people around the world into Idaho potato farmers) and consumerist fantasies (purchasing environmentally-friendly toilet paper and free range chicken will transform the world one roll/wing at a time). Of course, collective consumer action – in the interests of social change rather than individual satisfaction – can be progressive. Examples include the eco-consumerism of Greenpeace and shareholder activism, whereby social movements purchase a financial stake in polluters in order to change corporate conduct. But absent an ongoing fabric of democratic control, consumer activism will always be an irritant rather than a systemic counter to corporate destructiveness.

I propose that we not be *so* consumed by consumption and instead turn our attention towards labor. In seeking a more politicized understanding of work in global sport, global Hollywood and global cultural policy – how an international division of labor links productivity, exploitation and social control – I have recently participated in a number of collaborative projects. *Globalisation and Sport: Playing the World* (Miller et al., 2001a), *Global Hollywood* (Miller et al., 2001b), *Cultural Policy* (Miller and Yúdice, 2002) and *Critical Cultural Policy Studies: A Reader* (Lewis and Miller, 2003) deploy inter alia the concept of the new international division of cultural labor to account for the globalization of labor processes, the means by which the US coordinates and extends its authority over cultural labor markets, and the role that national governments play in collusion with multinationals. The new international division of cultural labor covers a variety of workers within the culture industries, whatever their part in the commodity chain. Thus, it includes janitors, accountants, drivers and tourism commissioners as well as scriptwriters, best boys and radio announcers. We are currently working on a project in its very early stages entitled justgaming.org that applies some of this work to electronic games.

As an example of a research agenda that I favor, let's return to the romantic figure I briefly conjured earlier: the woman constructing a new subjectivity online who is celebrated by cultural studies as resisting corporate capital's attempts to 'fix' her identity as a female consumer. How about taking that to the next phase and asking her to look backwards and forwards in the life of the commodity she is using, to think of the female subjectivities that are available to 16-year-old girls who leave villages in northern China to work in a remittance economy, building computers in effectively indentured compounds run by Japanese, Taiwanese and US businesses in the South? Or, at the other end of the cycle, to examine the female subjectivities on offer to eight-year-old Chinese girls who pick away without protection of any kind at discarded 'first world' computers in order to find precious metals, then dump the remains in landfills. The metals are sold to recyclers who do not use landfills or labor in the 'first world' because of environmental and industrial legislation protecting against the destruction to soil, water and workers that is caused by the dozens of poisonous chemicals and gases in these dangerous machines. What of these female subjectivities?

Approaches like the new international division of cultural labor might help us bring such questions onto our horizon. As Don DeLillo (2003: 21) puts it in *Cosmopolis*, his recent novel of the new economy: 'We are speculating into the void.' I believe a labor paradigm, alongside renovated hermeneutic and ethnographic tools, can fill that void. Otherwise, we are left with Stiglitz's gloomy vision:

> in the 1980s empty office buildings; in the 1990s fiber-optic systems that will not see light for years, and software that has interfered with business productivity rather than enhancing it; today a tax cut that disproportionately favors the rich, fueling a consumption extravaganza. (2002)

I pass.

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TOBY MILLER is professor of cultural studies and cultural policy studies at New York University. He is the editor of *Television and New*

Media and his latest book is *Spyscreen: Espionage on Film and Television* (Oxford University Press, 2003). *Address*: Room 645, Cinema Studies, Tisch School of the Arts, New York University, 721 Broadway, New York, NY 10003–1636, USA. [email: toby.miller@nyu.edu]