Journal of Cultural Economics (2020) 44:661–664
https://doi.org/10.1007/s10824-020-09392-2

BOOK REVIEW

Book Review: Jason Potts *Innovation Commons: The Origin of Economic Growth*, Oxford, UK: Oxford University Press. ISBN: 9780190937508

Erwin Dekker[1]

Received: 31 March 2020 / Accepted: 7 September 2020 / Published online: 19 September 2020

Jason Potts has often made contributions to cultural economics from an evolutionary perspective, with a keen eye for the social nature of production and consumption in the cultural sector. His new book combines these two perspectives; it argues for the social and evolutionary nature of the innovation process. His story is not about entrepreneurs, but rather about groups of enthusiasts who pool their knowledge and resources in what he calls 'innovation commons,' which he defines as 'systems of rules for cooperation to facilitate pooling of information in order to maximize the likelihood of opportunity discovery' (p. 1). One would therefore expect that he would have lots to say about the creative industries. Strangely enough, Potts ignores the creative industries throughout the book. Instead, he emphasizes the importance of technological innovation, but I will argue here that his theory has great potential for cultural economists.

The first five chapters of the book lay out the theory of the innovation commons. Potts argues that innovation is a process of radical uncertainty, which neither firms nor individual (Schumpeterian) entrepreneurs are able to overcome. The problem faced by potential entrepreneurs is that of dispersed knowledge: They might have some piece of the puzzle, but miss others, and they lack an overview of the puzzle as a whole. Therefore, they must interact with others who similarly hold only one or a few pieces of the complex puzzle, and through this interaction, they might develop a sense of the whole problem. The economic problem is why such sharing and pooling between different economic actors would take place. Potts argues that to overcome the economic coordination problem, the innovation commons emerge, a temporary institutional solution, ordered by rules about cooperation, openness and sharing. His study of the commons as institutional structure is deeply inspired by Elinor Ostrom and takes up the middle of the book. The final chapters of the book draw out the implications for policy-makers who seek to jump start innovations. They are mostly a warning that many such attempts will focus too heavily on later

✉ Erwin Dekker
e.dekker@eshcc.eur.nl

[1] Erasmus University Rotterdam, Rotterdam, Netherlands

phases of the innovation trajectory, neglecting the crucial first stage. He suggests that a better approach to innovation policy would be to facilitate collective learning and minimize opportunities for rent-seeking.

Potts' archetypical model of the innovation commons is the Homebrew Computer Club. This club, which emerged in the mid-1970s in Menlo Park (CA), consisted of hobbyists and computer amateurs and formed the basis of the later industrial cluster now known as Silicon Valley. This club facilitated the sharing of knowledge between its members and fostered a culture of experimentation and contributions, through which dispersed pieces of information were pooled and through which entrepreneurial discoveries became apparent. Potts argues that this club, an innovation commons, represents the zeroth phase of the innovation trajectory, the phase before the entrepreneur emerges on the scene. His book makes a compelling case that such innovation commons are the cradle for many entrepreneurs. In other words, entrepreneurs typically start out as amateurs or hobbyists who are part of clubs centered around a particular practice or new technology, and then become entrepreneurs the moment they break out of this club with their own marketable product.

At that point of his analysis, it will be hard for most cultural economists to not scream out the name of their favorite music genre (hip-hop, punk, folk, jazz or blues) which all originated in local communities of enthusiasts, or to think about the gatherings around Andy Warhol in New York which stimulated the development of pop art, the Bloomsbury Group in London which birthed so many literary innovations, the Viennese coffeehouses and circles which spawned innovations in music, architecture and literature, or the Parisian salons that gave rise to Impressionism. Potts offers many more clues in that direction: in order to be part of such clubs or communities you have to be an active member: 'to participate, you have to contribute' (p. 18). Once you are fully recognized as member through your contributions, there often develops a strong sense of identity and community between the members (p. 23). The communities typically exist, argues Potts, without a clear explicit goal. Members have the feeling of attending social gatherings, rather than economic organizations: 'they themselves may not have a clear idea of what resources they are contributing to the common pool' (p. 14).

Potts emphasizes that the pool of knowledge is a combination of things and ideas. Within innovation commons, new technologies, (user) adaptations of existing technologies and ideas about novel ways to utilize these technologies are shared. Throughout the book, Potts seeks to discredit the myth of the heroic Schumpeterian entrepreneur and to replace it with the idea of vibrant communities and clubs of experimenters. As he concludes: 'Innovation is something we do together. It takes an economy to raise a technology' (p. 46). With economy, he means a: 'self-organizing community of cooperating agents.' I added and altered a few words in my copy of the book, and it now reads: 'Cultural innovation is something we do together. It takes a scene to raise a new genre.'

What Potts' book has to offer is a radically new theory of the origins of innovation that does away with the creative genius and replaces it with the scenes, salons and creative communities that are part and parcel of the economic history of the cultural sector. The great merit of Potts' theory is that he manages to integrate these clubs into economic theory. He makes clear that opportunities are not simply out there, but have to be assembled and constructed—a valuable perspective for the study of art and culture. He argues that these innovation commons are almost inherently unstable. They exist as an efficient solution to the problem of opportunity discovery which, because of deep uncertainty, requires dispersed knowledge inputs from various individuals. The communities collapse when some individuals break the rules of contributing, sharing and openness, and take an idea developed within the commons to the market.

It is precisely here that many artistic scenes pose a challenge to Potts' theory. At first glance, it appears that it provides a good economic rationale for the strong norm against 'selling out' within artistic scenes. The rules of the innovation commons as he describes them emphasize the importance of contributions, sharing and openness. From this perspective, the 'sell-out' artist is the one who leaves the innovation commons to become an entrepreneur. He or she appropriates part of the shared resource and uses it to create a commercially viable product, and is despised for it by the others who stuck to the original rules of the community. Thus, the theory provides an explanation for the deep controversies surrounding the idea of 'cultural appropriation,' which could be represented in his model as the appropriation of resources from the commons, without having contributed to the commons.

So far so good—but most artistic scenes do not collapse. It may not be as vibrant as in earlier days perhaps, but there is still a jazz scene after more than a century. When hip-hop had its big commercial breakthrough in the late 1980s, this did not result in the collapse of the hip-hop scene. There was at best a bifurcation between an 'underground' and a commercial industry. The same is true for many, if not all, cultural genres. There is typically a top-layer of commercially successful artists, but underneath that elevated layer exists an amateur scene that remains an important source of knowledge and innovation for the 'cultural entrepreneurs.'

Potts might argue that given his focus on the origin of economic growth, he can leave the creative industries aside. I think he does so at his own peril. Although his discussion of the combination of things and ideas within the innovation commons is very perceptive in places, it hardly does justice to the way in which the experimentation with new technologies merges with new practices in (artistic) scenes. More generally, he fails to bring out the fact that even his computer clubs typically revolve around certain *practices* that give the 'scenes' a unique coherence and identity. Hip-hop culture is often defined as consisting of four elements: deejaying, mc-ing (rapping), graffiti and b-boying (breakdance). They are all crucial shared practices within this community. These practices give the scene a persisting coherence, and they provide a focal point for new contributions. Potts' emphasis on knowledge sharing is justifiable, but for the analysis of the actual communities it is not very helpful. Perhaps a combination of practices and experimentation within strong social norms regarding originality would do a better job at capturing what happens in communities.

More importantly, Potts overlooks the importance of 'places,' something that has received ample attention in the study of creative communities and scenes. From the Parisian salons (Impressionism) to the Viennese coffeehouses (Sezession) and from the mixed cultural clubs of New Orleans (jazz) to the metros of New York (graffiti), specific places gave birth to scenes and new genres. Potts has lots of interesting things to say about a culture of innovation in which 'the new' is tolerated, but he pays virtually no intention to the importance of meeting places and their characteristics, although innovation policy for the creative industries has long recognized the importance of place, from Richard Florida's creative cities to the more recent emphasis on place-making.

These criticisms do not take away anything from the enormous relevance that Potts' theory of the innovation commons has for studying the creative industries. The way in which he explains the emergence of new industries by integrating the topic of innovation with a theory of social cooperation structured by rules is masterful. And the good news is that his neglect of the creative industries leaves ample space for researchers to apply and refine his insights for this field. After all, innovation is something we do together.