1 Introduction

Nothing so difficult as a beginning
In poesy, unless perhaps the end. (Lord Byron, *Don Juan*, 1821[1])

Definitional issues

It was Farmer Nicholas Snowe in *Lorna Doone* who said, with the insight given to simple rustics in Victorian novels, 'virst zettle the pralimbinaries; and then us knows what be drivin' at'.[2] In an enterprise such as the present one, settling the preliminaries inevitably comprises definitional matters, and this means the two principal objects of our concern: economics and culture.

It might appear that the first of these could be dispensed with quickly. There is apparently so little disagreement among contemporary economists as to the scope and content of their discipline that the introductory chapters of most modern textbooks of economics are virtually identical. The outline of the 'economic problem' always emphasises scarcity, such that the decision facing actors in the economic drama is one of how to allocate limited means among competing ends. Individual consumers have wants to be satisfied, productive enterprises have the technologies to provide the goods and services to satisfy those wants and processes of exchange link the one side of the market with the other. Much of the economics that is taught to students at universities and colleges throughout the western world nowadays is concerned with the efficiency of these processes of production, consumption and exchange, much less is concerned with questions of equity or fairness within the operation of economic systems. As a result, issues such as that of redistributive justice tend to play a secondary role in the thinking of many younger professional economists, if indeed such issues bother them at all.

The introductory textbooks also universally make the standard distinction between the study of the micro behaviour of individual units in the economy – consumers and firms – and the macro behaviour of the economy itself. In so doing, these texts lay the foundation for the reification of the economy, a process which has had profound effects on popular perceptions of economics and on the construction of public policy in the present generation. The increasing dominance of macroeconomics as the foundation stone of national and international public policy over recent decades has led to perceptions of the economy as having an identity of its own which seems to transcend its constituent elements. Ironically this view could be seen to parallel the concept of the state as having an independent existence, a concept eschewed by the model of libertarian individualism which is central to modern economics. In some cases the reification of the economy in the media and elsewhere seems to extend almost to personalisation; we speak of economies as 'strong' or 'weak', 'dynamic' or 'sluggish', needing to be nursed when they are sick and requiring the administration of appropriate medicines to bring them back to health.

In considering these texts as providing a definition of the domain and methods of contemporary economics, we should bear in mind that they mostly reflect the dominant neoclassical paradigm which has held sway in economics for the better part of a century and which in the last few decades has been brought to a high level of theoretical and analytical refinement. This paradigm has provided a comprehensive and coherent framework for representing and analysing the behaviour of individuals, firms and markets, and it has yielded an array of testable hypotheses which have been subject to extensive empirical scrutiny. Moreover, the range of phenomena which it has embraced has been continually expanding; the model of rational utilitarian decision-making operating within competitive markets has in recent years been applied to an ever-widening array of areas of human behaviour, including marriage, crime, religion, family dynamics, divorce, philanthropy, politics and law, as well as production and consumption of the arts.

Yet despite its intellectual imperialism, neoclassical economics is in fact quite restrictive in its assumptions, highly constrained in its mechanics and ultimately limited in its explanatory power. It has been subject to a vigorous critique from both within and without the discipline. Furthermore, its supremacy can be challenged if a broader view of the discourse of economics is taken. In common with all great areas of intellectual endeavour, economics comprises not a single paradigm, but a number of schools of thought offering alternative or contestable ways of analysing the functioning of the economy or the actions of individual

economic agents. For present purposes, we are quite likely to find such alternative approaches useful in thinking about cultural phenomena.

But while defining economics and the economy may, for the time being, be disposed of relatively easily, defining culture is an altogether different story. Raymond Williams describes culture as 'one of the two or three most complicated words in the English language'.[3] Robert Borofsky suggests that attempts to define culture are 'akin to trying to encage the wind';[4] this picturesque metaphor captures the protean nature of culture and emphasises how hard it is to be precise about what the term means. The reasons are not difficult to find. 'Culture' is a word employed in a variety of senses in everyday use but without a tangible or generally agreed core meaning. At a scholarly level it relates in some way or another to concepts and ideas which occur throughout the humanities and social sciences, but it is often deployed without precise definition and in ways which differ both within and between different disciplines.[5]

As always, an etymological analysis can throw some light on the evolution of meaning. The original connotation of the word 'culture', of course, referred to the tillage of the soil. In the sixteenth century this literal meaning became transposed to the cultivation of the mind and the intellect. Such figurative usage is still in active service today: we refer to someone well versed in the arts and letters as a 'cultured' or 'cultivated' person, and the noun 'culture' is often used without qualification to denote what, under a more restrictive definition, would be referred to as the products and practices of the 'high' arts. But since the early nineteenth century the term 'culture' has been used in a broader sense to describe the intellectual and spiritual development of civilisation as a whole. In turn, this usage became focused onto these same characteristics when evidenced in particular societies, such as nation states. In due course this humanistic interpretation of culture was supplanted by a more all-encompassing concept whereby culture was seen to embrace not just intellectual endeavour but the entire way of life of a people or society.

All of these usages, and more, survive in various guises today. How, then, are we to make progress in defining culture in a manner that is analytically and operationally useful? Some usages are so narrow as to be restrictive of the range of phenomena that are our legitimate concern; others, such as the all-inclusive societal definition where culture is in effect everything, become analytically empty and operationally meaningless. Despite these difficulties, it is possible to refine the range of definitions down to two, and indeed these will be taken to be the dual sense in which the term 'culture' will be used throughout this book.

The first sense in which we shall use the word 'culture' is in a broadly

anthropological or sociological framework to describe a set of attitudes, beliefs, mores, customs, values and practices which are common to or shared by any group. The group may be defined in terms of politics, geography, religion, ethnicity or some other characteristic, making it possible to refer, for example, to Mexican culture, Basque culture, Jewish culture, Asian culture, feminist culture, corporate culture, youth culture and so on. The characteristics which define the group may be substantiated in the form of signs, symbols, texts, language, artefacts, oral and written tradition and by other means. One of the critical functions of these manifestations of the group's culture is to establish, or at least to contribute to establishing, the group's distinctive identity, and thereby to provide a means by which the members of the group can differentiate themselves from members of other groups. This interpretation of culture will be especially useful for present purposes in examining the role of cultural factors in economic performance and the relationship between culture and economic development.

The second definition of 'culture' has a more functional orientation, denoting certain activities that are undertaken by people, and the products of those activities, which have to do with the intellectual, moral and artistic aspects of human life. 'Culture' in this sense relates to activities drawing upon the enlightenment and education of the mind rather than the acquisition of purely technical or vocational skills. In such usage, the word is more likely to occur as an adjective than as a noun,[6] as in 'cultural goods', 'cultural institutions', 'cultural industries' or the 'cultural sector of the economy'. To give this second definition more precision, let us propose that the connotation contained in this usage of the word 'culture' can be deemed to derive from certain more or less objectively definable characteristics of the activities concerned. Three such characteristics are suggested. They are:

- that the activities concerned involve some form of creativity in their production
- that they are concerned with the generation and communication of symbolic meaning, and
- that their output embodies, at least potentially, some form of intellectual property.

Of course, any such list presupposes a further set of definitions; words such as 'creativity', 'symbolic meaning' and even 'intellectual property' beg some further elaboration, to which in due course we shall return. For now, let us accept a standard interpretation of these terms to allow us to proceed with a working definition of culture in this functional sense.

Generally speaking possession of all three of these characteristics

could be regarded as a sufficient condition in order for this interpretation of culture to apply to a given activity. So, for example, the arts as traditionally defined – music, literature, poetry, dance, drama, visual art and so on – easily qualify. In addition, this sense of the word 'culture' would include activities such as film-making, story-telling, festivals, journalism, publishing, television and radio and some aspects of design, since in each case the required conditions are, to a greater or lesser degree, met. But an activity such as, say, scientific innovation would not be caught by this definition, because although it involves creativity and could lead to output capable of being copyrighted or patented, it is directed generally at a routine utilitarian end rather than at the communication of meaning.[7] Similarly, road signs convey symbolic meaning in a literal sense but fail on the other criteria to qualify as cultural products. Organised sport occupies a somewhat ambiguous position. While sport possibly meets all of the three criteria, some people may still find difficulty accepting it as a cultural activity, especially if it is thought that it does not embody creativity but only technical skill. Nevertheless, there can be little doubt that sport is an element of culture in the first sense defined above, that is as a ritual or custom expressing shared values and as a means of affirming and consolidating group identity.[8]

While the three criteria listed above may be sufficient for providing a functional definition of culture and cultural activities, they may not be the full story when it comes to defining cultural goods and services as a distinct category of commodities for purposes of economic analysis. There has been some debate among cultural economists as to whether a class of goods exists, called 'cultural goods', which can be differentiated in some fundamental way from 'ordinary economic goods'.[9] The above criteria can be seen as a useful first step towards making such a distinction, and indeed they might on their own provide a sufficiently precise definition for some purposes. However, in other contexts a more rigorous specification may be necessary, requiring some appeal to questions of cultural value, a matter to which we return in chapter 2.

It should be noted that no universality can be claimed for these two definitions of culture. Some phenomena that some people may describe as culture will lie beyond their reach. Furthermore, the definitions are by no means mutually exclusive, but overlap in a number of important ways – the functioning of artistic practices in defining group identity, for example.[10] In addition, counter-examples and anomalies can doubtless be suggested. But as a basis for proceeding, the definitions will serve our purpose.

Some qualifications

Three aspects of these definitions of culture require further elaboration. The first is the fact that, although the term 'culture' is used generally in a positive sense, implying virtuous and life-enhancing qualities, there is a spectre at the feast: culture, in the first of the connotations defined above, can also be deployed as an instrument of brutality and oppression. The Soviet state culture that was imposed on artists like Shostakovitch, the cultural underpinnings of Nazism, religious wars, ethnic cleansing, the 'culture of corruption' that may exist in a police force or an organisation, the gang culture that rules on the streets of large cities, mafia culture and other such phenomena, are all examples of shared values and group identification that can indeed be construed as manifestations of culture, if it is defined as we have above.

One approach to the dark side of culture is to ignore it, to make no value judgement as to good or bad cultures, and simply to analyse all cultural phenomena at face value as they present themselves. An alternative that confronts this issue more directly is to admit the possibility of an ethical standard which would outlaw, by common consent, certain characteristics which were universally agreed to be unacceptable. Such a standard might incorporate notions such as fairness, democracy, human rights, free speech and freedom from violence, war and oppression, as basic human values. Acceptance of such a standard would disqualify all the negative examples listed above from consideration as culture, and would prevent certain barbaric and oppressive practices from being excused on the grounds that they were part of the cultural tradition of a particular group. It might be observed that a resolution of the problem of negative cultural manifestations in this way could itself be interpreted in cultural terms. Suppose a minimum ethical standard could be generally agreed upon which accepted as axiomatically desirable such concepts as individual rights, democracy, the protection of minorities, peaceful resolution of conflict and the promotion of civil society.[11] It could be argued in such a circumstance that the values enshrined as universal could be seen to comprise the defining symbols of civilised human existence, and as such could be interpreted as key elements of an overarching *human* culture which transcends other forms of cultural differentiation.

The second issue requiring some further elaboration is whether culture is a thing or a process. In the above definitions, we have emphasised the former, defining a set of characteristics which describe what culture is, rather than who makes it, or who decides how it is used. When the idea

of culture as process is entertained, questions are raised about power relationships between affected and affecting groups.[12] Culture may in these circumstances become a contested phenomenon rather than an area of agreement and harmony. So, for example, it becomes possible to speak of a dominant culture, imposed intentionally or otherwise by an elite group in society on an unwilling or unwitting populace. It also opens up the question of defining 'popular culture', an area seen in contemporary cultural studies as being oppositional to the hegemonic and restrictive practices of 'high culture'. Furthermore, concepts of culture as transactional emphasise the fact that culture is not homogeneous and static, but an evolving, shifting, diverse and many-faceted phenomenon. The effect of these considerations is not so much to undermine or replace the concept of culture as an inventory of objects or practices, but rather to suggest that the inventory becomes unstable and its content contestable when the dynamics of cultural processes and the power relationships they imply are brought into account.

The third aspect requiring clarification is the question of how far the definitions of culture as proposed above overlap with ideas about society which are the substance of sociological concern. It might be suggested that a definition of culture which relies on identifying distinguishing characteristics of groups might be seen to parallel a notion of such groups as societies or as social units within a society. Thus, for example, to say that traditions, customs, mores and beliefs comprise the culture of a group might simply describe a set of variables which, to a sociologist, define the basis for providing social cohesion and social identity to the group. Nevertheless, while there will inevitably be some blurring of the lines between cultural and social, and between culture and society, it can be argued that there is a sufficiently clear distinction to allow these domains to be separated, as indeed Raymond Williams was able to do in his influential work whose title, *Culture and Society*, crystallises such a distinction.[13] If culture, in both of the senses defined above, embraces the intellectual and artistic functions of humankind (even if these are exercised unconsciously, as for example in the use of language), its source can be differentiated from those processes of social organisation, both deliberate and spontaneous, which go towards defining society.

Is economics culture-free? The cultural context of economics

The formal precision of modern economics, with its theoretical abstraction, its mathematical analytics and its reliance on disinterested scientific

method in testing hypotheses about how economic systems behave, might suggest that economics as a discipline does not have a cultural context, that it operates within a world that is not conditioned by, nor conditional upon, any cultural phenomena. But just as the radical critique of contemporary economics has argued that the sort of economics described above cannot be value-free, so also can it be suggested that economics as an intellectual endeavour cannot be culture-free.

To begin with, it is apparent that the many schools of thought that go to make up the full complement of economic science as it has evolved over at least two centuries themselves comprise a series of separate cultures or subcultures, each defined as a set of beliefs and practices which bind the school together. Just as shared values provide the basis for cultural identity of various sorts in the world at large, so also in the restricted domain of the intellectual discourse of economics we can interpret the coalescence of schools of thought, whether they be Marxist, Austrian, Keynesian, neoclassical, new classical, old institutional, new institutional or whatever, as a cultural process. However, the impact of culture on the thinking of economists goes further, because the cultural values they inherit or learn have a profound and often unacknowledged influence on their perceptions and attitudes. Of course, to argue that cultural considerations affect the way in which economists practise their trade is simply an extension of the well known argument that the ideological standpoint of the observer influences the way he or she perceives the world, and that objectivity in the social sciences generally is impossible since even the choice of which phenomena to study is itself a subjective process. Recognising this in the present context, we might ask, for example, whether the apparent acceptance by the great majority of contemporary Western economists of the dominant intellectual paradigm in their discipline – a belief in the efficacy of competitive markets, the foundation upon which the political system of capitalism is built – derives from a process of intellectual persuasion or simply from an unexamined cultural predisposition shaped by the values of their profession.

Furthermore the cultural context of economics as a discipline relates not only to the conditioning of its practitioners, but also to the methodology of its discourse. The processes by which economic ideas are generated, discussed, appraised and transmitted have been subject to analysis in terms which draw upon the work of theoreticians in literary and critical analysis such as Derrida and Foucault. Turning attention to the textual nature of economic knowledge and to the functioning of rhetoric in economic discourse has been seen by economists such as Deirdre McCloskey as opening up new 'conversations' in the philosophy

of economics and in the interpretation of the history of economic thought.[14] Argument, persuasion and other processes involved in conversations among economists or between economists and others have clear cultural connotations, as indicated, for example, in Arjo Klamer's writings on the growth, communication and dissemination of economic knowledge;[15] it is perhaps no coincidence that Klamer occupies the world's first chair in the economics of art and culture, at Erasmus University in Rotterdam.

Let us turn now from the cultural context of economics as a system of thought to the cultural context of the economy as a system of social organisation. The fact that economic agents live, breathe and make decisions within a cultural environment is readily observable. So, too, is the fact that this environment has some influence on shaping their preferences and regulating their behaviour, whether this behaviour is observed at the level of the individual consumer or firm or at the aggregated level of the macroeconomy. Yet in its formal analytics, mainstream economics has tended to disregard these influences, treating human behaviour as a manifestation of universal characteristics which can be fully captured within the individualistic, rational-choice, utility-maximising model, and seeing market equilibria as being relevant to all circumstances regardless of the historical, social or cultural context.[16] Indeed, when neoclassical modelling does attempt to account for culture, it can do so only within its own terms. So, for example, Guido Cozzi interprets culture as a social asset that enters the production functions of labour efficiency units as a public-good input within an overlapping-generations model.[17] While such efforts may capture some of the characteristics of culture in an abstract economy, they remain remote from an engagement with the wider issues of culture and real-world economic life.

At the same time it is important to note that there has long been an interest in examining the role of culture as a significant influence on the course of economic history, arising within several schools of economic thought. Perhaps the most celebrated contribution to the field has been Max Weber's analysis of the influence of the Protestant work ethic on the rise of capitalism.[18] Here the cultural conditions in which economic activity occurs are linked very directly to economic outcomes. Many other specific illustrations of the historical influence of culture on economic performance can be cited. For example, the spirit of individualism inherent in Anglo-Saxon culture, first noted in Adam Smith's discussion of the division of labour, and developed further by the great nineteenth-century political economists, especially John Stuart Mill, can be seen to have provided the conditions for the spread of the industrial

revolution in Britain and almost concurrently in the United States.[19] Closer to our own time, there has been much speculation on what it is that explains the 'Asian economic miracle' in the post-war years, beginning with the spectacular industrial dynamism of Japan, and followed by the phenomenal growth rates in South Korea, Taiwan, Hong Kong and Singapore. We shall return to these questions in chapter 4.

Culture as economy: the economic context of culture

In the same way as economic discourse and the operation of economic systems function within a cultural context, so also is the reverse true. Cultural relationships and processes can also be seen to exist within an economic environment and can themselves be interpreted in economic terms. Both of the conceptualisations of culture defined earlier – the broad anthropological definition and the more specific functional intention of culture – can be considered in this light. Let us deal with them in turn.

If culture can be thought of as a system of beliefs, values, customs, etc. shared by a group, then cultural interactions among members of the group or between them and members of other groups can be modelled as transactions or exchanges of symbolic or material goods within an economising framework. Anthropologists have characterised primitive and not-so-primitive societies in these terms, where ideas of markets, exchange value, currency, price and other such phenomena take on cultural meaning. One specific area of interest has been built around the proposition that all cultures are adapted to, and are explicable through, their material environment. Cultures may differ, but their evolution will be determined not by the ideas that they embody but by their success in dealing with the challenges of the material world in which they are situated. Such 'cultural materialism' has a clear counterpart in economics, especially in the 'old' school of institutional economics, where culture underpins all economic activity. Indeed William Jackson sees cultural materialism as providing the means of reintegrating culture into the same material, natural world as economics.[20]

Furthermore, considerations of the role of culture in the economic development of the Third World place the cultural traditions and aspirations of poor people into an economic framework, as a means of identifying ways in which their material circumstances can be improved in a manner consistent with cultural integrity. In fact, as the UN World Commission on Culture and Development (1995) has made abundantly