Richard Caves in this useful book examines the organisational and contracting relationships between the agents of creative production, distribution and consumption across a range of what here are called the creative industries. He takes as his premise the neglect by economists of this field. Caves argues that except for a historical concern for questions about the social and economic dividend that the arts (particularly the performing arts) pay to the community as return on the investment by government, economists have shied away from the arts. In this instance, the “creative industries” supplants the use of the terms the “arts” or the “cultural industries”. In a contrast to British use of the term within recent cultural policy debate, Caves’s creative industries comprise music, publishing, visual art, film, television, and radio, but not any of the newer features of the network economy, such as the internet.

His analysis starts with a clear distinction between creative and non-creative (or humdrum) inputs. These inputs must be conjoined in order to allow creative production and consumption to occur. Humdrum inputs, such as those efforts undertaken in the contracting, pressing and distribution of a music compact disc rather than in the creation of the music, demand wages at least equal to what they would earn in other markets for inputs of that type. In other words, in Caves’s model large portions of the arts conform to something like the general principles of economics.

By contrast, creative inputs, such as creative labour (visual artists, authors etc.), perform differently to humdrum or non-creative inputs. Caves using contract theory establishes a microeconomics of the arts to explain the performance of these creative inputs and the nature of their interactions with humdrum inputs. It stands alongside the developed theories of microeconomics for industry sectors such as health, development and transport. Each of these branches of research and theorisation emerged in order to cater for the shortcomings of the general laws of microeconomics—around the utility-maximising rational individual—to describe the positive data about the performance of those industry sectors.

Caves examines the historical rise and contemporary structure of a range of economic and contracting arrangements in the arts: why artists group together in major centres such as New York; the economics of publishing contracts; why both writers (or musicians) and publishers (or recording companies) need agents as a sorting house for product; the structures of film studios; why optioning arrangements work as they do; and the logic of the subsidised and donor supported non-profit arts organization.

His analysis seeks to uncover (and rests upon) a set of economic properties of creative activities. These include the
uncertainty of demand. This follows William Goldman’s dictum about Hollywood films that nobody knows what the will be demand for a particular film. This uncertainty seems endemic to the creative process, although some clear market for some creative products and services seem steady. The trade in formulas for television (such as the Big Brother voyeur television model) like the development of film sequels seems one attempt to navigate around the uncertainty of demand.

Another property is that creative products require diverse skills. Many creative projects require a mix of creative and humdrum inputs, or just a mix of creative inputs—but all of these skills—the conductor, alongside the musicians and the score and the humdrum organization—are essential for a successful production to ensue. The conflicting artistic visions are resolved by the “rank-order mechanism of ‘muscle’”.

Next, there are an infinite variety of cultural products for the market to consider. These can be horizontally differentiated within their domain (pop song versus pop song) through taste choices of the consumer. In contrast, some products can be vertically differentiated, whereby when sold at the same price nobody will prefer product B to product A.

More problematic is Caves’s vertical differentiation of artistic skills or talent. This is a qualitative differentiation of an amalgam of properties, such as proficiency, originality, and training. Caves does not unpack this other than to say that artists become arranged in a hierarchy of what he calls A list/B list properties. In the end, for Caves there is a straightforward equation between talent and market value. This talent is observable to the trained eye of the fellow artist, the artistic intermediary or the critical observer. This seems to ignore the demand side to the determination of market value and the plausible difference between what the market will pay and other measures of talent—or that such measures of talent and skill are culturally located.

The most important property examined is the relationship of the creative worker to his or her work, what Caves calls the art for art’s sake property. Cave’s argues that creative workers are unusual in that they care about their product or work. Unlike humdrum workers, artists do not demand recompense equal to what they can earn in outside markets. The artist trades money (the option of better paying work elsewhere) for autonomy and self-expression. Caves argues that artists are people who work outward to “realise and reify an inner vision”, making them reluctant to commit to outcomes within negotiations of value. Although to paraphrase Samuel Johnson anyone who writes for any other reason than money is a fool.

This Romanticised view of the artist seems to deny the attachment of many people to their non-artistic work. Many non-artists love their work, are invested in it, and would not substitute it for other better paying employment. In other words where work is involved there are many exceptions to the model of the financially maximizing humdrum input. The problem in part seems to follow from a privileging of artistic creativity over non-artistic creativity—an argument that the arts are a special case. It would, however, be difficult to maintain that a
draftsman’s labour in designing a house; or of child-care workers’ play with children is less creative than many visual arts works or slim volumes of poetry.

Perhaps there is another way to think about the special case of artist. The artist is not unique in trading away financial return for autonomy, because this seems to be a choice many non-artists make too. Instead, maybe there is unique utility for the artist in the identity of being an artist—both personally and projecting it publicly. This would hold true for some other professions that also have a status or identity that serves as consumable and compensating utility.

This is a minor criticism, but one other should be added to it. Despite the claim of this book to deal with the creative industries it concentrates on the older high arts and maintains some bias against newer cultural practices. For example, in a return to Adorno, craft and commercial arts practices are described as less creative than the autonomous artist creating visual art. The book ignores most of the changes that the network economy has brought—for example it, quaintly, describes radio as a new technology—and the impact of these upon artistic practice, industry and our notions of creative endeavour.

Despite these curiosities, Creative Industries: Contracts between Art and Commerce remains a useful descriptive and analytical resource of the operation of some parts of the creative industries. It draws upon comprehensive scholarship of the contracting arrangements bringing together inaccessible and hard to find data. It provides its analysis in a way that is useful to economists, artists, arts industry professionals and policy makers.