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Cultural Commodification and its Economic Significance

Writing in the 1940s, the Frankfurt School's Theodor Adorno and Max Horkheimer raised the spectre of the commodification of culture when they identified a growing link between business and art. The 'culture industry', they wrote, administered a phony, barbarised anti-democratic mass culture; technology aided both its spread and influence¹. While contemporary theorists have offered a more nuanced understanding, suggesting that audiences are more inquisitive, selective and discerning than otherwise perceived, the cultural industries today are witness to the growing interpenetration between commerce and cultural goods and services. Their significance extends far beyond the pleasurable qualities of the visual and performing arts or the city-marketing strategies of cultural tourism and consumerism built around museums, theatres and theme parks. Across the globe, there has been a growing realization that cultural products and services are important not because people are spending more on leisure products and services but because of the profound link between culture and new information and communication technologies (ICTs). Digital technology has provided the mechanism by which the productive base of an economy can arguably be exponentially expanded by transforming 'traditional arts' (e.g. visual art, crafts, theatre, music, museums) into commodities of a 'cultural/media industry' (e.g. broadcasting, film, recording, online publishing and new media products, e.g. games). Cultural products and services have been drawn into the heart of the 'entrepreneurial initiative'² on the basis of their productive value not aesthetic pleasure.

The 1990s saw Ireland achieve an economic about-turn, a key element of which was new technology. Irish policy makers focused increasingly on a growth strategy led by the information and communications technologies as a means to leapfrog historic and geographic limitations of the earlier industrial revolution and jump-start Irish economic

¹ Theodor Adorno and Max Horkheimer (1972) 'The culture industry: enlightenment as mass deception', *Dialectic of Enlightenment*, trans John Cumming. New York: The Seabury Press.

² David Morley and Kevin Robbins (1997) *Spaces of Identity. Global Media, Electronic Landscapes and Cultural Boundaries*, London: Routledge, p. 37.

growth. Taking advantage of rapid social structural changes, relatively high public investment and endorsement of education and advanced skills, and a 'natural' reservoir of creativity, that strategy sought to market Ireland as an 'information gateway', an English-speaking beachhead between the USA and Europe, with an emphasis on information distribution and cultural content products. The government's commitment to carving out a niche for Ireland in the digital world as a provider/creator of cultural content is personified by the following extract from the report of the National Software Directorate, *Ireland: the digital age, the Internet*³:

In many ways, Ireland is ideally situated to benefit greatly from the opportunities being offered by the Digital Age and the Internet. Ireland has a Diaspora of some 70 million in every corner of the world and the Internet is a perfect technology with which to tap that huge potential market. For example, culture will be a primary product in the new millennium and Ireland has this in abundance.

Ireland has a plentiful supply of music, literature and a growing reputation for film/video production, not to mention excellent skills in the vital software area. These are the 'raw materials' of multimedia. However, these raw materials, unless they are properly exploited and turned into finished product, will be of little real benefit, in the sense that multimedia is about the synergy of these skills.

That the arts and culture are at the centre of this debate about Irish economic development is not really new. Indeed, state patronage of and involvement with the arts goes back centuries. What is new, however, is the level and attention that has been given to the role of the arts and cultural activity as a mechanism in urban regeneration since the 1980s. In this respect, the arts are seen as having an 'economic spillover' effect in terms of labour intensity, tourism or as a vehicle for attracting business to a particular area.⁴ Thus, planners have deliberately courted and clustered small cultural/design innovators as part of urban renewal projects. The emergence of an arts-led strategy has concentrated on a 'crossover' between the media and visual arts, drama, dance, music, design/craft and fashion, and their respective consumptive and productive elements, located around small managed workspaces and studios.⁵ Dublin has followed the path of Glasgow, Barcelona and other 'culture capitals' of

³ Dublin: Enterprise Ireland, 1997.

⁴ John W. O'Hagan (1998) *The State and the Arts. An Analysis of Key Economic Policy Issues in Europe and the United States*. Cheltenham: Edward Elgar, p31.

⁵ Derek Wynne, ed. (1992) 'Cultural Industries' in *The Culture Industry*. Aldershot: Avebury, p5, 15.

Europe and North America. Sharon Zukin's statement that 'culture is more and more the business of cities – the basis of their tourist attractions and their unique, competitive edge' is today an acknowledged truism.⁶

The Temple Bar initiative, announced in 1991, was aimed at the regeneration of a previously derelict and neglected urban space critically juxtaposed between two main commercial districts. The schema sought to overlay a burgeoning but commercially ineffectual cluster of 'counter cultural bohemianism' with 'commercially safe chic' using a combination of 'image' industries (film, music, art, design, drama, multimedia and photography) as the engine of visual attractiveness on which to drive urban and economic revival. Despite the deliberate marketing of the area as the 'cultural quarter of Dublin', with an array of state/city sponsored cultural and educational centres, shops, restaurants and public/private housing, it did not become a 'localized cultural industrial district'. The over-determining force behind Dublin and other such urban renewal/regeneration projects has, however, been consumer not production driven. Thus, while these areas are and remain popular with tourists and day-trippers, there are significant doubts as to their ability to generate real wealth.

As global competition heats up, national and supra-national (e.g. the EU) economies have sought to identify new sectors ripe for take-off. Cultural activity was once associated only with traditional visual and performing arts and entertainment activity, although it did include museums and exhibitions; beginning in the 1980s, it took on a greater, albeit still tame, importance as a vehicle or focal point of urban regeneration. This chapter looks at the way in which cultural and creative activity has become increasingly identified as a potential mechanism of *national* economic generation drawing upon the growing intersection between software, content and cultural products.

Ireland's Multimedia Industry and Dublin's Digital Hub

In 1996, the government was being strongly urged to establish a digital media/multimedia industry as the centrepiece of a new economic strategy. Multimedia sits at the intersection between advanced (digital) technology and cultural products and services. It integrates and blends a wide range of creative skills, such as graphics, moving and still image, text and sound, with a computer software platform, to produce new 'content' which is interactive. This is in contrast to television, film, radio or print which requires only a passive and limited engagement with the material being viewed or listened to. Accordingly, there is a distinction between 'lean-back' and 'lean-forward'

⁶ Sharon Zukin (1995) *The Culture of Cities*. Malden and Oxford: Blackwell, p2.

technology; the former more traditional audio-visual formats are reflected in the 'couch-potato' syndrome, while latter new-media formats require the user to become actively engaged. The design, development and, arguably, the work practices associated with multimedia are also distinctive, combining software programming and creative skills as part of an integrated team or, increasingly, within the same 'multi-skilled' individual.

Ireland had been one of Europe's pioneers in multimedia effectively stumbling into it via involvement in software research, a key strategic mission of various government agencies since the 1980s. However, by the mid-1990s, both its reputation and state interest had waned due to the (mis)belief that multimedia was not a viable proposition. The sector revived after 1997, this time without state involvement and propelled by technological convergence via the move from analogue to digital and the diffusion of open standard Internet technology. Dublin emerged as the preferred location for 87 per cent of the republic's software companies by 1998; its large customer base, international airport and skill base, all in close proximity, facilitated multimedia's growth, the latter benefiting from the former's technical skill-base.

The rate of growth has been significant, expanding from 57 multimedia companies in Dublin in 1997 to 242 by March 2001, directly generating an estimated 2,089 jobs.⁷ The sector can be divided into four distinct tiers: small 'kitchen-table' operations, micro-enterprises, internationally competitive Irish and foreign-owned companies (see Table 1). The majority, 59 per cent of the companies, are micro-enterprises with few staff, usually producing websites or engaging in maintenance and training on a contract basis for local companies. These are generally located within a one-mile radius of Dublin city centre, with the only significant cluster to emerge is located around Baggot St, in the south city centre. The bottom tier is home-based one-person operations concentrated in the north and south Dublin suburbs generally doing small-scale Internet development to service local businesses, accounting for 3.7 per cent of employment in the sector in Dublin and 33% of companies. The larger multinational companies, like world leaders AOL and Microsoft, localize primarily North American multimedia content for international audiences in Dublin and provide customer service for the European market.

⁷ Figures calculated from industry directories, companies registrations office filings and information from individual companies; cf. Farrell Grant Sparks (1997) *The Irish Multimedia Industry. A Current Profile and Future Development Strategy*. Dublin.

Table 1
Dublin's Multimedia Sector, 2000

	Number of Companies	Number Employed
Home-based one-person operations	79	79
Micro-enterprises	144	360
Indigenous businesses (25+ staff)	12	970
Foreign-owned businesses (25+ staff)	7	680
Total	242	2,089

Source: Dublin Institute of Technology Survey.

Only about twelve indigenous multimedia companies have made the transition to internationally competitive operations, having originated as text based computer trainers in the mid-1980s. Of Dublin's six largest such companies, half of them, SmartForce, Riverdeep and Intuition Publishing, all global leaders in their online training niches, trace their lineage to CBT Systems, a text-based trainer set-up by former salesman Pat McDonagh in 1985. These six companies had annual sales in 2000 of €189m and were valued at €2.3bn. They accounted for more than 40% of employment in the multimedia sector in Dublin. More significantly they have produced a significant number of spin-offs helping to create a self-sustaining multimedia milieu in Dublin.

The indigenous Irish multimedia companies are primarily focused on professional training and e-learning products for global niche markets. Originally concentrated in information technology and financial services, these products have expanded into the American school curriculum, telecommunications, healthcare, customer service and general management. Sub-contract website development work and localizing multinational publishers' multimedia titles for non-North American markets is also important. In the future, the sector could build upon this expertise using new broadband capacity to deliver interactive content in different languages to international markets in a variety of digital formats.

The Irish government has had a sporadic relationship with multimedia until recently. Its determination to catapult Ireland into the 21st century global digital economy, coupled with these companies' successes (see Table 2), led to the announcement in 2000 to develop two digital hubs, one in the Liberties area of Dublin and the other at Citywest, a new industrial park on the city's western outskirts. Under Enterprise Ireland, these hubs form a key part of an industrial development strategy incorporating the multimedia sector. The Telecommunications Advisory Committee, the Content Advisory Group of the Information Society Commission and, more recently, the Irish Council for Science Technology and Innovation (ICSTI) recommended the creation of designated districts to

galvanize this dispersed sector into an innovative digital media cluster. ICSTI argued that it would bring Ireland to a higher level in the global ICT market, an achievement unattainable without such intervention. In this way, the final element of the government's triangular strategy was borne: 1) provision of technological infrastructure, 2) alterations to the financial and regulatory/legislative environment, including fiscal policy, security and intellectual property rights, and 3) provision of content innovation and development.⁸

Table 2
Multimedia Companies' Contribution to Dublin's Economy, 2000

Rank by sales	Name	Total Employees Globally	Annual sales (€m) 2000	Description	Valuation
1.	SmartForce	1,200	€145m	Global leader in Online IT training	€1,661m
2.	WBT Systems	66	€18m	Global leader in Online training infrastructure	€40m*
4.	Riverdeep	410	€7.7m	Global leader in online high school learning aids	€605m
5.	Intuition Publishing	60	€5.4m	Global leader in online financial services training	€15m*
6.	Interactive Services	110	€3.7m	Online training for telecoms	€12m*
Total			€189m		€2,333m

* Estimates based on private investments made in companies

Sources: Nasdaq; Companies Registration Office, Dublin; Individual companies; Davy Stockbrokers; Goodbody Stockbrokers. March 2001.

This consensus meant that when the Massachusetts Institute of Technology's (MIT) Media Laboratory, one of the world's leading digital media research centres, approached Taoiseach, Bertie Ahern, seeking a European base, it was effectively a done

⁸ See Ellen Hazelkorn (2001) 'The Dynamics of Cultural Production in Ireland: Economic Strategy, Digital Technology and Public Policy Making', *Trends and Strategies in the Arts and Cultural Industries* edited by K. Ernst, M. Halbertsma, S. Janssen and T. Ijdens. Rotterdam: Barjesteh & Co's..

deal. As one senior civil servant described the process: 'We don't have a bureaucratic system like the French and Germans. We are just opportunistic future grabbers.'⁹ Media Lab Europe (MLE) opened in Thomas Street, Dublin, in July 2000, after the state agreed to provide €36m for MIT management, intellectual property rights and running costs for the first five years. In return, MLE proposes to become fully self-financing by 2010.

Forfas, the industrial policy development agency, had first identified the Thomas Street/Coombe area of south city Dublin, around the Guinness brewery, in 1999. It had been asked by the government to identify possible locations for clusters of digital media industries where a node for a new broadband pipeline, capable of carrying data at 15 times its speed at a fraction of current costs, could also be placed. The availability of cheap land in close proximity to the city centre, already a hub for arts/cultural activity via Temple Bar, was a further attraction. Forfas argued that creative individuals would be unwilling to work in the more sterile National Digital Park at Citywest, where the second node for technical e-commerce was to be located. Significantly, Dublin Corporation had also designated the Thomas Street/Liberties/Coombe area for re-generation; after decades of industrial decline and the gradual withdrawal/restructuring of Guinness, the area was blighted by social and physical dereliction.

The south city location brings together several significant elements: a digital media industrial strategy, international research and urban regeneration. MLE is viewed as the crucial 'anchor tenant', around which research and development facilities, small business incubators and support services will grow. While Silicon Valley (San Jose, California) and Silicon Alley (New York City) grew 'naturally', the Irish government, like other national and city governments around the world, is seeking to recreate these 'regional systems of creativity and innovation' via 'the right mixture of entrepreneurial know-how, creative energy and public policy'.¹⁰ Accordingly, projects like Dublin's Digital Hub have become an important ingredient in city-region (economic) (re)development strategy.

A Political Economy of Cultural Production

The emergence and growth of a digital media/multimedia sector in Ireland and elsewhere has been associated with significant change in working practices and the structure of the company. These changes have undoubtedly been influenced by the very radical shift from analogue to digital technology, which has significantly simplified,

⁹ Background briefing to one of the authors in May 2001 by a senior civil servant who advises the Irish government on economic policy making.

¹⁰ Allen J. Scott (2000) *The Cultural Economy of Cities*. London: Sage. p17, 209.

'democratized', and reduced the costs of production, enabling almost anyone with access to computers and creative talent to produce content.

Face-to-face interviews with multimedia workers reveal several common features¹¹. Irish multimedia companies and their staff are predominately young, with a handful of employees. The workforce needs to be flexible with respect to working conditions and time, and perhaps unusually, educational pathways were diverse, encompassing all levels and types of educational qualifications, but nevertheless focused on some core skills: visual arts, computer/technical and business/managerial. There is a significant level of fluidity or 'criss-crossing' between firms, with many of those interviewed having only recently arrived at their present job. Pay levels vary accordingly, with sophisticated programming and/or good experience highly rewarded. Most work is conducted via small project teams, built around a group of multi-skilled individuals, although there is a significant element of sub-contracting to and amongst each other.

...basically my job changes all the time and that suits me fine....I like to be doing a mixture of programming and graphics....It's trying to balance skills really...So it's really a big benefit if you can cross over those two areas.

...you really have to be a self-starter....you just presume it's up to you to get the job done, if you don't do it right then its on your head.

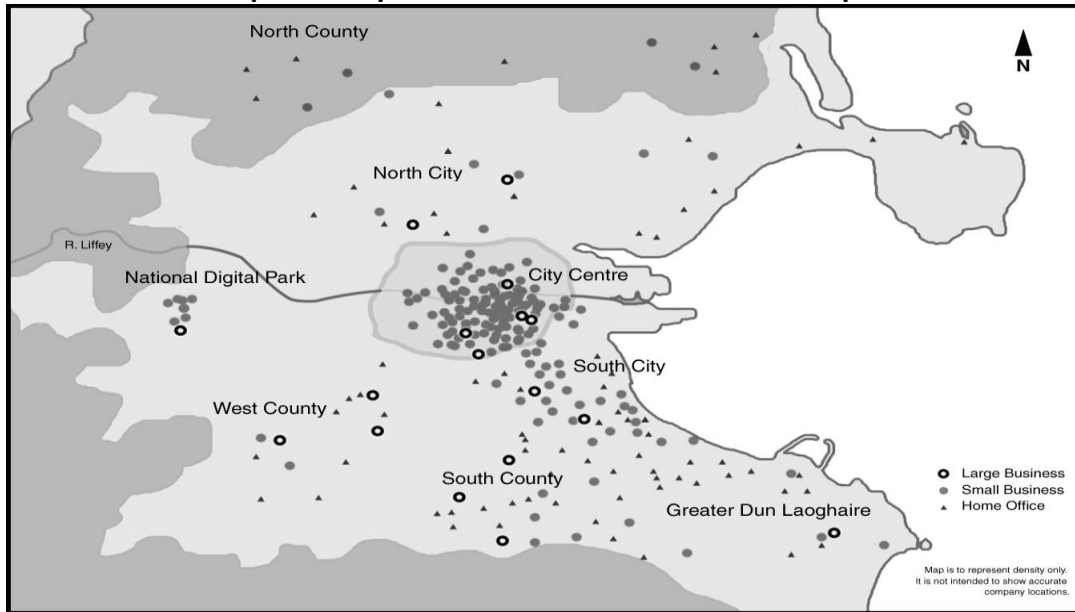
...there's no hours keeping like you have to arrive at nine and leave at six...sometimes you might stay until ten. You have to be very flexible in these things. We believe that everybody is capable of taking responsibility for what they are doing and this way we work as a team.

Irish multimedia producers are concentrated in Dublin; a bird's-eye view of the city illustrates the significance of this clustering (see Figure 1). There are logistical, commercial and psychological reasons why the multimedia industry might cluster in certain locations. Most multimedia companies are start-ups seeking low-rent short-lease accommodation convenient to transport hubs. Their customer base and amenities appeal to their, primarily, young staff; mews and basement premises in south Dublin city centre offer other benefits. Moreover, the general Baggot Street area already had a cluster of advertising agencies, marketing businesses and corporate headquarters, the key customers of multimedia companies. The existence of these more established companies provides the infrastructure, e.g. high speed ISDN telephone lines and sub-

¹¹ Interviews were conducted winter/spring 2000 among employees of a small but representative sample of Irish multimedia companies.

suppliers of good and services. Finally, clusters create a dynamic 'economic space' for intense transactional relations; the exchange of ideas on creativity, technical knowledge and market intelligence, a critical part of the multimedia industry, often takes place in the same 'after hours' establishments.¹²

Figure 1
Spatial Map of Dublin-based Multimedia Companies



Source: Dublin Institute of Technology, March 2001.

The multimedia industry is highly skilled, with the majority of workers having tertiary-level education, many to degree and post-graduate level. Job-wise, they are concentrated in 'soft skills', with little (in-depth) expertise in computing or programming. This tends to follow an international pattern, in addition to reflecting the nature of the sector in Ireland. As one interviewee, with a Ph.D. in molecular biology, stated:

...multimedia is more open to self-development, changing direction than any other area...you get lots of people moving into multimedia from other areas or moving out so there is a fair bit of cross-fertilisation and exchange. I particularly noticed that when I did the course...[t]he people...came from the most bizarre backgrounds...¹³

¹² Manuel Castells (1996) argues that 'Late-evening conversations at the Walker's Wagon Wheel Bar and Grill in Mountain View did more for the diffusion of technological innovation than most seminars in Stanford,' *The Rise of the Network Society*. Oxford: Blackwell Publishers, p55.

¹³ Interview 13, 26 May 2000.

Despite this rather fluid educational trajectory, it is unlikely that many in the surrounding educationally disadvantaged area would, without significant training interventions, have the requisite skills for employment in these companies. Indeed, MLE has no provision for local involvement apart from a prerequisite that 50% of its students are Irish.

Conclusion

By choosing to focus on the opportunities arising from the ICTs, and particularly the links between arts/culture, commerce and ICTs, the Irish state is seeking to play to its internationally acknowledged strengths. Perhaps most importantly, by welding a broad industrial economic strategy to an urban regeneration project, the city-state strategy seeks to emulate some major global success stories. These 'commodified cultural production systems' have thrived by virtue of their size, density and heterogeneity, and the 'right mix of know-how, creative energy and public policy'.¹⁴ Enterprise Ireland's *ITS 2007* document (2000) claimed the

Digital Media District will provide a platform from which to leverage and stimulate the opportunities within the media environment ... [which] is vital if knowledge exchange and integration of creativity and technology can occur

while the Dublin Chamber of Commerce has been lobbying to establish an air link between the 'Silicon Valley' and the 'Silicon Island'.

Will the strategy work? After explosive growth between 1997 and 2000, the multimedia industry has recently gone into an equally sharp decline with several showpiece indigenous multimedia companies, like Nua and Ebeon, disappearing overnight. With the focus on cost containment amongst the remaining indigenous multimedia companies, getting the Digital Hub off the ground may prove just as challenging for the state as the Temple Bar and International Financial Services Centre urban renewal projects.

¹⁴ Allen J. Scott, *op. cit.*, p209.