

"Globalization and Diversity, UNESCO and Cultural-Policy Making: Imperatives for U.S. Arts and Culture Practitioners and Organizations"  
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*Summary of remarks*

The question – are cultural goods and services merely products like any other - has been raised in the context of a specific debate concerning their incorporation into international legal agreements affecting their production, distribution and consumption, within and across the borders policed by sovereign states.

My view is that generally we are better off when the cross-border flow of ideas, information and expressions of culture and art is open and robust. Cultural diversity is best served by efforts to promote and expand the various forms of human expressions within and across borders. We should be wary of treating culture as tradition or culture as heritage, as something that more than anything else needs to be protected and preserved. Cultures may come from the past, but they are also made and remade in the present.

I am not suggesting, however, that the best way to manage the flow of cultural goods and services is to treat them like any other product. They are not like any other product. For one thing, cultural good and services – everything from books to traditional dance to television drama – are designed explicitly to express meaning, convey ideas, and contribute to the way we make sense of ourselves and our world. As a class of objects, they embody and articulate the very essence of human life: our ability to communicate in sophisticated ways with one another, to symbolize, store and transmit information, ideas and values across space and time. They are vital to

the way we conduct our social lives and do our politics. This is reason enough to treat them as a special class of goods and services.

But it is also possible to distinguish cultural goods and services – and media products in particular – on the basis of economic criteria. In the context of international legal agreements, it is wise to pay special attention to these characteristics.

The most notable of these is that the first-copy costs of media and cultural products are extremely high, especially when compared to the cost of each subsequent copy. Indeed, for media products second-copy costs – the cost of reproduction – are close to nil. Compare the cost of making the first print of Hollywood film (around \$60 million), to the cost of the second, the third and so on (a few bucks).

Extra units of other goods, like cars and computers, have substantial marginal costs, related both the manufacturing and transportation costs. By comparison, media products are rather easy to transport – indeed at times media seem to be as light as air.

The second distinguishing characteristic of media products and cultural goods and services is what Richard Caves refers to as the “nobody knows principle.” Predicting the success of any new product is a fool’s game. Failure is common and the risks are atrociously high, even for the most powerful producers: only 5% of recorded music makes a profit; 70% of feature films released by Hollywood lose money; most new TV shows are not renewed; most books are remaindered before they turn a profit. No amount of pre-testing and marketing has managed to solve

this problem. Even hits can fade quickly, before long, the 'nobody knows principle' reasserts itself.

Given these two key economic traits, a number of subsidiary characteristics follow. High advertising and marketing costs designed to stimulate demand, attempts to monopolize markets and construct other barriers to new competitors, the saturation of markets with multiple copies. For a time, Hollywood nearly perfected these strategies. It is but one example. Size has its benefits in the production and distribution of cultural products. Big companies and big players will work to push out smaller ones.

There is, then, a risk that comes with open borders, a risk felt most acutely in countries with smaller populations and weak economies. And within every country, there is a risk that minority forms of expression will be marginalized. It is for this reason that international agreements must be designed in such a way to promote the diversity of cultural contents and artistic expressions, even as they work to promote open borders. Governments must not be allowed to exercise full control the levers of cultural expression, but likewise an unregulated market is rarely the best possible mechanism to secure diversity and pluralism of expression

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