CREATIVE ECONOMY

as a development strategy:
a view of developing countries
CREATIVE ECONOMY

as a development strategy:

a view of developing countries


CDD 306.4
For those who hold a deep respect for their own cultural roots, cultural borders...
# Preface

Ana Carla Fonseca Reis  
8

# Prologue

Ana Carla Fonseca Reis  
10

# Introduction

Ana Carla Fonseca Reis  
14

# GLOBAL VIEWS

Creative economy: is it a feasible development option?  
Edna dos Santos-Duisenberg  
50

Global view: from conceptual discontents to a research agenda  
Yudhishthir Raj Isar  
74

# AFRICA

Creative economy and poverty eradication in Africa: principles and realities  
Máté Kovács  
92

# AMERICAS

Transforming Brazilian creativity into economic resource  
Ana Carla Fonseca Reis  
122

Mexico: technology and culture for a comprehensive total development  
Ernesto Piedras Feria  
142

The creative economy and the development possibilities in Argentina  
Facundo Solanas  
160

Creative economy as a strategy for Jamaica and the Caribbean growth and wealth generation  
Andrea M. Davis  
174

# ASIA

Creative economy as a development strategy - The Indian perspective  
Sharada Ramanathan  
192

The current trend of Chinese cultural industry: Introduction and thinking  
Xiong Chengyu  
216

The creative industries: Asia-Pacific perspectives  
Pernille Askerud  
232

# Credits

2

# Index

256
PREFACE
A production that values singularity, the symbolic, and that which is intangible: creativity. These are the three pillars of the creative economy. Although this concept has been under wide discussion, defining it is still a work in progress because it comprises different cultural, economic, and social contexts.

This publication seeks to offer a multiplicity of viewpoints on the topic. The intent is not necessarily to point out answers, but rather to discuss the concept of creative economy and its practices through the knowledge prism of thinkers who understand its local reality and take part in the transformational process that leads communities to development.

The collection of texts looks at the actions of the Itaú Cultural Institute, which contributes to the democratization of access to cultural assets. With the creation of the Observatory in 2006, the institute became a locus for reflection on the contemporary cultural arena, reinforcing the study of local and global themes such as the intersection of culture with the economy and – above all – acknowledging the importance of publicizing information regarding the sector as a tool for the development of cultural policies and making these data accessible.

Considering the nature of this debate involving different cultures, the institute chose the digital medium as a means of publication support – shaping this medium into content that can be accessed at any time, from the farthest reaches of the planet; where, who knows? Maybe a small sample of creative economy is at this moment in motion or preparing to flourish.

Itaú Cultural Institute
PROLOGUE

Ana Carla Fonseca Reis
I based the conception of this book on the *Sturm und Drang* that comes from my experience in the realms of marketing, economy, and culture. It deeply disquiets me to immerse in the cultural universe of the most diverse peoples and acknowledge that the more sincere and vulnerable they are, the less they notice the gargantuan difference between the value of what they produce and the prices they practice, between the symbolic and economic spheres of culture. I am concerned that apprentices of millenary cultural arts and young talents of the new media have put their cultural production behind them to work in a different profession in face of the difficulties in circulating and sponsoring their works. I am flabbergasted to observe that we insist on socioeconomic paradigms that are unable to promote the so-called social well-being amidst the never-ending struggle between distributive justice and allocative efficiency, now worsened by rapidly increasing environmental issues.

In this journey of disquietudes, I had the privilege of meeting a growing number of other restless minds worldwide who, paradoxically, value singularity, the symbolic, and the intangible, which are the three pillars of creative economy. Ten amongst the most inquisitive people as to the dilemmas we face today have accepted to share their vision on creative economy as developmental strategy. They are thinkers who refuse to accept the perpetuity of paradigms and who oppose, in the words of Facundo Solanas, to:

> the stigmatization that seems to doom the predestined and insurmountable permanence in that intermediate path between the underdevelopment and development of the first world to life.

Why do we stress creative economy? Because in the last decade, few concepts have been more debated, less defined, and hardly given consideration in a screened, translated, and reinterpreted fashion for countries living different cultural, social, and economic contexts, in a myriad of discussion points: creative cities, creative
industries, creative economy, creative clusters, creative class, and creative assets. Among ephemeral, naivety, and despair, there have been quite a number of attempts to merge a specific context into one of different realities, without due reflection. The purpose of this book is to offer points of view as alternatives to the current understanding of creative industries.

In order to explore the solidity of the pillars that support the so-called creative economy as developmental strategy, each author came across three questions: what is creative economy? Could it actually be a developmental strategy? If yes, what is necessary to turn this potential into reality? These issues not only provided a view regarding their geographical context, but also added specific relevant aspects to their analyses.

The answers could not have been more enriching, diverse in form, and harmonious in content. Chinese Chengyu Xiong outlines a rousing historical record of cultural industries in the country, filled with statistics, which foreign researchers could hardly locate. Ernesto Piedras offers an inspiring economic approach on culture, drifting from the public to the private sector, and to the Mexican academic circle.

Andrea Davis, a Jamaican strategist, provides relevant analysis on the creation of cultural brands and on the inequality in the sharing of generated benefits. Sharada Ramanathan unveils a critical panorama of creative economy in India, merging the cultural, social, economic, and political spheres combining reason and poetry. Argentine Facundo Solanas presents a critical vision on the use of the concept.

Pernille Askerud and Máté Kovács had a continental mission, and which was splendidly accomplished: to unravel the situation and the potential of creative economy in the rich kaleidoscope of cultures and economic scenarios in Asia and Africa, respectively. Edna dos Santos Duisenberg and Yudhishtir Isar contributed with a global vision on the topic, describing a privileged point of view on cultural, economic, and social plots of multilateral agreements and forces of globalization.
Finally, I have devoted the chapter with Brazilian roots to an aspect of unique importance within this topic: creativity in the urban context, demystifying the vision of creative cities as global cities.

The opinion of the authors neither represent the official stance of their countries on creative economy and nor was this responsibility demanded of them. They are free thinkers, engaged in transformation processes, deeply involved and aware of the reality they express, and whose souls and minds urge to find a new path of inclusive and sustainable development for their countries and fellow citizens. Likewise, Instituto Itaú Cultural, sponsor and coeditor of this work, showed great sensitivity in embracing this project from the beginning, without ever having intended to interfere in its content.

Two observations regarding comprehensive analyses should be put forward. At a macro level, within the scope of nations classified as developing countries, one can find from powers, such as China, to small African countries, which are regulated by tribal and community relations. In spite of their simple economy, several of the paradigmatic creative phenomena in world terms come from regions that have been receiving poor attention, such as the audiovisual in Nigeria or music in the Brazilian Amazon. However, even in individual terms, homogenous consideration cannot be applied to them. Several cultural, economic, and social Indias and Mexicos coexist in one single country demanding a high level of detailing that does not fall within the scope of this book.

This is not an academic work, even though several of its authors come from the academic environment. The proposal is to build a reflection on every page, in a dialogue with the reader. That is why I chose the most democratic method to foster this debate: a digital book, edited in three of the most spoken languages, available worldwide, for free download, on all Websites interested in the topic. I hope many other works appear and cross borders, advancing this and future debates with the depth and richness that our cultures deserve.
INTRODUCTION

Ana Carla Fonseca Reis
Creativity. A word of multiple definitions, which intuitively refers not only to the ability of creating the new, but also to the ability of reinventing, diluting traditional paradigms, uniting apparently disconnected points; and that would lead us to finding solutions for new and old problems. In economic terms, creativity is a renewable fuel, and its stock increases with use. Furthermore, “competition” among creative agents attracts and encourages the action of new producers, instead of saturating the market.

These and other characteristics make the creative economy an opportunity to rescue citizens by inserting them into society, and also consumers, by including them into the economic scene, through an asset that springs from its own background, culture, and roots. This scenario of coexistence between the symbolic universe and the concrete world is what turns creativity into a catalyst of economic value.

Culture and economy have always walked pari passu since the interpretation of both concepts reflects an era and its values. Cultural and creative goods and services are rooted in our lives and we consume them without necessarily having the market intermediation. The core issue is: the sustainability of cultural production depends on the aptitude of talents (which implies that cultural producers can live off their own production or have idle time to devote themselves to it as a hobby); on the circulation of this production or tradition (thus guaranteeing the renewal of cultural diversity); and on the guaranteed access to this production (especially for young people) in a play of forces of mass culture, which is instigated by globalization.
1. Historical outlook

The concept of the creative economy derives from the term *creative industries*, which found inspiration in the Australian project, *Creative Nation*, from 1994. Among other elements, it advocated the importance of the creative work, its contribution to the economy of the country, and the role technologies played as allies of cultural policy, paving the way for the subsequent inclusion of technology sectors in the list of creative industries.¹

In 1997, Tony Blair’s administration encouraged the creation of a multi-sectoral task force to be responsible for the analysis of United Kingdom’s national accounts, market trends, and national competitive advantages in face of an increasingly fierce global economic competition. According to the then secretary of Culture of the United Kingdom, Chris Smith, the initiative represented:

> a virtually unique exercise in the government — traversing the traditional divisions of Whitehall,² uniting the government and the industry in a partnership, and defining an agenda with specific topics.³

Thirteen great potential sectors could be identified in this exercise: the so-called *creative industries*, understood as:

---

¹ As mentioned in the introduction to the document: “The revolution in information technology and the global mass cultural wave potentially threaten what is distinctly ours. Thus, our identity is threatened and so are the opportunities that present and future generations will have for intellectual and artistic growth and self-expression (…) We have to embrace it (the information revolution), as we have embraced the diversity that postwar immigration brought us, acknowledging that we can turn the incredible power of this new technology into a cultural, creative, and democratic objective. It can both inform and enrich us. It can generate new fields of creative opportunity.”

² Whitehall is the seat of the British government; Westminster, that of Parliament.

³ Available at http://www.culture.gov.uk/about_us/creativeindustries/default.htm.
Industries that are based on individual creativity, skill, and talent. They are also those that have the potential to create wealth and jobs through developing intellectual property.

Over the following decade, the example of the United Kingdom became paradigmatic for four reasons:

1) It contextualized the creative industries program in response to a changing global socioeconomic scenario;
2) It gave privilege to sectors having greater competitive advantage for the country, and reordered public priorities to foster them;
3) It disclosed key statistics on the share of creative industries in domestic wealth (7.3% of the GDP, in 2005) and with significant recurrent growth (6% a year, from 1997 to 2005, in face of 3 % of the total);
4) It acknowledged the potential of creative production to build a new image of the country, both domestically and abroad, under the slogans “Creative Britain” and “Cool Brittania,” with the consequent attractiveness to tourism, external investments, and talents, which could support a complex action program.

Based on these four reasons, the British concept, including the selected industries, was then replicated to many diverse countries such as Singapore, Lebanon, and Colombia, regardless of the differences within their contexts, and irrespective of the fact that intellectual property rights legislation is not necessarily the best criterion to select creative industries in these countries. It is worth remembering that in recent years, the original concept has been target of fierce criticism, including in Great Britain itself; either because of its range⁴ or because of the

---

⁴ According to a document from Scotecon, a network of Scottish economists that represents twelve universities: “The problem is that while cultural industries can be defined as those that generate symbolic meaning, the official definitions of creative industries do not make reference to it, and could include just any type of creative activity.”
impact it has on the structural definitions of cultural and economic policies. Even though some initiatives came up at that time, which suggests a concern with the socioeconomic inclusion of marginalized areas or classes, the emphasis of the concept results on the aggregate statistics on economic impact, and especially on their contribution to the GDP and the economic growth rate.

However, the greatest merit of the successful British program was not that of reorganizing British industries in order to focus on the most competitive ones in the country. More important than that, it provoked, and it has been provoking reflections as to the deep and structural changes that are called-for in the global socioeconomic scope, and in the cultural and political quakes we face every now and then. Not surprisingly, the creative economy has stirred wide-ranging discussions and studies in areas not strictly related to industrial or economic policy. They are far-reaching and concern the revision of the educational system (questioning the fitness of today’s professionals’ profiles, and announcing the emergence of new professions), the new proposals for urban refurbishing

---

“Lending cultural industries a new mark such as ‘creative’ has opened the possibility of considering activities such as the arts, media, or design as the driving force of the economy, and not only benefiting from the generosity of taxpayers. Cultural activities have come closer to the top of the economic policy development than ever before. Actually, the new mark has generated several benefits. However, in deeming the cultural sectors ‘creative,’ they have also disappeared in the group of sectors that generate intellectual property, on the one side overestimating their economic importance and on the other losing just any specificity. (…) As a result of this confusion, we run the risk of having neither a significant cultural policy nor effective economic policies.” Knell and Oakley, *London’s Creative Economy – An Accidental Success?* 13–14, 22. Consequently, the *Creating Growth Report* from the National Endowment for Science, Technology and the Arts (NESTA) proposes a model of support for the definition of creative industries as a guiding instrument for public policy, stressing the points of convergence and divergence among the several sectors and their specific needs: providers of creative services (advertising, architecture, design, new media); producers of creative content (cinema, musical studios, book publishers); providers of creative experiences (concert promoters, opera and dance producers); producers of creative originals (artisans, visual artists, producers of non-industrialized works).

---

Available at http://www.cityfringe.gov.uk.
(generating projects of creative clusters⁷ and the repositioning of the so-called creative cities⁸), financial institutions appraising the intangibles of culture (calling for measurement models inspired on the patent and brand sectors), the repositioning of the role of culture within the socioeconomic strategy (dealing with symbolic contents in parallel with economic ones), and they even concern the revision of the economic structure, from traditional sectoral chains into models within the patterns of net-shaped value chains, including new business models (thanks to new technologies and to the emergence of collaborative creations).

Once the countries understood that it is necessary to deepen this discussion to seek a new socioeconomic paradigm, though sometimes they might be driven by naivety, or even awe, various countries have started to acknowledge the British solution as a chance for underdevelopment, without due translation of the concept into their own cultural, social, and economic realities.

Ambassador Rubens Ricupero, former secretary-general of the United Nations Conference on Trade and Development (UNCTAD), remembers that:

*In 2001, the initiatives as to the subject were highlighted at the United Nations Conference on the Least Developed Countries, which encompasses the world’s fifty most vulnerable economies. Since then, the creative industries, or the creative economy, have become one of the programs to promote the development of African, Asian, Latin American countries and the Caribbean, by using their cultural potential to the fullest to promote economic and social development.*⁹

In 2004, the topic led to discussions during UNCTAD’s quadrennial meeting, in Brazil, with the launching of the cornerstone of the “1ˢᵗ International Forum on

---

⁸ Available at http://www.creativecity.ca.
⁹ In REIS, *Economia da cultura e desenvolvimento sustentável*, p. XXI.
Creative Industries”, organized in 2005, and of a number of initiatives to promote awareness and the expansion of creative markets, pursued, since then, under the auspices of the United Nations Special Unit for South-South Cooperation.

It is undeniable that part of the attention aroused by creative economy was due to the statistics of economic impact published by the sector, following the British example. Facundo Solanas estimates that in 2004, the creative industries contributed with 7.8% of the GDP of Buenos Aires, and accounted for 4.3% of the jobs, and UNCTAD announced that, from 2000 to 2005, the world’s creative products and services increased by an average annual rate of 8.7%.

However, several exceptions should be considered regarding the analysis of aggregate numbers related to the generation of jobs, revenue, exports, and tax collection:

1) General statistics do not reveal specifics of the sector, which is essential to develop public policies, especially to enable the analysis of the industry’s concentration level and its bottlenecks;
2) Data is rarely comparable among countries, given the definitions, methodologies, sources, and distinct historical basis;
3) Even considering national statistics, the amount of copyrights and creative services (studios, marketing, and distributors) of one country can be appropriated by another country, according to the example given by Andrea Davis in relation to Jamaican reggae.

Therefore, it has become increasingly important to define what to measure, and not how to do it: to find adequate characteristics of the creative economy for each country or region, to identify their competitive advantages, their uniqueness, their cultural processes and dynamics, the value-networks created, and the potential added value of the intangibility of their products and services.
2. In search of a concept

Based on an analysis of the pioneer bibliographic production regarding creative economy, it can be observed that it was marked by a focus on creative industries and on its economic dynamics (Caves, 2000; Howkins, 2001) or a focus on the characteristics and training of the workers of these industries (Seltzer; Bentley, 1999; Florida, 2003). The myriad of conceptual interpretations does not suggest common ground. Caves, for example, considered creative industries as those related to the arts, culture, and entertainment in general. However, for Howkins, the watershed for the creative economy would be the potential to generate intellectual property rights (according to the author, “the currency of creative economy”), expanding its scope from copyrights to industrial designs, registered trademarks, and patents. This definition makes it difficult to define what would not be part of the creative economy in the contemporary society, and how it could be distinguished from the knowledge economy. Still in 2001, David Throsby brought culture back into the debates on creative industries, by referring to cultural products and services that involve creativity in their production, encompass a certain level of intellectual property, and convey symbolic meaning.

Whereas Hartley (2005) integrates the sectoral vision into a broader approach of the economy, creating a definition that brings together culture and technologies:

> the idea of creative industries tries to describe the conceptual and practical convergence of the creative arts (individual talent) using cultural industries (mass scale), within the context of new media technologies (ICTs) in a new knowledge economy to be used by the new interactive consumers-citizens.\(^{10}\)

\(^{10}\) Hartley, Creative Industries, 5.
Finally, the 9th UNCTAD report (2004), acknowledges that the creative industries concept:

...is used to represent a cluster of activities that have creativity as an essential component they are directly inserted in the industrial process and subject to copyrights protection.

With that, any handcraft or community-knowledge work free from industrial exploitation would be excluded from such definition, even though in the organization’s later works, under the leadership of Edna Duisenberg, the concept evolved to:

An holistic and multidisciplinary approach, dealing with the interface between economy, culture, and technology, concentrated on the predominance of products and services bearing creative content, cultural value, and market objectives.

Upon incorporating concepts of highly discussible definition, such as culture and creativity, into its essence, the creativeeconomy carries a legacy of doubts. As Yudhishthir Isar mentions, “the semantic inflation, the slipperiness of terms, which characterize the rhetoric, advocacy, and self-representation of the cultural sector” prevail. As seen across the chapters of this work, the conceptual miscellany will afford greater in magnitude to countries that do not usually attribute the due economic value to culture and creativity and, therefore, take longer to awake to the analysis of their potential.

Whatever the conceptual subject of choice, the essence of the creative economy is perceived in the transformations generated by the convergence between new technologies and globalization. The former were responsible for promoting the reunion between science and art, in addition to outlining alternatives in face of other obstacles, which were very real: the oligopoly-based markets of creative
goods and services, as we will see later on. The latter had the role of dramatically expand markets, giving rise to the acknowledgement of the tension that exists between social and economic values of culture, besides increasing the eagerness of some countries to dominate the production of cultural contents at a global scale. This would fit as a response to the ratification of United Nations Educational, Scientific and Cultural Organization – Unesco’s Convention on the Protection and Promotion of the Diversity of Cultural Expressions in 2006.

However, there is a third basic element in this combination: the current socioeconomic paradigms are inappropriate to deal with discrepancies in income distribution, to forge sustainable models of economic inclusion, and to solve the problems of urban violence and socio-environmental problems which afflict us, not by lowering the bar, but by allowing a new class of agents to enter into the economic circuit, even if sometimes they do it informally.

The current economic models not only call for a global update, but also for a regional and domestic application that takes into consideration the specifics of each context. As Davis mentions, “while a regional approach can be useful, the development strategy for each country must take into account its singular attributes and circumstances.”

Another frequent question relative to the creative economy is its degree of novelty. In fact, if we are to understand the creative economy merely as a reordering of sectors within one category dubbed as “creative industries,” there will be nothing new about it, since creativity has been recognized as fuel for innovation since the beginning of times. The novelty is actually found in the acknowledgement that the context, which is formed by the convergence of technologies, globalization, and dissatisfaction with the current world socioeconomic scenario, gives creativity the responsibility of motivating and founding new business models, organizational processes, and an institutional architecture that stimulates economic and social sectors and agents.
Actually, the creative economy seems to borrow merging traits from other concepts, and give them a unique touch. From the so-called *experience economy*, it acknowledges the value of originality, of collaborative works, and it acknowledges the prevalence of intangible aspects within the genesis of value, which is strongly anchored on culture and its diversity. From the *knowledge economy*, the creative economy uses the emphasis on the trinomial technology, skilled work force, and the generation of intellectual property rights, which explains why, for some authors (Knell; Oakley, 2007), the creative economy sectors integrate the knowledge economy, even though the latter does not lend culture the same degree of emphasis the creative economy grants it. From the *economics of culture*, the creative economy proposes the estimate of authenticity value, and of the unique and inimitable cultural intangibles, thus allowing developing countries to aspire to have an abundant resource at their disposal. This view communicates with Duisenberg’s text, which mentions that:

> the creative economy would be a holistic multidisciplinary approach dealing with the interface between economics, culture, and technology, centered on the predominance of products and services with creative content, cultural value, and market objectives, which result from a gradual change in paradigm.

For the purposes of this book, the creative economy encompasses sectors and processes that have creativity, especially culture, as an input to create goods and services that carry *symbolic and economic* value locally, and distribute them globally. Why then should some technology sectors, such as software, be included? Because they are essential in sustaining the dynamics of business processes and models, which is established in part of this economy. Likewise, iPods are considered part of the musical market, TV sets are part of the audiovisual market, and books are part of the publishing market. In addition to supporting cultural contents, they enable the creation of new models of production and distribution of these contents.
3. Approaches to the creative economy

In general, it is possible to highlight at least four approaches to the creative economy.

3.1. Creative industries, seen as a set of specific economic sectors, whose selection varies depending on the region or country, according to their potential economic impact on the generation of wealth, jobs, on the collection of taxes, and earnings from exports. In the United Kingdom, the creative industries are composed of advertising, architecture, arts and antique markets, arts and crafts, design, fashion, cinema and video, leisure software, music, performing arts, publishing, computer and software services, radio and TV.

Bearing in mind that the comparative advantages of each country differ, the list varies and may, sometimes, include tourism, gastronomy, folklore, jewelry, and others. Máté Kovács reminds that the concept of creative industries used by African countries and organizations also tends to include into the usual fields, forms of collective and popular expressions of crucial importance for the diversity of African cultures, such as traditional knowledge, folklore, and intangible heritage. Internationally, Duisenberg presents an Unctad project that involves different spheres, such as cultural heritage, music, the visual and dramatic arts, audiovisuals, new media, design, publishing, and printing.

3.2. Creative economy, which encompasses, in addition to creative industries, the impact of their goods and services on other economic sectors and processes, and the connections that are established among them (Hartley, 2005), thus provoking and incorporating itself into profound social, organizational, political, educational, and economic changes. Therefore, the creative industries are not only economically valuable per se, but they also catalyze and add intangible values to other types of process organization, economic relations and dynamics of different sectors, from the design of cosmetics, which make use of local knowledge, to sports equipment and gear that communicate the mark of a country. Within the creative economy,
industry and services increasingly blend. As mentioned by Pernille Askerud, in her analysis of the Asian situation:

*Cultural and information industries are increasingly claiming new areas of production and distribution (e.g., the production of leisure wear, sports articles, and electronic equipment).*

3.3. **Cities and creative spaces**, in turn, seen from the distinct perspectives of:

1) fighting to that of inequalities and violence, and of attracting talents and investments to revitalize degraded areas (Florίda, 2005; Landry, 2006);
2) promoting creative clusters, being the most prominent among the most expressive ones: the cultural wine district in France, the multimedia cluster in Montreal, the creative parks in Shanghai,11 and the new media hub in Beijing, described by Chengyu Xiong;
3) transforming cities into world creative hubs, often times articulated with the tourism policy and the attraction of creative workers, as mentioned by Kovács in South Africa. However, when this process is not well conducted, it can eventually cause gentrification and, once there is lack of community involvement, it will cause the collapse of local relations and the exclusion of small creative businesses, and the exclusion of diversity;
4) restructuring the urban socioeconomic set, based on local specifics, such as Guaramiranga, with its Jazz and Blues Festival, and Paraty, with FLIP (the International Literary Festival of Paraty) as examples (read text by Ana Carla Fonseca Reis).

There should be further discussions about creative cities, considering the growing interest they have triggered among city planners, sociologists, and economists, in a debate closely tied to the concept of the creative economy. To propel it, there

11 Available at http://www.tdctrade.com/alert/cba-e0705e.htm.
are factors such as increasing world competition, the fast flow of ideas and the obstacles to it, talents, and investments, as well as the recognition of the need to seek new solutions for unsolved urban problems.

The debate also arises in response to the process of forming transnational spaces within the national ones, supported by network relations and global economic and technological flows (Castells, 2000; Sassen, 2006). This global competitive context even gives rise to simplistic instruments, such as the Global Creativity Index, designed to measure the economic competitiveness of a city in relation to technology, talent, and tolerance indices (Florida, 2005).

3.4. Creative economy as development strategy, broke down into two complementary approaches. The first approach is based on the recognition of creativity, therefore, the recognition of human capital, to foster the integration of social, cultural, and economic objectives, in face of an excluding postindustrial global development model, which is, therefore, unsustainable. Cultural diversity and cultures in general were seen as obstacles to development in this old paradigm, rather than be seen as nourishment to creativity and a source of solutions to social and economic obstacles. As highlighted by Davis, in reference to the Caribbean:

*The required approach for successful management of the region’s economy must stress the synergy between the political, economic, and social aspects, and focus its dominant goals on growth, equity, well-being, and participation.... A far-reaching strategy emphasizes the integrated importance of human and social capital and their relationship to enhancing and preserving the harmony and stability of society.*

This proposal is echoed in Sharada Ramanathan’s text, when she refers to the perception of India as the largest market there is, together with China, for globalized products.
This perception is not inclusive, since 70% of India’s population lives below the middle class barrier. . . . With a population of 1.2 billion, India can only pursue a development strategy that connects wide-scale employment with global issues such as the environment and the politics of cultural displacement.

The same need for a paradigm shift, from ‘social versus economic’ towards an inclusive model is emphasized in Kovács’ vision for Africa: “The prevailing development model ignores the realities, traditions, and specificities of the sociocultural environment and local populations”. This need is also stressed in Duisenberg’s approach, when she mentions that 86 out of 144 developing countries depend on commodities to bring up to half of their export earnings.

The second approach focuses on how economic changes, and especially how new technologies alter the links between culture (from the arts to entertainment) and the economy, opening a range of economic opportunities based on creative undertakings. Once that it relies on individual creativity, allows the establishment of small businesses, and offers low entry barriers, creative economy would promote the generation of revenue and employment. This is advocated by Ernesto Piedras and Pernille Askerud, in reference to the supposedly distinct realities of Mexico and Asian countries. According to Ernesto Piedras:

The activity derived from creativity not only generates employment and wealth, but also increases the well-being of the population in general, since it promotes the expression and participation of citizens in public life, favors a sense of identity and social security, and expands people’s perception.

According to Askerud:

We are moving towards an understanding of cultural industries, more often now referred to as creative industries, which center on the productive capacity and innovative knowledge and information capacity — rather than a more traditional concept of culture and cultural industries that is linked to the classical notion of fine arts.
It is in this sense that increasing the economic share of creative industries in the GDP and increasing the generation of jobs is part of this scenario, but not all of it, since it does not necessarily reflect better income distribution, socioeconomic inclusion, and the essential symbolic benefits, *inter alia*, of awareness of the value of local knowledge (Reis, 2006). In fact, this is not an exclusive concern of developing countries in search of an appropriate path for the creative economy, since even in countries such as the United Kingdom, the sharing of the benefits coming from creative economy with marginalized classes has been questioned.\(^\text{12}\)

Therefore, the challenge is to find a model of creative economy that combines the country’s growth with the reward of creative producers that is commensurate with the use of their talents.

### 4. Characteristics of creative economy

#### 4.1. The Added value of intangibility

Creativity’s intangibles generate additional value when they incorporate cultural characteristics, which are inimitable by nature. From cultural tourism, encompassing heritage and typical festivities, to audiovisual productions, synergies flourish between lifestyle and the environment in which it blossoms. The notion of creativity is also associated with culture due to its uniqueness, which is capable of giving rise to tangible products having intangible values. Thus, the diversity of cultures, and therefore, of ideas, is seen as a great creativity propeller.

According to Brazilian Ambassador Rubens Ricupero,

\(^{12}\) The perception that creative industries were meritocratic, and that, therefore, have opened new forms of participation to marginalized groups, was widely shattered when confronted with the facts.” *Knell and Oakley*, op. cit., 16.
It is a universal panorama: the dazzling colors of African fabrics, of the ‘Costa cloths,’ as they used to be called in Brazil, the endless tonalities of the Indian saris, the masks and sculptures of Mali, of Burkina, of the Congo, of Gabon, the paintings from Haiti, from south Africa, the cinema from Iran, the poetry of the cordel literature, popular and inexpensive printed booklets containing folk novels, poems and songs, or of the repentista poets, singers/poets who improvise strictly metered verses accompanied by the guitar from the Northeast of Brazil, pages and pages could be filled in an attempt to make an inventory of the anonymous creativity of the peoples considered backward. It is this diversity of cultures and the products they create that, from time immemorial, has nourished the trade of silk, damask, brocades, incense, perfumes, and spices between the East and the West, the North and the South. Originality in our days is the stunning scale of multiplication of these contacts, and the emergence of a mass public, of millions of individuals who can afford and are willing to pay to attend a concert of Indian cithara or of Tuareg musicians, thus buying their albums which are cut by specialized labels.\footnote{Reis, op. cit., XXI–XXII.}

The uniqueness that adds value to goods and provides an inimitable competitive advantage is the emphasis, common to all the texts of all the authors of this book, and is summarized by Ramanathan, who says that: “The notion of creativity started to be identified according to the cultural field since its uniqueness lies in the fact that it gives equal legitimacy to both tangible and intangible cultural processes.” After all, there is no way of copying the cultural substrate that lends value to creative products and locations, as illustrated by the Brazilian cases mentioned by Reis.

Finally, intangibility can reflect other values, such as the spiritual ones, described by Ramanathan, and the political ones, cited by Xiong during the transition in China, when referring to the 2002 document of the Communist Party which saw the cultural industries as a way “to prosper socialist culture and meet people’s spiritual and cultural needs under the conditions of market economy.”
4.2. From Sectoral chain to value networks

Just as the hierarchical organizations reflected the industrial economy, the creative economy is structured as a network. Production and consumption are driven by new technologies, rather than following the traditional model of ‘one for many’, entailing a wide range of possibilities of many producers to many consumers. The new network-based paradigm breaks away from the orthodox competitive mindset, so that each participant benefits from the inclusion of new collaborators. There are a number of examples of collaborative productions from the musical field to free software that promote a more democratic form of production, distribution, and access to goods and services.

As a consequence, the more diverse the collaborators are, the richer the value networks become, and they involve different-sized companies, investors, and credit borrowers, creative industries and others, who benefit from them. It is this web of relations and possibilities, established not only horizontally and vertically, but within a business network structure, which characterizes the business model of the creative economy. According to Askerud:

*The shift in trade and economy towards knowledge-based production is not only a shift from one kind of product to other goods and services. It is a fundamental shift in the way production and businesses are organized, as well as in the way we live our lives and understand ourselves.*

4.3. New consumption models

The creative economy bases itself on an expansion of the existing consumption models based on the mixture between *technologies* that empower consumers to make their decision on consumption (e.g., Web 2.0) and *cultural identity* that confers a unique character to goods and services. Thus, the relationship of people with their environment and with the culture surrounding them rises to a new level.
Cultural and creative goods and services, together with the aspirations and wishes of the consumers, can now be obtained without necessarily having the intermediation of the market, as is the case of peer-to-peer sharing networks. In order to maintain the balance between the overwhelming force of the supply of global creative products and services and the identity of local manifestations, the maintenance of diversity and of the possibilities of choice by the various communities acquires greater importance.

A 2005 Unesco report recognized that the creation of a culture, allied to technologies, contributes to the continuous creative flow of information and knowledge, bridging the social divide that separated cultural producers from cultural consumers. Thus, the emergence of the so-called prosumer (a merger of producer and consumer), concomitant to the formation of local audiences, which benefit from the intersection of cultural languages, such as the incentive to reading through a television show, according to the examples mentioned by Solanas.

4.4. The Role of micro-enterprises and small businesses

The promotion of micro-enterprises and small businesses (including the individual ones), suppliers or distributors of products and services, enables economic inclusion and operation in differentiated markets, lending more speed and capillarity to economy as a whole. Acknowledging its role is essential to drive the creative economy as a development strategy, for two basic aspects. First, as they already are the largest employers in many developing countries, they increase their ability to promote socioeconomic inclusion in the creative industries, where the barriers of entry tend to be lower, less capital is needed for the start-up of the activity, and often they are on the verge of informality. Consequently, there is a demand for a strategy for public incentive and financing to turn those businesses into sustainable creative undertakings (see Askerud and Davis).

Additionally, micro-enterprises and small businesses of the creative industries usually have more diverse portfolios and take more risks than the large ones in relation to new talents and projects. The publishing, musical, and software markets are clear examples, which explains the voracity of the large companies to acquire small innovative enterprises with proven potential. Small businesses are highly appealing to large companies, either as acquisition or as service providers (e.g., content provider). This explains Piedras’ statement that, in the Mexican context, most of the large companies tend to specialize in communications and in the trade of products and services, whereas smaller businesses or micro-enterprises devote themselves especially to creation and innovation.

4.5. New technologies

The new technologies participate in the creative economy in three ways:

1) as part of the creative industries (software, games, digital media, communications);
2) having an impact on production (offering new vehicles for creative contents and the possibility of new products and services based on digital media), on distribution (opening alternative channels, e.g., e-commerce, expanding global access, and reducing transaction costs) and on consumption, as vehicles of creative content (enabling consumers to steer their search for creative goods and services, and access them directly from the producer, e.g., by download);
3) transforming business processes and the market culture, including the formation of networks and the collaborative models described before.

Hence, the creative economy responds to a new socioeconomic context, which, in face of the plunge of the differentiating potential of the manufacturing industry, incorporated an essential identity counterpoint of cultural and entertainment nature to new technologies.
The role of new technologies as enablers of economic growth and poverty reduction was observed by a study carried out by the Central Bank in 56 developing countries. The conclusions ratified the idea that those countries that invest in information and communication technologies grow more rapidly, and are more productive and profitable than others, and that becomes a challenge and an opportunity for the developing world.\textsuperscript{15}

The table below explains the reason for this paradox, and reveals great regional disparities in the use of new technologies and communications. The aggregate sales of Europe and the United States represented 61.4\% of such market worldwide in 2007, whereas Latin America, Africa, and the Middle East altogether totalised less than 9.7\%.

**Global technology and communications market (in € billions and market share)**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>660</td>
<td>30.3%</td>
<td>699</td>
<td>30.3%</td>
<td>736</td>
</tr>
<tr>
<td>North America</td>
<td>732</td>
<td>33.6%</td>
<td>768</td>
<td>33.3%</td>
<td>810</td>
</tr>
<tr>
<td>Asia and the Pacific</td>
<td>600</td>
<td>27.6%</td>
<td>649</td>
<td>28.2%</td>
<td>693</td>
</tr>
<tr>
<td>Latin America, Africa, the Middle East</td>
<td>186</td>
<td>8.5%</td>
<td>189</td>
<td>8.2%</td>
<td>217</td>
</tr>
<tr>
<td>Total</td>
<td>2,178</td>
<td>100%</td>
<td>2,305</td>
<td>100%</td>
<td>2,457</td>
</tr>
</tbody>
</table>

Source: DigiWorld 2007

4.6. Wide range of industries

As seen above, the creative economy encompasses a wide range of activities, from the solidary economy associated with the arts and crafts to new media and technologies, and its selection follows the peculiarities, talents, and competitive advantages of each region.

If on the one hand, the combination between traditional knowledge and new technologies enables the addition of unique and differentiating factors of a history to a strategy for the future, on the other hand, this combination presents a delicate balance to the authorities in charge of cultural, economic, and development public policies. Even though different creative industries share several requirements, since they are the pillars of creative economy as a whole, each sector has its own specificities and demands, which arise from this common substratum. Contemplating these macro aspects without neglecting sectoral approaches but rather valuing them is a complex task, given the interwoven cultural, social, and economic objectives each sector intends to achieve.

5. Challenges and opportunities of the creative economy for developing countries

5.1. Governance

One of the greatest challenges to foster the creative economy in developing countries is the articulation of a social, economic, and political pact between the public and private sectors, civil society, the academic world, and multilateral organizations, in which each one plays a definite role. Although creativity is as ubiquitous as oxygen, the creative economy cannot materialize by spontaneous combustion. To achieve this, the involvement of various agents is essential.
The public-private partnership, for example, cannot be inserted in the context of a project, but rather in the context of a development program. The government is responsible for investing in infrastructure, in training, for implementing mechanisms to finance and foster creative businesses with different profiles, for aligning sectoral policies, for establishing a regulatory and legal framework able to support the creative economy and active participation in international negotiations. The private sector is responsible for leveraging innovation, for exploring new markets and new mechanisms to reach old markets, for finding business alternatives, for establishing partnerships with other creative industries and other economic sectors, and for reviewing the relationship it has with society, suppliers, and distribution channels. Extrapolating Davis analysis of Jamaica, into a situation that is common to a number of developing countries:

> It is clear that, given the embryonic state of the sector’s infrastructure and the limited technical expertise available in the public sector, a partnership is required with primary stakeholders to guide the development of an appropriate policy and action plan, with creativity, as the primary engine of Jamaica’s economic strategy.

Governance is especially precarious in developing countries, in light of the notorious discontinuity of public policies and the occasional confusion between State, government, and politics. Additionally, and this is not exclusive to developing countries, seldom do cultural policy leaders have an opinion on development compatible with the creative economy. As Isar states:

> Most ministries responsible for cultural affairs have neither the mandate nor the technical expertise to tackle issues of cultural production, distribution, and consumption as economic phenomena.

The lack of expertise and infrastructure in the public sector generates, for Davis, the essential need for a partnership between the public sector and other agents
to outline and implement an integrated policy. As a consequence, and Kovács greatly described this consequence in the African context, the potential of the assets and the cultural realities for the development of the continent are ignored. This can be observed and is mentioned by most authors who acknowledge the fact that there is a gargantuan distance between the declared policies, their implementation, and their results.

The second challenge refers to the need to align sectoral public policies in a common path. As has been shown, the creative economy has to do not only with the creative industries, but also with a myriad of sectors, such as education, tourism, and the environment. The latter encompasses not solely the fauna and flora, but a complex web of relations and processes of knowledge and production, bridging cultural diversity and biodiversity, and offering a range of opportunities, from gastronomy to biojewels. Developing countries concentrate unique wealth in biodiversity and cultural diversity, which are dependent on each other, and which generate an enormous potential of knowledge, creative goods and services, still poorly acknowledged by these nations (see texts by Ramanathan, Davis, and Reis).

The third challenge for the public sector is to indentify the needs and potentials of each private agent and of the third sector, and it has to take a position relative to the interests it will represent. The objectives of the cultural-content distribution companies (e.g., cinema distributors, record labels), for example, can go against the interests of independent companies, or those of artists and cultural producers, just as it is not always in the interest of large television networks to show independent programs.

In addition, it is the State’s responsibility to guarantee that there is shared vision among local, state or regional, and national spheres, including when it comes to the specificity of their mandates. Ramanathan’s report enlightens as it exposes the impossibility of obtaining a centralized policy in India for creative economy, when:
in an act of coping with the global trend, the Indian Planning Commission set up a national committee for creative industries in 2004. While the committee has produced a preliminary report, it is facing the challenge of addressing a five-thousand-year-old continuous cultural heritage that is caught between the superpower and soft power paradigms.

Finally, one of the most relevant roles of the public mandate is to promote balance between creative production, distribution, and consumption, considering that the creativity found in cultural production usually exceeds the existing circulation mechanisms assuring, as mentioned by Duisenberg, a balance between the knowledge of the past, the technologies of the present, and the vision of the future.

5.2. Financing

The intangibility of creative goods and services, at the same time that appreciates them, represents an asset of difficult valuation by investors. In a final assessment, the current economic instruments are inadequate to perform such role, unveiling a disconnection between the intangible value and the ability to express it in terms of book value (Reis, 2006; Venturelli, 2000).

In addition to the lack of a model to evaluate creative intangibles, there is:

1) a difficulty in carrying out market pre-tests with most creative products;
2) the incapacity to estimate intellectual property rights;
3) an increasing lack of tools capable of to assessing the impact creative industries have on other economic sectors.

As a result, creative businesses are usually associated with high risk, and incur abusive interest rates. In addition, it is difficult to establish a dialogue between
the creative entrepreneur and the representative of financial institutions, due to the lack of a common language between them that would translate creativity into economic potential, and would promote the understanding of the financial logic of doing business.

Even in regions where this debate has been recurrent, the issue has not been settled satisfactorily yet. According to George Yúdice (2000):

_The gauging instruments must measure the possibilities beyond intuitions and opinions. That is why most cultural projects financed by multilateral development banks (such as the World Bank and the IDB) are linked to other educational or urban renovation projects. How it is employed relates to the difficulty that banks face in dealing with culture. The lack of concrete data, and indicators, for example, makes it difficult to justify investments in projects. In addition, obviously, there are methodological hindrances in developing indicators for culture._\(^{16}\)

5.3. Global trade

According to Unesco data,\(^{17}\) based on Customs declarations, the international flow of cultural goods has increased nearly twofold, from US$39.3 billion, in 1994, to US$59.2 billion, in 2002. However, the benefits this trade provided in 2002 were seized by few countries, especially the United Kingdom (US$8.5 billion in exports), the United States (US$7.6 billion), and China (US$5.2 billion), and this trend will probably linger. In the words of Xiong, “with China’s access to the WTO, cultural exchange is booming and an increasing number of creative and attractive Chinese cultural products and services will be sent abroad.” On the other hand, Latin America and the Caribbean together did not exceed a 3% market share, whereas Australasia and Africa accounted for 1% of global exports.

---

\(^{16}\) Yúdice, George, A conveniência da cultura, 33.

These statistics, albeit stunning, simply confirm what currently occurs in creative markets worldwide. No matter how abundant the national production may be, large conglomerates control over 80% of the movie theaters worldwide, and a similar situation takes place in most of creative industries at several levels. Besides, if development entails freedom of choice (Sen, 2004), then freedom of access to information, knowledge, and creative contents that enable choice become an undisputable condition for development.

As has become frequent in debates on globalization, there are also two facets to the equation of creative economy. On the positive side, globalization dramatically increases access to trade, investment, talents, capital, and to an essential raw material: creativity. On the negative side, even though new technologies offer the potential to create alternative channels of global expansion, they require investments in international marketing, global logistics, new media, and knowledge of languages. Whereas the exhibition of local production is harmed by the lack of these resources and by their limited flow through traditional channels, the cultural and creative mass products invade local markets in an unfavorable asymmetry both in terms of economy, and of the circulation of diverse symbolic values.

The possibilities of global mass culture prevailing over local cultures through the manipulation of such asymmetries are great concerns voiced by most of the authors. In the words of Kovács:

*The processes of globalization and the underlying technological innovations offer new opportunities for freedom, sharing, and solidarity, but in Africa, they seem mainly to increase the risks of domination, inequality, and exclusion."

Echoing the words of Ramanathan, we read that:
The creative industries sector, as it stands today, fulfills the agenda of a privileged few. For example, although there are potentially fifty million employable people in the Indian crafts sector, less than twenty-five million people are suboptimally employed, and Indian crafts constitute only 2% of the world trade.

In the creative economy, the generation of wealth depends on the capacity of the country to create creative content, to transform it in tradable goods and services, and to find ways to distribute them in the local market and abroad, gaining scale and promoting its knowledge. This value is increased when the region makes good use of its greatest and most inimitable competitive advantage: its own brand, as a promising exports vehicle. That is we see in the Brazilian cases mentioned by Reis and in the example given by Davis:

*If properly managed, the Jamaica brand could foster joint-venture projects and macrobranding opportunities that would maximize its global appeal, the country’s lifestyle, and national identity. The successful positioning will enable an increase in creative product exports and market penetration led by the country’s most competitive advantage, which is brand awareness.*

5.4. Intellectual property rights

First, even though ideas are recognized as the main resource of the creative economy, which grants intellectual property rights a unique importance, the regulatory framework is excessively rigid to deal with the conflict between the individual rights of financial compensation of the creative mind or the investor and the rights of public access to the knowledge generated (Reis, 2006). Ronaldo Lemos (2005) reminds us of the anachronism of the legislation in force:
In spite of the technological development that gave rise, for example, to digital technology and the Internet, the main intellectual property rights institutions, forged in the 19th century, were based on a totally distinct social reality as compared with the one we experience today, but remain practically unchanged.18

As an action always engenders a reaction, this context explains the success of models that allow the creative mind to establish the type of rights attributed to his or her work, such as Creative Commons and collaborative developments.

Second, the debate on intellectual property rights is even more delicate when it refers to traditional knowledge, due to a convergence of factors:

1) lack of knowledge of the economic potential of traditional and community knowledge on the part of its holders and the informality of its trade;
2) the legal framework is inappropriate to deal with this knowledge;
3) prohibitive costs to register intellectual property rights;
4) lack of efficient monitoring and measures to restrain abuse, including the lack of copyrights collection societies in several developing countries.

Therefore, millenary knowledge became profitable business, without necessarily bringing benefits to the original communities where this knowledge comes from. Kovács stresses that African indigenous knowledge is not mapped and, in most cases, there is no national or international legislation to protect it. Ramanathan states how yoga and ayurveda have become global businesses, enabling the filing of patents outside the communities who originated both thousands of years ago.

A third kind of problem refers to the prevalence of international laws over national interests. According to Venturelli (2000):

Under the emerging supranational regulatory system, there is a potential that numerous areas of national policies, regulation, or legal mechanisms carried out in the public interest may be charged by any other state as discriminatory and obstructive to world trade. ¹⁹

Finally, cases of appropriation of intellectual property rights by foreign countries are common, instead of bringing benefits to the creators themselves. The cases mentioned by Davis, Ramanathan, and Kovács are emblematic in this sense, and echoed Duisenberg’s text:

Between the years 2000 and 2005, creative products and services have grown on average by 8.7% annually.... It is clear that the greater part of creative/artistic revenues originates from copyrights, licenses, and marketing and distribution. Regrettably, all this revenue, and in many cases amounting to billions of dollars, is collected abroad instead of reverting to the balance of payments of the artists’ home country.

This issue is even worsened by the fact that in countries classified as less developed, the attention given by the State to intellectual property rights, both of foreign and local creators, tends to be less expressive than in developed countries. In face of these problems, it is clearly unsuitable to attribute the role of basic criterion to define creative industries in developing countries to intellectual property.

5.5. The digital divide

Technologies, likewise in theory, unveil new possibilities of production, distribution, and access expansion, and business models change; in practice, however, they may contribute to the knowledge divide.

¹⁹ Venturelli, Shalini, “From the Information Economy to the Creative Economy: Moving Culture to the Center of International Public Policy”, Washington D.C., 29.
Formal access to new technologies (the so-called digital inclusion) is not enough to erase the digital divide. Technological literacy, which describes not only inclusion but also *digital emancipation*, requires training and greater familiarity with the use of new media, which is supplementary to the guarantee of access. More than literacy, it entails digital emancipation (Schwartz, 2005). If digital inclusion refers to “hardware,” digital emancipation refers to each person’s “software,” that is his or her ability to get the most out of the benefit offered by the new media.

In fact, balancing the potential positive impacts of information and communications technologies in developing countries, several factors, besides physical access, contribute to generate the great divide to effective access. Firstly, there is a low level of formal education and of critical thinking. In addition to the difficulties in appropriating technology due to cost and regulation, there is also knowledge and skill void to be bridged enabling real understanding and use of information available on the Web. This issue has an array of basic causes:

a) *education* – technical skills to interpret and deal with the requirements of linguistic, numerical and computational literacy, such as in Africa, where according to Kovács the illiteracy rate reaches 41%, and there are only 18 landlines for every 1,000 people;
b) *language* – the dominance of English as universal language in the new media is a problem for countries where it has not been established as a second language;
c) *skilled human resources*;
d) *communications infrastructure* in large areas of Africa, of developing Asia, and of several countries in Latin America, making it difficult to produce, distribute, and access multimedia files, heavier data and software.

As a report by the World Bank (2006) summarizes, even though new technologies open opportunities to skip stages, they also present risks that developing countries might lag behind, due to an increasing knowledge divide.
Piedras rightly states that the most important socioeconomic changes have been closely tied to the timely adoption of technological progress. Among other factors, the late and limited adoption of new technologies, such as railways and the telegraph in the 19th century, contributed to incubate in countries, such as Mexico, the so-called development void, giving rise to the concept of developed and underdeveloped countries.

That is, our digital void is a feature, or a representation of our development void. Bearing in mind that new technologies are seen as an alternative to swerve from the concentration of distribution channels, the digital void also implies cultural voids—however, when new technologies are at risk, we lose the potential to leverage development based on the cultural assets of the developing countries in a cruel spiral (Reis, 2006).

In addition, as Askerud appropriately emphasizes, the issue is not restricted to the disparities between developed and developing countries, but also refers to the differences within these countries, bearing in mind that the income concentration index of developing countries tends to be striking.

5.6. Creative class and new occupations

At the beginning of the decade, the dissemination of the concept of creative class caused excitement, made of “professionals who received special payment to do creative work. They are scientists, engineers, artists, musicians, designers, and professionals whose work is based on knowledge” (Florida, 2003). To refute the fragility of the concept, it suffices to say that in the United Kingdom, which is the bulwark of the statistical surveys on creative economy, 52% of those who have creative jobs, that is, people who define themselves as musicians, designers,
writers, and others, work outside the creative industries (Knell; Oakley, 2007) and it is difficult to define the creative producer. How can it be described? According to training, position occupied, number of hours dedicated to creative work, main occupation, income?

Furthermore, the social function of creativity is fulfilled only when these people find access to capital, infrastructure, regulation, markets, property rights, and large-scale processes, so creativity can materialize as monetary value.20

More important than attempting to find a description to a professional class, is to acknowledge that the creative economy’s features demand an adjustment in the training profile of ordinary professions (flexible thinking, familiarity with new technologies, esteeming the intangible), and originate new professions. Both comprehensiveness and multisectoral characteristics in the creative economy demand workers who are capable of establishing connections among different sectors and capable of building bridges among the public, private, and third-sector agents, in a kaleidoscopic approach (Reis, 2006).

This issue links to an essential aspect: training, according to assumptions that are clearly different from those guiding traditional education. For the creative potential to flourish and be put into practice, the influence it receives from the educational model in place and from its degree of fitness to stimulate creativity must be acknowledged. While discussions about our educational system seem to put issues that are of a technical nature under the spotlight, there is still little discussion on how to foster the students’ talent and ability to think. Hence, we find ourselves in face of future opportunities and challenges set forth by creative economy, having an educational model that reflects the past. The impact of the inertial reproduction of a formal educational model based on outdated needs and contexts can turn the opportunities of the creative economy into an exclusion trench.

6. Conclusions

Contrary to what critics say, the creative economy is not only a collection of sectors wrapped up in a new category, but it is the symbol of a new economic cycle, which emerges as a response to long-standing global problems. It encourages and serves as the foundation to new business models, organizational and institutional processes, and relationships between economic and social agents. Within this new paradigm, which has culture as essence and technology as a driving force, the organization of markets in networks, the partnerships between social and economic agents, the prevalence of the intangible aspects of production, the use of new technologies for the production, distribution, and/or access to goods and services, and the uniqueness in production, for it is strongly anchored on singularity, are traits of this model, which assumes that sustainability is based on well-being and socioeconomic inclusion.

Although the creative economy does not hold the key to success, it really seems to present significant potential to promote socioeconomic development, making good use of a moment of transition in global paradigms to reorganize the resources and the distribution of economic benefits. However, as has been mentioned, even though creativity is acknowledged as a ubiquitous asset, its economic potential has to materialize, based on ten pillars:

1) To make public and private administrators, and civil society aware that inclusion is achieved through the convergence of interests;
2) To define and implement cross-sector multi-agent development policies;
3) To influence international agreements to enable the appropriation of benefits coming from creative economy on behalf of the communities that gave origin to them;
4) To promote adequate access to financing;
5) To survey statistics to monitor the development of public policy actions;
6) To make sufficient technology and communications infrastructure available;
7) To establish a coherent governance model;
8) To analyze the value generation process, not as chain structures, but as networks;
9) To guarantee education and training in line with new professional profiles and new occupations;
10) To create an environment that recognizes the economic value of creativity and that of cultural intangibles.

As changes in paradigms bring opportunities, the loss of these opportunities entails cost. Social cost, cultural cost, economic cost. It is up to us to decide whether we want to create the conditions to transform diversity and creative talents of developing countries into an economic asset, or if we would rather let the historical disparities, with which we currently live, be taken into the future.

References

NATIONAL ENDOWMENT FOR SCIENCE, TECHNOLOGY AND THE ARTS (Nesta), “Creative growth report”. Disponível
CREATIVE ECONOMY: IS IT A FEASIBLE DEVELOPMENT OPTION?

Edna dos Santos-Duisenberg*

* The author is Chief of the Creative Industries & Economy Programme of Unctad. Nevertheless, the views expressed in this article are those of the author and do not necessarily reflect the views of the United Nations. Although the aim is to bring to this debate the perspectives of a relevant international organization.
Old paradoxes continue to defy the contemporary society of the third millennium. Social inequalities and economic imbalances remain visible challenges of the globalizing world, despite the technological advances and the prosperity which characterized the growth of the world economy in recent years. All over the world, the minority of those who “have it” live side by side coexisting with a majority of those who “have not.” The North-South divide, regrettably, remains a reality. Both the North’s labor market structural problems as well as the South’s poverty traps are key issues to be solved which are still on the table of the development agenda. Certainly, simplistic generalizations of extremely complex issues should be avoided; however it is undeniable that existing disparities provoke mounting social tensions that no longer can be ignored.

Polarization among countries has been accompanied by increasing income inequalities within countries. Unquestionably, a number of developing countries have grown faster than developed countries over the last decade, but not fast enough to narrow the absolute \textit{per capita} income gap. In more than half of the developing countries the richest 20% receive over 50% of the national income,\textsuperscript{1} but those at the bottom have failed to see real gains. Only a handful of East-Asian economies have managed to sustain growth. In Africa the gap has been widening over decades, while Latin America has been witnessing the hallowing out of the middle class.

Problems related to distorted distribution of wealth are more acute in developing countries reflecting desynchronized macroeconomic policies. In advanced economies, the great majority of the population enjoys an acceptable standard of living, and thanks to the existence of public social nets, mechanisms are in place to ensure basic socioeconomic conditions also for the most deprived parts of the population. In developing countries, however, particularly in the 50 least developed ones, the situation is much more somber. In other words, most of the

population is very poor and lives below standards of decent life. Inevitably, the negative effects of inequality are more perverse in more than 140 countries of the developing world. Poverty remains an issue to be tackled also in many middle-income countries and economies in transition. How to escape from the vicious circle of underdevelopment?

It is striking to note that despite efforts to diversify, 86 out of 144 developing countries continue to depend on commodities for more than half of their export earnings. Half the total export income of 38 countries derives from a single commodity, while another 48 countries depend on only two commodities. The challenge facing these countries is to find a feasible development option which takes into account their realities and in particular their constraints in terms of scarcity of skilled labor force, lack of basic infrastructure, and inflows of foreign direct investment. Otherwise, the world’s poorest countries will continue to be left out of the growth pattern.

Against this background, it seems imperative to examine the shortcomings of neoclassical economic theories with a view to comprehending the way they influenced the functioning of liberal economic models prevailing nowadays. It is important to better understand the causes of the failures of past development strategies, particularly because neither of the two opposing economic structures applied in the last century - the orthodox communism or the liberal capitalism - have succeeded in bringing the expected economic results necessary to ensure welfare for the large majority of individuals in our society.

Undoubtedly, the debate about the foundations of current economic theories and policies is much broader than the scope of this article; this reflection is just to argue and emphasize that economic models do not function in isolation.

---

2 Reference is made to the opening statement made by the Secretary-General of Unctad to the Annual Session of the Trade and Development Board, October 2007.
time has come to go beyond economics and look for a more comprehensive humanistic approach which takes into account the specificities of countries recognizing their cultural differences, identities, and real needs.

In searching for convincing evidence to understand the past in order to overcome current difficulties and move ahead, it looks clear that the world needs to adapt to this new circumstance by bringing issues related to culture and technology to the mainstream of development thinking. Development strategies have to be updated to cope with far-reaching cultural, economic, social, and technological shifts which are rapidly changing our world. It is necessary to open up models which are strictly based on conventional economics in order to reinforce policy coherency by introducing concerted multidisciplinary and multicultural policies. Let’s dare to explore alternative development options.

1. What does creative economy mean?

Globalization is a reality that brought about profound shifts in the society and changes in our behavior. Thanks to rapid technological advances, connectivity is now part of today’s lifestyle influencing our day-to-day attitudes and choices. This transformation is reshaping the overall pattern of cultural consumption worldwide and the way cultural and creative products and services are created, produced, reproduced, distributed, and commercialized at national and international levels. In this changing environment, a salient feature of the 21st century is the growing recognition that creativity and human talent, more than traditional production factors such as labor and capital, is fast becoming a powerful engine to foster development gains.

Furthermore, as the scientific notion of knowledge, innovation, and information technology are embedded in the conceptual framework of the creative economy, there are views arguing that today we are witnessing a transition period. The world
seems to be undergoing a gradual paradigm shift moving from the Information Society era of the 20th century, where the focus was on communication led by information, towards a more holistic approach of the Creative Economy in the 21st century, where the driving force is creativity led by knowledge and supported by connectivity.3

Extensive debates are shaping the conceptualization around the creative economy and the definition of creative industries in this broad picture. Both are new concepts dealing with the dynamics of creativity in our interdependent world.4 A number of economists are revisiting the fundamentals of international economics with a view to better grasping the overall interactions between the economical, cultural, social, and technological aspects guiding the functioning of the world economy and the way people live in the years 2000’s.

Today there is no consensus about a unique definition for “creative economy.” The term appeared in 2001 as the title of Howkins book,5 in a first attempt to study the relationship between creativity and economics. In his views, in the year 2000 the creative economy was worth US$2.2 trillion and growing at 5% a year, creating extraordinary value and wealth. Two kinds of creativity were considered: one relates to our fulfilment as individual and the other is more related to the creation of a product or service. The first one is a universal characteristic of humanity and is found in all societies and cultures. The second is stronger in industrial societies which put a higher value on novelty, on science and technological innovation, and on intellectual property rights (IPR). Originality means creating something from nothing or the reworking of something that already exists.

---

3 See “Harnessing the Creative Economy in Developing Countries,” paper by E. Dos Santos-Duisenberg from Unctad, presented to Mercosur Cultural Committee, Caracas, Venezuela, November 2005.


In 2002, Florida introduced the concept of the creative class. Creative class includes people in science and engineering, architecture and design, education, arts, music and entertainment, whose economic function is to create new ideas, new technology, or new creative content. In his approach, the creative class also includes a broader group and creative professionals in business, finance, and law; whether they are artists or engineers, musicians or computer scientists, writers or entrepreneurs, they share a common creative ethos that values creativity, individuality, difference, and merit. In sum, they are people who add economic value through creativity. Florida emphasizes that the creative class represented almost a third of the workforce in the United States and that the creative sector accounts for nearly half of all wage and salary income in his country, about US$1.7 trillion, as much as the manufacturing and service sectors combined.

Creativity can also be defined as the process by which ideas are generated, connected, and transformed into things that are valued. In brief, the so-called “creative economy” is an evolving broad concept which is gaining ground in new economic thinking. The creative economy appears as a shift from more conventional development strategies focused on determinants of the terms of trade with focus on primary commodities and industrial manufacturing towards a more holistic multidisciplinary approach dealing with the interface among economics, culture, and technology centered on the predominance of products and services with creative content, cultural value, and market objectives. In this new scenario the interplay between economics and culture is reshaping and hopefully enhancing development prospects in many countries.

---

8 See Boston’s Creative Economy BRA/Research, USA.
2. The development dimension

The creative economy is based on creative assets potentially generating socioeconomic growth. As per the definition adopted by the United Nations Conference on Trade and Development (Unctad), the creative economy has the potential to foster economic growth, job creation, and export earnings while at the same time promoting social inclusion, cultural diversity, and human development. By embracing economic, cultural, technological, and social aspects, the creative economy has cross-cutting linkages with the overall economy at macro and microlevels, hence a development dimension. As creativity, rather than capital, is the main driver, the creative economy seems to be a feasible option and a more result-oriented development strategy for developing countries.

**Development dimension of the creative economy**

<table>
<thead>
<tr>
<th>Policy Dimension</th>
<th>Multidisciplinary</th>
<th>Omnipresent</th>
<th>Society Inclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td>economic, technological, cultural, and social policies</td>
<td>culture labor trade technology tourism</td>
<td>education work leisure and entertainment</td>
<td>public/private sectors all social classes profit and nonprofit NGOs</td>
</tr>
<tr>
<td>Cultural/Historical Values</td>
<td>Atemporal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>anthropology/aesthetic, ethnical, and cultural diversity</td>
<td>past traditions present technologies future vision</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: E. dos Santos, Unctad
This chart attempts to schematize rather complex interactions. It presents an overview of the main concepts embedded in the dynamics of the creative economy. Starting by the policy dimension and its multidisciplinary nature by which, ideally, integrated public policies should move hand in hand through concerted interministerial actions. Institutional mechanisms should be put in place allowing for synchronized mutually supportive economic, social, cultural, and technological policies. Government interventions to be effective should be focused and build upon synergy among policy instruments involving ministries of finance, labor, trade, culture, foreign affairs, technology, and tourism. The Unctad secretariat has been emphasizing, when providing policy advice to governments, that effective institutional arrangements involving multistakeholders are essential for nurturing the creative economy.

Indeed, this was the rationale of the successful model applied in the United Kingdom (UK) when the Prime Minister, Tony Blair, set up, in 1997, the Creative Industries Ministerial Task Force, and more recently appointed a Minister for Creative Industries and Tourism who launched the UK Creative Economy Programme in March 2006. Some developing countries are gradually adopting a similar approach. In the Caribbean, the Prime Minister of Barbados established a Creative Economy Ministerial Task Force; Jamaica’s Prime Minister also gathered his ministerial cabinet selecting creative industries as a key high-growth sector for the Jamaican economy; Governments of the Eastern Caribbean States are following the same path to move towards its Vision 2015 Plan. In Africa, the Partnership Unctad/UNDP (United Nations Development Programme) organized an international conference on creative economy and development, held in Rwanda in August 2006, setting the stage for the Prime Minister to bring together commitments from all his ministers to enhance the creative economy in the country. Ministers of Culture of seven other African countries attended the conference. Last but not least, this is also

---

9 Reference made to decisions by the UK Department for Culture Media and Sport (http://www.cep.culture.gov.uk).
the schema in place in China, where ministers of commerce, culture, science and technology, information, and education are working more closely together since the cultural and creative industries were identified by the Chinese government as one of the pillars of China’s economic development in the future.12

Another aspect implied in the development dimension, is that the creative economy is omnipresent in our lives whether through education or work, as well as in moments of leisure and entertainment. Today’s creative economy has also an atemporal character; the ingredient to achieve meaningful results is to bring together a good mix of measures combining traditional knowledge from the past with technologies of the present and a forward-looking vision towards the future. An additional feature is that our cultural values coupled with the innate ethnic and historic background of individuals are the essence of cultural diversity, so in need nowadays to counterbalance the predominance of media-led homogeneity of tastes and styles peculiar to the era of the creative economy - where there is too much of the same.

The social aspects are also influential for the formulation of policies to foster local creative economies due to their positive spillovers on employment, which can be used as a tool to promote social inclusion. In developing countries, particularly in the poorest ones, the creative economy is a source of job creation offering new opportunities for poverty alleviation. Creative activities, particularly those associated with arts and traditional cultural festivities, are usually conducive to the inclusion of excluded minorities. It facilitates greater absorption of parts of generally marginalized talented youth who in most cases are involved in creative activities in the informal sector of the economy. Moreover, as many women work in the production of arts and crafts, fashion-related areas, and the organization of cultural activities, the creative economy also plays a catalytic role in promoting gender balance among the creative workforce. Therefore, the creative economy can be considered society inclusive. People from all social classes participate in the creative

12 Reference to the opening speech made by the Minister of Culture of China, First China Beijing International Cultural and Creative Industry Forum & Expo, Beijing, December 2006. (See Unctad E-News, No. 6, 2007).
economy, in some cases as producer, but always as a consumer of different creative products or services in a given moment. Another element is the fact that the creative economy brings together several segments of the society. It is a process driven by multistakeholders, involving those from both the public and the private sectors. Equally creative activities bring together individuals with distinct interests by combining profit-making firms and nonprofit organizations like foundations and NGOs, professional associations, and the civil society as a whole.

3. Linkages between the creative economy and the creative industries

The term “creative industries” is of relatively recent origin. It emerged in Australia in 1994 with the launching of the report “Creative Nation” but was given wider exposure by policymakers in the United Kingdom in 1997 as mentioned above. Noteworthy is that the designation “creative industries” has broadened the scope of cultural industries beyond arts, and marked a shift in approach to potential commercial activities that until recently were regarded predominantly in noneconomic terms.13 There are a number of definitions and several interpretations about what are the core elements and the optimum combination of sectors comprising the creative industries.14

In any case, the creative industries are at the heart of the creative economy. For Unctad, creative industries are centered but not restricted to arts and culture. They can be tangible products or intangible services with creative content, economic value, and market objectives. The creative industries can be defined as the cycle of creation, production, and distribution of marketable products or services using creativity as primary input. In other words, a set of knowledge-based economic activities making intensive use of creativity and knowledge. They are able to generate income through trade and intellectual property rights.

Creative industries have a vast scope dealing with the interplay of various subsectors ranging from traditional art crafts, literature, visual and performing arts to more technology and services-oriented fields such as audiovisuals, design, and new media. The Unctad classification of creative industries is divided into four broad categories, namely: cultural heritage; arts; media; and functional creations. These categories are subdivided into eight areas, as presented in the chart below.15

Source: UNCTAD

15 As presented in the brochure of the Unctad Creative Economy & Industries Programme (http://www.unctad.org).
4. Are creative economies leading economic growth?

In most advanced countries creative industries, hence the creative economy, are leading economic growth, employment, and trade. In Europe, the creative economy generated a turnover of €654 million, rising 12% faster than the overall economy and employing about 4.7 million people in 2004. In the United Kingdom, official figures show that creative industries account for 8% of national income and 5% of the workforce - it is now bigger than the financial services sector. The UK creative economy is responsible for one in five of all jobs in London, contributing to £11.4 billion to the UK’s balance of trade, the reason why the UK government decided to transform its capital into the world’s creative hub. Denmark is another remarkable example where the creative economy accounted for 5.3% of GDP, providing 12% of total jobs and accounting for 16% of total exports.

Another example is the Dutch capital of Amsterdam, for which the creative industries employ 7% of its workforce contributing to 4.5% of the total value added generated by the Amsterdam economy. The so-called “creative cities” are proliferating particularly in Europe and North America as “creative business service cities” to rehabilitate older industrial areas and revitalize the economy, generating creative attractive jobs mainly in the field of arts, new media, and entertainment for the talented but usually unemployed youth. Noteworthy is the fact that, in this case, it is the developed countries that are using the creative economy as a development strategy.

In the developing world, however, despite the richness of their cultural diversity and the abundance of creative talents, the potential of their creative economies is not yet fully utilized. Nonetheless, some developing countries are already benefiting from the dynamism of the global creative economy and started putting in place tailored policies for enhancing their creative industries. China is a

notable case, its creative industries accounted for 6% of GDP in 2004. Design, art crafts, publishing, and new media are among its most competitive creative items, placing China at the top among world exporters of creative products. The Mexican television and the Korean digital animation industry are also good illustrative cases of success. Nevertheless, the large majority of developing countries are not yet able to harness their creative capacities for developmental needs.

Among the obstacles preventing developing countries from enhancing their creative economies are both domestic policy weakness and global systemic biases. At the domestic level, a combination of factors can seriously affect the competitive position of developing countries in world markets. The main challenges faced by most of these countries at national level are the needs: to enhance the supply capacity of tradable creative products and services; to upgrade quality at the various stages of the value chain in order to boost up value-added creative production; to prioritize creative products/services with best competitive advantage in world markets; to review institutional and financing mechanisms to support independent artists/creators; to put in place policies for attracting target investments, joint ventures, and coproductions; to promote public/private partnerships to stimulate small and medium enterprises (SME) creative business; to enhance competition policies; to increase awareness about intellectual property rights and reinforce domestic collecting systems; to improve mechanisms for accessing advanced technologies; to increase the use of e-business, and information and communication technologies (ICT) (tools to outreach new markets, including seizing opportunities for South-South trade).

At the international level, the main constraints are related to market access; noncompetitive business practices due to the oligopolistic market structure particularly in the area of audiovisuals and new media; the concentration of marketing channels and distribution networks in the hands of few major conglomerates; limited access to funds from national, regional, and multilateral creditors to the creative sectors; and finally outdated technologies. This combination
of domestic and global issues certainly constitutes a major impediment inhibiting the competitiveness of creative products/services from developing countries.

It is worth mentioning that connectivity and recent advances in information technology translated into new forms of marketing and digital distribution of creative content are rapidly reshaping the functioning of markets dealing with trade of texts, symbols, sounds, and images. This phenomenon is likely to democratize the trade of creative products and services in the longer run. For instance, a small-sized creative company in a developing country can now work as “content provider” to advertising companies in a developed country. In the meantime, the increasing number of mergers and acquisitions continues to transform the big vertically and/or horizontally integrated conglomerates into giant powerful groups; as a result the smaller are disappearing. In this unbalanced scenario of fierce competition only the most competitive are able to survive.

It is obvious that digital technologies and the Internet had a profound impact on global production, distribution, and consumption of music and other audiovisuals. In 2005, the International Federation of Phonogram Industries reported that digital sales of music reached a new record of over one billion dollars, since 420 million units of music were downloaded by the Internet and cellular phones. Apparently, this impressive growth in local music sales spanned all regions. It should be noticed however that the largest part of music sales are not traded internationally, but mostly produced and consumed locally in domestic markets. Nevertheless, it is clear that the music industry needs to reinvent itself in order to be able to tackle these new challenges.

5. Creative industries: a new dynamic sector in world trade

In this decade, the creative industries became one of the most dynamic sectors in world trade. So far in the 2000’s, trade of creative products and services
had an unprecedented growth as compared to more traditional services and manufacturing industries. This rapid expansion is expected to continue in coming years. In this context, the creative industries are a catalyst for trade gains opening up new opportunities for many developing countries to leapfrog into high-growth sectors and increase their market shares in world trade.

Ongoing trade analysis by Unctad indicates that in the period 2000-2005 products and services from the creative industries have grown on average by 8.7% annually. For instance, world exports of visual arts more than doubled from 10.3 in 1996 to US$22.1 billion in 2005, and exports of audiovisuals tripled from 6.7 to US$18.2 billion over the same period. This is an important trend, even if these figures should be seen with caution since they are based on available national statistics presenting enormous gaps. Moreover, trade figures alone do not capture the whole picture of the contribution of the creative industries to national economies. It is clear that the greater part of creative/artistic revenues originates from copyrights, licenses, and marketing and distribution. Regrettably, all this revenue in many cases amounting to billions of dollars is collected abroad, instead of reverting to the balance of payments of the artists’ home country. Innovative solutions are needed to tackle this systemic market distortion.

World trade of creative products and services continue to be dominated by developed market economy countries. However, this group of countries are losing market share, since they detained 70% of world exports of creative products in 1996 as compared to 58% in 2005. Thanks to the exceptional performance of China, exports from developing countries rose sharply; their market share increased from 30% in 1996 to 41% in 2005. In ten years, their exports increased from 56 to US$136 billion. Total exports of African creative products nearly doubled from US$973 million in 2000 to US$1.7 billion in 2005. The chart below shows the share of economic groups in the trade structure of exports of creative products (services excluded) in global markets.
Undoubtedly, some developing countries are already revising in light of the salient features of the creative economy. The stunning success of India’s film industry comes to mind. From over 3,500 films produced globally per year, India produces on average 850 films, providing employment to about five million people. India is the world largest film producer. Traditionally its movies were mainly for domestic consumption but from the year 2000 onwards, Indian films have experienced greater penetration in world markets, generating about US$220 million of additional annual export earnings.

Regarding the structure of creative industries’ exports by segments, design is the most traded sector, on the basis of available national statistics. Developed countries have a strong domination in the exports of music and audiovisuals, accounting for about 90% of the world market. While for developing countries, art crafts account for 60% of their total exports followed by design with 47%.

17 For further information consult http://www.unctadxi.org or write to creative.industries@unctad.org.
The next chart presents the structure of exports of creative industries by products (goods only, services are not included due to nonavailability of universal data).

**Creative industries exports structure by products in 2005**

6. Global processes and multilateralism

Global processes and international policies also play a role in the era of creative economy. It was at Unctad XI Ministerial Conference in 2004, that the topic of creative industries was introduced to the international economic and development agenda. The São Paulo Consensus negotiated among 153
countries, agreed in its paragraph 91 that “The international community should support national efforts of developing countries to increase their participation in and benefit from dynamic sectors and to foster, protect, and promote their creative industries.” Since then, Unctad has been proactive in promoting international cooperation and national policy actions in the area of creative industries/economy. Today, there is greater political and public awareness about the unrealized potential of the creative industries, hence the creative economy for development.

The ongoing multilateral trade negotiations under the World Trade Organization (WTO) Doha or Development Round launched in 2001 and intended to be concluded in 2005 faced an impasse and had not been concluded in October 2007. Audiovisuals and cultural and other creative-related services are discussed under the General Agreement on Trade in Services (GATS). Little progress was made to liberalize trade in services in general and audiovisuals in particular, due to remaining controversies.\(^{18}\) One group of countries argue that audiovisuals and cultural services deserve special treatment as inherently cultural products, and they are determined to retain their ability to use policy measures to support their domestic cultural industries as a public good. Others have the perception that audiovisuals and entertainment products should be treated like any other sector, calling for greater commitments by members as well as for the discussion of new disciplines. The concept of policy space allowing for the phasing in of disciplines with levels of development remains a key issue particularly for developing countries. Very few countries made commitments in cultural services. By large, developing countries have taken the position that services liberalization remains the way forward, but progressive liberalization is the preferred path. There is a stalemate in negotiations on GATS Mode 4, related to the provision of services through free movement of natural persons, which

certainly can make it easier for artists from developing countries to deliver creative services in world markets.

The creative industries are highly dependent on the protection and enforcement of intellectual property rights. The coming into force of the provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs Agreement) may raise the level of protection and enforcement of intellectual property rights in developing countries significantly. The critical issue for the cultural and creative industries is copyrights and neighboring rights, in particular the need to reinforce domestic copyright legislation and institutions. The absence of collecting societies in many developing countries is a key issue. The problematic of protection of traditional knowledge related to cultural expressions and folklore has not received much attention. Lacunae in the current Intellectual Property Rights regimes are expected to be dealt with at international level by the World Intellectual Property Organization (WIPO). WIPO’s Development Agenda is supposed to revisit IPR issues with a view to ensuring the interest of developing countries in intellectual property rights issues.

The United Nations Educational, Scientific and Cultural Organization (Unesco) Convention of Cultural Diversity and Cultural Expressions recognizing the distinctive nature of cultural goods and promoting plurality of cultural offers, negotiated in 2005, entered into force in March 2007.\(^{19}\) It is widely recognized that the Convention is not a goal *per se* but a tool to promote cultural, social, and economic development. There are those voicing that the Convention aims to enable states to derogate from WTO rules in the field of cultural economics.\(^{20}\) A series of principles and steps to safeguard cultural diversity and the sovereign right of member states to protect and promote the diversity of cultural expressions

\(^{19}\) Full reference to Unesco official documents (http://www.unesco.org).

within their territory and at the global level have been agreed upon by the international community. Consensus is emerging expressed by over 60 states that have already ratified the Convention, that countries need strong domestic cultures and cultural expressions to preserve and sustain their cultural identities, social cohesion, and national sovereignty. Nevertheless, efforts should be made to avoid any possible conflict with other international agreements. The challenge ahead is to translate the commitments into action.\(^{21}\)

In short, international cooperation on issues related to the creative economy has been strengthened in recent years. In effect, the initiative put forward by Unctad to set up a UN Multi-Agency Informal Group on Creative Industries in 2004\(^{22}\) paved the way for a number of concrete international and national actions involving the UN system. The cooperating agencies, namely, Unctad, Unesco, UNDP, the International Labour Organization (ILO), WIPO, and the International Trade Centre (ITC), have been exploring complementarities and building synergy for undertaking joint activities aiming at greater effectiveness in international actions and enhanced policy coherence.

To conclude, on the basis of this overview, by answering the question raised by this article, it can be said that although not a panacea, the creative economy can be a feasible option to promote human and sustainable development while improving the quality of life of people not only through socioeconomic growth but also through culture and education. This calls for the harmonization of proactive initiatives on the part of creators, artists, and the business community, as well as

---

\(^{21}\) Reference made to the official statement by the Unctad secretariat at the First Session of the Convention Contracting Parties, Paris, June 2007.

\(^{22}\) Thanks to a visionary decision of the Secretary-General of Unctad, Emb. Rubens Ricupero, the SG’s High-Level Panel on Creative Industries and Development was convened in the context of Unctad XI, and the Multi-Agency Group on Creative Industries established in 2004. This Group has two annual meetings in Geneva under the chairmanship of the Unctad secretariat.
innovative policy responses from governments. There is no all-fits-one recipe, but some strategic choices requiring concerted cross-cutting public policies taking into account the special needs of developing countries and the cultural identity of each individual country.
CREATIVE ECONOMY: IS IT A FEASIBLE DEVELOPMENT OPTION?

Edna dos Santos Duisenberg
Senior economist at UNCTAD in Geneva, where she began her international UN career in 1983. She studied economics and business administration in Rio de Janeiro and continued her education in Paris, where she earned a Master’s degree in international business from the Sorbonne and in international economic relations at the International Public Management Institute. At UNCTAD, she held numerous positions, including chief of staff for the secretary general. She is head of the Creative Economy and Industries Program, where she promotes international actions to sensitize governments about the potential for creative economy as a development strategy. Among other studies, she co-authored and coordinated the launch of the first global survey on creative economy, the Creative Economy Report 2008, edited under the auspices of the UNCTAD.
GLOBAL VIEW: FROM CONCEPTUAL DISCONTENTS TO A RESEARCH AGENDA

Yudhishthir Raj Isar
How to provide a synoptic international view of the “creative economy” as a development strategy - the brief I was given - without having mapped the global landscape empirically? The solution I have adopted is to do so in conceptual terms. I shall do this, first, by looking critically at the notion of “creative economy” itself, hence the scare quotes. This critical stance is motivated by concerns that are both general and specific. My general concern is with the semantic inflation, the slipperiness of terms that characterizes the rhetoric, advocacy, and self-representation of the cultural sector. Specifically, my concern is with the way the culturalist discourse of our time, conjoined with the imperialism of the marketplace, have generated categories - “cultural industries”, “creative industries”, “creative economy” - that appear to have colonized the cultural field in its entirety. Market logic is indispensable, but while market forces have a large and important place in the governance of our world, in no area of endeavor are they able to deliver the right and the good entirely on their own. Vogue terms are often adopted in defiance of such nuances, which is why it is generally wise to be wary of them. In this particular case, the vogue term has become a bandwagon that many ride for “fear of being left behind” (JEFFCUTT, 2001, 11). In so doing, they all too often miss the complexities, the contradictions, and the pitfalls of this agenda, as well as the relations of cause and effect that underpin it.

Today the “creative economy” is on everybody’s lips. Hyperbole fills the air, some of it deliberate and strategic, much of it utterly unreflexive. Yet interconnected issues of great importance are at stake: ensuring the flourishing of cultural expression in all its forms; optimizing the industrial and digital production, distribution, and consumption of cultural goods and services; furthering the cause of human development in the broadest sense. As regards this last objective, human development, it is now commonly argued that “creativity” exists universally, across the boundaries of “underdevelopment” and poverty, and is hence a resource freely available when other classic economic inputs, particularly capital, are in short supply. Or that enterprises based on “creativity” require only limited investment. True enough, but perhaps too good to be true.
Of course, a huge amount of contemporary artistic production, distribution, and consumption is industrially - or digitally - mediated. But because there is also much that isn’t, the real problem is the way everything cultural - not just the market-driven forms - is being stretched nowadays onto the Procrustean bed of the “economy.” Because economic power is paramount, it appears politic to stuff all the activities, institutions, and practices of artistic and creative expression into this category. This legitimizes and ensures support. In addition to that, the argument goes, since the marriage of culture and economy is now consummated internationally, funding agencies (including, for example, at least five United Nations organizations, international financial institutions, and regional development banks) are now actively investing in the “creative economy,” realistic opportunism should lead us to set such qualms aside. Yet there is more to it than just semantics. The real danger here is similar to that observed with regard to the numerous “economic impact” studies that were launched in the 1980’s: even if the evidence is robust (and often they weren’t, the economic case was overstated), investment in cultural projects and programmes should not be justified on economic criteria alone. In many instances, their contribution to, say, social cohesion or overall quality of life cannot be measured along the economic calculus. If performance on the economic calculus is the standard, surely other sectors can outperform culture at some point. Would culture then have to cede its place? And what about cultural activities and practices that can’t deliver economic returns?

Sounding a note of caution does not mean rejecting the opportunities now available to invest more heavily and more strategically everywhere in the production, distribution, and consumption of cultural goods and services—both to increase the flourishing of living culture itself and to increase human capabilities. So in the second and third sections of this chapter I shall refer briefly to some of the gaps in the way cultural policymakers address such challenges and then propose some issues and topics for a research agenda. For we do need a more robust evidence base in order to seize the opportunities as well as skirt
the pitfalls of the “creative economy” agenda for development, particularly when placed in the context of globalization.

1. The remit is too narrow

Whatever culture-linked adjective we affix to the notion of “economy”, surely we are missing something important by focusing exclusively on a separate sphere of social life called “the economy,” a sphere

larded over by distinctive and systemic rules and driven by the imperatives of resource production, allocation, and distribution. For example, in institutional and evolutionary economics, the main task has remained that of honing or improving accounts of an un-problematically presented economic realm (e.g., value, profit, distribution, surplus), rather than challenging the ontological status of the economy and the dominance of an economic worldview. (AMIN and THRIFT, 2003, x)

This view does not see the social and the economic woven together as a single fabric and therefore does not question the significance of economic efficiency seen in isolation. As Amin and Thrift have pointed out, however, the implications of such a view have not been thought through sufficiently, and distinguished from various other approaches to the economic. It is useful, therefore, to review the key features of these other approaches as the two authors have captured them.

The first approach stresses the centrality of passions. Pre-19th-century European economic thought was often concerned with economic principles as a means of overcoming what was seen as a surfeit of passions in the conduct of daily life, while in the course of the 19th century, a romantic reaction to this civilizing conception of the economy set in. The economy itself came to be seen as a negative passion for accumulation of the kinds revealed in hoarding by misers
and in the theoretical writings of Marx. The second approach is loosely related to the first, in that it focuses on moral sentiments, an issue as explored not only by Adam Smith in connection with moral value, but also present in the trading practices of faith-sensitive Muslim entrepreneurs as well as in a long line of socialist thinkers. The third approach identifies knowledge as a key motive force, as in the early 20th-century writings of Thorstein (“conspicuous consumption”) Veblen, who argued that because of the strong interdependence between “habits of thought” and “habits of life,” there can be “no neatly isolable range of cultural phenomena that can be rigorously set apart under the head of economic institutions” (cited in Amin and Thrift, 2003, xvi). The fourth approach, drawing on the work of Darwin, Lamarck, and Spencer, stresses that learning and economic change in general are evolutionary, a metaphor with a long history of use and abuse in economic thinking since the mid-19th century. Learning (and learning how to learn) is seen as a means of transmission of culture and processes of evolutionary transmission provide the templates that guide economic behavior. Evolutionary thinking made it possible to inject a historical dimension into a predominantly equilibrium-based economics, thereby also making a place for the kind of dynamics that included cultural explanations. The fifth approach considers the kinds of disciplines necessary to produce competent economic actors. It includes the ideas of E. W. Taylor, who was mainly concerned with minute analyses of bodily movement as ciphers for increased productivity and other forms of bodily accountancy that paid more attention to nonquantifiable factors such as worker satisfaction, which, it was argued, were themselves important aspects of productivity. The sixth and final approach has read economies as symptoms of general economic modes or models that marked cultural life since at least the time of Adam Smith. These readings allowed Marx and Engels, among others, to reinscribe how cultures see themselves as a single functioning economic system, which, in turn, is returned to these cultures as an established economic and cultural fact. They could thus project 19th-century British capitalism - despite all its peculiarities - as a world economic standard and its class culture as the only culture. As Amin and Thrift observe:
All these lineages have continued to exist, but as a disorganized field; one that has been marginalized by the weight of marginal (sic) economics and computational knowledge, by political economy and the rationality of structure, and by the general neglect of economic processes within cultural studies. Though certain organized sub disciplines have emerged as a partial counterweight—and most notably economic sociology, economic anthropology, economic geography, and economic psychology—they have exerted very little influence on mainstream economic thought. However, there is an opening here that might be widened… (2003, xvii)

In other words, our apprehension of the economy would be much richer if it could truly encompass the processes of social and cultural relations that accompany, are impacted by, or encompass the economic. Seen in this holistic way, then, exploration of the cultural elements therein needs to bring together the insights of disciplines such as economic sociology, cultural studies, social studies of finance, business and management studies, economic anthropology, and cultural geography, and methodological strategies as diverse as semiotics, ethnography, social studies of science, and theories of practice. Such a broader approach would make it easier to analytically embrace a range of types and regimes of cultural production in all regions of the world, whereas much of the literature on the subject is based on more specifically economic realities in the postindustrial, post-Fordist, “knowledge economy” contexts of the global North. In other words, to explore cultural industries stricto sensu (many of which are rather more incipient than developed in the non-Western world), as well as artisanal endeavors in fields such as handicrafts, exploitation of the intangible heritage, communal cultural expression, etc. As well as to understand the field as made up of symbolic production systems of collective representation that are central in forging visions of public identity. In reality, however, the opening has not been widened, the primacy of the economic calculus, narrowly interpreted, has prevailed, and the notion of “creativity” has come to be the privileged signifier
of the cultural dimension of the economic. For reasons that I shall explore below, it is at once a floating and an inadequate signifier. We need to maintain a measure of critical distance from it.

2. “Creativity” as the master concept

Writing as long ago as 1971, in *The Long Revolution*, Raymond Williams pointed out that:

> no word in English carries a more consistently positive reference than ‘creative’… yet, clearly, the very width of the reference involves not only difficulties of meaning, but also, through habit, a kind of unthinking repetition which at times makes the word seem useless¹ (1971, 19).

Today, “creativity” is hailed as the key resource and it has acquired this status as terminology has shifted in away from the idea of the “cultural industries,” as first used in France and at the United Nations Educational, Scientific and Cultural Organization (Unesco) in the late 1970’s and then, with more international visibility, by the Greater London Council in the early 1980’s (HESMONDHALGH, 2006). Analysts of this discursive shift have pointed out *inter alia* that the “cultural industries” included the arts and heritage (including cultural tourism) and the crafts (which are sometimes excluded from the *creative industries* remit), seen within an agenda of economic as well as social benefits: the subsidised arts with an additional emphasis on applied arts

---

¹ Or, as John Tusa has observed more polemically, “‘Creative,’ ‘creation,’ ‘creativity’ are some of the most overused and ultimately debased words in the language. Stripped of any special significance by a generation of bureaucrats, civil servants, managers, and politicians, lazily used as political margarine to spread approvingly and inclusively over any activity with a nonmaterial element to it, the word ‘creative’ has become almost unusable. Politics and the ideology of ordinariness, the wish not to put anyone down, the determination not to exalt the exceptional, the culture of oversensitivity, of avoiding hurt feelings, have seen to that.” (2003, 5–6)
practices in fields such as urban regeneration, audience development, community development, and the like. The category has “tended to be a concatenation of the arts and the established commercial or large-scale public sector media,” developed mainly for nation states around the cultures of nation states (Cunningham, 2001). The “creative industries” category crystallized later, around the new technologies as well as the “knowledge economy,” and it focused more on the commercial sector.

The key to this paradigm is the argument that while the industries that drove the urban revolution of the 19th century were based largely on the use of raw materials, creativity is now based on knowledge and skills, i.e., the capacity to generate new knowledge from existing knowledge, the ability to generate new ideas that can trigger innovation and its concrete applications.

The intrinsic ontological creativity of the arts has therefore been touted as a privileged path toward “a culture of innovation and creativity” in a range of domains. Hence the claim that artists can transform the mental maps of decision makers in other domains of activity and that by the same token arts managers can serve as gatekeepers between the world of ideas and the production of meaning and any particular sphere of decision making. A typical articulation (Bianchini, 1997) of such claims lists five sets of attributes that typify “creative people and cultural workers” and argues, in connection with urban planning, that these characteristics can be shared with urban policymakers:

- Holistic, flexible, lateral networking, and interdisciplinary.
- Innovation oriented, original, and experimental.
- Critical, inquiring, challenging, and questioning.
- People centered, humanistic, and nondeterministic.
- “Cultured” and critically aware of the cultural achievements of the past.

Other advocates of creativity such as Charles Landry have gone even further, seeing culture as the fountainhead of new ways of conceiving and organizing all
the challenges of city management, providing it with the resources needed to be creative in the broadest sense, open, and entrepreneurial. Hence his concept of the *creative milieu*, as a:

*physical setting where a critical mass of entrepreneurs, intellectuals, social activists, artists, administrators, power brokers, or students can operate in an open-minded, cosmopolitan context and where face to face interaction creates new ideas, artifacts, products, services, and institutions, and as a consequence contributes to economic success.* (Landry, 2000, 133)

By the mid-1980’s, ideas such as these were very present in the British *zeitgeist* and, not surprisingly, the “creative” industries notion was foregrounded at the end of the decade in the definitions and rhetoric offered by the British Government’s Department of Culture Media and Sport (DCMS, 1998, 2001). This Blairite rhetoric has since acquired considerable purchase in the English-speaking world, eventually spreading to continental Europe. As observed, however, in a biting recent critique by a British observer:

…when the arts and culture per se become the focal point for capitalisation (the logic of late capitalism as Fredric Jameson famously put it), when culture broadly becomes absolutely imperative to economic policy and planning, when art is instrumentalised so that it begins to provide a model for working lives, and labour processes, and when government opens a Green Paper document as it did in 2001 with the words ‘Everyone is creative,’ then it becomes apparent that what in the past was considered the icing on the cake, has now become a main ingredient of the cake… And what had been in the past left to its own devices, e.g. subculture and style, or black expressive culture or the punk avant garde has been plucked, over the years, from obscurity, and is now promoted with tedious regularity under the prevailing logic of the revival, in the window spaces of Selfridges and Harrods almost every season as a leading edge feature of the UK’s contribution to the new global cultural economy. Our imagined
community and branded national identity now comes to be constituted through practices which are understood to be creative. (McRobbie, 2006, 2)

The notion of creativity was truly popularized internationally, however, in the wake of Richard Florida’s 2002 bestseller *The Rise of the creative class: and How it’s transforming work, leisure, community and everyday life*. Florida’s theses were taken up enthusiastically by many officials, politicians, and cultural activists the world over, despite the fact that his “creative class” stretched across a very broad range indeed - scientists, engineers, architects, educators, writers, artists, and entertainers, in other words all those whose economic function is to create new ideas, new technology, and new creative content. The Florida argument that caught like wildfire was the assertion that:

> the key to economic growth lies not just in the ability to attract the creative class, but to translate that underlying advantage into creative economic outcomes in the form of new ideas, new high-tech businesses, and regional growth.

Understanding today’s economic geography of creativity and its effects on economic outcomes lies in what Florida called “the 3Ts” of economic development: Technology, Talent, and Tolerance. Each is a necessary but by itself insufficient condition; all three are needed to attract creative people, generate innovation, and stimulate economic growth. Florida’s work, which has been amply critiqued both for its conceptual naivety and empirical shortcomings, was nevertheless decisive in turning this set of ideas on the “creative” in and for the economy into a popular mantra that is now used indiscriminately in many different countries by national politicians, city officials, journalists, cultural managerialists, and the like. But as the “creative” applies to such an extremely broad range of phenomena and domains, it necessarily blurs the focus we need to keep trained on culture and cultural practice themselves, which have become constitutive in all aspects of economic, social, and political life, both in substantive and epistemological terms:
the actual empirical structure and organization of cultural activities, institutions, and relationships of society as well as in the way we use “culture” to transform our understanding, explanations, and visions of the world (Hall, 1997, 209).

3. Cultural policy lacunae

Further aporias are caused by the lack of fit between cultural policy as it is currently framed and the realities of the cultural economy. The activities and processes of the latter “sit uneasily within the public policy framework,” as Pratt points out (2005, 31), which has engaged in very limited ways so far with market-driven “low” culture, focusing instead on the provision of the “high” culture forms that must be supported and funded as public goods. Thus the mainly for-profit cultural industries exist in increasing tension with the mainly not-for-profit cultural sector that is the chief object of cultural policy. As I have observed elsewhere, most ministries responsible for cultural affairs have neither the mandate nor the technical expertise to tackle issues of cultural production, distribution, and consumption as economic phenomena. There are of course many interconnections between subsidized, commercial, and voluntary cultural activities but these are not sufficiently recognized. Statistics are fragmentary on such measurable cultural phenomena as the performance of the creative industries, their rates of growth, and the impact of initiatives taken to encourage them (Isar, 2000, 44). The accumulated effect of such frustrations in recent years has made the cultural industries everywhere an “irritant” (Pratt, 2005, 31) to cultural policymakers because they are so driven by market values while promoting alternative aesthetics and also because their contributions have to be measured in terms that challenge the assumptions on which cultural policy has so far rested. Conversely, cultural industry actors find they are simply not adequately understood by the cultural policymakers.

The powerful processes of operational convergence at work in the cultural economy also complicate matters, as their outcomes are highly complex,
involving a wide range of activities covered, a very mixed economy of forms - from microbusinesses, through small and medium enterprises (SMEs) to transnational organizations - each characterized by a complex cycle of knowledge flows, from the generation of original ideas to their realization (whether as products or performances). Creative work is volatile, dynamic, and risk taking; it is shaped by important tacit skills (or expertise) that are frequently submerged (even mystified). As a result, the crucial dynamics that form and transform the creative process in knowledge economies remain unruly and poorly understood. In particular, there is a lack of strategic knowledge about the relationships and networks that enable and sustain the creative process. These relationships are enabled between the different actors (whether helping with the inspiration or the perspiration) towards the achievement of successful outcomes (whether realized in terms of performances or products); they are sustained in diverse communities of activity. As Jeffcutt (2001) has observed, one of the key challenges for researchers and policymakers is thus to better understand these crucial dynamics so that useful knowledge may be accumulated and deployed in the interest of supportive action.

4. The needed research agenda

Given lacunae such as these (evoked all too briefly), it is becoming increasingly clear that public policy is not yet coherent with regard to the cultural, because it still focuses on subsidies for the arts and heritage, without addressing cultural production and consumption as domains of strategic investment, nor attempting to reconcile market and nonmarket objectives. In order to remain relevant to the challenges of our time, cultural policymakers need to acknowledge the powerful contribution of the market, yet, since the latter cannot be the sole arbiter, they must also become proactively involved in the shaping and regulation of the market, recognizing what it fails to do and what can be done better by other means.
Hence we need a research and implementation agenda to take up three interconnected sets of challenges (PrATT, 2005). First, the frameworks and mechanisms used require a **transversal approach**, involving different agents (the public authorities at different levels of government; the private sector; civil society; multilateral organizations) and different domains of action such as tourism, education, environment, foreign affairs, and labor, amongst others. Such an integrated strategy needs to cut across the established domains of governmental responsibility as well as different levels of government and the boundaries of government, civil society, and commerce. Second, the nature of the expertise required of policymakers needs to evolve in ways that enable them to address **strategic longer-term questions** about the development of cultural forms and cultural participation, to acquire deeper understandings of the ways the creative sector is organized and of the role of different institutions and networks in training, innovation, and the production and distribution of cultural artifacts. In other words, it is necessary to understand all the processes that animate these industries as well as **the entire “value chain”** that exists in each of them. Third, **new infrastructures of public participation** will need to be created at all levels of society in order to sustain a sufficient momentum in favor of the creative sector: this momentum cannot be sustainable at the national level unless it is firmly rooted at the local level and inserted in all fields of cultural activity.

Such a polyvalent vision also requires a more open and democratic form of decision making as regards investment in the creative sector, that also offers “symbolic creators” and cultural entrepreneurs incentives to stimulate production, distribution, and consumption, and opportunities to generate products and services of their own choice which can compete in domestic, regional, and global markets. Schemes are needed to ensure that new creative undertakings can access venture capital and that the venture capital markets understand the creative industries. Synergies are also needed between the subsidized and the commercial creative sectors in order to promote creative industry exports.
For all of this to be possible, however, many questions still need to be addressed, some of them going far beyond the “economic” as it is narrowly construed:

- How and to what extent is the cultural economy “globalized”: who are the major actors in terms of investment, production, and distribution; and what are the global consumption patterns?
- What are the patterns and trends of convergence today?
- What is “value” and how is it determined?
- What are the key patterns of international trade in cultural goods and services?
- What are the barriers to the local, national, or regional development of the cultural economy, and which factors encourage it?
- What national or transnational mechanisms are being used to promote cultural enterprise and to what effect?
- What are the features of local cultural resilience or resistance vis-à-vis the global corporate agenda, as well as the global cultural flows, forces, and practices involved?
- What are the current trends as regards the relationships between cultural “identity” (or “identities”) and the cultural economy?
- What changes are occurring as regards the relationship between the economic value and the cultural value (particularly aesthetic value) generated by or attached to cultural goods and services?
- What are the key new developments with respect to intellectual property rights?
- To what extent does the cultural economy in each country reflect, accompany, or generate inequalities of income and wealth? Specific case studies might interrogate new or transformed sectors such as the “heritage industry” or the festival phenomenon.
- What are the identities, careers, and behavior patterns of the entrepreneurs in this field, particularly the new elites among them?
- What patterns of innovation by government and civil society in creating favorable environments for cultural creativity can be identified?
- Are new cultural business models and management practices emerging?
• What roles do international organizations, philanthropic foundations, and NGOs play?

And finally, in the context of globalization, the following four sets of critical questions, all of which have major policy implications:

1) Does the production of cultural goods and services conform to the patterns of economic globalization? In other words, are the way and extent to which the cultural economy is becoming more globalized similar to what happens in sectors such as machinery, IT services, finance, or travel? Who are the key agents of this globalization? How extensive is globalization *stricto sensu* as opposed to regional groupings in the production of cultural goods and services?

---

2 These questions were originally formulated for the *Cultures and Globalization* Series project, launched under the twin auspices of UCLA and the London School of Economics, and of which the author is the Managing Editor. The core issue of the Series (SAGE Publications), is how globalization affects culture, just as culture shapes globalization. These interactions, as yet imperfectly understood, are transforming: (i) the relationships, for both individuals and groups, between culture and cultural identity as well as civil society, community, and nation, and (ii) the institutional roles of markets, governments, the nonprofit sector, and organized citizens groups and movements in cultural creation, production, consumption, interpretation, and preservation. There has been little empirical analysis of these interactions, however: why does globalization matter for culture and why does culture matter for globalization? Moreover, the conventional understandings of culture still connect it principally to the sovereign nation-state alone. Today, this culture-nation nexus no longer dominates, as the cultural dimension has become constitutive of collective identity at narrower as well as broader levels. What is more, cultural processes take place in increasingly “deterritorialized” transnational, global contexts, many of which are beyond the reach of national policies. Mapping and analyzing this shifting terrain, as well as the factors, patterns, processes, and outcomes associated with the complex connectivity of globalization is the main purpose of the Series. The 2008 edition of *Cultures and Globalization* will explore the “cultural economy” and many of the issues posed in this paper, in particular the set of questions listed here, formed part of the brief prepared by the coeditors in early 2006.
2) What is the relationship between the cultural economy, in which cultural goods and services are becoming increasingly commodified, and the aesthetic realm? How do commercial viability and artistic creativity relate to each other in this context? To what degree do the imperatives of the market threaten (or possibly foster) collaborative or process-based arts activity? How do market-driven phenomena create new figures of the creative artist as a “motor of innovation” and of the “creative subject” in increasingly hybrid and precarious working environments?

3) What are the current and emerging organizational forms for the investment, production, distribution, and consumption of cultural goods and services? As cultural production becomes part of a mixed economy at the national level, what are the emerging patterns transnationally?

4) As the cultural economy becomes increasingly globalized, who are the “winners” and the “losers”? Are some art forms and genres being marginalized, while others move to the center of transnational cultural attention and economic interests? How are the relationships between creators, producers, distributors, and consumers of culture changing in terms of economic positions and cost-benefit considerations? Are the “business models” of the cultural economy changing as well?

These, then, are the sorts of issues that need to be explored in far greater depth so as to allow us to pin reasoned and reasonable expectations on the new global agenda of harnessing cultural wealth of our nations and communities to the cause of sustainable development.

References


Yudhishthir Raj Isar

Yudhishthir Raj Isar is Professor of Cultural Policy Studies at The American University of Paris and Maître de Conférences at Sciences Po. President of Culture Action Europe; co-founder of the Cultures and Globalization Series. Previously Executive Secretary of the World Commission on Culture and Development and director of cultural policies at UNESCO.
AFRICA
CREATIVE ECONOMY AND POVERTY ERADICATION IN AFRICA: PRINCIPLES AND REALITIES

Máté Kovács
1. Background and antecedents

At the level of principles, the strategic importance of culture for Africa’s liberation and socioeconomic development has been recognized long before the discussion started on the need to harness the continent’s cultural resources through promoting cultural industries and subsequently creative industries and creative economies.

In fact, in the first consolidated cultural policy framework, i.e., the Pan African Cultural Manifesto (Algiers, 1969) it is clearly stated that culture plays a decisive role in the economic and social development of Africa.

This key idea was later confirmed by important reference documents such as the Declaration of the Intergovernmental Conference on Cultural Policies in Africa\(^1\) and the Cultural Charter for Africa\(^2\) putting emphasis on the need to give full recognition to the cultural dimension of development.

In the same spirit, the Declaration on the Cultural Aspects in the Lagos Plan of Action\(^3\) stressed the need to facilitate the integration of cultural dimensions into development strategies by stating that:

> cultural identities, as a dynamic process of continuity, creativity, and attitudes vis-à-vis innovation, should be the basis and finality of development, promoting and safeguarding stability and structural cohesion, as well as the social development of peoples.

---


In 2003, the Commission of the African Union elaborated its new strategic documents, which paid a special attention to culture, namely under Action Area 6 in the *2004–2007 Strategic Framework of the Commission of the African Union*, which recalls that:

*The major project currently providing hope and mobilizing energy in Africa is the establishment of the African Union. The rationale is that this new edifice cannot be built on a foundation of a community of exclusively material interests; for culture is and should remain at the beginning and at the end of development.*

Finally, mention should be made of the *Nairobi Charter for the Cultural Renaissance of Africa* endorsed by the African Union (AU) heads of state and government (5th Ordinary Session, Khartoum, 2006), which confirms the basic principles of the 1976 Cultural Charter for Africa and stresses the need to integrate cultural objectives, namely the protection and promotion of the arts and creativity, in development strategies.

As to cultural industries, since the mid-1980s, the Organization of African Unity (OAU) and the United Nations Educational, Scientific and Cultural Organization (Unesco) organized seven subregional consultations, which led to the elaboration of the *Dakar Plan of Action for the Development of Cultural Industries in Africa*, adopted in July 1992, at the OAU Summit.

---


The 1992 Plan of Action reviewed the challenges of cultural industries and recommended to adopt a series of legal, institutional, and practical measures in favor of the increased use of the potential of cultural industries for Africa’s cultural and economic development.

Due to the rapid changes occurred over the last 15 years in the cultural sphere under the impact of globalization and new information and communication technologies, the African Union considered timely to adopt a new document, the Nairobi Plan of Action for Cultural Industries in Africa, which was approved by the first session at the AU Conference of Ministers of Culture (Nairobi, 13–14 December 2005).

This forty-six-page document makes a thorough analysis of the problems and challenges that the development of cultural industries is facing in relation to globalization and that require special attention if Africa’s rich cultural diversity is to be preserved.

Among the main challenges, it mentions the difficulty for artists and producers to access credit and export markets, the high taxes on cultural goods, the poor social status of artists, and the inadequate packaging of African cultural goods.

In relation to the topic of the present study, the plan of action proposes also a coherent strategy for mobilizing cultural resources as a means of fighting poverty and enhancing sustainable development.

---

2. Current status and realities

In spite of these policy declarations and guidelines, the prevailing strategies and planning practices continue to ignore in general the cultural realities and assets of the African continent. The promotion of the creative potential of its peoples and cultural industries is not given due priority.

According to data published in the 2005 editions of the United Nations Development Programme (UNDP) Human Development Report and the World Development Indicators, after five decades of development effort, in Africa, 340 million people, or half the population, live on less than US$1 per day. The average GDP per capita is US$469 in comparison with US$27,312 in the high-income Organization for Economic Co-operation and Development (OECD) countries.

The mortality rate of children under five years of age is 140 per 1,000. Only 58% of the population has access to safe water. Life expectancy in sub-Saharan Africa is only 46.3 years, some 30 years less than in most developed countries, and as a consequence of HIV/AIDS, this dramatic situation risks even to deteriorate in the coming future. In fact as a consequence of the epidemic, in nine African countries life expectancy at birth has already dropped below 40. The rate of illiteracy for people over 15 is 41%. There are only 18 mainline telephones per 1,000 people in Africa, compared with 146 for the world as a whole, and 567 for high-income countries.

These figures highlight the failure of the development model based primarily on the criteria of short-term economic profitability and technical rationality. In Africa it has perpetuated and even aggravated inequalities, dooming hundreds of millions of human beings to live in poverty, unemployment, insecurity, and exclusion. Africa is increasingly indebted and it becomes more and more marginalized in the world economy. The tensions and conflicts arising from this
situation and the environmental degradation that accompanies the scramble for economic profit alone constitute a real danger to socioeconomic development of the continent.

The processes of globalization and the underlying technological innovations offer new opportunities for freedom, sharing, and solidarity, but in Africa they seem mainly to increase the risks of domination, inequality, and exclusion. Due to the absence of effective measures of solidarity, most of African countries cannot really take advantage on an equal footing of the opportunities offered by a development and globalization process taking place in a competition for domination.

One of the major reasons of the current situation, particularly in Africa, has been the fact that the prevailing development model ignores the realities, traditions, and specificities of the sociocultural environment and local populations. In general cultures, cultural diversities and traditions have been neglected if not considered as obstacles to development.

After the alienating impact of colonial history, African cultures seem today threatened by the effects of rapid socioeconomic transformation processes and by the invasion of foreign models and mass cultural products.

These major changes very strongly affect the cultural life in Africa. The ways of life, the ancestral values, the endogenous forms of solidarity and expression, the traditional knowledge and know-how are marginalized or are lost. Heavy threats also weigh on the rich diversity of local cultures, oral traditions, and languages as well as on the African heritage, cultural and natural.

In absence of education programmes rooted in African cultural values and local languages, young people turn more and more towards outside, and are not interested in the traditional cultures anymore. Millions of rural people are migrating to industrial and urban zones, at the same time huge masses are
displaced as refugees due to ethnic conflicts and civil wars. Thus whole segments of the populations are losing their cultural roots and identities.

If African cultures are to meet these challenges and play a dynamic role in regional development, cultural life and creativity should be preserved and developed through coherent and efficient cultural policies harmonized with national and regional development strategies. However, less developed than in any other region, cultural policies in Africa presently are not in a position to perform successfully this challenging task. In many countries there are no national cultural policies formulated. In other cases official cultural policies are not adapted to the populations’ needs and situations. In fact, for great masses of the population, in particular in rural areas, culture remains essentially a part of the traditional way of life of their community for which the cultural activities, goods, and services proposed by the official cultural institutions and business sector do not have any relevance.

In most cases the implementation of adopted cultural policies is hindered by complex political and economic problems. The weakness of institutions, the persisting financial constraints, and the lack of specialized personnel and infrastructure limit cruelly the effectiveness of the public policies. The development of alternative mechanisms of financing is blocked by the precarious situation of the private sector and the absence of a tradition of mecenate: vis-à-vis the pressing material needs, governments and the international development aid organizations are reluctant to give priority to culture within the framework of the national development strategies and international cooperation programmes.

Hindered by the absence of capital and investments, the difficulty in accessing credit, the weakness of the capacity of acquisition, the ill-controlled piracy, the parcelling out of the markets, and the unfavorable tax and custom policies, the lack of management and marketing skills and structures, the insufficient mapping of cultural resources, etc., African creativity, cultural industries, and the media
cannot give an effective support for the creation and distribution of cultural and artistic goods and services. Consequently, the African cultural sector and creativity do not participate in the economic development of the continent or in the international cultural exchanges at the level of their potential.

According to the publication *Culture Is Not a Luxury*, published by the Département Suisse de la Coopération, at the world level, 55% of cultural industries (film, video, music, TV and radio programmes, etc.) are controlled by North American firms; 25% by European; 15% by Japanese and the rest by Asian; 5% by Latin American. In the absence of coherent strategies and capital investments, Africa’s share is less than 1%. At the national level the situation is not better: according to some estimates, the share of cultural industries in the GNPs is around 7% at the world level, while in the developing countries, including Africa, it represents only 3%.

### 3. Creative economy – a pillar of development in Africa

Although the theory on creative economy is less developed in Africa than in other regions, it would be difficult to give an exhaustive overview of all the various questions that the development of creative economy raises for the continent.

If we consider that this continent comprises 35 out of the 50 Least Developed Countries in the world, it is clear that the development of creative economy should be considered as a high priority and an urgent task not only for the

---


preservation and promotion of African cultures, but also for combating poverty in the region.

As it is evident that this cannot be achieved without political will and awareness, it is encouraging that for the first time the recognition of this necessity is recognized, even if only in two modest paragraphs, in the OAU/African Union’s regional development strategy entitled NEPAD – The New Partnership for Africa’s Development 2001.\(^{10}\) In fact, in relation to culture, creativity, and intellectual property rights, this document recalls that:

Culture is an integral part of development efforts on the continent. Consequently, it is essential to protect and effectively utilise indigenous knowledge that represents a major dimension of the continent’s culture, and to share this knowledge for the benefit of humankind. The New Partnership for Africa’s Development will give special attention to the protection and nurturing of indigenous knowledge, which includes tradition-based literacy, artistic and scientific works, inventions, scientific discoveries, designs, marks, names and symbols, undisclosed information and all other tradition-based innovations and creations resulting from intellectual activity in the industrial, scientific, literary or artistic fields.

The term also includes genetic resources and associated knowledge. The leadership of the New Partnership for Africa’s Development will take urgent steps to ensure that indigenous knowledge in Africa is protected through appropriate legislation. They will also promote its protection at the international level, by working closely with the World Intellectual Property Organisation (WIPO).

These ideas were at the same time promoted through the new African political discourse about the “African renaissance,” namely through the programme

---

declarations of Nelson Mandela and Thabo Mbeki, which emphasizes that for facing the development challenges of the continent, Africans must rely on their own resources and dynamic cultural values.

This awareness is manifested also in national policy documents and declarations such as the speech\(^{11}\) by Ms. Ngw Botha, South African Deputy Minister of Arts and Culture, who declared in a speech addressed in October 2006 that:

> South Africa is increasingly becoming aware of the economic and social importance of the creative sector. Throughout the world, governments are beginning to recognise the creative industries as an important vehicle for promoting local economic development, cultural tourism and a national identity with all its diversity. We need to understand better the full economic contribution of creativity to the economy of our country. We know that the creative industries constitute one sector of our economy but we have not yet conducted a comprehensive study to determine how much creative industries contribute to the GDP.

> Film, television and advertising are at the centre of our creative industries, they are however supported by so many other industries such as design, music, dance, fashion, craft, architecture, scriptwriting and literature as well as technical services, such as lighting, sound, stage and events management. The Audio Visual industry is the vehicle that pulls along with it all these creative industries. Besides, the production of just one film boost other sectors such as hospitality industry, the business sector, suppliers of equipment, and suppliers of consumables.

> Festivals, in addition to creating a market for local audio visual products, create jobs for both those who are in the industry and for those who are from other disciplines. One should think of a film production whereby

---

\(^{11}\) Address by Ms. Ngw Botha, Deputy Minister of Arts and Culture, at the 6\(^{th}\) Apollo Film Festival held at the Victoria West Town Hall, Northern Cape (September 21 through October 1, 2006). Available at: http://www.dac.gov.za/speeches/dminister/Speech30Sep06.htm.
technical experts of sound and lighting will be needed, transport services, accommodation and catering services, crafts and fashion designers. This is evident to us, that filmmaking in this country can be utilised to address poverty alleviation and economic stimulation.

More recently, a special attention was given to the development of the creative economy at the level of the Gauteng Province, which concentrates 40% of all South African enterprises involved in this sector. The Gauteng Provincial Government adopted in 2005 a Creative Industries Development Framework,\textsuperscript{12} which is aimed at:

a) Promoting creative industries and their contribution to the economy, community development, and urban regeneration;
b) Providing a coordinating framework for investment and implementation in the province; and
c) Aligning creative industries activities with the Gauteng Growth and Development Strategy.

The Framework is based on the following considerations:

These strategies, programmes and projects all recognize the core benefits that culture offers:

- The creative industries are key aspects that define attractive communities for knowledge workers.
- Culture is a key component of tourism market; cultural tourism is a critical economic engine.
- Arts and culture activities are catalysts for community revitalization efforts

and can make a real difference to health, crime, employment and education in poor communities.

- Cultural facilities, projects and activities have a regenerative impact on cities, towns and rural areas.
- Arts education and training are critical to enhancing the skills of the youth and developing a human capital base.
- Culture is ‘an agent of expression, preservation, assertion of diversity and with it conveys national identify and confidence, as well as universality.

4. Interfaces between creative economy and industries, knowledge economy, economics of culture

As it appears in the main reference document, creative economy in the broad sense would require that the cultural realities and dimensions be duly taken into consideration as a fundamental cross-sectoral component in the general policies, strategies, and planning processes in all sectors of the economic and social development. At this level, culture is not considered just as an instrument for creating wealth, but as the framework, the foundation, and a major objective on its own of whole sustainable human development process.

If this is not guaranteed, neither the creative economy sector nor the creative industries in the narrower sense will be given the priority and attention that they merit, and consequently they will not be able to contribute to the national economy at the level of their full potential. Worse, if the first condition is not respected, just exploiting the economic resources and opportunities offered by the African heritage and creativity, they can have a harmful effect on the cultural diversity and identity, and possibly they will not serve the objectives of poverty reduction either.

When examining the relation between creative economy, creative industries, and knowledge-based development, and the economics of culture as reflected
in the African literature, it appears that these two concepts are closely related.

In fact the main cultural policy reference documents underline the necessity of integrating the creative use of science and technology, both traditional and modern, in African cultures. In principle knowledge-based economy could also be closely related to culture-driven creative economy.

However, when we analyze how the prevailing concept of knowledge economy is dealing with this relationship, we must realize that culture remains ignored in the policy reflection on the contents and resources of a knowledge-based development in Africa. For example, according to the documents of recent international conferences\(^\text{13}\) organized on this issue in the framework of the Knowledge for Development Programme of the World Bank, it is considered that the three pillars of the knowledge economy are \textit{innovation, education, and information and communication technology}. Culture and creativity are not taken into account.

\textbf{Economics of culture} appears as an indispensable tool for the development of creative economy. This discipline however is very little developed in the African continent, even in South Africa. In one of the rare documents existing in this field, prepared for the Cultural Observatory of South Africa,\(^\text{14}\) the problems are summarized as follows:


The South African cultural industry is firstly very difficult to define and second (partly due to the first) very difficult to measure and quantify and at this point it becomes clear that it is virtually impossible to come up with a single number that tells us the size of culture and its contribution to the economy. Breaking down culture into its various different industries and then measuring their contribution is an option but highly dependant on the classifications of what constitutes an industry; also many factors of culture may be left out of the analysis.

To summarise, the problem with South African cultural statistics is threefold: (1) there is lack of data; there is no official source of data, (2) what data is available is fragmented due to the fact that there is no single source of data, and (3) different sources of data define and categories various industries differently making it hazardous to aggregate or compare these indicators.

As it appears, cultural economics cannot presently secure not even in South Africa a fully efficient and scientifically sound support that the promotion of creative economy would require. In the rest of the African countries the situation is even more critical. In order to overcome this problem, African governments and academic institutions, in cooperation with their international partners, should devote a great effort for promoting cultural economics in the region with a view to mapping and assessing the resources, the infrastructures, the investments and their output, the existing capacities and potentialities. There is an urgent need to develop data collection and methodologies of data classification, analysis, and comparison taking into account the specificities of the different countries.

5. Creative industries as viewed in Africa

The concept of creative industries used by African countries and organizations covers basically all the fields that are included in the definitions in use elsewhere,
but it tends to add some forms of expression, collective and popular, that are of crucial importance for the diversity of African cultures: traditional culture, folklore, indigenous knowledge, performing arts, and their potential for promoting tourism. They also emphasize the role of creative industries in preserving and promoting African identity and authenticity for the development of the continent.

According to the **Nairobi Plan of Action** (Chapter C, Preamble, paragraph 13)\(^\text{15}\) creative industries include music, performing arts (dance and theater), film, television, radio; art and crafts, indigenous sports and games, tourism, publishing and printing industries, indigenous knowledge, and technology.

According to the more detailed definition\(^\text{16}\) of the **Creative Industries Development Framework of the Gauteng Provincial Government**, the creative industries cover:

- music (classical, popular, folklore);
- the visual arts (painting, sculpture, public arts and the decorative arts);
- the publishing sector based on writing and literature (books, magazines, newspapers);
- the audiovisual and media sector (film, television, photography, video, broadcasting);
- the performing arts (theater, dance, opera, live music);
- the emerging multimedia sector (combining sound, text and image);
- crafts (traditional art, designer goods, crafts, functional wares and souvenirs);
- cultural tourism; and
- the cultural heritage sector (museums, heritage sites and cultural events such as festivals and commemorations).


\(^{16}\) This definition was developed by the Cultural Strategy Group for use by the Department of Arts, Culture, Science, and Technology in their Cultural Industry Growth Strategy. See DACST, “Creative South Africa: a strategy for realizing the potential of the cultural industry,” 1998.
The creative industries also include those sectors where creative input is a secondary but crucial means of enhancing the value of other products whose marketability and effectiveness would otherwise be lessened. These sectors include design; industrial design and fashion; the graphic arts (including advertising). Thus in analysing the Creative Industries as industries we are not only concerned with the front end of creative production - the ideas people or performers - but also those who have to turn ideas into products, those who market and those who provide outlets for cultural products to be seen and sold.

6. Creative industries and intellectual property rights

These definitions show also that there is a trend in Africa to broaden the concept of the intellectual property rights to fields such as traditional knowledge, folklore, immaterial heritage.

Another problem is related to the fact that in Africa the resources of indigenous knowledge are not systematically mapped and in most cases they are not protected either by national legislations or by international standard-setting instruments.

Many countries and organizations now promote the idea that a community collectively owns the intellectual property inherent in their indigenous knowledge and technologies. Indigenous knowledge is considered to be in the public domain, which means that it is free for anyone to use. The question is how to integrate traditional knowledge into existing patent, trademark, and copyright systems and how to enforce the collective rights of the community which “owns” such intellectual property.

The World Intellectual Property Organization is currently working on international intellectual property (IP) regimes to manage the IP rights in what they call
“traditional cultural expressions.” For example, in 1999, the OAU developed the African Model Legislation\textsuperscript{17} that provides African countries with a model for national laws protecting the rights of a community to their biological resources, traditional knowledge, and technologies over rights based on individual or corporate monopoly interests.

As reported recently by the African press,\textsuperscript{18} Kenyan activists are fighting to retain cultural designs that have been developed in East Africa but are being patented by companies in rich countries. After losing the kiondo basket trademark to Japan, the popular kikoi fabric design is currently at risk of being patented by a British company. Kikoi is a colorful cotton fabric historically worn by men and women along the East African coast. It is also used for making bags, hats, and household items including curtains, rugs, and bed covers. It has also proved popular in Western countries.

7. Creative economy as a sustainable development strategy: obstacles and possible solutions

The main obstacles for the development of creative economy in Africa stem from the low level of development and colonial history. Most of the African countries belong to the least developed countries, many of them are suffering from poverty, lack of democratic governance, inefficient administration, external debt, widely spread corruption, inequitable economic exchanges, devastating conflicts and wars. As a consequence, the development of creative economy has to face the low level of education and human resources, the weakness of training, digital divide, brain

\textsuperscript{17} African Model Legislation for the Protection of the Right of Local Communities, Farmers and Breeders, and for the Regulation of Access to Biological Resources. Available at: http://r0.unctad.org/trade_env/docs/oaulaw.pdf.

\textsuperscript{18}“Trade-Kenya: East Africans May Be Stripped of the Kikoi”. Available at: http://ipsnews.net/news.asp?idnews=37165.
drain, absence of efficient protection of copyright and intellectual property, cultural alienation, spoliation of cultural heritage and traditional knowledge, environmental degradation, lack of appropriate cultural legislation, absence of coherent cultural policies, meager public support, weak position of the private sector, penalizing tax and custom policies, absence of reliable information and research data, etc.

As stated in the Dakar Declaration19 of the 6th Annual Meeting of the International Network for Cultural Diversity, referring to one on the meeting’s working papers:20

*creative industries are a ubiquitous asset, available in all countries. Through their effective nurturing and exploitation, they could significantly contribute to job creation, income generation and poverty alleviation. However, the opportunities offered by the industries are not fully exploited, especially by the developing countries, despite their rich and diverse cultural heritages. The major challenges facing developing countries include the inadequacy of relevant creative capacity to produce and circulate cultural goods and services in forms that can be readily consumed by developed countries; weak cultural infrastructure and institutional capability; and lack of access to finance and technology.*

In a still more recent paper on *Culture and Poverty Alleviation in Africa*,21 Burama Sagnia reviewed the issue of Cultural Effectiveness of Poverty Reduction

---

Strategy Papers (PRSP) in West and Central Africa. As it appears in this document:

Five countries (Benin, Burkina Faso, Cameroon, The Gambia, and the Republic of Congo) incorporate cultural issues and concerns in their poverty reduction strategies, mainly as instruments to further the objectives of other development sectors, such as the promotion of cultural tourism or traditional healthcare. In this regard, culture does not feature as a Strategic Pillar or a major component of the poverty reduction strategies, but rather is subsumed under the tourism and health sector strategies, to facilitate the development and promotion of these sectors.

Four countries (Ghana, Mali, Nigeria, and Senegal) integrate culture in their PRSPs as Strategic Pillars or major axes. This gives culture the opportunity to stand out as a major contributor in its own right to poverty reduction. In the case of Ghana, emphasis is placed on the development and promotion of the Music and Film Industries as potential sources of employment generation, wealth creation, and human skill development. The PRSP for Mali links culture with religion, social harmony, and security, as a major axis in the country’s poverty reduction strategies. This is in recognition of the potential of Malian culture in promoting traditional and religious values with a view to creating a climate of social harmony and security. In recognition of the tremendous potential of Nollywood, the country’s home video industry, and traditional healthcare for the national economy the Nigerian PRSP programmes culture as a major axis in the poverty reduction strategies. Senegal as well recognises the potential value of crafts to the national economy and programmes it as one of the principal poverty reduction strategies. (Paragraph 96)

In its conclusion (paragraph 121), this report prepared for the Arterial Conference on Vitalizing African Cultural Assets (Dakar, 2007) points out that in spite of some progress made in several countries, certain fundamental issues need to be addressed if the cultural relevance and effectiveness of poverty reduction strategies are to be enhanced. Some of these issues are:
The low level of awareness of the role and importance of culture in the PRSP process.

The lack of appropriate involvement by cultural specialists in the PRSP preparation, implementation, monitoring, and evaluation process.

The need of a broad-based participation of the poor in the PRSP process.

The limited ability of planners to mainstream cultural issues into PRSP process.

The need to broaden the prevailing narrow concept of cultural policies towards a vision establishing clearly the links with development sectors of the economy.

In order to solve these problems, concrete actions should be taken (paragraph 122), namely, advocacy programmes and sensitization activities for decision-makers and planners involved in the PRSP process, the development of cultural indicators and methodological tools, action research, training and capacity building with a view to developing capability of understanding and incorporating cultural issues into poverty reduction strategies, programmes, and projects.

There is an urge to include culture in the PRSP as a cross-cutting issue and a strategic pillar for all sector policies, programmes, and projects, which should ensure its comprehensive development as a growth sector of the economy, rather than as an instrument to further the development objectives of other sectors. It is also clear that cultural agencies and institutions should be involved in the PRSP supervisory and technical committees responsible for the supervision of poverty reduction programmes and projects.

8. Creative economy and information and communication technologies

With regards to information and communication technologies (ICT), the last decade has seen numerous efforts by African governments to develop their infocommunications and technology infrastructure, namely, the African Information Society Initiative launched in 1995. These initiatives brought about remarkable growth, however, when compared with the rest of the world, the results are still insignificant.
On the subject, we can find, in the 2004 UNDP Human Development Report, the following comparative data.

If more and more organizations, including cultural institutions and networks, become connected to the Web, the average people’s access to new technologies is hindered by various factors such as the weakness of ICT infrastructures, the absence of electric supply and telephone lines in huge rural areas, the high illiteracy rate, the lack of skills (digital illiteracy), the high cost of equipments and Internet connections.

As to the use of the Internet, from one thousand inhabitants, only 9.6 people have access to the Internet in Africa, while 450 in the high-income OECD countries do. This is easily understandable if we consider that the average GNP per capita in Africa is less than the annual cost of an annual Internet subscription.

The digital gap resulting from this situation offers still only very few chances for African people in general to benefit from the opportunities offered by the ICTs.

The Internet possibilities for preserving, developing, promoting African cultures are underexploited. The overwhelming majority of African languages make part of the 90% of all languages spoken worldwide, that are not present at all on the Internet. In quantitative terms, the share of African-produced content, namely, cultural, represent just a drop in the ocean of information available on the Web.

9. Key conditions for further progress

While describing the various problems, we have quoted the main problems that Africa is facing in developing a competitive creative economy and converting its potential into an efficient tool not only for preserving and promoting its cultural
diversities and strengthening its position in the world’s cultural exchanges, but also in fighting poverty. As we mentioned, in 2005 under the aegis of the African Union, a detailed strategy was adopted in the form of the **Nairobi Charter for Africa’s Cultural Renaissance** and the **Nairobi Plan of Action for Cultural Industries in Africa** with relevant policy guidelines and a list of concrete measures to be taken with a view to achieving the objectives identified.

Thus, instead of repeating or summarizing these policy recommendations and the sectoral measures proposed in this document, we have to underline that the main question is whether the African governments and the African Union at the level of their national development strategies as well as in the framework of the NEPAD will have the **political will** to go beyond the declarations and whether they will devote a real priority to culture and secure appropriate resources to put into practice the objectives they have set for themselves.

In fact as it appears in the study prepared for the International Agency of the Francophony already quoted, meaningful development in the field of cultural industries has been produced only in countries (Burkina Faso, Morocco, and South Africa) where the government implemented a coherent policy to that effect.

**10. The case of South Africa: cultural industries growth strategy**

With a view to illustrating what type of measures we propose here, a brief summary of the South African experience.

The postapartheid South Africa adopted its national cultural policy in 1996, then a Cultural Industries Growth Strategy was launched in South Africa in 1998.

---

22 D’ALMEIDA, Francisco; ALLEMAN, Marie Lise et all, *op.cit.*
The Strategy has four central premises at its core:

- The cultural industries can and do create employment and wealth.
- These industries often produce significant returns on investment.
- The cultural industries have the potential to drive our new economy by generating innovative and creative human capital.
- Developing these sectors requires a collaborative approach between the public and private sectors.

The strategy capitalizes on the economic potential of the craft, music, film, publishing, and design industries. For its implementation, the Department of Arts and Culture provides support in the form of financing, management capacity, advocacy, and networking, and developing public-private partnerships and other initiatives that use culture as a tool for urban regeneration.

The Government’s action is implemented in cooperation with various bodies such as the National Film & Video Foundation (NFVF, http://www.nfvf.co.za), that channels financial support to the film industry; the Business & Arts South Africa (BASA, http://www.basa.co.za), which promotes sustainable partnerships between the business and the arts sectors; the Arts & Culture Trust (ACT, http://www.artsculturetrust.co.za), set up in 1994 to finance and manage funding for the arts in South Africa.

Recognizing that training is critical for the development of arts and culture, to achieve both the developmental and economic potential of the sector, through CREATE SA, driven by industry demand, training programmes have been organized in a wide range of areas, including music, design, crafts, arts management, heritage, and the performing arts.

for the Investing in Culture Programme\textsuperscript{25} aimed at creating 10,000 job opportunities for women and young people, who constitute the majority of the poverty-stricken and unemployed. It focuses on the crafts, music, heritage, and cultural tourism sectors. The department committed R249 million to be spent between 2004/05 and 2006/07 towards these projects implemented in all nine provinces, but with a focus on the poorest ones.

For promoting cultural tourism, various cultural village projects have been established around the country, which offer insight into South Africa’s cultural wealth, ranging from traditional dances and rituals in rural areas, to excursions into the urban and township milieux that give South Africa its defining features.

11. International cooperation

It is evident that due to the unbalanced conditions, none of the developing countries can realistically envisage to catch up alone with leading cultural economies of the world within the unequal conditions of the liberal world market.

In fact, according to the Conference Paper of the International Network for Cultural Diversity,\textsuperscript{26} the world’s cultural diversity is under threat because:

a) development, even in its best forms, impacts on local and indigenous cultures, leading, at worst, to their extinction;
b) bilateral and multilateral trade agreements are trying to establish “free trade”


for cultural goods and services, so that “market forces” can dictate the dominance of foreign material in local markets, thereby undermining the local expressions of culture;
c) mass media and information technology now have a global reach that advances values that can weaken local cultures;
d) developing countries simply do not have the resources or the political will to counter the influence of culture and the cultural products of the developed world.

It is consequently urgent to promote joint efforts at the level of both the South-South and South-North cooperation with a view to creating a more balanced situation for preserving cultural liberties and the diversity of cultural choices.

In fact, there are already many initiatives in this direction, such as the creation of an international center for cultural industries in Brazil, as proposed by the conference on “Enhancing the Creative Economy: Shaping an International Center on Creative Industries” (Salvador, Bahia, Brazil, 18–20 April, 2005), which is envisioned to provide support to developing countries stakeholders, practitioners as well as policy-makers interested in promoting self-sustaining creative industries.

Mention could also be made of the ACP (African, Caribbean, and Pacific) Cultural Festival (1st session organized in October 2006 in Santo Domingo) and the New EU-ACP Film & Television Programme, funded by the European Union (EU) in the amount of 6.5 million dollars, to be launched within the framework of the 2003 Dakar Plan of Action on the Promotion of ACP Cultures and Cultural Industries. Similar support mechanisms have been put in place by the International Organization of the Francophony (OIF, formerly International Agency of the Francophony, AIF), the Commonwealth, and other organizations.

The United Nations organizations are also offering useful frameworks for promoting cooperation in view of strengthening cultural economy in developing countries: the Convention on the Protection and Promotion of the Diversity of Cultural Expressions\(^{28}\) and the Global Alliance for Cultural Diversity launched by Unesco, the studies carried out by the International Labour Organization (ILO) on Small Enterprise Development and Job Creation in the Culture Sector in the South African Development Community (SADC) Region,\(^{29}\) the special programmes on creative economy and creative industries, established or planned in United Nations Conference on Trade and Development (Unctad), WIPO, and UNDP. Mention should also be made to the Cultural Assets for Poverty Reduction program of the Social Development Department of the World Bank financed with the support of the Netherlands, concerning the opportunities to help developing countries, namely Burkina Faso, Eritrea, Ethiopia, Ghana, Mali, Mozambique, Tanzania, Uganda, Zambia, to benefit from the World Trade Organization (WTO) framework on Trade-Related Intellectual Property Rights (TRIPs).\(^{30}\)

At the bilateral level, encouraging evolution can be observed: more and more bilateral development cooperation agencies have included a cultural approach

---


in general with specific attention to the support to creative industries (Canada, Belgium, Denmark, Finland, France, The Netherlands, Norway, Spain, Sweden, Switzerland, etc.) acting directly or through specialized organizations like the Danish Centre for Culture and Development, CulturesFrance, or Africalia.

Finally, it is important that the artists, intellectuals, and cultural managers and entrepreneurs have more and more opportunities to exchange and cooperate in the frameworks of civil society networks like the International Network for Cultural Diversity (INCD) or international gatherings like the three editions of the World Culture Forum (São Paulo, 2004; Amman, 2005; Rio de Janeiro, Salvador, 2006) or in the case of Africa, the First Pan African Cultural Congress (2006) and the First and Second Conferences of Intellectuals of Africa and the Diaspora (Dakar, 2004, and Salvador, 2006) or again the Arterial Conference on Vitalizing African Cultural Assets (Dakar, March 2007).

At the regional and international levels we can also observe a multiplication of networks that promote information, research, capacity building, and cooperation with a view to strengthening policies and capacities of action in respect to the cultural approach to development and the promotion of creative economy, such as the Observatory of Cultural Policies in Africa (OCPA, Maputo) and the INCD Africa (Dakar), the regional structure of the International Network for Cultural Diversity.

12. Conclusion

Although this list is far from being exhaustive, it is encouraging to realize the variety and the multiplicity of initiatives taken for compensating, at least partially, the challenge imposed in an inequitable competition threatening the diversity of cultures, namely those of the developing countries.

At the same time we have to be aware that these praiseworthy efforts still will not change the power relations that characterize the international cultural market
nowadays. Further efforts have to be taken, namely, at the level of the countries concerned, in the framework of coherent and harmonized cultural and economic policies in the spirit of the Convention on the Preservation and Protection of the Diversity of Cultural Expressions which offers a legal framework to the governments to create enabling conditions for the cultures of their countries to flourish.

These efforts should be accompanied by the international community through sharing expertise and financial resources necessary for the success of these endeavors. In an interdependent world, this solidarity action should not be considered just as altruist assistance to the less developed countries, but as a fundamental requirement of international relations, for no lasting peace neither sustainable human development can be achieved without eliminating poverty and guaranteeing the effective exercise of cultural liberties for every people and cultural community.

Máté Kovács
Born in Hungary, studied in Budapest, Paris and Havana Universities. Obtained his doctor degree in educational sciences. Programme specialist in charge for education and culture, then Deputy Secretary-General of the Hungarian National Commission for UNESCO. Programme specialist, then Head of the Section of Cultural Policies of UNESCO (Paris). Since his retirement, is research co-ordinator of the Observatory of Cultural Policies in Africa. Author, co-author and editor of articles, books, studies and reports concerning cultural policy and cultural development.
AMERICAS
TRANSFORMING BRAZILIAN CREATIVITY INTO ECONOMIC RESOURCE

Ana Carla Fonseca Reis
Tourists usually recognize Brazil as a place of privileged natural beauty, of enormous cultural diversity, and other countless laudable attributes. However, amongst all its positive characteristics, Brazilians stand out, absolutely: how they relate with the world, react in face of problems, search alternative solutions, originated the campaign, “The best of Brazil is the Brazilian people.”

This external perception echoes the so-called “Brazilian way”, that is the Brazilian way of dealing with problems: the conviction that there is a solution for every problem, thus unleashing a constant liveliness of alternative thinking. However, this profuse creativity, which involves and stimulates the dynamics of the country, cannot materialize economically by means of spontaneous combustion. In order to turn such a rich ingredient into institutional results and measures, which shape the creative economy, other conditions have to be met, from wide access to technology and communications infrastructure to the recognition of the intangible value embedded in creative assets, passing through the reorganization of the institutional architecture among public, private, and third-sector agents.

This article is divided into three large sections: a historical background of creative economy in the country, and the point at which we find ourselves in the debate; an analysis of some factors that drive the creative economy, which proved to be specifically expressive for the country; and the discussion on the capability of cities to transform their socioeconomic network by looking at their essence, in a debate on creative cities and their characteristics.

1. Historical background and current situation

The very beginning of the discussions on creative economy in Brazil took place in 2004, during the United Nations Conference on Trade and Development (UNCTAD)\(^1\) quadrennial meeting, in São Paulo; its conception came from the thematic session, available at http://www.unctadxi.org.
“High Level Panel on Creative Industries and Development”. Upon analyzing the results of this event, the Minister of Culture, Gilberto Gil, enthusiastically advocated the Brazilian diversity as the source of creativity in the country:

_We were aware that the greatest guarantee of the mutual advantages we might have, come from the nature of the raw material at stake: creativity of the people, communities, and peoples of the world, the essence of our immaterial heritage, which expresses itself based on the precious pillars of our cultural diversity._

As a concrete result of the actions that followed, in 2005, also under the leadership of Ambassador Rubens Ricupero, then secretary-general of UNCTAD, and Minister Gil, the International Forum of Creative Industries was held in Salvador. During the event, the minister ratified the proposal to create the International Center of the Creative Industries, whose mission would be to build a knowledge database and space designed for the activities and programs on the topic. Even though the center has not come true, the debate on the creative economy has continued in the country. In 2006, the World Cultural Forum, held in Rio de Janeiro, inserted a three-day parallel module on the topic. In 2007, there was the blooming of state initiatives, with the organization of specific events in Ceará (due to private initiative), in São Paulo (led by the Secretaries of Culture and Development), and in Espírito Santo (held by the alliance between Sebrae – the Brazilian Service of Support for Micro and Small Enterprises – and the Secretary of Culture). Furthermore, specific conferences were held at Bovespa – the São Paulo Stock Exchange (responsible for 70% of the business volume of stocks in Latin America) and at the National Bank for the Economic and Social Development (locally BNDES), focusing on features of the creative economy.

__________

2 Available at http://www.cultura.gov.br/site/?p=1089.
The diversity of the organizers suggests that the topic have been arousing the convergence of public, private, and civil society interests. However, in spite of the greater interest raised, there have been few glimpses of concrete actions coming from the debates in the domestic scenario.

One of the most debilitating needs to acknowledge the importance of creative economy in the country is the lack of statistics and research. Culture and creative economy rely on reality-changing processes. It is necessary to know reality before one can really change it. The figures express this shape in the background, show how far we are from the objective, and allow us to evaluate the efficacy of public actions and policies to make the ideal picture come true. We then come across isolated data from specific sectors, such as fashion and software, consolidated by private sector associations. In a macro analysis, since 2003 some research has been disclosed connected to the cultural supply, distribution, and consumption, which is expected to become continuous, such as the System of Cultural Information and Indicators⁴ and the System of Basic Municipal Information (Munic),⁵ both conducted by IBGE – the Brazilian Institute of Geography and Statistics.

In international terms, a study by the United Nations Educational, Scientific, and Cultural Organization (UNESCO)⁶ highlights two conclusions on the flow of Brazilian cultural goods and services:

• the unbalance of three to one between the value of imports and exports, according to data from 1994;
• the overwhelming concentration of cultural trade. The United States and the United Kingdom, together, represented 45.1% of the value of cultural goods and

---

⁵ Available at http://www.ibge.gov.br/home/estatistica/economia/perfilmunic/default.shtm.
services imported by Brazil, in 2003, whereas the rest of Latin America and the Caribbean, together, did not represent more than 21% of this trade.

Even though the research presents outdated figures, bases itself only on values declared at Customs, and excludes a significant part of creative economy (as several services related to the cultural industries), it is acceptable to imagine that the outlined scenario is not far from reality.

2. The catalysts of creative economy

It is only natural among scholars of creative economy (Hartley, 2005; Tepper, 2002; Venturelli, 2000; Reis, 2006) to confer to a convergence of factors the amalgam that has propelled the formation of a new dynamics of social, cultural, and economic processes and models, in which the creative economy finds rich grounds. Among these, globalization, the new media, the failure of traditional economic models for the promotion of development and inclusion, and appreciation, not only of technical knowledge, but also cultural, stand out; thus, although there is nothing new in recognizing creativity as a fountain of innovations, it is now seen as critical resource of an economy based on a new architecture of relations and models, according to the characteristics above detailed in the introduction of this book.

In Brazil’s case, it is specifically relevant to highlight the impact of the new communication technologies and the economic appreciation of cultural intangibility, which will be illustrated with paradigmatic examples.

2.1. New media and communication technologies

The new media and communication technologies have repercussions in the Brazilian creative economy under three main forms:
a) Enable the **creation of new business models**, among which the collaborative and open businesses. Differently from the traditional business models, which are linear and with concentrated distribution, these are based on the use of collaborative networks among agents, on exploiting alternative distribution channels, on creating a heterodox dynamics for the financial recognition of creators (which does not solely depend on the traditional logic of copyrights), and, clearly, on the use of new technologies.

The **tecnobrega**, a phenomenon of the Amazon region of Belém, has created a concept of a party in which composers create their music, record them in their own home studios, and distribute freely the tracks to DJs, who work at large parties, and to street vendors. The former make the music better known, the latter multiply this effect, acting as distribution channels. The musicians make a living when they are hired for shows and according to the sale of their albums during these shows. In addition to reducing recording costs, technology enables the process and is its main character. The music has electronic techno beat and the party, called **aparelhagem** [equipment], gravitates around the sound equipment. According to a study carried out by the Getulio Vargas Foundation, in 2006 tecnobrega counted on 140 groups, 700 pieces of equipment, and 860 street vendors, producing 4,300 parties a month and generating 6,400 direct job positions.

b) Increase the **possibilities of production, distribution, and access to creative goods and services**. Although it is a world problem, the tension generated between the excitement of creative production and the concentration of distribution channels, reaches alarming rates in Brazil, which causes gargantuan difficulties to access diversity for two reasons. First, its continental dimensions; second, the strong economic disparities across regions, which tend to be reproduced in the creative industries.
Trying to break away from this condition, the Web site Overmundo\textsuperscript{7} was created to offer a channel of expression for the diversity of cultural production in Brazil and of Brazilians abroad. It works in a collaborative way, by means of a community with approximately 2,500 people who generate music, films, texts, vote for what they would like to see published, they comment and share information permanently. Insodoing, the borders between producers, promoters and consumers of culture, and among social classes and regions melt down.

\textsuperscript{7} Available at http://www.overmundo.com.br.
c) Promote the literacy of the technological user. Here once again, the contrasts of the country are in play. If on the one hand, the Brazilian user of new technologies is likely to be extremely engaged (Brazilian Internet users rank first in the world classification of average time of Internet surfing at home, with 24 hours and 59 minutes a month\(^8\)), the number of active home Internet users in the country does not exceed 21.4 million people. By adding other access points (office, post offices, LAN houses), there are 39 million Internet users aged sixteen or over, or 39% of the Brazilian population in this age bracket. Although the users’ base grew by 48.4% from 2006 to 2007, we have to attribute the lack of familiarity with technologies to the possibility of access issue.

The formal access to new technologies (the so-called digital inclusion) is not enough to eliminate the digital divide. Technological literacy, which characterizes not only digital inclusion but also the digital emancipation, also requires a process of training and familiarity with the use of new media, as advocated by researcher Gilson Shwartz (2005). If digital inclusion refers to “hardware,” to infrastructure, digital emancipation has to do with the preparation of each person’s “software” so he or she can relate to the new media. This capacity of interaction demands both reasoning and reflection. This is an enormous additional challenge for a country where the quality of education is prone to being criticized and where, on average, each adult citizen does not read more than 1.8 books a year.

An interesting initiative to foster the familiarity of the user with new technologies is that of Pontos de Cultura [Points of Culture], developed by the Ministry of Culture, by means of an agreement between the federal government and nonprofit organizations. The latter receive multimedia equipment and a monthly sum to host, organize, and foster a process to empower the low-income community through the creation of a place to facilitate the use of new technologies. There are 680 points spread nationwide, in quilombolas [communities originated from slave

---

\(^8\) Report from the Ibope/NetRatings poll divulged in January 2008.
settlements], indigenous, and outskirts communities, which produce, access, and distribute local creations on the Internet.

Further incentive to prevent the lack of digital emancipation from resulting in creative exclusion is brought about with technological convergence, thus promoting familiarity with production, circulation, and the access to creative contents by means of cell phones. At the end of 2007, there were 121 million cell phones in the country, and a density of 63.59 cell phones per 100 inhabitants, although the distribution of communications infrastructure in the country and the cost of use do not favor the transmission of data over the phone to a significant portion of the users.9

2.2. The economic valuation of cultural intangibility

It is economically clear that the uniqueness of the culture of a people grants an added value to their creative products (music, audiovisual, fashion, design, games, literature) and offers an inimitable competitive advantage. There is no way one can copy the cultural substrate that distinguishes specific productions and manifestations, and grants them unique features.

In economic terms, in addition to the commonly stated obvious economic impact on sectors (the sales of the software industry, the number of jobs generated by the movie industry, etc.), two other less evident ways to incorporate the value of this cultural intangibility into creative goods and services stand out.

a) Inspiring other economic sectors. By fostering new dynamics and processes in the economy as a whole, the creative economy promotes spin-offs of the creative industries to other economic sectors. A clear example is São Paulo Fashion Week (SPFW), one of the three largest events in São Paulo and one of

9 Available at http://www.teleco.com.br.
the five largest fashion weeks worldwide, responsible for generating over 5,000 direct and indirect jobs and almost R$350 million (roughly US$200 million) a year in spontaneous media.

**Exhibition of sustainable material during the São Paulo Fashion Week**

Credit: São Paulo Fashion Week | image: archive São Paulo Fashion Week

The textile industry is the second-largest employer in the country and the largest employer of female labor force. However, until the mid-1990s, there was a lack of organization in the fashion calendar in the country, leading to problems in the logistics of the production of fabrics, clothes, and trade, and in the understanding of business opportunities.

The São Paulo Fashion Week was created in 1996 by the private initiative, with no government support, to build strategic relations among the several sectors and institutions, adjusting the tangible value of the textile to the intangible of Brazilian creation. While Brazil exports one kilogram of cotton at US$1, and one kilogram of clothing at US$20, one kilogram of exported fashion can reach US$80. Its scope of
value creation ranges from the R&D of new fabrics to the adaptation of the venues for the fashion show, traversing the seamstresses living in the outskirts, the fashion courses, the textile, clothes, and accessory industries, the different-sized businesses, and the individual vendors, who get their supplies in São Paulo to resell clothes in small Brazilian cities. More than the economic impact of São Paulo to resell clothes in small Brazilian cities. More than the economic impact of national fashion design, the values of Brazilian culture are promoted abroad and nationwide, inspiring sectors holding credentials of innovation and technology, such as the automobile, cell phones, and state-of-the-art cosmetics industries.

b) **Boosting local productive arrangements.** The most expressive example of cultural local productive arrangement (LPA) is that of Conservatória, a city in Rio de Janeiro state known as the capital of serenades and serenatas, musical styles which deeply rooted in early 20th-century Brazil. Its main attraction is the open-air presentation that goes down the streets of the city on weekends, interweaving, in the background of the LPA, activities related to music (composers, singers, musicians) to the tourism of culture and leisure (restaurants, hotels, inns, and similar services), in a network that surpasses the sectoral chains.

Other cultural LPAs are being created or have been recently created to understand and materialize local competitive potential, as is the example of the audiovisual LPA, in Goiás, a state in which the sector moves 3.8% of the GDP.

3. **Creativity in the urban context – creative cities**

Creative cities are those able to find the solution to their problems within themselves. They are cities capable of transforming the urban socioeconomic fabric based on their most unique, creative, and specific features, and on the deep understanding of their cultural identity. A creative city is able to attract entrepreneurs, investments, and a tourist profile, which respect and appreciate local culture, acknowledging the city as their host.
In Brazil, this issue is especially delicate due to the consolidation, in the last 50 years, of population loss, especially of young people, in cities with up to 50,000 inhabitants, generating three serious risks: the social and economic unsustainability of small cities; the discontinuity of cultural traditions and knowledge; the swelling of large urban centers. The defense of creative cities is carried out to offer these migrants the chance of remaining and being economically and culturally fulfilled in their hometowns, finding in them job opportunities and cultural supply.

As can be observed by the two graphs below, approximately 90% of the 5,564 Brazilian cities have up to 50,000 inhabitants, a stable percentage in the second half of the last century. However, the participation of the population in these cities has dropped, from approximately two-thirds of the national population in 1950, to little more than one-third in 2000.

### Cities with up to 50,000 inhabitants – in % of Brazilian cities and national population

<table>
<thead>
<tr>
<th>Year</th>
<th>% of Cities</th>
<th>% of the National Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>91.21%</td>
<td>62.87%</td>
</tr>
<tr>
<td>1960</td>
<td>92.52%</td>
<td>48.31%</td>
</tr>
<tr>
<td>1970</td>
<td>93.65%</td>
<td>54.46%</td>
</tr>
<tr>
<td>1980</td>
<td>90.43%</td>
<td>42.96%</td>
</tr>
<tr>
<td>1991</td>
<td>89.51%</td>
<td>38.59%</td>
</tr>
<tr>
<td>2000</td>
<td>90.47%</td>
<td>36.69%</td>
</tr>
</tbody>
</table>

Source: Brazilian Institute of Geography and Statistics (IBGE), *Demographic Census 2000*
On the other hand, the population of cities with over 500,000 inhabitants increased from 9.82% of the national population in 1950, to 27.64% in 2000, and the number of cities remained stable.

**Cities with over 500,000 inhabitants – in % of Brazilian cities and national population**

Source: Brazilian Institute of Geography and Statistics (IBGE), *Demographic Census 2000*
Two cities stand out within the several examples of small creative Brazilian cities.


Paraty is a coastal city surrounded by the Atlantic Forest, between the two largest urban centers of the country, São Paulo and Rio de Janeiro and it is famous for its priceless colonial architectural heritage. Following the end of the gold and precious stones cycle, and the construction of a away from the city, what had been the second most important Brazilian port in the 18th century lost its economical significance, while keeping its wealth in cultural traditions and knowledge untouched, until it was rediscovered by tourism, in the 1970s.

At the end of the century, it was a city divided in two: that of tangible cultural heritage, home to tourists and out-of-town residents, and that of intangible cultural heritage, in the outskirts, with serious social problems. The *Festa Literária Internacional de Parati* [International Literary Festival of Paraty], known as FLIP,\(^\text{10}\) began in 2003, led by Casa Azul, an NGO founded by architect Mauro Munhoz, but it was appropriated by and developed together with the local community since day one. Currently part of the international circuit of literature, FLIP gathers great authors of the world and a complex program of educational, social, and

\(^{10}\) Available at www.flip.org.br.
cultural activities, involving 90% of the students of the region with related events throughout the year.

In addition to having improved the weakened self-esteem of the local population, FLIP was partly responsible for the recovery of the socioeconomic fabric of the city, promoted the union between the visible and invisible facets of the culture of Paraty, fostered an ongoing flow of tourists of qualified profile, and engaged the community in the process of taking full responsibility for changing its future.

3.2. Guaramiranga (Ceará state-CE) – Population: 4,307 inhabitant

During 2000, cultural production agency Via de Comunicação launched the Jazz and Blues Festival of Guaramiranga, offering a rich alternative to the population who did not take to the traditional rhythms of Carnival. At the same time, promoting tourism—until then concentrated in Fortaleza—in a city bearing peculiar features. Embedded in the Atlantic Forest region, Guaramiranga carried the memory of the *saraus*, evening concerts, and the social gatherings of the early 20th century in its essence.

Jazz and blues were chosen upon the observation that musicians from Ceará, whose talents were well known internationally, did not find work, and cultural diversity was being weakened by the lack of circulation of local production. In spite of its natural biodiversity, Guaramiranga barely received tourists, was undergoing economic stagnation, and offered scarce professional or cultural alternatives to its population.

Source: Google Images
The festival, which is developed together with the community, is complemented by workshops, ecotourism activities, gatherings of new talents and famous names, reforestation, and other actions of awareness and promotion of a continuous tourist flow throughout the year. From 2000 to 2007, the number of restaurants increased from two to 24, and 22 hotels were open, together with a variety of tourist services. Economically, the festival generates to the municipality the equivalent of ten months of taxes, and guarantees several sources of revenue and jobs for the local population. Culturally, the program has inspired the creation of musical groups and nightclubs to host instrumental music and has increased the number of recorded albums and radio shows. Socially, it has recovered the community’s self-esteem and, above all, has given them back the chance of transforming their future.

3.3. Common traits of creative cities

If creative cities are those that are able to change socioeconomically and change the relations it establishes with the world, having their own essence as basis, it is obvious that examples that are successful within a context are not transferable to another. However, there are common and essential elements in the most diverse cases, regardless of the site or size of the city:

- the organization of a cultural project as the *catalyst* of a complex transformational *cross-sector* ranging program (economics, environment, tourism, education);
- the acknowledgement of the need for profound transformation, motivated by an economic and social *crisis* (economic stagnation, violence, hopelessness, low self-esteem), together with an unmistakable determination to overcome obstacles;
- the *appropriation* of the program by the community, even if it is not the protagonist right from the start;
- the identification of distinguishing traits (even if veiled) of local culture, whose *originality* is perceived and appreciated by outsiders. Thus, the false dichotomy between the preservation of local culture and the opening for tourism is dismantled, and the continuity of tourism is guaranteed, even outside the periods in
which the project is being carried out;

- the appeal to *qualified tourists*, who understand that the city is the home of their host, and try to get to know it and experience it respectfully;
- the *alliance* between the public and private institutions and those of the third sector, with clearly defined governance, no matter which of the three has stood out during this transformation process;
- the investment in the *qualification* of local resources, in the capacity building of children and young people, and in the organization of activities to raise awareness and to expand the reasoning capability of the community;
- the vision that local cultural *sustainability* depends on its economic sustainability. This does not mean that the market value overlaps cultural values, but that the two spheres are complementary and necessary, so that the community can make its own choices;
- the high-octane cultural fuel given off by *crossing the borders* between classical and popular, external and local, famous names and young talents.

### 4. Conclusions and restlessness

Creative economy, as a concept and due to its own characteristics, presents an enormous potential for socioeconomic transformation and inclusion in Brazil, provided the country manages to understand and become part of the new dynamics and institutional arrangements, conceived in this economy (e.g., collaborative processes, networks, alliances between agents and sectors, the harmonization of tangible and intangible factors of economic and social issues, demands for distinct training). Therefore, the debate and awareness are essential factors to allow the transformation of our creativity into economic results.

It is necessary to acknowledge that creativity is essential resource, but it is not enough to make the creative economy develop. Governance, ubiquitous technology and communications infrastructure, and education with differentiated profile are fundamental links to sustain a development process anchored on creative economy.
References


Ana Carla Fonseca Reis

A public management graduate of the Getulio Vargas Foundation (FGV) in São Paulo, she is also an economist (University of São Paulo – USP), has a Master’s degree in business administration (USP) and is a taking her PhD in urbanism (USP). She is the founder of the consultancy company Garimpo de Soluções - economics, culture and development, as well as a consultant on creative and cultural economy for the UN and numerous private and public sector firms. She is as curator for national and international conferences (Creative Clusters UK, Creative Cities Summit 2.0 US) and is a post-graduate professor at the FGV/SP and at Candido Mendes University in Rio de Janeiro. She is an international speaker in five languages, a member of the Association for Cultural Economics International (ACEI), and the author of – among others - Marketing Cultural e Financiamento da Cultura (Cultural Sponsorship and Funding) and Economia da Cultura e Desenvolvimento Sustentável (Economics of Culture and Sustainable Development - winner of the 2007 Jabuti Prize).
MEXICO: TECHNOLOGY
AND CULTURE FOR A
COMPREHENSIVE DEVELOPMENT

Ernesto Piedras Feria
Today, research on the field of the economy of culture, which comprises both
the elements of creative economy and those related to cultural industries, has
advanced sufficiently to show the significant economic contribution generated
by the economic units or companies which are part of it.

Only recently has a new analysis-oriented focus started to evolve on what could
be called the economic sector of culture; initially, it measures its contribution or
generation in terms of the value of the Gross Domestic Product (GDP), investment,
employment, and trade, among others. In an even more innovative stage, other
implications among others as an economic sector have started to be developed
and explored, such as the generation or identification of quantitative and statistical
indicators, the project and execution of an economic-cultural policy, the strategy
to link the cultural economic sector to economic sectors of different natures, and,
finally, the development of the features that lead to the full recognition of culture
as leverage for economic growth and development.

This is a historic opportunity for some Latin American countries, if we do identify
an abundant resource in our societies, that is, creativity, which can contribute to
the economic and comprehensive development based on our cultural activity.

In Mexico’s case, recent statistical studies have shown an increase in cultural
production, measured by its participation in the GDP, which reaches 6.7%, in
addition to greater appropriation or consumption of cultural goods and services
by individuals. Such growth has placed this sector as one of the most important
for domestic economy.

However, there has been unequal progress in the countries of Latin America. In
some countries, formal measurements of these impacts have not been carried
out yet, especially in Central America and the Caribbean, in that Guatemala and
Jamaica are notable exceptions.
Most of the other countries already count on measurements of the economic contribution coming from the cultural and creative industries. However, these have been based on several methodologies, which bore great differences in the level of accuracy and statistical reliability, in that, the efforts of Chile, Colombia, and Mexico stand out.

However, there are few countries that have followed the above-mentioned path, and have also undertaken a total policy aimed at lending the cultural sector a formal treatment as economic sector. And once again, the only countries that stand out are Colombia and Chile.

At this stage of recognizing the economic-cultural processes, something in common among all the countries in the region, with the notable exception of Brazil, is the focus which is more limited to cultural industries than to creative economy.

Consequently, the component of the creative industries (such as advertising, design, electronic games - gaming - other types of software, and architecture, among others) is still being put aside and away from the focus of public policies, and of the attention and interest of scholars, institutions, and society in general.

It should be acknowledged that the economy of culture and creativity must be formally treated as an economic sector, so that its operation can be optimized with clear operative rules, which are stable in time and conducive to its development, awarding benefits to creators, workers, and companies which will take part in it. Experience shows that an economic sector that counts on these rules has, as a consequence, a sector-based approach in economic policies, specific attention and treatment regarding its commercial relations with the rest of the world, and, most importantly, fiscal policy, in general, and fiscal incentives for its promotion, in particular.
1. The categorization of the economic sector of culture in Mexico

Currently, the economic activities whose essential input is creativity are called cultural industries, the economy of culture, or creative industries. Actually, this essential input triggers a whole value chain. This input operates as a flow, that is, it is generated daily, as opposed to heritage collections.

The cultural sector comprises a set of cultural goods and services-producing units, including the micro and small businesses, and medium and large companies, either private or governmental, whose main input is creativity. This sector encompasses the fine arts (music, painting, dance, sculpture, etc.), cultural heritage, museums, arts and crafts, and entertainment (cinema, radio, and television). Within this economic context, there are enough arguments to describe culture as a productive and profitable sector, with enormous potential to contribute to the growth of our countries.

It is important to highlight that in this text, the terms “creativity-based economy” and “cultural industries” are used indiscriminately, but obviously, they are not the same. This is due to an important reason: industrial production is the common denominator of the different definitions of cultural industries and, therefore, it is the massive production of cultural products and services. However, these industries are only part of the production and generation of resources of the creativity-based economy or the economic sector of culture, which also includes other activities, namely independent artists, small theater, music, or dance troupes, in addition to the cultural heritage that is closely linked to tourism and, consequently, to the generation of wealth in a country.

Having established this definition, we will now analyze the economic characteristics of the economic sector of culture, which, just like the other sectors, has specific operational characteristics.
Culture-based economy presents specific characteristics due to the existence and nature of its main input: the creative element. Its productive system can be described according to the following phases.

The creation process or the creative phase represents the essential input of the process or value chain, in which the author develops and creates an idea of cultural value. In dynamic terms, it is very important that at this point, creators can count on incentives and stability, resulting from copyrights protection policies, which guarantee the profitability of their activity and grant incentives for authors to continue, expand, and specialize themselves in their creative activity.

Later, during the production phase, the previous creative idea is developed or materialized, either as a single production—usually carried out at a minimal scale for personal conservation—or geared towards the market for its final sale.

There are jeopardizing factors in these phases, such as informal and illegal markets. The well-known “piracy” is often mixed up with these concepts, however, it is important to highlight the difference. That is why we have established that:

*The informal subsector can be described as a set of units dedicated to the production of goods and services, to essentially generate jobs and income to the people involved. These units operate at a small scale and low organizational level, with little or no division between work and capital regarding production factors. When there are labor relations, they are generally based on temporary work, kinship, or on social and personal relations, and not on contract agreements which imply formal guarantees.*

1 INEGI, *Cuentas por Sectores Institucionales, Cuenta Satélite del Subsector Informal de los Hogares, Metodología* (Mexico, 2002), 8.
However, the illegal economy has implications on:

*national production, industrialization, and distribution of drugs and narcotics, piracy of software, music, and videos, loan sharking, ticket scalping, illegal surgical interventions, and the trade and transportation of smuggled goods, among other*.\(^2\)

The third phase corresponds to the distribution and dissemination of a cultural end product, launched in the market by physical or digital means, to give way to its final phase, which consists in its consumption or appropriation by individuals.

### 2. Culture as a growth and development strategy

Culture has a dual character as economic sector, according to which it generates economic growth and development simultaneously. It has already shown its economic potential; however, it is restricted and threatened by a number of obstacles that have to be overcome, so that its maximum potential can be fulfilled.

A characteristic that can be highlighted in any productive industry is the presence of “multiplier effects.” This implies not only a benefit geared towards a specific sector, but also the relative ease with which this industry, here, the cultural sector, can convey such effects to the rest of the economy.

Thus, the cultural sector has an advantage over the other sectors: a significant proportion of its basic input is, somehow, “self-generated,” since the existence of a market of ideas is unconceivable unless these ideas are reflected upon a material product, which can be inevitably quantified and traded.

---

Nevertheless, it also reveals a significant interdependence of certain inputs from other sectors, which should be necessarily acquired through the market. The development of cultural activities is complemented by the contribution of other strong sectors, such as the financial, industrial, agricultural sectors, and by all the input provided by them. As such, it is difficult to consider that cultural industries are completely or highly independent of other sectors. Therefore, their potential will be maximized as a result of economic policies conducive to their development, and also as their activities obtain the benefits from the other economic sectors.

Even though several studies in Latin America have concluded that the contribution of the cultural industries (CI) to the GDP of countries is significant, it has been observed that one of the main problems of the cultural economic sector is related to the lack or scarcity of demand.

At first, in the present analysis, there is a reflection on how convergent technologies contribute to the dissemination of culture, since currently, with technological progress and by means of the mass promotion and distribution on the radio, television, the Internet, satellite transmission, among others, the impact is much greater than what has been historically achieved.

Following that, there is the description of two important obstacles faced by the new technologies in Mexico and in several Latin American countries: on the one hand, the late adoption of technologies and, on the other, the high concentration that prevails in the communications markets. Regarding the former, the most important socioeconomic changes have been known to be closely connected to the timely adoption of technological progress; and regarding the latter, the lack of competition not only harms social well-being, but also places Mexico at a great competitive disadvantage and a disadvantage related to the lack of access to cultural contents.

In conclusion, the important role of technology within the information-based society, together with the acknowledgement of technological progress as
being the driving force of economic, social, and cultural changes for humanity stand out.

3. Technological convergence and culture

Nowadays, we witness convergence as a phenomenon related to regulatory, market, and technological integration, playing a role in the new conceptualization of the new-generation communications that is comprised of telecommunications, radio, television, and communications, and also equipment and software manufacturing.

Convergence is frequently conceived as an innovative phenomenon. However, convergence and its regulatory and market implications have long been present in infrastructure issues (let me remind you of the example of the railways and the telegraph) and, specifically, in telecommunications. Today, as we know, the technological basis that the digitizing of all media offers to the development of convergence and synergy among different areas of total communications media is really innovative.

Thus, the new devices that offer more power to the user represent a new wave of transmission alternatives and content appropriation that compete with the traditional options. In order to watch the same TV program, a user can access the content on FTA (Free To Air) channels or by means of a cable TV company or by satellite (dish). In some cases, the content can be watched on a TV station Web site, reproducing it on a DVD, video recorder, computer, and soon, on cell phones, thanks to third-generation networks.

Likewise, it is important that artists and cultural managers view technological convergence as a tool for growth and not as a threat to cultural production. A new consensus must be reached on how to maximize the opportunities provided by the digital era.
4. Development, digital and cultural divides

Economists agree that, among other factors, the late and limited adoption of new technologies, such as railways and the telegraph in the 19th century, contributed to incubate in countries such as Mexico the so-called development divide, which is understood as the difference between the available or per capita income, and the access to “satisfactors” (factors that cause satisfaction) among nations. Thus, the concept of developed and underdeveloped countries emerged approximately two centuries ago.

The digital divide can be identified just like the development divide. According to the International Telecommunication Union (ITU), “it is the divide among individuals, families, businesses, and geographical areas of different socioeconomic levels regarding the opportunities to access information and communication technologies”.

That is, our digital divide is a characteristic or representation of our development divide as a country. For example, in Mexico, the fixed teledensity, or the number of landline telephones in use for every hundred individuals reaches only 18%; in countries such as Argentina, Brazil, and Chile, teledensity is of approximately 25%, while in developed countries this indicator reaches levels above 60%. Consequently, the attempt to mitigate one, necessarily implies the need to mitigate the other.

---

3 See, for example, John Coatsworth, Los orígenes del atraso (Mexico, 1992), and Stephen Haber, How Latin America Fell Behind: Essays on the Economic Histories of Brazil and Mexico, 1800-1914 (Stanford, 1997).
In Mexico, the distribution of landlines tends to favor the higher socioeconomic levels, which have total coverage per residence, and advanced broadband services. On the contrary, and similar to the distribution of income and wealth, the low-middle and low socioeconomic levels have one, or maybe two landlines for every ten households, and they hardly ever count on a computer, which limits even more their opportunities to develop skills that would enable them to have access to the profitable sectors of the economy.
It is possible to increasingly narrow down the interrelation between the divides to avoid the risk of generating, in the near future, a kind of cultural divide, as part of our development and digital divides. The above-mentioned fact is a result of the identification of the growing social appropriation of cultural and artistic goods and services by the use of intensive means of technology, based on its asymmetric access in Latin America.

Currently, the cultural divide poses a significant risk and, consequently, needs to be tackled urgently. Actually, its effects have started to be felt, in practice, with digital exclusion and the impossibility of access to contents by an important part of the Mexican society. However, the new information and telecommunications technologies have considerably increased the availability of access to cultural services, regardless of physical or geographical distance.
In the New Economy based on globalization, the access to information and to knowledge is combined with electronic transactions and the rapid distribution of physical goods. Distribution is no longer subject to traditional media, such as CDs, television and printed media. Now, there is new media, such as the Internet (including broadband), which will cause a considerable:

*increase in the competition to produce symbolic goods. When we talk about symbolic goods, we could talk about many other things, however, a significant part of this symbolic production is cultural production.*

In Mexico, several programs, such as e-culture, are available online, and eliminate the need of traveling in order to see a work exhibited at any museum, regardless of its location. Likewise, if there is the need to obtain information, there are several books and papers online covering a wide range of topics. In the scope of cultural goods and services trade, these networks offer a vast choice in terms of diversity of expression, and allow creators to become known, and sell their work online.

However, in culture, especially in audiovisual culture, because it deals with images and sounds, a greater capacity of information flow is needed, which is not deemed possible by the traditional commuted or telephone connection. Nevertheless, in developing countries, there is still no infrastructure enough to offer this type of service to the entire population and, obviously, only a minority has access to it.

In other words, to enjoy the great benefits that technology can offer to the economy of culture, it is necessary to maintain a balance of its intensive use, without losing the diversity and authenticity of cultural products.

---

5 RAUSELL, Paul, "Los mercados culturales y el desarrollo de la nueva economía," *Debates culturales, Topic: Los mercados culturales y el desarrollo de la nueva economía*, Instituto de Cultura, Universitat Oberta de Catalunya (Spain, 2002).
That is why Mexico should not ignore the technological trend, or the successful international experiences in terms of access and competition in electronic communications, and should adapt its legislation to the reality the country demands. This is the opportunity to advance in the domain of competitiveness and well-being, and to offer its creators and users a safe environment to access the new channels of expression and participation necessary to consolidate the economic-cultural sector.

5. Production size and stage and the appropriation of economic benefits

Another element that unveils a problematic for the CIs in Mexico refers to the appropriation of economic benefits, which show standards of inequality according to the size of the company and the stage of the productive chain.

Even though there is a significant number of direct and indirect Economic Units (EUs) in the cultural sector, their distribution per size presents a pyramidal shape, with an extremely wide base, in which it is important to analyze the represented distribution of benefits generated.

<table>
<thead>
<tr>
<th>Economic Units of Culture: General Economic Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Units (Number)</strong></td>
</tr>
<tr>
<td>Large</td>
</tr>
<tr>
<td>Medium</td>
</tr>
<tr>
<td>Small</td>
</tr>
<tr>
<td>Micro</td>
</tr>
</tbody>
</table>
The table above shows that the personnel employed in the Cultural Micro enterprises (those that employ from one to ten workers) receives the lowest economic remuneration in the entire income distribution ($35 thousand pesos a year), less than half of what is registered in the Large Economic Units (defined as those which employ over 250 workers, with an average income of $75 thousand pesos a year). Regarding the Medium Units (from 51 to 250 workers) and the Small Units (from eleven to fifty workers), the income of the Micro EUs ranges from 40 to 45% of their average income.

Thus, the inequality in the appropriation of benefits in favor of the larger-scale companies has become evident. In other words, the phenomenon of the Economies of Scale in the production of cultural goods and services has been confirmed.6

The disclosure of such inequality in favor of the large-scale operation is not at all surprising because it reflects the characteristics of the Mexican economy as a whole. Actually, the same standard can be observed in almost all economic sectors.

6 Segmentation by productive phase

On the other hand, all the economic activities associated with culture undergo a process, which begins in its creation or conceptualization, investment or preparation, materialization or production, distribution, final trade, and ends at the appropriation or final public execution.

Each one of these phases has an essential degree of importance for cultural creation. However, one of the phases of vital importance in this process is the

6 The Economy of Scale is defined as a business organizational structure whose production profits increase and/or costs decrease, due to the increase in size and efficiency of the plant, company, or industry.
Creative Phase, with its intense use of the essential productive resource, which is creativity itself. Without this element, the complex economic process of culture would not exist. Likewise, without crude oil, there would not be the complex productive chain of oil, composed of the phases of extraction, refining, basic petrochemicals, secondary petrochemicals, etc.

Once there is a relationship between the size of the economic units and the several stages of the productive chain in the cultural sector, in which its main activities are concentrated, it can be observed that most of the large companies tend to specialize in public communications and in the trade of products and services. However, the smaller or micro enterprises, in addition to relying on lower remuneration and fewer employees, are more intimately related to the creation process and cultural innovation phase.
Due to the nature of these activities, it is obvious that the situation equally benefits the parties involved and, consequently, a scenario is created in which there are greater incentives to promote some activities more than others. At the same time, a creative delay is generated, which affects not only the cultural sector, but also the development of the country as a whole.

This reality leads us to the need of lending culture the same serious treatment lent to other sectors of the economy, so that it produces benefits both to creators and to workers and companies connected to this field of action and, consequently, that the benefits are equally distributed among all the players.
In an attempt to promote cultural programs and activities, which at the same time allow the better use of the economic benefits that spring from culture, replication should be avoided, since in its phase of benefit appropriation, the cultural sector currently replicates the phenomena of concentration, both in the phases of trade and sale of cultural goods and services and in the larger companies or economic units.

7. Some conclusions and the agenda for cultural and creative industries

Cultural industries - how most of the world called the analysis of the economic impact of the activity that springs from creativity as an essential input for production, investment, employment, and trade, etc. - have started to position themselves in the center of the academic, governmental, legislative, and public policies spheres.

This is not a providential phenomenon. To a large extent, it is the result of the quantitative evidence that reveals their contribution in generating value, investments, highly productive jobs, supply of foreign currency due to trade surplus, and tourism attraction, among other variables.

Thus, the cultural sector has a dual character of generating growth and economic development simultaneously, that is, comprehensive economic development. The activity derived from creativity not only generates employment and wealth, but also increases the well-being of the population in general, since it promotes the expression and participation of citizens in public life, favors a sense of identity and social security, and expands people’s perception.

Therefore, the idea is to leverage this economic potential of growth and development that springs from the comparative and competitive advantages of our economic-cultural activity. This is a challenge, in a context of respect for cultural identity and diversity.
Ernesto Piedras
Economist, (ITAM and London School of Economics), General Director of The Competitive Intelligence Unit, specialized consulting group and opinion leader on telecommunications market and regulatory issues. Besides the telecommunications industry, he has held several positions in the mexican Public Administration. Producer of intense media activity, as a regular contributor in specialized magazines, as well as with the weekly column “Estrategias Telecom” in the national newspaper El Economista. Author of a number of books, he is Professor at the ITAM since 1997 and Coordinator of the programme on Telecommunications Strategic Analysis and on the MSc and Diploma on Public Policy. At the CIDE, Academic Development Director at the Telecommunications Research Consortium, from 2002 to 2005.
THE CREATIVE ECONOMY AND THE DEVELOPMENT POSSIBILITIES IN ARGENTINA

Facundo Solanas
1. Introduction

The ambitious and provocative aim of this book is highly inspiring. As writers belonging to countries that have long been described as “developing”— a stigmatization that seems to condemn to perpetuity, and to the predestined and insurmountable permanence in-between underdevelopment and the first-world’s development— any issue that might help us think about a possibility of healing that unbearable and heart-rendering ailment implied by that labelling is always welcomed and cherished.

The problem of underdevelopment in Latin America has already been taken into account from different approaches and fields of social and human science publications. Some texts have recently analyzed the subjects of “creative industries” and “creative economy” as a broader concept - and in some cases, undefined - than that of “cultural industries.”¹ In addition, other writers have taken into account the potentialities creative industries can offer to resist some of the underdevelopment effects, which provides interesting answers and entailment tracks. The concept of creative economy can evoke certain contradictions. On the one hand, it is extremely appealing to think about the potential that this economy may comprise to explain the disadvantages produced along the way towards development. On the other hand, its very ambiguity gives rise to many doubts, and for that reason we would first like to give some conceptual explanations before we introduce the analysis of some of the sectors that compose them.

2. Some questions on definitions

Concepts are neither innocent nor impartial nor static; they go through changes and they evolve. How they will be addressed depends on their definition, which means that sometimes one will pursue its ambiguity.

1 Some of them are mentioned in the bibliography.
There is a more implicit than explicit debate going on between the so-called “cultural industries” (CI) and “creative industries” of Anglo-Saxon origin. In addition to what each one of them includes, an ideological dimension exists in both concepts. The first one is a conception that enables the differentiation of cultural products from the others as diffusers of different cultures, while the second one, of Anglo-Saxon origin, appears directly inserted within the mercantile logic meaning that fomenting gambling and bets (falls within the “entertainment” concept) may produce the same results as publishing or record production.

Therefore, it is necessary to be careful with definitions, because, likewise the European Union used arguments as weapons to safeguard its audiovisual space from Hollywood’s voracity - ideas that must be recreated from another perspective, according to a number of writers (BENHAMOU, 2006) - a broad and ambiguous definition can indirectly imply supporting the historical American position in the scope of the World Trade Organization (WTO). In that case, what country could even try to drop a few words to protect its tourism, for example, as Europe did with its cinema? Alternatively, if tourism is part of the creative economy (CE), which is ruled by the market, then everything included in this large concept should also be part of it.

In reference to another article where we raised serious doubts as to the possible advantages coming from the use of the CE concept (SOLANAS, 2006), according to John Howkins, creativity implies having new ideas and this economy consists in a person’s ideas are the most important inputs and outputs. The CE would be constituted by the transactions of “creative products” and the creative industries would constitute the economy sector whose products would fall within the intellectual property laws (patents, author’s right—copyright—, registered trademarks, designs) and in which mental work would have prevalence (HOWKINS, 2002). These industries would also include: advertising, architecture, arts, handcraft, design, fashion, films, music, artistic accomplishments, publishing, R&D, computer programs, games and toys, television, radio, and videogames.
That is, this means concept that is far more reaching, even though it includes that of CI, which subsumes printed and multimedia publishing, audiovisual and phonographic production, as well as crafts and design.

On the other hand, approaching copyrights already implies a heterogeneous universe and once such laws - effective in the United States, United Kingdom, Ireland, and Nordic countries - benefit the person who takes the economic risk of the creative process, they clash the tradition of European continental copyrights, taken as role model in almost all Latin American countries, where the main body of legal structure relies on the author. The most highly debated and still unresolved effects brought up by the digitalization of contents conjoins it (Benhamou and Farchy, 2007), clearly one of many serious items to be taken into account in the development of creative potential.

To be able to analyze the potentialities of different sectors, it is necessary to set up clear definitions and well-defined sectors, regardless if these definitions may be redefined in the future as a consequence of technological advances. According to statistical studies conducted in Argentina and where some studies began to be carried out a few years ago on CI and related industries, we will strictly analyze the cases related to publishing, phonographic, and audiovisual industries, in order to address well defined sectors. However, this does not imply that interesting advances in other sectors have not been made.

The CE concept apparently wanted to join historically opposite terms, especially in countries like Argentina, where whatever the economy represents is linked to income and profit maximization; contrary to what can be grouped under the label of creativity, in which success, which is clearly subjective, cannot necessarily be translated into mercantile terms. Likewise, many CI stem without pursuing a commercial objective — besides, economic or financial resources are an important means of livelihood – but for reasons of a different nature, as the need to communicate or to express ideas, feelings, emotions, passion or love for
The dynamic potential of the industries mentioned above gives important opportunities for the development of economies in the region. However, we shouldn’t forget that the Argentinean experience in the 1990s showed how possible it is to grow while worsening profit distribution. Therefore, development needs to be followed by effective redistributive tools. In this sense, although the CE concept is useful for reflection, the latter needs to be redefined to become useful in finding the ways towards development, bearing in mind the particularities of each country and each culture. Regarding Ana Carla Fonseca’s proposal to redefine and reappropriate such concept, where CE relates to the government, the private sector, and the civil society in a sustainable development program that makes use of creativity to inspire on the intangible cultural values of people to generate locally and to globally distribute goods and services, which hold both symbolic and economic value simultaneously (FONSECA REIS, 2006).

3. The local-regional context

All development strategies in the region and specifically in Argentina must contemplate the instability of certain structural factors such as its economic, political, and social contexts. The high external vulnerability of our economies turns international financial effects into recurrent and diverse types of crises, jeopardizing local development. This situation got worse before the undertaken state reforms in the nineties; consequently, there was a weakening of the dynamic state functions as an agent of local development.

Within the concept of “developing”, there is an extensive and complex heterogeneity of factors conditioning any possible “solutions”. The extremely unequal distribution of income and the basic and intermediate education deficits are among the most
relevant elements within the context of information society. These two make it impossible to consider overcoming the digital divide. Far from what some gurus of the information technologies announced, this issue demands that limits be crossed regarding the possibilities of amplifying the access, which may imply only an extremely specific and fragmented way to introduce people into new technologies. Metaphorically, it would be a child having scarce resources and who uses the computer only to access online games. Eliminating the gap means the humanity, as a whole, having intelligent control over those technologies, requiring some degree of education to allow the use of those tools.

According to sectoral studies (Observatorio, 2006), the development and growth of local CI are usually strongly linked to the growth of traditional economy, which betokens the heavy dependency of these internal market products, even though they have shown a greater dynamism than other sectors. Depending on its ability to enter other international cultural spaces and diversify potential consumers, the possibility of bestowing on creative production greater autonomy as to those topics exists, and it would allow the strengthening of local economy, which would always be associated to the production and to the export of commodities.

Nevertheless, applying differentiated export, marketing, diffusion, and distribution strategy of cultural products—or even creative ones—to other latitudes implies being sure that the comparative advantages offered are not based exclusively on the nature of circumstantial changes, as most of marketing studies show. Cultural Marketing has to take into account the external advantages that might be offered by other potential markets for the development of local products, the distribution capacity of cultural Small and Medium Enterprises (SME), and the reinforcement strategies these channels offer, as well as diffusion and communication campaigns. These strategies demand efforts mainly of countries holding poor exporting sectoral tradition, since there are important cultural barriers to overcome. On the other hand, publics are also used to
consuming stereotyped and standardized products, so it makes it more difficult to enter those spaces.

Reverting this tendency is an important challenge since public is formed, preferences are conditioned, and comparative advantages already exist. We ask ourselves how to invite an ill-mannered public to reflection, critical thought, or image contemplation, one who is comfortably used to absorbing a simple sole, vertiginous format, which presents no breaks, and is always on the brink of madness abyss, like the ones represented in almost all the most powerful cinema productions of the planet.

4. The different sectors and their possible contributions to Argentina

For decades, Argentina has been characterized by its important CI potential. For example, the publishing industry in the 1960s, when most classical writers translations to Spanish, such as Dante, Freud, or Joyce, were done and published in Argentina to be distributed to the Spanish-speaking world. The pernicious consequences of the many military dictatorships affected the CI's development and drowned them in deep crisis; its consequences linger until today. Phenomena starting concurrently at a worldwide level during the 1990s, like the concentration of great multinational conglomerates (Solanas and Vazquez, 1998), caused a merciless impact on the Argentinean CI. International groups bought out great part of traditional editorials, radio chains, open television channels, and cable networks, and in some cases in a partnership with Argentinean groups.

Recently, after the strong crisis of 2001-2002 and as a direct result of advantageous exchange rates due to local currency devaluation, CI different sectors have shown dynamic recovery, overcoming historical records, namely the amount of published books, films produced, and the amount of international advertisement filmed in Buenos Aires, Argentina. As of 2003, the city became a “Mecca” of international
advertising productions, and the number of shooting permits in the public thoroughfare that have been transacted by the BASET office (Buenos Aires Film Commission) has not stopped growing since then. The organism transacted 350 permissions in 2003, to reach almost 5,000 in 2006. One of the phenomena that has contributed to this growth is the production services offered by the local companies to the accomplishment of foreign projects, given the city’s building characteristics, which look European locations, adding low production costs and an abundance of technicians and highly qualified producers.

In spite of constituting a federal country, most of the cultural production is concentrated in the capital. Still on the cinematographic industry, “more than half of the films made in the country (51%) and almost three quarter parts of the commercial ones (74%) were made in the city in 2005.” (OBSERVATORIO, 2006).

In the past years, Argentinean cinematographic production not only had an important recovery, but also exceeded the historical marks of production reaching 69 films in 2004, and stabilized in the annual average production of over 60 films. Basically, this growth can be explained by the enforcement of the Cinema Law, which received the necessary funds for production, the Cinema’s Institute (INCAA) financial autarky, the economic recovery, but also by the great creativity potential and human resources that have been built along the years. This phenomenon has been reflected in the urban scene of Buenos Aires since the 1990s. Palermo was one of the city districts most influenced by urban remodelling. “Palermo Hollywood” (due to the important amount of audiovisual producers that were settled there) had “Palermo Soho” as neighbouring district, which bore an aesthetic profile, and was oriented to design marketing objects, becoming another sector going through important growth.

One of CI’s main characteristics is its great intensity in generating appreciation and job openings. In Buenos Aires, these generated around US$2.5 billion and
created 160 thousand jobs positions in 2004. These values represented 7.8% of the city’s value added and 4.3% of the employment rate for that same year (OBSERVATORIO, 2006).

On the other hand, the phonographic industry generated over US$100 million in sales, reflecting a 28% annual growth in 2005. According to Observatory data, Buenos Aires concentrates 56% of the country’s legal purchases and, at the same time, it encompassed the independent record company market, which includes about 70 active companies in the city, representing 23% share of the national market (multinationals holding 77% of that share), which means a US$23 million market.

Regarding the publishing industry, there was an output of 66 million books in 2005 in Argentina, exceeding the historical record for the second consecutive year, and increasing by ten million the number of books published in 2004. Almost 50% of the Argentinean publishing companies are based in Buenos Aires and hold 66% of the production. Only 20 of over 900 national publishing companies, which are almost entirely transnational, hold 80% of the total production, whereas the rest are small publishing houses.

Regardless of the positive economic situation, propitious for the sector’s growth, and regardless of the new possibilities to export publications or copyrights sale, one fundamental strategy for its development relies on the democratization and in the expansion of the reading public, which is fundamental for the sector at the economical level due to the relevance of the internal market. Therefore, the pleasure of reading should be fostered, and worked on, from diverse scopes, both public and private. This way, the multiplying effects that can produce synergy with other CIs, such as the audiovisual and especially the television, deserve further reflection. We can anecdotically mention the effects generated by one of the most important soap operas in Argentina in the beginning of the 1980s. In Rolando Rivas Taxista [Rolando Rivas, taxi driver], the main character reads a Pablo
Neruda’s book of poems and, after a few weeks, the Chilean writer’s books were sold out in all the bookstores across the country.

We should ask ourselves about the commitments current TV series authors and producers assume or could assume. In how many TV series do you see the main character reading a book during his/her leisure time? Is there a big bookcase in the house?\(^2\) Undoubtedly, and in the same way that television can be an irreplaceable tool to foment the reading pleasure, causing an exponential effect without any equivalent, other CIs also have great potential. They have the capacity to generate other important synergy effects between themselves, but little advantage is taken for their mutual benefit in Argentina.

5. The importance of consolidating institutions and the public policies

Having taken into consideration the three CI cases, we can see the great dynamic capacity they may unfold. Their development supported by diversification and an exports promotion strategy, opening new markets and complementing with other CE areas, can create an important multiplying effect on the regional economy. Some of these main strategies have been implemented in other sectors, both in the national and local spheres. The state often is perceived like a monolithic structure, and if not, it adjudges a heavy inheritance to the different governmental factors, but based on their own experience, cultural SMEs sometimes don’t trust its actions. We insist on this type of companies because they guarantee a larger diversity in their portfolios and are willing to take more risks than the larger ones when promoting not-so-well-known authors. They also make important contributions to the local reactivation and employment generation. Thus, for the

\(^2\) An interesting investigation track would be to analyze main TV series and to what extent literary material is consulted, who does it—since it is not the same thing if it is their main character, a secondary one, or one with a bad reputation—, how often, and in what moments.
strategy building, an active public policy is required based on SMEs’ needs to be able to support the different sectors.³ We should emphasize the new experience that the Buenos Aires city government is implementing, where the state has also been useful in articulating cross-sectoral actions between those industries. It is also necessary to specify that the optimism that the CE can bring should not let us forget that the important role in cultural matter must foster the development of the states in our countries, especially supporting the “nonprofitable” projects that are more important for development than the CE issue effects.

Furthermore, we must mention the irreplaceable function of schooling in the potential public formation, but the institution is not alone in performing such role, the new information technologies help to fulfil it too. If the incorporation of audiovisual media, starting by the television followed by the Internet and all its derivatives, cannot be contemplated, we cannot think of a development strategy or maximization of the creative industries. One of the great nongovernmental factors failures often remains within the sector without integrating marketing, distribution, or diffusion strategies with other sectors. When one of the most important points consists in the enlargement of the internal market of publics, the conjunction of different factors is indispensable to achieve it, meaning not only public-private but also public-public and private-private.

Likewise, as the Mercosur states built a joint strategy with other countries in suitable areas, as the agrarian, not taking into consideration its results, it is necessary to create joint regional strategies that help these countries worldwide to better position the CE’s products.

³ Regarding this, the event “PYMES de la Cultura” [Cultural SMEs] was organized in Buenos Aires at the end of 2005. It tried to debate these common subjects with the directly involved actors. Available at: http://www.buenosaires.gov.ar/areas/produccion/industrias/observatorio/documentos/publicacion_jornada_pymes_2005.pdf.
6. Conclusions

Cl’s promotion and their possibilities to change into sectors that accelerate the economy require amongst others: public policies that support them, nongovernmental factors to be relied on, investment, and cross-sectional alliances between regional factors.

Trying to answer some of these issues led us to think that the industries or even the CE, as understood in the Anglo-Saxon conception, do not serve the purpose of redistributing income. This would be the only possible way to blur the “developing” countries stigma and begin to pave our way towards the transformation into developed countries. Only progressive tax reforms that produce an authentic redistribution will let us detach from such sentence. The creative industries can contribute to the development of countries, but they will not constitute a development panacea. Without a state with strong institutions that can support such resemblance changes, these yearnings will be much closer to a novel or a future screenplay than to reality.

Nevertheless, to be optimistic, the institutionalization processes require the participation of different factors and Argentina seems to have enough conditions to provide it. To increase them, distances among biggest conglomerates, cultural SMEs, and governmental factors arranged to aid the second ones have to be reduced and progressive and distributive policies will have to be implemented.

References

Facundo Solanas

An Assistant Researcher at CONICET (National Scientific and Technical Research Council), he is a professor at the Gino Germani Research Institute of the University of Buenos Aires (UBA) Social Sciences department. With a degree in political science (1996), a professorship (1998), and a doctorate in social sciences (2007) from UBA. He earned his Master’s degree (DEA) in governance at the University of Paris 3 Sorbonne Nouvelle and is a doctoral candidate in political science at the University of Paris 3 Sorbonne Nouvelle. He has experience in public management and is the author of several articles for congresses, seminars, and international publications, among them Mercosur: Estado, Economía, Comunicación y Cultura (Buenos Aires, EUDEBA, 1998), in partnership with Mariana Vazquez.
CREATIVE ECONOMY AS A STRATEGY FOR JAMAICA AND THE CARIBBEAN GROWTH AND WEALTH GENERATION

Andrea M. Davis
1. Overview

Brand Jamaica is organically based on the country’s competitive advantage in its creative industries including intellectual property products and lifestyle tourism products which have shaped the island nation’s international identity and enhanced brand value.

Reggae music and its proponents, such as icon Bob Marley, along with other elements of Jamaica’s cultural product line, including fashion, dance, visual arts, cuisine, and language have contributed to Jamaica’s undeniably stylish influence on global culture and its widespread brand awareness. The creative sector driven by a strong tradition of entrepreneurship and innovation represents sustainable and diverse job and wealth generation opportunities for Jamaica and the Caribbean.

The effective management of a creative economy strategy would enable the country to reverse its eroded growth and social patterns and provide for an increased share in the tangible and intangible value added generated by globally respected Brand Jamaica.

The extension of this competitive creative advantage into a model for a creative economy is a critical challenge facing developing economy strategists in Jamaica and the Caribbean.

Given the region’s natural competitive advantage in culture and the creative industries, these sectors should underpin any serious development strategy being drafted for economic growth and job creation in Jamaica and the Caribbean.

The main challenge for the economies of Jamaica and the Caribbean will be to expand employment to keep pace with the growth of the labor force. The labor force of the Caribbean region (including Cuba) is expected to increase by 5.4 million by the year 2020.
This means an employment growth of 1.75% per year implying that regional GDP will have to grow by a minimum of 1.75% plus the rate of growth in worldwide productivity, since with globalization the Caribbean will have to compete internationally for jobs in its export and domestic sectors. Unfortunately, Caribbean productivity is now lagging, so there will need to be additional measures to compensate for the disadvantage.

For Jamaica and the Caribbean to survive the transition into a globalized creative economy, policymakers and stakeholders must mature to the realities of Brand Jamaica’s value, the potential of the diverse product line, and the power of knowledge and lifestyle-based brands to create a loyal customer base and increased market share.

2. Situational analysis

In Jamaica and across the region, common areas of weakness and need exist:

- **Weakness**: Informal business culture and embryonic institutions in creative sector.
- **Need**: Effective private sector institutions and an independently funded creative sector coalition to articulate industry position, inform and direct public policy as well as market and product development strategy.

- **Weakness**: Fragmented trade, culture, education, and economic policy resulting in disabling environment for creative economy.
- **Need**: Accessible sector and capital incentives, strengthening and enforcement of Intellectual Property Rights (IPR) legislation, curriculum enhancement, and public education.

---

• **Weakness:** Inadequate advantageous international taxation, immigration, and trade agreements.
  • **Need:** Integration of the culture/creative industries in cooperation and trade agreements between the Jamaica/Caribbean and international partners such as the film coproduction treaty signed between Jamaica and the United Kingdom (UK) in 2007.

• **Weakness:** Fragmented industry market development, media, and distribution strategies.
  • **Need:** Foster opportunities to integrate cooperative marketing, media, and distribution partnerships and improved dialogue on areas of common interest such as intellectual property, competition, funding, tax incentives, and market penetration.

• **Weakness:** Lack of a creative brand plan and fragmented policy and institutional strategies for creative sector development and facilitation.
  • **Need:** Industry-driven long-term sector plan and closer coordination of activities and policies within the government through effective interagency group.

• **Weakness:** Inadequate access to financing and funding options.
  • **Need:** Establish endowment fund and increased support at the regional and national level, including fiscal incentives and improved access to existing support programmes and financial instruments of the investment banks, as well as national schemes.

• **Weakness:** Quality control of creative product line.
  • **Need:** Public promotion of cultural diversity and appreciation and establishment of industry standards.

• **Weakness:** Inadequate empirical data on the sector.
  • **Need:** Improved statistical sector information from direct and indirect sources.
• **Weakness**: Inadequate access to technology and communications.

• **Need**: Improve competitive access to digital, broadband, wireless, and state-of-the-art production technology and communications.

Question marks regarding the potential of the creative economy as the base of a development strategy include:

• Risk of digital divide, jeopardizing both production and creation of alternative distribution channels in the globalized, mainstream world.

• Usual discontinuity of long-term strategies in the public policies of developing countries, once a strong government role has been key for the promotion of successful creative economy models.

• Difficulty in mobilizing financial institutions and private investors to explore the business potential of creative enterprises or programmes.

These and other obstacles should not be taken as insurmountable for developing countries as the potential benefits flagged by the creative economy deserve an in-depth debate of alternatives that would make this dream of joint economic, social, and creative development come true.

### 3. Defining the creative economy

The evolving focus on creativity as a viable economic strategy has shifted from cultural industries and intellectual property knowledge-based economy to creative industries and now the creative economy.

While the countries of the North have moved rapidly from concept to concept, most countries of the South and particularly the Caribbean have been slow to articulate much less evolve their position. Currently the region has embraced the cultural/creative industries concept as the operating model. Most countries are still working to revise their previous policies on entertainment and culture to suit
the considerations required to develop an enabling environment for the growth of creative industries as an economic strategy.

Given the unique conditions of every country’s creative economy, it is necessary for each to define their own parameters. National and regional definitions of creative economy must be developed based on each territory’s competitive advantage, economic policies, and identity.

The UK definition may provide a departure point for developing countries to create their own definition based on their competitive brand strengths and economic realities. The UK definition features 13 categories: advertising, architecture, art and antique markets, craft, designs, designer fashion, film and video, interactive leisure software, music, performing arts, publishing, software and computer services, television and radio.²

Jamaica’s natural advantage in creativity has been repeatedly demonstrated as a globally competitive product through music, film, art, dance, fashion, design, cuisine, sports, and other expressions of creativity.

Despite its small size, Jamaica has produced among other things internationally respected icons in music, philosophy, and sports with names like Bob Marley, Marcus Garvey, and Merlene Ottey; a global phenomenon with Reggae music; an internationally recognized philosophy in Rastafari; jerk cuisine and premiere market brands Blue Mountain Coffee, Appleton rum, and Red Stripe beer; and the Jamaican tourism innovation of the luxury all-inclusive resort. For Jamaica, the obvious inclusion of Intellectual Property products reflecting the country’s distinctive culture should be complimented by the inclusion of its destination brand value.

² United Nations Development Programme (UNDP), Global South-South Creative Economy Symposium, Background Note, December 2005, p. 2.
4. The creative economy as a sustainable strategy

The creative economy with its options for vertical and layered integration offers individuals and collectives immense potential to leverage sustainable development. Given creativity’s inherent connection to the human mind and condition, and the natural linkages to the tangible and intangible value-added chain, an effective creative economy strategy would rescue Jamaica’s future, but it requires a paradigm shift in policy orientation, infrastructure, private-public-civil partnerships, and political will.

As articulated by Brazilian economist Ana Carla Fonseca Reis (2007):

A twofold impact on the creation of employment and wealth and in boosting the generation of creative human capital/innovation characterizes the creative economy. The creative economy engine hinges on individual creativity and does not necessarily require a significant financial investment in its initial phases which is key in developing economies of the South such as Jamaica. This fosters business initiatives for micro or one-person entrepreneurial enterprises and the much sought-after socioeconomic inclusion is realized as a benefit and a pillar of the whole creative economy concept.³

Building a creative economy will be sustainable provided the requisite political will, creative vision, and infrastructural retooling can be mobilized between policymakers and sector stakeholders in a timely manner. Within the context of the Jamaican and Caribbean experience, in addition to problems of social and environmental erosion, the two other severe problems facing the implementation of a new economic strategy are a limited capacity to manage change and a gap between talk and action.

The solution for the first is a special emphasis on training for public sector and finance bureaucrats who show specific aptitude for innovation and risk taking. It also requires that priorities be established and that government avoid undertaking too many things at the same time. The second calls for an increased role for civil society in monitoring government performance and demanding accountability. It also requires that society have access to information, and be more critical of inaction than of mistakes. Caribbean society expects the government to take the initiative in and guide changes to promote overall development. Ministerial and official responsibility for decision and action should be made clear up front, and inertia not sheltered by anonymity.4

5. Critical success factors

The environmental constraints previously outlined in the overview are more specifically reflected in areas such as:

- Policy and legislative deficiencies.
- Inadequate intellectual property legislation and enforcement.
- Lack of creative sector encouragement incentives.
- Digital divide.
- Access to competitive communications and technology.
- Inadequate access to venture capital, low interest financing, and grant funding.
- Distribution and market access.
- Limited education and training options.
- Inadequate management expertise.
- High operational/environmental costs.
- Institutionalized bureaucracy/red tape.
- Political and social stability.

4 Bonnick, Gladstone, op.cit., p. 38.
An effective economic strategy would require addressing the environmental constraints outlined above.

6. Creating an enabling environment

The resilient nature of the Jamaican and Caribbean people is as unique as their culture, rhythm, style, and attitude which earned Jamaica high regard in the global pop culture. The formula for a creative economy must include integrated consultations and decision-making processes to develop a long-term plan which includes the paradigm shifts required.

Increased public resource allocation is needed for improved Intellectual Property Rights management, education and training, sector development incentives, and effective encouragement legislation.

Venture and development funds for empirical research and strategy development will strengthen lobby efforts necessary to position creativity as a cutting-edge national strategy.

Globalization has obvious challenges for small economies like Jamaica and the Caribbean but a globalized knowledge-based economy also offers new market opportunities for a creative Mecca like Jamaica and the Caribbean. A global demand for Brand Jamaica has already been established and continues to be demonstrated with the success of the music, food, fashion, and other aspects of the cultural product line.

If properly managed, Brand Jamaica could foster joint-venture projects and macrobranding opportunities that would maximize the global appeal of the country’s lifestyle brand and national identity. The successful positioning of the national brand will enable increased creative product exports and
market penetration led by the country’s most competitive advantage, its brand awareness.

The inherent entrepreneurial talent of Jamaicans has developed and sustained the country’s creative product brands over the past 50 without a proactive public policy, institutional infrastructure, or formalized venture funding. It is clear that, given the embryonic state of the sector’s infrastructure and the limited technical expertise available in the public sector, a partnership is required with primary stakeholders to guide the development of an appropriate policy and action plan with creativity as the primary engine of Jamaica’s economic strategy.

Most Caribbean countries expect that foreign-owned enterprise will be the dynamic sector in their economy and, therefore, to attract this enterprise, these countries must have clear entry and exit requirements, an efficient interface between government and business to permit expeditious decision-making by entrepreneurs, and a modern infrastructure. The domestic enterprises have prospered in a deficient and preferential regulatory environment that has been largely inefficient and not competitive in product and factor markets.

Improved IPR legislation and enforcement, fiscal and export incentives, proactive trade strategies, enhanced education and training, competitive access to technology and other environmental considerations would strengthen the creative sector’s ability to ensure its sustainable development.

The possibilities of wealth generation, job creation, and social inclusion can be achieved by marshalling that Jamaican entrepreneurial and creative spirit, and providing an enabling environment for these creative capitalists to compete globally.

The European Commission published its communication on a European agenda for culture in a globalized world, which set out new objectives for the cultural
agenda of the European Union (EU) positioning culture as the heart of its Lisbon strategy in May 2007. According to the EU communication, “the cultural and creative industry sector represents six million jobs in Europe and drives economic and social development, as well as innovation and cohesion.”

The Communication is an indication that the call of the EU heads of state and governments made in March 2007, which provides that the EU must devote “particular attention to stimulating the potential of SMEs, including the cultural and creative sectors, in view of their role as drivers of growth, job creation, and innovation,” has been heeded.

According to St. Vincent and the Grenadines Prime Minister, Dr. The Honorable Ralph E. Gonsalves in a 2005 address at the Caribbean Forum for Development held in Barbados (2005):

The twenty-first century finds the Caribbean facing huge challenges arising from modern globalization, trade liberalization, the rising cost of imported fuel, and the revolution in information technology. The economic and social fallout from these epoch-making phenomena has been repeatedly chronicled and analyzed. Taken together, they require responses grounded in enhanced competitiveness, economic restructuring, and repositioning which go beyond mere ritual economic diversification, a many-sided education revolution appropriate for living and production in these challenging times, deepening regional integration, sustained and sustainable economic growth, fiscal prudence, and social justice (including poverty reduction) in a period of external shocks, cultural reclamation and adjustment, and an efficacious framework of governance nationally and regionally fit for the circumstances.6

Caribbean heads of government are still pondering the role of creativity in the region’s future and have been in dialogue regarding creative industries but have not come to any major decisions regarding infrastructure, policy and legal environment, and taxation and customs, unlike their European counterparts.

There remains an urgent need for closer relations between industry and the Jamaican/Caribbean governments and institutions responsible for the development of a coherent policy and enabling environment that supports creativity and diversity.

Across all sectors, according to the World Bank (2000):

Two critical inputs are needed to aid and stimulate growth. First, the effective use of Information and Communication Technologies (ICT) is an essential ingredient for improving competitiveness. Firms such as Unique Jamaica, a cluster of one hundred small hoteliers and attractions, used ICT to launch a cost-effective marketing campaign devised to attract higher-end adventure and nature tourists. In order to foster an environment for greater and more effective use of ICT, Caribbean policymakers must facilitate access and create a more competitive telecommunications sector (including addressing the problem of high Internet costs), provide support services for firms, and accelerate regional harmonization in key policy areas related to ICT. Second, enhancing the skills base of the labor force will be key to fostering a workforce ready to compete in the 21st century.7

In 2000 the World Bank facilitated the preparation of a long-term perspective analysis to guide actions and efforts toward the continued economic, social, and political development of the region as requested by the Caribbean Group for Cooperation in Economic Development (CGCED) whose beneficiary member

The study entitled “Toward a Caribbean vision 2020: a Regional perspective on development, challenges, opportunities, and strategies for the next two decades”, authored by the World Bank, was written with an appreciation of the diversity and similarity among countries in the region and the limitations posed by their small size.

Caribbean countries, of course, differ in size, resource endowment, language, ethnic composition, culture, and in economic structure and performance. They face however the same threats in the international sphere and are susceptible to a higher risk of natural disasters.

While a regional approach can be useful, the development strategy for each country must take into account its singular attributes and circumstances. Overall, most Caribbean countries have attained a high level of political and social development and stability. Nearly all countries including Jamaica have regular elections and most elections are rated as reasonably fair. However, governments tend to be overly centralized, lack sufficient accountability and transparency, and have inadequate citizen participation.  

The study outlines the environmental challenges, including substantial poverty, and the health situation, though relatively good, faces a rising incidence of HIV/AIDS. Other challenges include growing populations, changing international trade relations, reduced aid flows, changing technology especially in communications, fragility of the physical environment, and vulnerability to natural disasters.

____________________

8 BONNICK, Gladstone, op.cit., p. 38.
According to the study:

*Recent economic performance has been fairly good for most economies over the last four years, with one or two notable exceptions, but this growth has not kept up with the increase of the labor force. There is escalating unemployment and underemployment, and existing levels of income have been achieved more through natural resources-based tourism and special trading arrangements benefiting sugar, bananas, and textiles manufacturers rather than from the accumulation of reproducible capital, modernization of infrastructure, and advances in technology.*

*Experts agree that the fundamental challenge facing Caribbean nations is to create political, social, and economic conditions conducive to the enhanced well-being of a population that is projected to increase at an average annual rate of 1 percent from 34.2 million in 2000 to 41.8 million in 2020, including Cuba.*

This has to be achieved while coping with a changing international environment (i.e., trade liberalization and the erosion of preferences, globalization of markets, rapid technological change), with pressures on the fragile physical environment, with a high risk of natural disasters, and with the disadvantages of small size and an underdeveloped physical and institutional infrastructure.

The approach required for successful management of the region’s economy must stress the synergy between the political, economic, and social aspects, and focus its dominant goals as growth, equity, well-being, and participation. This approach would recognize that human development is advanced not only by producing more tangible goods and services but by producing more psychological goods. This implies that human development will be higher where citizens participate,

---

9 Ibid., p. 39.
10 Ibid., p. 9.
have a voice in their government, have access to basic services, and enjoy broad opportunities to achieve an equitable share of the income of the society.\textsuperscript{11}

The state’s responsibility in creating the enabling environment for development and ensuring the sustainability of the physical environment is clear. A holistic strategy emphasizes the integrated importance of human and social capital and their relationship to enhancing and preserving the harmony and stability of society. In the EU the Creative Industry Forum consults with government on an ongoing basis to guide policy positions and initiatives.

Regionally calls have increased for a proactive Creative Industries Coalition to work with the policymakers on behalf of the creative industries stakeholders, to develop and implement policy and initiatives to strengthen the sector.

The way forward must evolve out of a continuing process of consultation and change in response to new circumstances, new insights, and new information. It starts from where Jamaica and the Caribbean region have reached, and seeks to continue and to improve the efficiency of the development process into the future.

7. Integrated strategies

Realistically to create an integrated macrostrategy for a creative economy, each of the participants should come to the table with their strengths, needs, and strategies both at the subsector and individual brand levels.

In Jamaica’s case, it is necessary to have a clear plan for essential creative subsectors, including music, film, fashion, cuisine, sports, design, etc. separately, in order to create an informed and effective creative industries plan, much less a creative economy plan.

\textsuperscript{11} Ibid., p. 39.
Beyond the requisite subsector plans, public and private institutional strengthening, sector sensitive fiscal and legislative framework, policy integration, and long-term trade negotiations, there must be a paradigm shift in political and industrial will to create a new economic blueprint for national growth fuelled by creative capital.

Given the convergence of interests and contexts which developing economies of the South face, the need for representation to defend these common areas of interests in a globalized creative economy is clear.

Efforts to foster integrated positions on issues of common interest nationally and regionally would be enabled by more coproductions, joint-venture events, such as festivals and exhibits, Internet marketing, and other initiatives.

The benefits of risk and cost sharing combined with expanded market presence and collective market development would assist emerging creative economies to compete globally.

The legal framework required to encourage integration would include tax and investment incentives, IPR protection and enforcement, reciprocal agreements with partners for taxation, investment, and IPR protection, as well as access to information and services across borders.

The development of simplified processes for network trade, investment, services export, and distribution would fast-track efforts to realize integrated collective strategies and the goal of a creative economy.

The feasibility of a creative economy model promoting democracy in production, distribution, and access stems from its inclusive nature and practical integration of micro to mid-size enterprises into the financial formula. The evolving dynamics of globalization and knowledge-based economies continue to be impacted by advances in communications, technology, and changing consumer and market trends.
The participation of 70% in all levels of the value-added chain is the ultimate goal of a sustainable creative economy and a realistic growth and wealth creation strategy for Jamaica and the Caribbean.

The potential of a creative economy strategy to reverse the social, fiscal, and environmental erosion being experienced in Jamaica and the Caribbean warrant an accelerated process of consultation, education, and strategic planning to respond to the rapidly changing dynamics of globalization.

According to the World Bank study (2000):

*The Caribbean region is at a development crossroads and its member nations must take significant and concrete steps to improve productivity and competitiveness and face up to a more global competition if they are to accelerate or even maintain past growth. By taking such steps, they will reposition themselves strategically as an emerging trading bloc for goods and services; without such action, they risk growing economic marginalization and erosion of many of the social gains of the last three decades.*

---

12 *World Bank, Latin America and the Caribbean, op.cit.*, p. 2.
CREATIVE ECONOMY AS A STRATEGY FOR JAMAICA AND THE CARIBBEAN GROWTH AND WEALTH GENERATION

Andrea Davis

One of the most well-known Brand Jamaica specialists in the world, Andrea Davis is a strategic brand marketing and creative industries consultant with over twenty years of experience in entertainment and culture. Founder of the International Reggae Day Festival and of the Jamaica Arts Holding, creative industries and marketing consultant and artist manager, she is a speaker on branding and intellectual property rights in entertainment. Her knowledge of the entertainment business and its chain benefits continue to benefit a variety of clients and projects with artists, labels, festivals as well as ongoing consultation with the public sector, the United Nations and international NGOs on creative industries.
ASIA
CREATIVE ECONOMY AS A DEVELOPMENT STRATEGY – THE INDIAN PERSPECTIVE

Sharada Ramanathan
India is proclaimed to be one of the most ancient civilizations in the world. Over a period of 5,000 years, India has had a continuous, unbroken heritage of art, architecture, literature and poetry, craft, music and dance. The quintessence of this continuum has been India’s oral tradition both in its broadly classical and folk cultures, such as the Vedas, the Upanishads and ancient literature, and the science of ancient architecture. Today, although India is acclaimed to be a rising power in the global economy, the time-tested mainstay of India’s position in the global map is its cultural heritage, rooted in this five-thousand-year-old tradition.

1 The Vedas are the primary texts of Hinduism. There are four Vedas: the Rig Veda, Sama Veda, Yajur Veda, and Atharva Veda. They also had a vast influence on Buddhism, Jainism, and Sikhism. The Rig Veda, the oldest of the four Vedas, was composed around 1500 B.C., and codified around 600 B.C. It is unknown when it was finally committed to writing, but this probably was at some point after 300 B.C. The Vedas contain hymns, incantations, and rituals from ancient India. Along with the Book of the Dead, the Enuma Elish, the I Ching, and the Avesta, they are among the most ancient religious texts still in existence. Besides their spiritual value, they also give a unique view of everyday life in India four thousand years ago. The Vedas are also the most ancient extensive texts in an Indo-European language, and as such are invaluable in the study of comparative linguistics.

2 The Brahadeeswara Hindu Temple at Thanjavur, in the Tamilnadu state of South India is dedicated to the Hindu god Lord Shiva. The temple is considered an engineering skill of the Chola architects who planned its construction in such a way that the shadow of the cupola never falls on the ground. It belongs to the architecture of the Chola period, 10th century A.D. The Qutub Minar, in New Delhi, India, is the tallest brick minaret in the world, and an important example of Indo-Islamic architecture. Within its premises is an iron pillar, which is said to have never rusted since its installation in 119 A.D.
Based on art and architectural evidence, popular history claims that India was predominantly a Hindu nation. But over these 5,000 years, India has experienced political and economic invasions, colonialism, migrations, and settlements that have led to cultural and religious syncretism and given shape to a pluralistic subcontinent. Today, India is multilingual, multireligious, multi-ethnic, the largest secular democracy in the world, and its population constitutes one-fifth of mankind.

The interplay of cultural continuum and cultural flux has generated several inventions and reinventions of economy and trade that have stemmed from the changing sociopolitical contexts and the immense potential of India’s cultural reservoir. One of the prime examples of the civilizational approach to intersocietal trade was the Silk Route that chartered its pathway across central Asia, China, and down to India. This desert route was given color by artisans, craftsmen, and dream merchants who braved the desert disadvantages to patronize the rich craftsmanship of Asia. Xuan Zhang, the Chinese historian, is known for having chronicled the early empires of the 7th century. It is said that Xuan Zhang came to

---

3 Hinduism is generally regarded as the world’s oldest organized religion. Hinduism differs from Christianity and other Western religions in that it does not have a single founder, a specific theological system, a single system of morality, or a central religious organization. It is said to consist of thousands of different religious groups that have evolved in India since 1500 B.C. As a result, Hinduism is also discoursed as a spiritual rather than religious tradition. Hinduism has grown to become the world’s third-largest religion, after Christianity and Islam. It claims about 13% of the world’s population. It is the dominant religion in India, Nepal, and among the Tamils in Sri Lanka. By the 2001 census, India’s religious diversity is represented by 80% Hindus, 13.4% Muslims, 2% Christians, 1.9% Sikhs, and 1.8% others such as Zoroastrianism, Buddhism, and Jainism.

4 India does not have a single official language. By the Constitution of India, each of India’s 23 states has its own official language(s), in addition to the official languages to be used by the Union government. At the time the constitution entered into force, English was used for most official purposes both at the federal level and in the various states. English continues to be used today, in combination with Hindi (at the central level and in some states) and other languages (at the state level). In addition, there are about 3,000 recorded languages and dialects in India.
India not as a tourist nor as a traveler, but as a seeker of ancient Buddhist scriptures. It is the seeker’s perspective of history that holds legitimacy even today.

It is commonly acknowledged that the current incarnation of globalization has thrown up unprecedented challenges to the majority of the global population, and India is a living laboratory of a coerced market, a culturally turbulent society, and a great civilization that is besieged by these challenges.

Information technologies are products of the market; Knowledge systems are outcomes of societies; Wisdom traditions are manifestations of civilizations.

The current global focus on market orientation that customizes even knowledge into a short-term product and is indifferent to wisdom traditions has given rise to a nonsustainable imbalanced global economy that has boomeranged to make the market itself an instrument of polarizations.
India’s unmatched cultural complexity makes it one of the most potent laboratories for the struggle with the apparent polarizations: tradition and modernity, the local and the global, standardization and individuality, and homogeneity and diversity.

1. Superpower versus soft power – the Indian struggle

There is a global market perception, driven by the advocates of industrialization and corporatization, that India will be a superpower by 2020. India is perceived as the largest market, along with China, for globalized products generated by the industrial and networking society. This perception is not inclusive, since 70% of India’s population lives below the middle class barrier. Industrialization and mechanization have conflicted with the need to maintain and develop the balance between Man and his environ in India. The initial rumblings against this paradigm have begun: such as the recent farmers uprising in the state of West Bengal against the state, where a leading corporate house has obtained agricultural land to develop a “Special Economic Zone.” In the Northern city of Ranchi, small vegetable vendors ransacked a retail chain modeled after Wal-Mart, since the big players were throwing them out of work. The Southern state of Kerala has seen an uprising against the Coca Cola factory on the grounds that it diverts ground water from primary needs. The factory was closed down, but a high court order overruled the closure since it contradicted the state economic policy. Therefore, this “superpower” model is indifferent to India’s “soft power” that has sustained it as a great civilization for 5,000 years. With a population of over one billion, and over 50% below the middle class barrier, if India had to turn its entire people into the market-driven, urbanizing middle class, it would need four continents to house them!

With a population of 1.2 billion, India can only pursue a development strategy that connects wide-scale employment with global issues such as environment and the politics of cultural displacement. India’s development approach would
have to refocus on sectors such as agriculture and cottage industries; and one of the basic resources for these sectors is its cultural reserve.

Indian crafts alone can potentially employ about 25% of its population. For example, the Northeastern hilly Indian state of Manipur, which is being industrialized at a heavy cost due to its topography, suffers from cultural dispossession that has led to insurgency in the state. The crafts sector could be revitalized as a nerve center of Manipur’s development since its soil is congenial to bamboo, which has traditionally produced master craftsmen in bamboo products. The rehabilitation of Manipur’s culture and landscape is integral to peace and development in the state, but equally, calls for radical governance transformation in the state.

In today’s context of globalization, even local development discourses have to consider regional and global dynamics and culture has to be at the center of this discourse. For example, India has complex relations with its neighbors. It has a history of turbulent political relations with Pakistan regarding the border state of Kashmir, based on religious identity; border issues with China, ethnic connections with the Sri Lankan political crisis, and issues of democracy with Nepal and Bhutan. One common theme that has enabled India to sustain its “Track 2” nonofficial dialogue with all its neighbors, through its nondiplomatic channels, has been culture. Exchange programs in art, music, and dance, and bilateral film productions sustained the Indo-Pakistan dialogue even when the two countries were at war.

Besides these human crises, the world faces its biggest Man-made crises of basic life needs such as water and oxygen, and as the global warming discourse takes center stage, the world has no option but to employ its cultural resources to generate creative and ecofriendly ways of addressing them. For India, this is a struggle between the “superpower” and the “soft power” paradigms.

The response to this struggle lies not merely in approaches and policy, but the very fountainhead of all these—creativity and vision. Could it be more than just
a coincidence that one of the emerging sectors in response to these crises is the “creative economy”?

2. Creativity and creative economy

Simultaneous to globalization entrenching itself in its current manifestation, there is an equal recognition of its limitations and challenges. And creativity is reemerging as a galvanizing force for transformation. Even as dominant economic, political, and cultural forces coerce the dominated into predetermined patterns of life and lifestyle, their success also lies in the skillful exploitation and distortion of traditional and local cultural expressions. “Think of Nike, or Coca Cola,” says Simon
Evans of Creative Clusters.

*What do these companies actually do? They don’t make shoes or drinks, they get other companies to do that. Their whole manufacturing process is outsourced. It’s appropriate for them to do this because the shoe and the drink are incidental to the real sales offer - which is a lifestyle. Companies like Nike and Coca Cola do not manage factories, they manage narratives. And the language that they use is not analytic and impersonal, but intuitive and aesthetic. It is the language of the storyteller, the entertainer, the artist.*

But there is a growing global critical mass that is exploring creative paradigms, using those very cultural expressions to address the problems and crises generated by the dominant forces.

Two of the greatest contemporary challenges are: 1) Violence, terrorism, and ethnic conflicts. War politics and global terrorism have become the most dominant face of globalization. And among other factors, it is the battle between the culturally apathetic economic dominators and the culturally dispossessed dominated.

2) The conflict between nature and Man. The globalization agenda has led to urbanization and industrialization, resulting in exceptionally rapid environmental degradation that has solved neither the problems of the 70% of the dispossessed Indians nor met with India’s economic “growth” ambitions.

As a result, it is but natural for the alternative global critical mass to look for answers and solutions in relatively unchartered territories. The cultural field is a natural choice - seminal cultural thought and action, that has been relegated in the face of modernity, that could stimulate alternative paradigms of life, livelihood, and lifestyle that emanate from that one fountainhead: creativity.
Creativity encompasses all forms of ideas, thoughts, actions, and reactions that generate something seminal, original, and usually positive since creativity is based on the act of creation rather than destruction. It can be defined as having the ability or power to create, and is characterized by originality and expressiveness.

Creativity is not merely the business of running artistic or cultural enterprises but is in fact the birth of an idea, thought that architectures the cultural enterprise. Creativity could be understood as a spiritual, emotional, experiential, even abstract experience that could sometimes manifest itself as some form of activity or other; at other times, it remains an experience. Within this perspective, the development of the creative industries is political, sociological, cultural, environmental, and complex. The notion of creativity has come to be identified with the cultural field since its uniqueness lies in the fact that it gives equal legitimacy to both tangible and intangible cultural processes.

The sudden surge in the last decade, of the creative industries as a sector for enterprise and business, demonstrates that the creative economy has something to offer that the other sectors don’t, and adds value to an already crowded global agenda.

3. Global creative economy and India

Within the globalization agenda itself, the creative industries bring back to the table, the natural human urge to explore one’s own creativity. This is perhaps becoming less possible in other sectors, which are far more institutionalized and corporatized than the creative industry sector, which is itself threatened by corporatization. Even within the corporatization trend, the creative industries sector provides opportunities for those who cannot afford to be outside the mainstream but who still desire to be connected with their creative instincts.
But this trend has also created a new hierarchy of the dominant versus the dominated, and is also leading to appropriation and exploitation of human creativity. The new media and technology is exploiting intellectual property of the less advantaged and generating a business sector that excludes the very sources of its business.

One common argument for the nurturing of India’s cultural sector is that it must evolve and implement a culture policy. But a clear indicator of India’s overpowering pluralism is the fact that the country has been discoursing a culture policy but has found no feasible mechanism to implement it in 60 years since its independence.
This is perhaps because a sector that is inherently diverse and devolved to communities cannot be regulated in a centralized structure. Decentralization is so ingrained in the Indian ethos that even the hitherto centralized framework of the Indian polity has been unrecognizably transformed to a national coalition of diverse local players who do not even speak the same language. The Indian government today is constituted by a majority of local political parties in a coalition, replacing the fifty-year-old tradition of single “national” parties in power.

However, in an act of coping with the global trend, the Indian Planning Commission set up a national committee for creative industries in 2004. While the committee has produced a preliminary report, it is faced with the challenge of addressing a five-thousand-year-old continuous cultural heritage that caught between the superpower and soft power paradigms. India is also lagging on issues of cultural rights, IPR, and patenting. Therefore, most of the new mainstream initiatives face the threat of being appropriated by the globalization agenda in its current incarnation, where the dominant forces exploit cultural and creative images, texts, and narratives for their own profitable ends.

On the other end of the spectrum, creative models for creative industries have also emerged in India, seeking to synergize lifestyle, environment, and aesthetics. Islands of excellence and small-scale entrepreneurial enterprises have mushroomed around the country to nurture traditional arts and crafts and yet allow for their innovation, livelihoods, business, and trade.

Embedded in the creative sector are unique attributes that engage both the mainstream and the alternative constituencies, but with opposing motivations:

**Generational heritage of tangible and intangible cultures** – Creative expressions are manifestations of the tradition and imagination of social, cultural, and civilizational continuity. They then become representations of a society’s
heritage. The power of the oral tradition that informs human memory is evident in the prolonged struggles for land and identity in, say, Kashmir and Palestine.

**Environmental consonance** – Traditionally creative industries such as music, dance, craft, and fine art have evolved from communities and their relationship to their environments. Cultural products such as wood, bamboo, and jute crafts, natural-dye textiles, and even herbal medicine practiced by barefoot doctors, and the now globalized art of Yoga are evidence of this.

**Identities’ formation** – Culture and creativity evolve their own identity. For example, the Langar and Manganiyar folk singers of Rajasthan state in India, are Muslims who perform the music of two vastly different religions: the Hindu and central Asian Sufi music. They earn their livelihoods from this music and their excellence is celebrated all over the world. Their identity lies not so much in their religion as in their musical experience which defines their community identity.

**Cross-cultural bridge** – Cultural products are alternative ways of communicating among politically discordant societies. In South Asia, cross-border cultural activity, which is based purely on artistic communication, sustains the dialogue between India and Pakistan even when diplomatic negotiations are turbulent. The communication between Indian and Pakistani artists has even led to even Indo-Pak joint ventures in films.

**Diversity affirmation** – Creativity emerges from the consonant relationship between communities and their environment. Culture is the primary tool to learn of our environment: to give meaning to what we experience, and to order those meanings in our individual ways. The more opportunity we have to assimilate the diverse meanings provided by different perspectives, the greater the probability there is that our constructions will be truly creative.
Homogeneity allows us to exist; diversity enables us to live.

“Global” versus “Universal” – Most traditional creative industries are embedded within their traditional environs and are nurtured by the grassroots communities. But the globalization adage of “think global act local” basically suggests that the local community products must be customized to “global” standardized market demands. In this mainstream model, the grassroots genius is exploited at a “local” level for “global” business. This model is predisposed to interrupt the organic processes that have generated sustainable development and master craftsmen. For example, Indian traditional textiles are in constant demand both in the domestic and global markets. But the market mechanism expects a standard production capacity to meet the bulk market demands. The “global” agent determines the productiveness of the “local” producer. This leaves no space for creativity and variations in production capacity, based on the creative inspiration of each product. As a result, the textile quality, design, and raw materials are compromised to suit the standard market expectations. Eventually, this leads to homogeneity, unnatural loss of identity, the erosion of eco-based productivity, and the disappearance of the parameters of creativity of the grassroots genius.

Globalization imposes homogeneity of form; universality evokes a commonness of spirit.

Any two communities may have something in common without being the same. For example, every country, perhaps every community in the world has a traditional string instrument like the tanpura in India, the traditional Chinese Lute, or the cavaquinho of Brazil. All of them work on the principle of one “universal” base string and several “variable” strings, but each will carry a form and acoustic that reflect its own environ.
4. Creativity and wealth

The creative industries sector, as it stands today, fulfills the agenda of a privileged few. For example, although there are potentially 50 people who are employable in the Indian crafts sector, less than 25 million people are unoptimally employed, and Indian crafts constitute only 2% of the world trade. This scenario, when analyzed, shows that:

- This is a largely unorganized sector.
- There is underemployment in the sector.
- Few big players control the business.
- Short-term market gains eclipse long-term sustenance.

Within the dominant globalization agenda, Capital Formation is confused with Wealth, as much as growth is equated with development. To accumulate Capital through for-profit means is Capital Formation. Here, Capital refers to all forms of tangible returns on capital investment, both financial and nonfinancial tangible assets.

On the contrary, Wealth Creation is the generation of a holistic pool of resources for development, not just growth that could in turn become the basis for regeneration of resources. Cultural markets must evolve with the aim of Development, on the basis of wealth creation. This is possible only if the cultural sector can enable the grassroots genius not to be merely a receiver, but a determinant of change.

Within the creative industries sector, existing wealth first needs to be unearthed, rediscovered, interpreted, and ploughed into the creation of new wealth. Some examples of such extant wealth are:

**Wisdom and knowledge traditions** – These are tangible and intangible traditions that come from civilizational experiences. From village water management and
recycling, to megaliterature, indigenous knowledge traditions are configured in a complex and dynamic relation between the changing universe, the earth, and its shifting environment. Indigenous knowledge has evolved from a long history of indigenous people interacting with these changing elements; and this is the fundamental basis on which identities, histories, and futures evolve.

The General Conference of the Unesco as early as its 14th session in 1966, proclaimed in Article I that:

1. Each culture has a dignity and value which must be respected and preserved.  
2. Every people has the right and the duty to develop its culture.  
3. In their rich variety and diversity, and in the reciprocal influences they exert on one another, all cultures form part of the common heritage belonging to all mankind.

**Spiritual traditions** – In India, for example, the four comprehensive treatises known as the *Vedas* are timeless and vast oral literatures on life and spirituality. Ignorance of these works by the mainstream consciousness has privileged a few to exploit them on the basis of religion, class, and caste.  

**Cultural wealth** – Ancient Indian traditions such as Yoga and Ayurveda have become the most popular forms of health regiments. Ayurveda (*Ayur* means

5 The Indian caste system describes the social stratifications and social restrictions in the Indian subcontinent in which social classes are defined by thousands of endogamous hereditary groups often termed as jātis or subcastes. Within a jāti there exist exogamous groups known as gotras, the lineage or clan of a person. Although generally identified with Hinduism, the caste system is also observed among followers of other religions in the Indian subcontinent, including some groups of Muslims and Christians. The Indian Constitution has outlawed caste-based discrimination, in keeping with India’s founding secular, democratic principles. The caste system, in various forms, does continue to play a major role in the Indian society and politics. Besides, it is the most contentious factor in access to education and employment policies in India.
life and \textit{veda} means science) is a form of health treatment that evolved from the herbs and other medicinal resources that were available in the South Indian state of Kerala. Yoga is also a form of health preserver and finds mention in Indian literature of even the pre-Christ era. They are now global big business and face the threat of patency and ownership even outside the communities who practice them.

\textbf{Economic wealth} – Livelihood programs that emerge from the cultural sector must address equal opportunity that benefits the widest range of artists and artisans, that would in turn lead to a more qualitative process and equitable distribution of wealth. State policies must enable the devolution of state resources and participatory initiatives, and the promotion of cottage and small-scale creative enterprises in order to maximize the reach of resources.

\textit{If we not merely expand but shift the basis of wealth creation, then (economic) wealth creation through creative industries can:}

\textbf{Address identity and conflict resolution rather than alienation and conflict} – In a globalized world where conventional boundaries have blurred, local communities are globally aware and societies are diasporic, culture has become a negotiating tool for identity constructions both at the individual and collective levels.

\textbf{Sustain seminal creativity and artistry} – Artistic laboratories that provide unconditional spaces and canvases for creative endeavors must be nurtured and developed to sustain the vibrancy of the creative economy.

\textbf{Facilitate the grassroots genius to mold globalization} – Creativity is an unbounded endeavor. Its universality makes it easier for the local to interact with the global, on its own terms, and create an environment for equal exposure
and opportunity. This approach would circumvent both the subversion and the ghettoization of the “local.”

**Foster diversity** – The dominant paradigm of corporatization excludes significant populations who are unsuited for this dominant model of growth, regardless of their education or social status. It can be argued that a singular, linear model for “development” - which is often used as a misnomer for “growth” - cannot apply to societies that are not linear, similar, or uniform. Fostering diversity in the cultural sector enables the acceptance of difference and the celebration of pluralism.

**Nurture environment** – Over the past few years culture-environment relations have been among the most active and lively areas of Environment-Behavior Studies (EBS). As the EBS and culture expert Amos Rapoport says on this view, EBS can best be understood in terms of three components: settings and places, user groups, and sociobehavioral phenomena. Creative economy as a sector must necessarily recognize the centrality of environment, from the physical to the psychological, in any form of creative or cultural enterprise.

**5. Challenges, corridors, and pathways**

The creative sector is inherently positioned to address basic challenges of contemporary processes of market orientation. The desirable corridors and pathways will have to negotiate existing paradigms, reclaim appropriated spaces, and create new models of development.

**SHORT TERM**

- **Market management** – Globalization in its current incarnation has distanced the “consumer” from the “producer” such that the consumer-driven production
can completely distort and change the process, meaning, and aesthetics of the produce. This in turn can create cultural alienation of the producer, and kill creativity at the source.

Also, one of the characteristics of the creative industries that distinguishes it from most other sectors is that it cannot have a standardized production capacity. Therefore, creative business cannot have a market orientation within the current paradigm of market forces. Market management for the sector would have to:

1) Nurture nonstandardized patterns of productivity and not succumb to standardized demand mechanisms.
2) Explore nonconventional market mechanisms for the sector such as the South-South collaboration platform.
3) Strengthen potential markets in societies which could share similar challenges. For example, Asia, China, Japan, and India, the largest potential markets, have no mutual marketing mechanisms for creative industries.

- Intersectoral development – On the one hand, the creative industries must develop in proactivity with other related sectors such as tourism, national parks, and heritage sites. But equally, it must lend itself to these sectors through strategic partnerships that exploit the strengths and seminality of this sector, such as ecotourism. The main challenge is that while most other sectors are in the rapid-boom zone, the creative industries require a longer gestation period towards product development.

**MEDIUM TERM**

- Intellectual Property Rights (IPR) – IPR is a complex issue especially in traditional societies and tribal communities where traditional knowledge is owned not
necessarily by an individual but by communities and collectives. And as John Howkins says IPR is the currency of the creative economy.

In India, this issue is particularly complicated since traditional Indian arts and architecture are not undersigned by any individual artist and are handed down to communities who become the customary custodians of that particular art. This gives rise to issues such as collective and community ownership, creating a new set of challenges between customary law and state law.

- **Education transformation** – India being a country without even a common language, and with over 50% of India’s population living in its rural areas, and another 25% that has migrated and become displaced, community-based education could help reduce exclusion, blur the rural-urban divide, and help reduce the alarming rate of intra- and inter-national migration.

- **State policy** – One of the greatest challenges for the creative industry sector is to catalyze state policies in this sector to be more integrative, and establish strategic linkages to other sectors from the financial to the environmental. Some of the other key issues would be decentralization, grassroots-friendly regulation, and promotion of small and cottage industries through schemes such as venture capital for start-up business.

**LONG TERM**

- **Cultural sector and civil society** - Organized civil society in the culture field is virtually nonexistent, although historically, cultural renaissance led by painters, writers, and artists have spearheaded or integrated with moments of revolution. In India, this lacuna has been felt especially since the recent rise of the “moral policing” of the right-wing political and cultural ideologues. This turbulence has
challenged artistic freedom and the debate around the cultural and religious dialectic. For example, the most renowned modern artist of India, MF Hussain, has been on a forced exile from India in 2006, since the right-wing activists have challenged his painting in court, which depicts a nude interpretation of the Hindu goddess of knowledge, Saraswati. While critics have acclaimed this painting, the Hindu right wing has charged him with offending religious sentiments. Turbulent and diminishing spaces for artistic creativity calls for the development of a civil society that can mediate cultural democracy through dialogue.

- **The Organized versus the Institutional** - In contrast to institutions and market mechanisms, peoples’ movements can reclaim creative spaces and revisit tradition with renewed imagination. Cultural movements that are desirably organized without being institutionalized will evoke the grassroots genius, enable unconditional spaces for creative exploration, and inject vision into an integrated developmental strategy for the cultural sector. 6

- **Strategic alliances for fresh paradigms** - Several South-South cooperation networks and subnetworks, such as India-Brazil-South Africa (IBSA) are emerging in response to the need to depart from the Northern axis of trade and partnerships. While new mechanisms for multiple axes are emerging, they are, however, still struggling to make the transition from existing paradigms of hierarchies to fresh paradigms of level playing fields.

6 Society for the Promotion of Indian Classical-Music and Culture Amongst Youth (SPIC-MACAY) is a thirty-year-old voluntary movement that emerged in the 1970’s cultural renaissance in India. Today, SPIC-MACAY is critiqued as being on the crossroads of a challenging movement and a flourishing, elitist, institutionalized setup. *Rang Vidushak* is an Indian grassroots theater repertory that consists of trained “lumpens” and engages in theater outreach with the lowest of society such as undertrials and slum dwellers. Although it is revered for its developmental work, *Rang Vidushak* is currently languishing due to its uncompromising stand on the market forces that, they claim, impinge on the heart of their purpose.
For example, China is moving beyond merely securing essential inputs to acquiring stakes in potentially productive African enterprises. In buying a 70% stake in the Zimbabwe’s only electricity generation facilities at Hwange and Kariba, and stakes in the national railway, the Chinese have stepped in where other developing nations have feared to tread. And on a microlevel, Chinese entrepreneurs are quickly supplanting small-scale retailers and local manufactures on Harare’s streets.

The lateralization of strategic partnerships and networks is an opportunity for developing nations to strengthen their own terms of reference for international commerce rather than replicate the North-South divide within the global South itself. This requires not just new mechanisms for trade and commerce, but new thinking, sensibilities, and processes that form the basis for these new mechanisms.
Sharada Ramanathan
Film producer and director, free-thinker in the cultural field and writer. Her first film, *Sringaram - Dance of Love*, received three national and two regional awards in India. Sharada currently devotes most of her time to the direction of her second film and her company, Golden Square Films, is producing two films. She is also Co-General Secretary of the World Culture Forum – India.
THE CURRENT TREND OF CHINESE CULTURAL INDUSTRY: INTRODUCTION AND THINKING

Xiong Chengyu
1. The development strategy of Chinese cultural industry

1.1. The decision-making history of Chinese cultural industry

In October 2000, the 5th Plenary Session of the 15th Communist Party of China (CPC) Central Committee passed the 10th Five-Year Plan, in which the party for the first time had used “cultural industry” in its document and put forward that “we must perfect the cultural industry policies, strengthen the construction and management of cultural market, and advance the related cultural industries.”

In November 2002, the CPC clearly pointed out, in its 16th National Congress report, that “to actively develop cultural undertakings and cultural industries” is a fundamental work, and stressed that “to develop cultural industry is a prominent way to prosper socialist culture and meet people’s spiritual and cultural needs under the conditions of market economy.” The report also explicitly required that “we should perfect the cultural industry policies, support the cultural industry, and enhance overall strength and competitiveness of Chinese cultural industry.”

In June 2003, China launched a nationwide pilot program with 35 cultural organizations in nine provinces involved, aiming to reform cultural systems, and began to explore proper approaches to cultivate cultural industries and cultural undertakings.

In March 2004, China’s National Bureau of Statistics issued the category index for culture and related industries. This national statistical standard laid a foundation for policy-making and management of cultural industry.

At the end of 2005, the CPC Central Committee released several proposals on deepening the cultural system reform, which contained guidance on many specific issues, such as the reform of cultural enterprises, the reshuffle of cultural structure, and the construction of modern market systems, etc.
In August 2006, the General Office of CPC Central Committee and the Office of the State Council issued the National Guideline for Cultural Development during the 11th Five-Year Plan, establishing the primary approach from the national perspective. Nine kinds of key cultural industries will be greatly boosted in the five-year period from 2006 to 2010. The Guideline also gave suggestions and recommendations on how to optimize the layout of cultural industry, alter the growth mode of cultural industry, cultivate cultural market players, perfect various cultural markets, and develop modern cultural products distribution organizations.

1.2. Position and classification standard of Chinese cultural industry

According to the indicator system framework for cultural and related industries, which was formulated by the Chinese National Bureau of Statistics, Ministry of Culture, State Administration of Radio, Press, and Publication Administration, and other departments, “cultural industry” is defined as “an activity which provides the public with cultural entertainment products and services, together with other related activities.” The cultural and related industries include: the provision of cultural products, culture communication, and the manufacture and sales of things and facilities directly related to culture and entertainment, as well as other manufacture and sales. This operational definition of cultural industry suggests the actual operation and management of Chinese cultural industry.

According to the category index for cultural and related industries (“NUC” [2004] 24) issued by China’s National Bureau of Statistics, Chinese cultural industries include: the manufacture and sales of cultural goods; cultural communication; culture and leisure entertainment services; cultural consumable production and marketing campaigns; cultural facilities manufacture and sales; and other related goods manufacture and sales. Actually, this classification is practically divided into three layers: the core layer, the external layer, and the relevant layer. The core layer of the cultural industries includes journalism, publishing and copyright services, radio, television, film and arts; the external layer includes the Internet, leisure
and entertainment, and other cultural services; the relevant layer includes the manufacture and sales of related facilities and products.

2. Contemporary Chinese cultural industry

2.1. The current status of the Chinese cultural industry

1. The total volume of cultural industry has increased significantly with a robust potential and will become a pillar industry of Chinese economy.

In 2006, for the first time, China’s National Bureau of Statistics published statistics about Chinese cultural industry.¹ The statistics show that China’s cultural industry has begun to take shape, for example:

- **The cultural industry in general.** There were a total of 346,000 units in China’s cultural industry in 2004, and individual businesses were 362,000, employing 9.96 million people. Cultural industries hired 1.3% of the country’s total workforce (752 million in all), accounting for 3.8% of the urban professionals (265 million in all). Cultural industries’ annual increased value was US$43.5 billion, accounting for 2.15% of the GDP.

- **Cultural industries’ layer structure.** The core layer - services and products of traditional journalism, publishing, radio, television broadcasting, and arts -, is still the mainstay of the cultural industry. The external layer - network, culture, and leisure services and products -, which grew rapidly in recent years, has owned a certain size. In 2004, practitioners from the core layer of the cultural industry (excluding individual businesses) were 2.78 million, and the increased value was US$14.7 billion. Practitioners from the external layer were 1.54 million; the

¹ *People’s Daily*, July 18, 2006.
increased value was US$7.6 billion. Employees from the related layer were 4.75 million; the increased value was US$16.9 billion.

• **Cultural industries’ assets structure.** China’s cultural industry is mainly composed by domestic-invested units. In 2004, among the corporate units, the domestic-invested units accounted for 96%; Hong-Kong-, Macao-, and Taiwan-invested units accounted for 2%; and foreign-invested units accounted for only 2%. The employees from domestic-invested units accounted for 75%; employees from Hong-Kong-, Macao-, and Taiwan-invested units and foreign-invested units accounted for 15% and 10%, respectively. In terms of increased value and revenue, domestic-invested units accounted for 72% and 63%, respectively; Hong-Kong-, Macao-, and Taiwan-invested units accounted for 12% and 15%; and foreign-invested units accounted for 16% and 22%. Generally speaking, foreign-invested units have a higher benefit than their domestic counterparts.

• **Cultural industries’ regional distribution.** The layout of Chinese cultural industry is similar to that of its economy, with the eastern region more developed, and the western region less developed. In terms of the amount of units, practitioners, and assets, the eastern region accounted for 66%, 69%, and 78%, much higher than the central and western regions. In terms of revenue, eastern areas accounted for 82% of the total, while central and western regions, only 18%. In terms of increased value, eastern regions accounted for 74%, and central and western regions accounted for 26%. In terms of contributions to the GDP, the increased value of eastern regions accounted for 2.56%, central and western regions, 1.28% and 1.35%, respectively. The provincial development of cultural industries is particularly uneven. Six provinces (or municipalities) employed more than 500,000 people - Guangdong, Zhejiang, Shandong, Jiangsu, Beijing, and Shanghai - hiring 56% of the total nationwide employees in cultural industry. The provinces with over 100 billion people - Guangdong, Shanghai, Beijing, Shandong, Jiangsu, and Zhejiang - accounted for 72% of all the income. The provinces with more than 10 billion yuans of increased value - Guangdong, Beijing, Shandong,
Zhejiang, Shanghai, Jiangsu, Fujian, Hunan and Henan - accounted for 73% of the nationwide increased value in cultural industry. Cultural industries in Beijing, Guangdong, Shanghai, Fujian, and Zhejiang contribute more to the GDP than the rest of the regions.

On May 18, 2007, the National Bureau of Statistics issued the statistical reports on Chinese cultural and related industries of 2006. According to this report, China’s cultural industries in the years 2004–2006 have increased greatly with a higher growth rate than that of the national economy. The cultural industry will become the pillar industry in the national economy in terms of:

- The total volume of cultural industry is expanding. In 2006, Chinese cultural industries hired 11.32 million people (1.36 million more than in 2004); the increased value was US$62.4 billion (US$20.5 billion more than in 2004).
- The proportion of employees has been raised. The cultural industry hired 1.48% of the total employees in 2006 (0.16% more than in 2004), which accounted for 4.0% of the total employment in urban areas (0.24% more than in 2004).
- The increased value of cultural industry is taking up a larger share of the GDP. In 2006, it reached 2.45% of the GDP (0.3% more than in 2004).
- Economic efficiency of cultural industry has been improved: the per capita increased value of cultural industry in 2006 was US$5,722, compared to US$5,025 in 2005 and US$4,202 in 2004.
- The growth potential of the cultural industry is promising. In 2006, its value increased by 17.1%, to US$65.9 billion, 6.4% higher than the GDP growth rate and 6.8% higher than the growth rate of the tertiary industry in the same period.

2 - The exports of cultural industry are booming, and so is cultural trade service.

On May 18, 2007, the Chinese Ministry of Commerce presented the current status of Chinese cultural products and trade in the Chinese International Cultural Industry
Forum. As an important part of global trade, cultural exports are playing an increasingly significant role in every country’s economic and social development. Despite the rapid growth of China’s cultural exports, the volume and scale is still too small.

As for the import and export of core cultural products\(^2\) in 2006:

- The volume of import and export of cultural products has continued to expand with annual imports and exports volume reaching US$10.32 billion. It has increased 23.3% in relation to that of 2005 and 2.9 times as much as in 2001.
- Imports and exports of cultural products are mainly electronic games, sculptures, accessories, books, and other printed materials.
- Processing trade is the major form of export; while general trade is the major form of imports. Cultural product exports by processing trade accounted for 68.2% of total exports of China’s cultural products; and cultural product imports by general trade accounted for 53.7% of the total imports.
- The exports of cultural products from foreign enterprises take up a big share. In 2006, the export volume of cultural products from foreign enterprises rose by 26% (4.2 times as much as 2001), while state-owned enterprises had a decrease.
- Three major markets for the import and export of Chinese cultural products are the United States (US), the European Union (EU), and Hong Kong: in 2006, the total volume of import and export of cultural products between China and the US, the EU, and Hong Kong were US$3.5 billion, US$3.05 billion and US$2.21 billion, respectively, far more than other countries (or regions). The United States is the largest export market of Chinese cultural products with the EU in second. In 2006, China’s exports of cultural products to the United States, the European Union, and Hong Kong accounted for 87% of China’s total cultural products exports. The imports of cultural products from the United States, the European Union, the

\(^2\) Including: cultural heritage, printed materials (books, newspapers and periodicals, etc.), audiovisual products, visual art (paintings, sculptures, and accessories), as well as audiovisual media (electronic games for TV sets, etc.), and so on.
Association of Southeast Asian Nations (ASEAN), and Hong Kong accounted for 68.9% of China's total cultural products imports.

- The eastern region accounts for a big share in the import and export of cultural products. Guangdong is the largest exporter and Beijing is the largest importer. Besides Guangdong and Beijing, other provinces (or municipalities) all owned higher share, say, Fujian, Zhejiang, Shandong, Shanghai, etc. In 2006 the exports of cultural products in the eastern region of China accounted for 97.9% of the total in China. The exports of cultural production in Guangdong province alone accounted for 73.5% of the total. The exports of cultural products in central and western areas accounted for merely 1.6% and 0.5%.

- In terms of the principle of international balance of payments, the total imports and exports of cultural services was US$26.5 billion, of which the imports and exports of audio-video films was US$260 million, and advertising and publicity altogether accounted for US$2.39 billion.

3 - Culture industry has accelerated the cultural system reform and promoted social and economic development.

Since the pilot reform of the cultural system began, China has promulgated several policies to encourage and support nonpublic capital investment in cultural industries, and has actively participated in the reconstruction and transformation of state-owned cultural institutions. Currently, the private investment entities are gradually expanding in China's film, television, and animation production. As for the film industry, 80% of the main investment comes from as many as 277 private companies and other private social institutions.

In terms of the construction and reconstruction of cinemas, social capital accounted for 70% of the total expenditure and a small amount of foreign investment participated as well. Private companies engaged in the distribution of 70% of domestic films, either independently or collaboratively. The national film-screening teams in rural areas are mainly individual businesses. In terms of
performing arts, there are 2,773 private professional troupes nationwide, and 20,135 individual performers. As for publications, there are 13 private or private-controlled enterprises, eight of which are national chain operators. The private distribution outlets are as many as 100,000.

Based on Chinese laws, regulations, and commitments to the World Trade Organization (WTO), China is striving to make full use of foreign investment. By the end of 2006, the country opened up distribution and printing markets for foreign investment. At present, there are 45 foreign-invested enterprises dealing in the distribution of books and periodicals, 12 of which are qualified to engage in wholesale selling, mainly from the United States, Britain, Germany, and China’s Taiwan region. Evidently, the cultural industry served as a basis to deepen cultural system reform, is a strong engine and material guarantee for Chinese social development and cultural exchanges.

2.2. The Typical cases of Chinese cultural industry

Beijing: to seize the forefront of the industrial chain by taking advantage of its own strength.

Beijing, as the capital of China, with a long historical and cultural tradition, formed strategic decisions in 2006 to develop cultural and creative industries, as China in general decided to promote the cultural industry.

First, Beijing had owned a foundation for the further development of cultural and creative industries. Take the year 2004 for example, increased value from cultural and creative industries in Beijing was US$6.1 billion, accounting for 8.4% of the city’s GDP; 712,000 employees were hired, accounting for 8.34% of the total; profits made up US$1.29 billion; taxes, US$1.38 billion, or 17.82% of the city’s total. In 2005, the value created was US$7.54 billion, accounting for 8.76% of the city’s GDP.
Second, a number of cultural and creative industry districts had been established, such as the Beijing digital entertainment industry model base, Zhongguancun creative industry pilot base, cluster of theatrical performances along Chang’an Street, etc. These districts or bases, involving so many key fields of cultural and creative industries, are turning Beijing into a national new media industry base, national film and television production base, international exhibition center, and many other cultural industry bases.

Third, the cultural consumption of urban and rural residents in Beijing has maintained a rapid growth as the market expanded constantly. According to data from the Beijing Municipal Bureau of Statistics, from 1997 to 2004, the per capita disposable income of urban and rural residents in Beijing had an average annual increase of 10.4%, with an average annual consumption growth of 9.3% per capita. The culture and entertainment spending had an average annual increase of 10.8%, which was not only higher than the average annual per capita consumption growth, but also higher than the average annual growth of the disposable income per capita.

Therefore, Beijing determined to strategically develop the cultural and creative industries. During the 11th Five-Year Plan, Beijing will build cultural and creative industries as pillar industries, the value of which will exceed US$13.3 billion in 2010, following its current average growth of 15.1%. If so, the value will account for over 10% of Beijing’s GDP.

**Guangdong: to realize sustainable development by availing of cultural industries.**

Since the goal “to build a culturally strong province” was established in 2003, Guangdong, the pioneer of Chinese reform and opening up, has achieved great success.

First, cultural industry in Guangdong ranks first nationwide. According to the Guangdong provincial Bureau of Statistics, in 2004 the increase of culture and related
industries was US$14.68 billion, with 1.77 million employees. Based on the data of 2003 and 2004, which was released by the national and provincial bureau of statistics, the proportion of increased value and employee in the cultural and related industries in Guangdong accounted for over 20% and 10%, respectively, which means that Guangdong has obvious advantages in cultural industries in terms of scale.

Second, the private cultural enterprise is constantly growing, turning Guangdong into one of the most energetic regions for China’s private capital. China’s second general census on basic units shows that private enterprises account for 46.6%, while state-owned enterprises only take up 12.56%. According to the data from Guangdong provincial bureau of statistics, in 2003 the number of private enterprises in Guangdong was 17,869; the number of workers was 247,200; the revenue was US$6.25 billion; paid-up capital was US$2.57 billion; the total assets were US$5.36 billion, accounting for 46.61%, 18.72%, 13.67%, 15.70%, and 14.73% of the total, respectively.

Third, the imports and exports of cultural products are thriving, and Guangdong is China’s major manufacturing base for cultural products. In particular, the Pearl River Delta region has become a world-renowned manufacturing center. According to statistics from the Guangdong Customs, in 2004 the imports and exports of cultural products increased US$7.87 billion, 22.0% more than in the previous year, to US$43.59 billion, of which US$36.10 billion were from exports, 21.7% more than in the previous year; and US$7.48 billion were from imports, 23.7% more than in the previous year.

These data and facts point out that the industrial framework of cultural industry

---

3 In 2004, no national data was available, but according to the Guangdong cultural industry growth rate, the cultural industry accounted for over 20% of the whole nation.
4 In 2003, Chinese national cultural industries hired 12,737,200 people and Guangdong hired 1,854,800 people, accounting for 14.6%. Though there is no national data for 2004, estimated by growth rate of employees in cultural industries in Guangdong, the proportion will still exceed 10% of the whole country.
in Guangdong has been primarily formed, and it serves as a vanguard in the nation at large.

**Yunnan: to prosper economy through cultural industry; to explore new development models for the central and western regions.**

Yunnan, a relatively undeveloped province, is located in the southwest of China. Yunnan discovered a new way to boost the economic and social development by developing cultural industries featuring ethnic diversity.

At present, the cultural industry in Yunnan continues to increase its share in the provincial economic output, and is becoming another new pillar industry. Estimated by the Bureau of Statistics of Yunnan, the revenue of the main business of cultural industry in Yunnan was US$2.39 billion in 2004, accounting for 4.35% of the GDP, and US$1.63 billion revenue was newly added. This indicates that the cultural industries in Yunnan have doubled over the five years, with an average annual growth rate of 17%, twice as much as the GDP growth rate in the same period. The cultural industries in Yunnan have become the fastest-growing industries and a new economic growth engine.

A series of well-known brands for cultural industry have been established in Yunnan, such as Lijiang, Yunnan mapping, the Tea-Horse Road, Lishui Sands, Naxi Ancient Music and Xishuangbanna, to name just a few. These brands, as the tokens of the cultural industry in Yunnan, have prospered those impoverished areas and have promoted the upgrading of the whole community.

Take Lijiang and Dali, for example. The value of cultural industry in Lijiang has increased from US$276.5 million, in 2001, to US$487.2 million, in 2004, with annual average increase of over 20%; profits and taxes have increased from US$34.12 million, in 2001, to US$73.08 million, in 2004, with over 100% growth. More than 15,000 new jobs have been offered over three years. As for Dali, the total output
of cultural industry in 2004 reached US$0.29 billion, 48% more than in 2003; value increased by US$0.15 billion, 94% more than in 2003, accounting for about 6% of its GDP, 2.3% more than in 2003. In 2005, the increased value of cultural industry accounted for around 8% of the GDP.

3. The Obstacles and trends of Chinese cultural industry

Chinese cultural industry has taken shape, for it has contributed a lot to the national economy. But it has many obstacles: the scale of the units is too small, practitioners with high education are too few, many cultural companies are in debt, many cultural institutions spend too much while earn too little, and profit per capita is not enough. In the future, the Chinese cultural industry will show the following trends:

3.1. Regionalization of the cultural industry

At present, regionalization has become a key feature for Chinese cultural industry, that is to say cultural industry and regional economy have become closer. The cultural industries in different regions will vary with different characteristics, for instance, the manufacture and sales of cultural facilities will remain a fairly large proportion in Guangdong’s cultural industry, while vast western regions will find their way into ethnic culture and tourism. As for Beijing, Shanghai, Shenzhen, and other cities, they will lead the creative production, which is the foremost part of cultural industries.

3.2. Digitalization of the cultural industry

The information society has moved to a new stage where “infrastructure” needs to be reconstructed. The “infrastructure” in this new stage cannot be built by large-scale physical network and hardware facilities, but through traditional cultural resources, digital content, and originality. Therefore, the cultural industries are
the inevitable result and indispensable component of further development for modern information industry. It can be said that the cultural industry, to some extent, is the high-end of information industry. In response to this urgent situation, China has strived to construct a group of industries “with a high level of technology and culture” by formulating new strategies and policies, reorganizing cultural resources, and supporting cultural originality, as well as upgrading new technology. Those industries, as the mainstay of service industries, will promote the transformation and upgrading of the traditional industrial system, and have the national economy at large driven by service, information, and culture.

3.3. The Ability to create value from the cultural industry is enhancing

Chinese cultural industries have contributed far less than what developed countries have done to their economies. For example, in terms of proportion of employees hired by the cultural industry, in the United States it represents 4.77%; in Britain, 7.70%; in Canada, 3.9%. The value created by the cultural industry in the United States accounts for 5.83% of the national GDP; in Britain, 7.61%; in Canada, 3.8%. The ratio is therefore about 1:1; comparatively, in China it is 1.8:1, which means the ability to create value in Chinese cultural industry is still poor. With the perfection of the management system of Chinese cultural industry, the advancement of technology adopted, and the improvement of the quality of practitioners, it can be expected that the ability to create value from Chinese cultural industries will increase.

3.4. The Cultural exports will increase significantly

At present, there are few products from the core layer among Chinese cultural exports. However, as Chinese cultural enterprises pay more attention to their brand, this category will definitely take up a larger share. Meanwhile, following China’s accession to the WTO, cultural exchange is booming and more and more creative and attractive Chinese cultural products and services will go abroad.
Bibliography

CENTRAL COMMITTEE AND STATE COUNCIL (CPC), Several proposals on deepening the cultural system reform. Available at: http://news.xinhuanet.com/politics/2006-01/12/content_4044535.htm
THE NATIONAL BUREAU OF STATISTICS, “The Category index for cultural and related industries”. Available at: http://www.stats.gov.cn
THE REFORM AND DEVELOPMENT COMMITTEE OF BEIJING, “The Plan for development and adjustment of industrial layout in Beijing during the 11th five-year plan”. Available at:http://www.bjpc.gov.cn/fzgh/guihua/11_5_zx
Xiong Chengyu
Professor Xiong Chengyu received his PHD from BYU in the US. As the director of National Research Center for Cultural Industry, he chaired the studies in this area not only in Tsinghua University but also nationwide in China. He assumes concurrent post of the member of the Advisory Committee for State Informatization (ACSI). Dr. Xiong has published seven books, including Information Society 4.0.
THE CREATIVE INDUSTRIES: ASIA-PACIFIC PERSPECTIVES

Pernille Askerud
1. The Creative economy – a global economic trend

In the years after World War II and the emergence of many new independent nation states, the development debate focused on the transfer of technology and the establishment of industrial production in the developing countries. Because of the competitiveness of the emerging economies especially in terms of labor costs, this led to a substantial transfer of industrial production to some developing countries, and to the consequent changes of society and employment in many industrialized countries. Over the years, some developing countries have also been able to secure economic growth by focusing on meeting an increasing global demand for medium/high-skill and technology-intensive products. By focusing on specific goods (e.g., electronic equipment), they have been able to contribute to economic globalization and trade increases.

With the shift in occupation and industry in mature economies throughout Europe and the United States (U.S.), and also in Asia-Pacific, many cities whose economy had depended on more traditional manufacturing industries now faced serious employment crises. To address this issue, alternative national strategies for employment and trade were developed focusing on new industries based in knowledge and information, culture and creativity. This trend is particularly known from the United Kingdom where the Department for Culture Media and Sport (DCMS) took the lead in exploring and guiding economic development in this respect and in the process identified 13 creative subsectors of creative industries as:

\[
\text{those industries which have their origin in individual creativity, skill, and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.}^{1}
\]

---

1 See the DCMS Web site: http://www.culture.gov.uk/about_us/creativeindustries/default.htm.
Globalization and the increasing importance of knowledge or information as the basis for economic growth represent fundamental, structural changes in economy and trade that affect the entire world. In the transition to the global knowledge-based economy, the creative industries have become the most rapidly growing sector of the global economy. Closely connected to urban development and changes in education and occupation, it has led to a modern lifestyle and the rapidly increasing growth in the consumption of cultural goods and services throughout the world. Hence the shift in trade and economy towards knowledge-based production is not only a shift from one kind of product to other goods and services. It is a fundamental shift in the way production and businesses are organized, as well as in the way we live our lives and understand ourselves.
In this transition to economies that are dependent on information or knowledge as the basis for business development and profit generation, the creative industries as an emerging sector with common markets, resources, suppliers, and needs have increasingly become a focus for enterprise and investment. The enterprises that comprise this economic development are sometimes called the creative economy.

2. Creative industries – subsectors and market reach

Technological advances have brought with them a gradual but fundamental change of society and the way culture is perceived by societies at large, especially in their role as consumers of cultural goods and services. The changes are also reflected in a change of societal institutions, and in a need to rethink the system of publicly-funded culture that has existed since World War II.

The transformation of the cultural industries occurred in parallel with the developments in copyright protection which in the last 20 years has become increasingly important in relation to nonartistic areas of intellectual creation, e.g., software development, hardware design, and information management. A very large part of these industries is also often called the knowledge or the information industries.

The scope of these industries is potentially very wide and they are an integral part of almost all sectors of society. Increasingly, the cultural and information industries are claiming new areas of production and distribution (e.g., the production of leisure wear, sports articles, and electronic equipment). In the process, the distinction that existed between cultural industries and more traditional concepts of manufacturing industries is breaking down. Hence we are moving towards an understanding of cultural industries, more often now referred to as creative industries, which center on the productive and innovative capacity of knowledge
and information - rather than a more traditional concept of culture and cultural industries that is linked to the classical notion of fine arts.

Driven by technological development, the relative importance of copyright-based industries became significant because these industries do not only entail a whole new range of products linked to a new and more consumption-driven lifestyle, but also embody the possibility of penetrating an increasingly global and easily accessible market. In this context, the creative industries evolved to encompass very different subsectors (see also p. 7 below).

Creative industries are also referred to as cultural industries, knowledge industries, information industries, copyright-based industries, etc. Behind this semantic confusion there are at least three distinct discourses within which the use of the term is understood differently:

- An approach based in the urban development discourse.
- An economic discourse often based in the concept of intellectual property (copyright) and increasingly conceived as part of a sector approach to these industries.
- A discourse based in notions of culture, development, and sustainability

These three different ways of defining creative or cultural industries are less a disagreement on what these industries are than it is a question of a different context, of different interests, and policy perspective in separate contexts and localities. In Asia-Pacific, the development of creative industries is easier to understand if we look at it in terms of these different contexts.

3. Asian trends and developments

The absence of valid comparable data related to creative industries makes it
difficult to make authoritative statements relating to the extent and investments in creative industries in different countries and regions.  

Nevertheless, the global economic trends have certainly contributed to the increasing relevance of creative industries in the Asia-Pacific region. Some countries (such as Malaysia and the Republic of Korea, and more recently, China, India, and Thailand) were able to achieve astonishing economic growth based not only on traditional industrial production but also on electronics and softer areas of the industries such as software development, textiles, and a range of cultural industries. Hand in hand with this economic prosperity came a new emphasis on education and health, which meant a new focus on the individual’s development potential.

In countries such as Japan and the Republic of Korea, and to a lesser extent in the fast-growing economies of countries such as Malaysia, the overall economic trends are similar to those in Europe and the United States (U.S.), and information- and technology-based industries are increasingly dominating the economy as areas of investment and profit. In a different national economic context, many city authorities in China (e.g., Hong Kong Special Administrative Region [SAR], Beijing, Shanghai), Taiwan, and Singapore, for example, have formulated local economic investment policies based on creativity and creative enterprise as a strategy for economic growth and competitive advantage, a strategy that has further contributed to the growth of urban centers throughout Asia.

Although reliable figures are hard to come by, new players from the developing world such as China, India, Mexico, the Philippines, and a number of smaller Asian players have been able to consolidate domestic

---

2 Even when data information is available or when studies have been undertaken, comparisons are difficult as the data are based on different definitions and methodologies. Unfortunately, even information on the global size of the creative economy or the growth of the sector that circulates widely in recognized publications is vulnerable to the lack of reliable and internationally comparable data.
industries and penetrate global markets. The emerging importance of creative industries is most evident in East-Asian developing countries such as Korea, Singapore, Taiwan, Hong Kong (China), and, increasingly, China. Entry has been noticeable in areas such as software, publishing, design, music, video-movie making, and electronic games, where the links to Information and Communication Technologies (ICT)-based hardware are strongest and changing consumption patterns are moving closer to those in the Organisation for Economic Co-operation and Development (OECD) countries. Many of these same countries are already targeting their creative industries for future growth opportunities; for example, South Korea has been investing at the cutting edge in digital media and video game animation. Thailand has been successfully developing its film and advertising industries. Singapore’s advertising industry is already an important driver in the growing creative industries cluster, with strong linkages among creative industries that link to heritage, design, and media. Arguably the biggest and most significant change in the region concerns China, which is moving from an older, state-dominated focus on cultural industries (which includes a legacy of a wide range of skills) towards a more market-oriented pattern of creative industries, with the advantage of a huge and rapidly expanding domestic market and links to a large and culturally familiar diaspora.3

Regionally one can perhaps divide the Asia-Pacific region into different groups related to how importantly the concept and activities of creative industries figure as part of the national economy. There is a large group of countries in which there are important economic activities that are part of what in other countries is considered the creative economy; this grouping includes countries like Australia, China, India, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Singapore, Thailand, Vietnam, and the Philippines—these countries may all be considered major Asia-Pacific economies that have a strategic interest in creative industry development though it may not be expressed in those terms.

3 Unctad, Creative industries and development”. TD(XI)/BP/13, 4 June 2004, p.7.
Another group features countries or regions with lower emphasis on creative industry development but where especially crafts industries, furniture making, and handloom industries traditionally have been widespread secondary employment activities - Bangladesh, Bhutan, Cambodia, Lao People’s Democratic Republic, Myanmar, Nepal, and Pakistan. Obviously there is some overlapping between the countries in these groups as regional differences are very large and the majority
of economic activities related to the creative industries are centered on the large urban centers, as we will come back to below.

Finally there are countries in which the creative industries are an almost unnoticed category of the economy especially in the Pacific Islands and in Central Asia.

Most of the countries from Central Asia, including Mongolia, are still struggling with the transition to the market economy and within this scenario creative industries in general is not a concept that figures very prominently. This has partly to do with the different traditions concerning intellectual property rights and weak institutional support in respect of a more Western understanding of copyright. While the cultural and artistic traditions are very rich and diverse in the region and hold considerable potential for commercial development, the core cultural and handicraft industries in these countries are in general part of the nonformal economy and are not yet positioned as part of any creative economy. The nomadic tradition in all of these countries is a particular aspect of the potential development of creative industries.

The creative industries are more developed in countries like Turkey and Iran. Especially Istanbul is well known as a booming and rapidly developing metropolis, hence a recent report argues that the emerging creative industries in Southeastern Europe have contributed to speed up the cultural dimension of Turkey’s European Union (EU) integration.4

The same situation is to some extent also true for Iran. Though Iran as a country is very closed to the West and it is a very restrictive society where both the

---

lack of mechanisms to enforce intellectual property rights and censorship contribute to an environment which is far from ideal for the development of creative industries, especially core copyright industries like publishing and film production have developed well over the last few decades and are attracting international interest. In spite of the tradition for producing crafts of many kinds, handicrafts are in general not of very high quality particularly due to a lack of organization and appreciation of these activities. This is a situation which is quite similar throughout Central Asia though there is no doubt that the crafts industry, if developed, holds significant potential for social and economic development.

Throughout the Asia-Pacific region, however, the cultural sphere (and also the cultural industries) increasingly represents a forum for the search for identity that is a real need for many of the region’s people who experience the onslaught of social change and increasing economic insecurity among large groups of the populations, together with the often wildly different and contradictory norms and values presented through the mass of cultural goods and services that have become easily available - old and new, traditional and contemporary, global and local. Hence, it is characteristic for almost all countries in Asia that any debate on the creative industries emphasizes the importance of culture - especially in terms of cultural heritage and traditional skills and knowledge as the source of social and economic development. This is a significant difference from the European debate which tends to emphasize innovation and individual expression as the core potential for creative industries development.

4. The Boom in urban-centered creative industries

Considering that the majority of creative industries are located in or around major urban centers, it is not surprising that urban regeneration and cultural
districts are the focus for much debate in Asia, and that creative industries have become a buzzword in this context in recent years, often influenced by Western thinkers such as Richard Florida, Joel Kotkin, and Charles Landry. Creative industry development is often considered part of the inherent dynamic of urban spaces and it is undisputable that the urban environment provides the ideal conditions for the kind of clustering that sustains many successful creative enterprises.
The urban development discourse tends to define creative industries as the classical cultural industries (broadcast media, film, publishing, recorded music, design, architecture, new media) plus the traditional arts (visual arts, crafts, music, theater, music theater, concerts and performances, literature, museums and galleries) - all those activities that are eligible for public funding as “culture and art.” In this definition, the line between art and commerce tend to be ideological rather than analytical. The approach is essentially not too different from our intuitive understanding of the concept of culture and related industries. The key quality of culture in this context is its ability to improve the quality of our lives and surroundings by making them more stimulating and filling them with beautiful and stirring objects.

However, the economic reality and emphasis throughout the Asia region tend to be on the development of large-scale projects planned to accommodate the new creative industries in the form of “creative industry parks” or other infrastructure investments. The scope and numbers of these kinds of developments in Asia are breathtaking as illustrated through examples such as the comprehensive Chaoyang District development in Beijing or the development of creative industries parks in and around Shanghai. To illustrate: according to statistical data (Shanghai Creative Industry Center – SCIC), by October 2006, 3,000 companies from thirty countries had entered one of the seventy-five new creative industry parks (2.2 million square meters) around Shanghai, creating job opportunities for more than 25,000 people. In 2005, Shanghai’s creative industry realized an increase of 54.9 billion Yuan in turnover, or 17.9% on the previous year. In 2005, the total turnover of the creative industry accounted for 6% of the city’s GDP, up 0.2% from 2004.5

Compared to cities like London or New York, the creative industries in Asian cities still make up a relatively small part of the economy and employment, but the growth rates for this sector have been significantly higher than those for the economy as a whole.

In reality there often seems to be a gap between the articulated and official policies concerning culture and creativity and their implementation and subsequent results. The use of cultural districts in urban redevelopment plans provides good and tangible examples of this discrepancy. Hence very few projects acknowledge the complexity, resources, and diversity that foster unique cultural districts, and the ability of their cultural uniqueness to enhance the quality of life and attract tourists and others is far too often taken for granted. The associated rapid modernization process, the scaling-up of activities, the top-down urban renewal, and the measures of cost effectiveness associated with this development are often at the expense of or even contrary to the needs and interests of the very culture and environment necessary to nurture the creative industries.

The development of creative industries in this context, therefore, also emphasizes the problems associated with urban migration: slums and urban poverty; environmental degradation; waste; the need for people to leave their homes for long periods to seek work and the consequent breakdown of local communities. Some politicians in Asia state that perhaps the biggest development challenge for the region is that the villages and smaller towns are dying, in addition to the unbalanced development between urban megacenters and rural areas and the increased economic and social gaps between different groups of the populations.

What we see in the large urban centers in Asia-Pacific that have adopted the creative industries as a strategy for growth is therefore better understood in the
context of the economic discourse of creative industries. This discourse operates with a much broader definition of the creative industries centering on copyright and other intellectual property rights as a key to profit and economic growth, and evolving into a more sector-based approach as for example illustrated in the model developed by the World Intellectual Property Organization (WIPO)\(^6\) which includes four categories of creative industries:

- **Core Copyright Industries**: Industries wholly engaged in creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works and other protected subject matter.

- **Interdependent Copyright Industries**: Industries engaged in production, manufacture and sale of equipment whose function is wholly or primarily to facilitate the creation, production, or use of works and other protected subject matter.

- **Partial Copyright Industries**: Industries in which a portion of the activities is related to works and other protected subject matter.

- **Nondedicated Support Industries**: Industries in which a portion of the activities is related to facilitating broadcast, communication, distribution or sales of works and other protected subject matter.

The very high growth rates reported from the creative industries in recent years stem primarily from studies based in this wider concept of creative industries.

5. Crafts and cultural tourism

The One Tambon One Product (OTOP) programme, which originated in Japan but has become a flagship of the Thai export strategy in recent years, is in some ways an exception to the general situation. However, because the OTOP programme is directed top down, focusing on supply (production) and with no attention paid to demand (marketing), it remains unclear exactly how sustainable the model is and how much it actually benefits local producers. Essentially, the OTOP programme is therefore not a cultural industries model but a simple industrial production model which focuses not on the added value which cultural industries enjoy, but merely treats them as one more industrial product, to be produced as cheaply as possible with low-cost labor and material.

Over the years, a number of projects have been designed around the potential of harnessing the crafts production and cultural tourism centered on heritage sites as a driving force for economic development among the poorer segments of the population. In general, these activities are the focus of individual projects driven either by entrepreneurs or as part of development projects funded by the government or external international assistance or by NGOs. However, these remain isolated activities and strategic economic development plans are seldom related to this. More often than not the projects fail to maintain the economic growth foreseen as soon as external support stops due to restraints in terms of lacking infrastructure or inadequate funding. There is therefore a nascent understanding that more structured and comprehensive strategy development is needed to realize the potential of these industries for economic development and poverty alleviation. This is for example the motivation behind regional programmes such as the JODHPUR INITIATIVES and the Paro Initiative.7

7 For more information, please see http://www.unescobkk.org/culture/cultural_industries.
6. Trade balance issues and international competition

An important issue in the discussion of the economic potential of creative industries in a country relates to the kind of products that are considered, as the capacity to produce core creative goods and services (see above) is essential for a country. Unfortunately, comparisons of creative industries output between
countries and regions are very difficult to make as the data build on very different definitions and methodologies.

The lack of comparable and relevant data is also a (recognized) problem for a report prepared by the United Nations Educational, Scientific and Cultural Organization (Unesco) Institute for Statistics (UIS), “International Flows of Selected Cultural Goods and Services, 1994-2000.” However, by introducing the distinction between core cultural goods (products having a cultural content, such as books, statuettes, or feature films) and related cultural goods and services (products related to support or equipment, such as blank CDs or television receivers) and between producers, importers, and exporters of the core cultural goods, the report is able to get a more nuanced impression of the global trade in respect of creative industries. Essentially, the report states that according to customs data, core cultural goods represented only approximately 1% of the total trade in 2002. As stated in the report this percentage has remained the same during the last ten years which may seem surprising in light of the perceived growing importance of cultural industries in the world economy.

In order to assess the international exchanges the cultural industries generate, other sources of data need also to be considered, such as services data. Unfortunately, no internationally comparable data are available in key areas, such as copyright royalties, piracy, and, for example, the flows of broadcasting programmes and new forms of trade flows related to ICTs, such as e-commerce.

Though a very high percentage of the creative industries output in Asia stems from the related goods and industries rather than from the core creative industries, the report found that Asia, in 2002, emerged as the second-largest exporting region of core cultural goods with a 20.6% share of world trade. The increase is due mainly to the growth in trade (audiovisual and recorded media, visual arts, and books) from East-Asian countries, which doubled between 1994 and 2002.
Exports by region of core cultural goods, 2002

Source: UIS based on data from UN Comtrade, DESA/UNSD, 2004
Exports of core cultural goods classified according to level of income, 2002

The report also shows the continuing wide variation in the capacities of individual countries across the world to export core cultural products. While high-income countries kept their leading position in exports, the lower-middle-income economies experienced substantial growth from 1995 onwards.

It is worth mentioning that in many developing or small countries with limited domestic markets, however, these capacities which already in 2000 appeared to have shrunk, have further diminished.

7. Creative industries as a development strategy

Though the global model of creativity as the most important driving economic force in the economy of the future may not be universally accepted\(^8\) and the concept of the creative economy is difficult to define in any definite terms, the intuitive understanding of the notion is closely related to profound transformations of economy and society, and to the changed perception and role of culture in modern economy and society. There is no doubt that information is becoming an important basis for the economy and that

---

technology and the globalization have brought fundamental and radical changes to the opportunities for production and trade. These changes are felt throughout Asia-Pacific economies as well.

The new media for communication and information have changed access to information radically and paved the way for a less hierarchical, more democratic and horizontally fluid knowledge system. However, while the new information media may have changed the power balance within the existing knowledge system, the higher levels of access to information in many industrialized countries, and in pockets in developing countries, are also rapidly widening the divide between those who have access to information and those who do not, both in terms of poor countries versus rich countries but also in terms of regional differences within countries.

Fundamental structural changes in economy and trade have always had direct impact on the organization of society. The industrial revolution led to growth of the cities, urban migration, a prevalence of smaller family units, and the emergence of the unskilled worker. With the creative economy, a similar reorganization of society is taking place characterized by decentralization, local governance, universal access to education, communication, and information—development goals that most countries in the world pursue.

It is an economic model that has thrived in the urban centers but which, contrary to more traditional heavy and light industry development, can also be successfully engaged in local communities provided these have access to market information and institutional support through appropriate information and communication technology.

It is often assumed that traditional crafts are a specific subsector of the cultural or creative industries. While it is true that there is a strong potential for creative industries like crafts, furniture making, and handlooms, and that with proper policy
attention and investment they hold significant growth potential for the creative industries sector in almost all countries in Asia, it is simply wrong to assume that the potential for creative industries should be essentially different here (limited to crafts) than in the more mature economies of the North. Similarly it should be kept in mind that for an analysis of the creative economy there is no fundamental difference between traditional crafts and crafts that produce modern and more innovative products. Regardless of the kind of technology applied, they are all cultural or creative industries with similar needs in terms of training and skills, resources, and access to markets and other infrastructure.

Because of the possibility for smaller business units, low entry costs, greater flexibility, and technological development that allows access to markets and information, the creative industries may also be applied within a different development model for economic and social development and for income generation in the poorer, local communities. For this strategy to work, however, there is a need for governments and funding agencies to support and encourage investment, both domestic and foreign, in such enterprise.

That there is increasing awareness and interest in such an approach is for example illustrated with the popularity of a concept like gross national happiness as a political goal throughout Asia in recent years.

On the other hand, unless the poorer developing countries make a conscious effort to be part of this development and become active partners to the new economic trends, there is a great risk that the divide between rich and poor will grow even deeper, not only as a digital divide but in all other areas of life as well.

As always during structural changes, poor and otherwise fragile communities are particularly at risk of disenfranchisement, of falling deeper into poverty, and

---

9 For an interesting parallel case, look at the “Irish economic miracle” in the last decades.
of disempowerment. Hence, in the poorer countries of the Asia-Pacific region there has been only limited debate about the potential of the creative economy for economic and social development. “Creative industries” is only in rare cases a concept that figures in broader sector analyses or in national development plans as part of a strategy for economic and social development, despite the fact that the cultural industries have the capacity to contribute to poverty reduction and have proven to be a powerful instrument for the regeneration of local communities. Support for creative industries development presents an opportunity to meet the urgent demand for jobs at the local level and to stem urban migration and the ongoing disintegration of communities.

Though the economic gains derived from intellectual property stemming from scientific research are often counted as part of the creative industries output, there is hardly any context in which science is discussed seriously as part of the creative economy. As stated in the 2002 Unesco report “Harnessing Science to Society,” there is a great need for increased cooperation between science and industry, as well as between the public and private sectors, in the promotion of scientific research for long-term goals, which is not yet being met. With the rapid economic and urban development in Asia-Pacific countries and throughout the world, investment in human resources and technology, among others in the form of support for the development of core creative industry capacity, may be very much needed if innovative solutions are to be found to pressing growing global issues of resource sustainability, climate change, etc. that are increasingly also becoming a priority concern of developing countries.

The fact remains that, despite a mass of reports on the creative industries, this industrial sector has remained marginal within scientific, economic, and political circles to date in most countries and that there is yet to be a deeper discussion on how information, research and science, and creative industries interact to create a basis for new and more sustainable and equitable economic development models.
Pernille Askerud
Danish of origin, Pernille Askerud has lived abroad since 1988, first in Thailand and then in Switzerland. Since 1992 she has worked as freelance consultant to a number of international development agencies. Specializing in policies and organizational development in education and culture, she has extensive experience as researcher, editor and writer. She is the author of four handbooks published by UNESCO. Since 2002 she has been lead consultant for the research and implementation of UNESCO’s programme activities for cultural industries in Asia-Pacific.
General Index of “Creative Cities” e-book

Africa 25, 28, 34, 37, 39, 42, 44, 53, 59, 98, 100, 101, 106, 109, 110, 114, 120
African Union (AU) 96, 97, 114, 115
ALIGHIERI, Dante 166
AMIN, Ash 70, 77
Amsterdam (NL) 63
Antigua and Barbuda 186
Appleton (rum) 179
Argentina 150, 163, 164, 166, 168, 169, 171
ASEAN (Association of Southeast Asian Nations) 223
Asia 12, 26, 44, 196, 205, 211, 237, 241, 242, 243, 244, 248, 253
Audiovisual industries 163
Australia 61, 238
Bahamas 186
Bangladesh 239
Barbados 59, 184, 186
Baset (Buenos Aires Film Comission) 167
Beijing (CN) 26, 220, 221, 223, 224, 225, 228, 237, 243
Belgium 119
Belize 186
Bhutan 199, 237
BLAIR, Tony 16, 59
Blue Mountain (Jamaican café) 179,
BNDES (National Bank for Economic and Social Development) 126
BOTHA, Ntombazana Gertrude Winifred (South African Deputy Minister of Arts and Culture) 103
BOVESPA (São Paulo Stock Exchange) 126
Brazil 19, 118, 125, 128, 129, 130, 133, 134, 135, 140, 144, 150, 206
Buenos Aires (AR) 20, 166, 167, 168, 170
Burkina Faso 115, 119
Cambodia 237
Canada 119, 228
Caribbean 27, 39, 59, 128, 143, 175, 176, 177, 178, 180, 182, 183, 184, 185, 188, 190
Caribbean Forum for Development (Barbados) 184
CCP (Chinese Communist Party) 30, 217
Ceará State (BR) 126, 138
Cultural production 15, 38, 79, 84, 85, 89, 130, 138, 143, 149, 167, 223
Cultural projects 76, 139
Cultural sector diversity (see Cultural diversity)
Cultural sustainability 140
DARWIN, Charles 78
Denmark 63, 119
Digital emancipation 44, 131, 132,
Digital inclusion 44, 131,
Dominica 186
Dominican Republic 186
E. W. Taylor 78
EBS (Environment-Behavior Studies) 210,
Economic-cultural activity 158,
Economy of culture 84, 87, 88, 89, 118, 143, 144, 145, 153
ENGELS, Friedrich 78
Eritrea 119
Espírito Santo State (BR) 126
Ethiopia 119
EU (European Union) 118, 162, 184, 188, 222, 239
Europe 34, 63, 82, 162, 184, 231, 235, 238
FGV (Getulio Vargas Foundation) 129
Finland 119
FLIP (Paraty International Literary Festival) 26, 137, 138
FLORIDA, Richard 57, 83, 240
FONSECA, Ana Carla 164, 180
France 26, 80, 119,
FREUD, Sigmund 166
Fujian Province (CN) 221, 223
GARVEY, Marcus 179
GATS (General Agreement on Trade in Services) 69, 70
Gauteng (ZA) 104, 108
Ghana 112, 119
GIL, Gilberto 126
GONSALVES, Ralph Everard 184
Great Britain 17
Greater London Council 80
Grenada 186
Guangdong (CN) 220, 221, 223, 224, 225, 226, 227, 228
Guaramiranga (CE) 26, 138
Guaramiranga Jazz and Blues Festival 26, 138
Guatemala 143
Guyana 186
Haiti 186
High Level Panel on Creative Industries and Development (São Paulo – SP/UNCTAD) 126
Hollywood (CA) 162, 167
Hong Kong (CN) 220, 222, 223, 237
HOWKINS, John 21, 56, 162, 212
Human capital 27, 104, 116
Hunan (CN) 221
HUSSAIN, Maqbool Fida 213
Hwange (ZW) 214
IBGE (Brazilian Institute of Geography and Statistics) 127
IBSA (India-Brazil-South Africa) 213
ILO (International Labour Organization) 71, 119
Immaterial heritage 109
Incaa (National Institute of Audiovisual Arts) 167
INCD (International Network for Cultural Diversity) 111, 117, 120
India 27, 37, 67, 195, 196, 197, 198, 199, 201, 202, 203, 204, 205, 206, 207, 208, 209, 211, 212, 213, 237, 238
Indonesia 236
Information society 56, 113, 165, 227
Information technology 55, 65, 117
Information-based society (see Information society) 148
International Center for Creative Industries 118, 126
IPR (Intellectual Property Rights) 17, 21, 24, 38, 41, 42, 43, 56, 61, 64, 70, 87, 102, 109, 119, 176, 182, 183, 189, 204, 211, 212, 240, 241, 245
Iran 238
ITC (International Trade Centre) 71
ITU (International Telecommunications Union) 150
Jamaica 20, 36, 59, 143, 175, 176, 177, 179, 180, 182, 183, 186, 188, 190
Japan 110, 211, 237, 246
Jiangsu (CN) 220, 221
Joint ventures 64, 205
JOYCE, James 166
Kariba (ZW) 214
Kashmir (Region between India and Pakistan) 199, 205
Kerala (IN) 198, 209
KOTKIN, Joel 242
LAMARCK, Jean-Baptiste de 78
LANDRY, Charles 81, 240
Lao People's Democratic Republic 239
Latin America 34, 39, 44, 53, 126, 128, 143, 148, 152, 161
Lisbon (PT) 184
London (GB) 63, 80, 244
LPA (Local Productive Arrangement) 134
Malaysia 237, 238
Mali 119
Manipur (IN) 199
MARLEY, Bob 175, 179
MARX, Karl 78
MERCOSUR (Common Market of the South) 170
Mexico 143, 144, 145, 148, 150, 151, 153, 154
Mongolia 238
Montserrat 186
Morocco 115
Mozambique 119
Nairobi Charter for the Cultural Renaissance of Africa 96
Nepad (New Partnership for Africa's Development) 102, 115
Nepal 199, 237
NERUDA, Pablo 169
New York (NY) 242
New Zealand 236
NIGEL, Thrift 77, 78
North America 63
Norway 119
OAU (Organization for African Unity) 96, 102, 109
OCPA, Maputo (Observatory of Cultural Policies in Africa) 120
OECD (Organization for Economic Cooperation and Development) 98, 114, 186
OTTEY, Merlene 179
Overmundo (site) 130
Pakistan 199, 205, 239
Palestine 205
Pan African Cultural Manifesto (Algiers, 1969) 95
Paraty (RJ) 26, 137, 138
Philippines 236
Public policy 47, 84, 85, 170, 176, 183
Ranchi (IN) 198
Record production 162
Red Stripe (beer) 179
REIS, Ana Carla Fonseca 26, 29, 30, 37, 38, 41, 45, 46, 128, 164, 180
Republic of Korea (see South Korea)
RICUPERO, Rubens 19, 29, 126
Rio de Janeiro 120, 126, 134, 137
Rolando Rivas Taxista (TV series) 168
St. Kitts and Nevis 186
St. Lucia 186
St. Vincent and the Grenadines 186
SEBRAE (Brazilian Center for the Support of Small and Medium-Sized Companies) 126
Shandong (CN) 220, 223
Shanghai (CN) 26, 220, 221, 223, 228, 237, 243
Shenzhen (CN) 228
Singapore 17, 237, 238
SMITH, Adam 78
Social capital 27, 188
Social inclusion 58, 60, 183
South Africa 26, 103, 104, 106, 107, 115, 116, 117, 119
Cultural Observatory of South Africa 106
South Korea 235, 236
Spain 119
SPENCER, Hebert 78
SPFW (São Paulo Fashion Week) 132
Sri Lanka 199
Suriname 186
SU/SSC (Special Unit for South-South Cooperation) 20
Sweden 119
Switzerland 119
Taiwan 224, 237
Tanzania 119
Tecnobrega 129
Thailand 235, 236
Trinidad and Tobago 186
Trips (Trade-Related Aspects of Intellectual Property Rights) 70, 119
Turkey 240
Uganda 119
UIS/UNESCO (UNESCO Institute for Statistics) 248
UN (United Nations) 76, 118
UNCTAD (United Nations Conference on Trade and Development) 19, 20, 22, 25, 58, 59, 61, 62, 66, 68, 69, 71, 119, 125, 126
UNDP (United Nations Development Programme) 59, 71, 98, 113, 119
UNESCO (United Nations Educational, Scientific, and Cultural Organization) 23, 32, 39, 70, 71, 80, 96, 119, 127, 208, 248, 254
United Kingdom 16, 17, 25, 29, 39, 45, 59, 61, 63, 127, 163, 177, 233
United States 34, 39, 57, 127, 163, 222, 224, 229, 233, 237
VEBLEN, Thorstein 78
Vietnam 238
Wal-Mart 198
West Bengal 198
WILLIAMS, Raymond 80
WIPO (World Intellectual Property Organization) 70, 71, 109, 119, 245
World Bank 44, 106, 119, 185, 186, 190
World Cultural Forum (Rio de Janeiro, RJ) 126
WTO (World Trade Organization) 39, 69, 70, 119, 162, 224, 229
Zambia 119
ZHANG, Xuan 196
Zhejiang (CN) 220, 221, 223
Zimbabwe 214
CREDITS
Organized by
Ana Carla Fonseca Reis

Authors
Ana Carla Fonseca Reis
Andrea M. Davis
Edna dos Santos-Duisenberg
Ernesto Piedras Feria
Facundo Solanas
Máté Kovács
Pernille Askerud
Sharada Ramanathan
Xiong Chengyu
Yudhishtir Raj Isar

Translators
Ana Cecília Olmos
Carmem Carballal
Johanna Freire de Carvalho
Miriam Osuna

Graphic Design
Liane Tiemi Iwahashi