

Asia-Pacific Creative Communities:

*Promoting the Cultural Industries for Local Socio-economic
Development - A Strategy for the 21st Century*

Background Documents

– Elements of a Policy Framework –

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Introduction to the Symposium

1.1. Setting the scene: needs and expected outcomes

The Symposium "ASIA PACIFIC CREATIVE COMMUNITIES: Promoting the Cultural Industries for Local Socio-economic Development – A Strategy for the 21st Century" endorses the notion that the cultural industries form a sector in themselves, and as a distinct group of socio-economic activities the cultural industries sector holds particular potential for sustainable development in the Asia-Pacific region. The Symposium also holds that the concept of a 'cultural industries sector' needs to be introduced, and receive unremitting support, in national development plans in order to unleash this potential.

Over recent decades there has been growing appreciation and understanding of how culture affects growth and structural change, both in the development debate and among economists in the business environment.ⁱ Based in a more anthropological understanding of culture and the introduction of participatory and community-based development projects, this trend has not only led to the current emphasis on human capital in development projects, but also to a consideration of how cultural activities themselves may become an engine for economic growth and social development.

In an increasingly global world, countries of the Asia-Pacific region can take strategic advantage of the changing relationship between culture and development by formulating national development policies that take into account the increasing importance of the cultural industriesⁱⁱ and their interaction with the information-based economy. These industries can significantly affect the region's economic competitiveness. To ensure that Asia Pacific countries can both benefit and compete in this area, many issues need to be debated and strategic objectives identified before more concrete steps can be taken to support this development. The issues include such key considerations as the identification of areas of competitive strengths, and the development of effective modalities for external assistance, especially in terms of strengthening the infrastructure for cultural industries in the poorer countries of the Asia-Pacific. The Symposium "*Asia Pacific Creative Communities: Promoting the Cultural Industries for Local Economic Development – A Strategy for the 21st Century*" will provide a forum for such discussions in an effort to support a comprehensive and coordinated policy approach to the promotion of cultural industries as a strategy for poverty reduction and local economic development.

Cultural industries are increasingly seen as a tool for economic development, poverty reduction, and the assurance of cultural diversity. In addition, the cultural industries are closely linked to participation in the post-industrial economy and the knowledge-based society. In recent years, there has therefore been a new focus on the potential of mainstreaming culture into national development plans as a means of achieving more sustainable development. This new interdisciplinary approach to development brings together such diverse partners as urban developers, educationists, cultural programmers, trade and copyright officials, and represents a new comprehensive approach to development.

The mobilization of the creative potential and the dissimilar organization of the cultural industries lend these industries particular potential for participatory and community-based development and change. Hence the cultural industries may in fact hold a key to more sustainable development because the industries in general are smaller and mobilize communities at a level that is closer to the grassroots level than more traditional industry development.

The preoccupation with cultural industries is part of a more comprehensive strategy for sustainable growth as expressed in international agendas such as the UN Millennium Development Goals (2000), the World Summit on Sustainable Development (Johannesburg, 2002) and the recommendations of the Intergovernmental Conference on Cultural and Media Policies for Development in Stockholm, 1998. The cultural industries have certainly been a vital element in the development of economies in the Asia-Pacific region such as Japan and the Republic of Korea and to some extent in the fast-growing economies of countries such as Malaysia. However, in the poorer countries of the region there has been only limited debate about the potential of cultural industries for economic and social development. Cultural industries is not a concept that figures predominantly in sector analyses or in national development plans. Whenever cultural industries have appeared in the debate, the discussion has largely been theoretical and has not led to the formulation of guidelines for more systematic planning and policy development.

The cultivation of cultural industry capacity and related markets in developing countries is not just of interest to the countries affected but is of importance to global market interests as well. The existence of a local market is a precondition for the development of a larger non-local market and indeed for the extension of the information society: the more demand for local products, the more the marketplace for cultural products and information media will grow and expand. In addition, the development of local cultural industries will contribute to the pool of innovative ideas that stimulate future creative activities both locally and abroad.

The debate on cultural industries in recent years in Europe and the Americas has been rich and varied and has essentially taken place within three different if overlapping contexts, namely: copyright, urban (re)development, and in the development debate. However, the many issues involved and a lack of clear definitions have made it difficult to identify priorities and establish a basis for policy development and planning. These conceptual problems are compounded when the discussion moves to the very different context of the Asia-Pacific countries. It is therefore essential to develop a common conceptual framework for discussion and planning between the many different stakeholder interests. This is one of the expected outcomes of this Symposium.

For planners and policy makers, the strengthening of cultural industries cannot be an isolated cultural issue but must be connected to the achievement of sustainable national development goals. Global efforts to support more democratic societies have also focussed on the fundamental obligation of governments to foster attitudes and norms among the population through the provision of essential resources that encourage the free expression of creative ideas and aspirations both in social and economic terms.

When developing policies and planning for cultural industries, it is paramount to recognize the fundamental inter-sectoral character of this exercise and the fact that the cultural industries manifest themselves at very different levels of industry and in very different context throughout the society.

In affluent and technologically advanced countries, creative cultural industries have in recent years become one of the fastest growing sectors of the economy and at the same time a vital component in the transition to an information-based economy. If the information gap between industrialized and developing countries is to be narrowed anytime soon, cultural industries need to be developed in every country. However, in many poorer countries it will not happen easily without planning, investments in infrastructure and the development of an encouraging environment in support of cultural industries. The express purpose of this Symposium is to establish a regional policy framework in which the development of the cultural industries is supported and nurtured.

1.2 Content of the Symposium

The Symposium's OPENING SESSION (Tuesday 22 February, evening) will feature a welcome address by H.H. the Maharaja of Marwar-Jodhpur and will showcase the success story of Jodhpur in promoting a portfolio of creative enterprises and cultural industries in sustaining economic and community development.

The FIRST SESSION (Wednesday 23 February, morning) will set the scene for the discussions in the following days by revisiting the debate on culture and economics as it applies to the Asia-Pacific region, in light of the current international development debate. During the first session the various international agencies involved in the organization of the meeting will discuss how cultural industries may feature as an increasingly important element in the organization's work. To sum up this discussion there will be a brief presentation of the findings of the UNESCO background paper and the proposed framework for cultural industries with particular reference to the goals and objectives of national policy development.

The first Session will conclude with the first of four panel discussions. This first panel discussion "*Setting the Asian Agenda*" will identify needs and priorities in individual countries, and how to stimulate externally-assisted interventions in the area of cultural industries sector development.

The SECOND SESSION (Wednesday 23 February, afternoon). The second session will include two parallel debates and will discuss the potential of cultural industries for poverty reduction and economic development and for social development, respectively. Each debate will include a panel discussion between experts and politicians that will identify priorities and objectives and launch the themes that will run throughout the programme's discussions.

Debate One: The Economic Potential of Cultural Industries

The first debate will discuss the significant aspects of international trends related to the cultural industries sector: the increasing contribution to GDP of cultural industries and the consequent changes in employment patterns; the investment in and liberalization of the ICT sector; and the implications for sustainable development of region-wide growth of the cultural industries.

Debate Two: The Potential of Cultural Industries for Social Development

The second debate will analyze the potential of cultural industries to contribute to wider social development, both in industrialized and developing countries. The debate will focus on creativity as a source of innovation and cultural diversity, not only within the arts but for society in general. The debate will also focus on the role of creativity as a structuring force in community development and the possibilities for realizing this potential through cultural industries.

The THIRD SESSION will focus on how to effect change. The rise in importance of cultural industries is closely related to profound economic and social transformations, and to a changed perception of culture and its role in society. The session will discuss policy development for cultural industries, especially in terms of how a changed perception of culture and its role in society has affected the existing system that support culture. It will also discuss how a redefinition of the roles and responsibilities of economic and social actors, and the creation of new institutions of national and international scope, are changing the interface between the public and private sectors in relation to culture and cultural industries.

To allow for a more in-depth discussion that will involve as many of the Symposium's participants actively as possible, the third session features two parallel roundtables. The roundtable discussions will refer to the proposed conceptual framework for policy development for cultural industries, and prepare input for the 'Jodhpur Initiatives' and Plan of Action to be elaborated on the final day of the Symposium.

Roundtable A: Inter-Sectoral Management for the Development of Cultural Industries

The discussions will focus on the specific, often technical, implications of a policy environment that aims to support cultural industries, especially in terms of the needs that cultural industries have for infrastructure, training, and regulation. A major issue for this roundtable is how long-term Government programmes will need to be designed in order to adequately respond to structural changes in businesses and to technological developments.

Roundtable B: Stimulating the Development of Small and Medium Size Cultural Industries

The roundtable will discuss the policy measures and economic mechanisms that directly affect the viability of cultural industries, especially in terms of the economic mechanisms are required to facilitate the growth of different sub-sectors of cultural industries, and discuss the needs of small and medium scale enterprises. The debate will particularly focus on the identification of policy measures directed at the regulation of SME development; the facilitation of access to credit and professional training; and business development through incubators.

The CONCLUDING SESSION will focus on the process of policy development and will formulate a long-term *Plan of Action* for the development of cultural industries as a strategy for poverty reduction and local economic development. The *Plan of Action* is foreseen to emphasize the need for policy direction; capacity building and infrastructure development; and the need to support data collection and analysis for the cultural industries sector in the Asia-Pacific region.

The concluding session will also agree on the elements of a conceptual framework for the support of cultural industries as a means of promoting development in countries in the Asia-Pacific region. Finally, the session will discuss the components of a proposed inter-agency technical assistance programme, including a regional pilot project proposal for data collection and analysis, aimed at monitoring activities and the impact of policies in support of cultural industries.

1.3 Expected outcomes of the Symposium

To ensure that the Symposium "*Asia Pacific Creative Communities – A Strategy for the 21st Century*" is in a position to contribute to the translation of creative potential in the Asia-Pacific region into socio-economic development, it is essential that the Symposium leads to clear and tangible outcomes.

The Symposium is designed to mobilize more coordinated support for the development of cultural industries and to instigate inter-sectoral project activities at national level. The elaboration of a long-term *Plan of Action* will be an important outcome of the Symposium as it will also establish a joint programming platform for the cultural industries sector that will facilitate partnerships nationally, regionally, and internationally, between sectors and organization that traditionally work with separate projects.

Jodhpur Initiatives for Promoting Cultural Industries in the Asia-Pacific Region:

1. Jodhpur Consensus

A declaration of political will from which will emerge the long-term *Plan of Action*.

2. Plan of Action

A ten-year Plan of Action for the implementation of the *Jodhpur Initiatives for Promoting Cultural Industries in the Asia-Pacific Region*. The Plan of Action consists of the five key technical assistance activities that make up the **Inter-Agency Technical Assistance Programme**, and the coordination framework that will enable these assistance activities to be successfully implemented.

The five key technical assistance activities are:

(i) **Co-ordination:** Support for a regional, integrated policy development coordination mechanism to promote cultural industries, as a strategy for poverty alleviation and socio-economic development. This will involve:

- *Establishment of inter-sectoral national task-forces for the development of the cultural industries sector attached to the authority responsible for elaborating national development plans.*
- *Development of **national** Plans of Action related to cultural industries.*
- *Policy review forums.*
- *Small and Medium-sized Enterprise (SME) development.*

(ii) **Best Practices:** The compilation of a compendium of best practices in the cultural industries sector, from the Asia-Pacific region.

(iii) **Networking:** The promotion of networks that will boost awareness, research and proactive policy development pertaining to cultural industries as a strategy to strengthen the cultural industries sector. These networks will primarily aim at supporting the development of institutionalized training and research. This will involve:

- *Facilitation of multi-disciplinary and inter-sectoral debate.*
- *Establishment of a network of training institutions for the development of a relevant system of curricula and accreditation related to the cultural industries sector.*

(iv) **Creativity Index:** The establishment of an *Asian Cities Creativity Index*, to track and measure the effectiveness of policy initiatives in support of cultural industries.

(v) **Data:** Implementation of a regional data collection model project, for the establishment of baseline data pertaining to the socio-economic development potential of the cultural industries in specific countries.

Notes:

ⁱ UNESCO has a long history of involvement with the cultural industries, dating back to the General Conference of UNESCO in Nairobi in 1976. In recent years the World Bank and regional development banks, as well as governments in industrialized countries, have given greater attention in their strategic planning to the areas of creativity and cultural industries. UNESCO commissioned studies on cultural industries as a preparation for European and international conferences (Oslo 1976 and Mexico 1982). However, these Conferences had only limited impact on programming and policy development in the countries of the Asia-Pacific region. Only in 1995, with the establishment of the World Commission on Culture and Development and the document "Our Creative Diversity" (1995) were the issues raised again. These activities inspired the Intergovernmental Conference on Cultural Policies for Development and the first "World Culture Report - Culture, Creativity and Markets" (UNESCO, 1998). The report emphasized the need for new cultural policies and the emerging role of the cultural industries. The trend was confirmed by the adoption by the UNESCO General Conference in 2002 of "Universal Declaration on Cultural Diversity". UNESCO's Institute for Statistics (UIS) has recently contributed to the cultural policy debate with a Symposium on Culture Statistics (2002), hosted in the new centre established in Montreal. In 2004 UNESCO produced a "Preliminary draft of a convention on the protection of the diversity of cultural contents and artistic expressions" which recognizes the distinct nature of cultural goods and services as vehicles of identity, values and meaning.

Other international organizations have made efforts to understand and harness the economic potential of cultural industries. In this regard, in 1985 the Council of Europe set up a National Cultural Policy Review Programme, which later evolved into a new system for more efficient use of the compiled information (ERICarts' Compendium, <http://www.culturalpolicies.net>). The United Nations Conference on Trade and Development (UNCTAD) also recognizes the potential of cultural industries. At the UNCTAD meeting in Sao Paulo in 2004 (UNCTAD XI) it held a high-level panel on creative industries and development convened, the aims of which included to identify policy recommendations to help shape the development of the creative industries in developing countries and countries in transition.

The World Bank has taken up the challenge in a framework document from 1998 named "Culture in Sustainable Development" and has established a working group of the same name. In cooperation with UNESCO, the World Bank organized two international conferences on this subject (Culture in Sustainable Development, 1998; Culture Counts, 1999), but have subsequently focused on more specific social and economic aspects of the debate in the conferences on Culture and Poverty (2000) and Culture and Public Action (2002).

ⁱⁱ The Symposium documents make use of the term 'cultural industries'. These industries are also referred to as 'creative industries', 'cultural enterprises', or 'content industries'.

For purposes of coherent discussion the definition of "cultural industries" used in the Symposium documents is as follows:

Cultural Industries are defined as those industries which produce tangible or intangible artistic and creative outputs, and which have a potential for wealth creation and income generation through the exploitation of cultural assets and production of knowledge-based goods and services (both traditional and contemporary). What cultural industries have in common is that they all use creativity, cultural knowledge and intellectual property to produce products and services with social and cultural meaning.

The term 'cultural industries' is almost interchangeable with the concept of 'creative industries' but whereas 'cultural industries' emphasizes heritage, and traditional and artistic elements of creativity, the notion of 'creative industries' places emphasis on individual creativity, skill and talent in the exploitation of intellectual property.

The notion of 'cultural industries' is also slightly different from categorization based in the notion of intellectual property which is closely linked to the concept of information-driven economies and which includes such activities as scientific and technological innovation, software and database development, telecommunication services, and production of hardware and electronic equipment.

2

Cultural Industries: A New Approach to Sustainable Development

*"In short, whatever the definitional and linguistic difficulties, the use of 'cultural industries' itself indicates that the term is currently responding to some deep-stated and far-reaching need to handle transformations which go beyond short term tactical problems and rhetorics. ... At stake here is a new relationship between culture and economy. This is not purely celebratory – that finally economics is valuing human creativity and realising human potential - nor is it the final subsumption of culture within the productive base of capitalism; it is partially both but it is also a different dynamic which needs to be faced. In policy terms the problem has been the language difficulties between economics and culture. Anybody who has worked in this field has had frustrating encounters with the hard, master discourse of economics – not so much a refusal of the value of culture (they are patrons of the arts) but a refusal of its value within an economic discourse. Many now struggle with the increasingly central role of cultural value within economic production."*¹

2.1 The Emergence of Cultural Industries as a Force in Modern Society

Cultural industries are most commonly understood as referring to such industries as publishing (of books or other reading materials), graphic industries, film-making, the recording of music and other oral traditions, multi-media productions, crafts of many kinds, performance, fashion, architecture, and the arts. Cultural industries also include certain activities in the service sector such as advertising and publicity, television, radio, films, and entertainment. What is common for these industries is that creativity, intellectual property, and culture are very prominent features of the product development.

Of course it may be argued that all industrial production contains a design element (and therefore creativity, intellectual property, and culture). What, then, is really the difference between the cultural industries and other manufacturing industries? If the cultural industries potentially encompass all industries, perhaps it is not the *output* of the production that distinguishes the cultural industries from other manufacturing industries, but the fact that the cultural industries as a concept offer an alternative interpretation of value generation.

The term 'cultural industries' is used interchangeably with 'creative industries', 'cultural enterprises' and 'content industries'. Unfortunately, there is an absence of clear definitions and demarcations, which has often led to a confusing, scattered and ultimately unconstructive debate. In spite of the fact that 'cultural industries' has been used as a key concept in a variety of policy documents in many countries, there is still no common conceptual framework for this 'cultural industries'.

¹ O'Connor, Justin (1999), "Definition of Cultural Industries", pp 4-5, on the Manchester Institute for Popular Culture website www.mipc.mmu.ac.uk/iciss/policy.htm

The concept of *cultural industries* was first used by Adorno and Horkheimer in their analysis of the commercialization of art and culture.² In the context of the Cold War and the development of the welfare state, the concept was used primarily in relation to the formation of attitudes and national identity, and the function of the State and of ideology in this respect. In many Asia-Pacific countries, this normative aspect of the cultural industries still dominates policy making for the cultural arena.

With the shift in occupation and industry in mature economies such as the United Kingdom and Finland, the concept became a focus for the development of alternative national strategies for employment and trade. Over the last 25 years, the term 'cultural industries' has become a key issue in discussions of urban development and employment.

At the same time, a modern lifestyle - characterized by a greatly increased demand for cultural goods and services - emerged with the rise of the information or knowledge society, especially in industrialized countries. It was a gradual but fundamental change of society and of the way culture is perceived by societies at large, especially in their role as consumers of cultural goods and services. In this context, the cultural industries evolved to encompass very different sub-sectors. 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. The role of the cultural industries in shaping growth has become a key agenda item in the various sectors, including the urban renewal debate in the United States, with the work of authors such as Richard Florida, Joel Kotkin, and companies such as Partners for Liveable Communities and in the United Kingdom, with the work of Creative Clusters.

The transformation of the cultural industries occurred in parallel with the developments in copyright protection, which has become increasingly important in the last 20 years in relation to non-artistic areas of intellectual creation, for example, 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 including other non-service areas of production and distribution (for example, the production of leisure wear and sports articles). 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 that centres on the productive and innovative capacity of knowledge and information – rather than a more traditional concept of culture as linked to the classical fine arts.

The importance of cultural industries is closely related to the profound transformations of economy and society, and to the changed perception and role of culture in modern society. This is also reflected in a change of societal institutions, and in a need to rethink the system of publicly-funded culture that has existed since the Second World War.

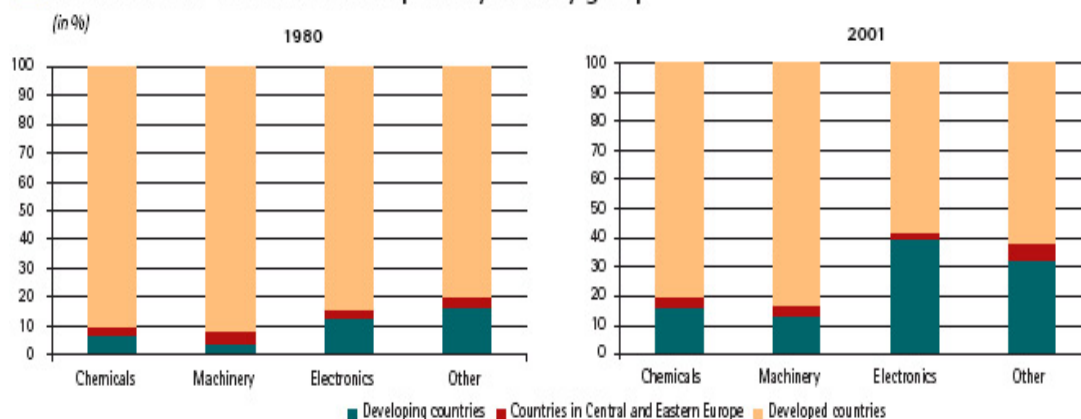
2.2 Economic trends related to cultural industries

In the years after the 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, this led to a substantial transfer of industrial production to some few developing countries, and to the consequent changes of society and employment in industrialized countries described above. Hence, a few developing countries have been able to secure economic growth by focusing on meeting an increasing global demand for medium/high-skill and technology-intensive

² Horkheimer, M., and Adorno, T.W. (1947) *Dialektik Der Aufklärung: Philosophische Fragmente*, Amsterdam. Translated into English: Horkheimer, M. (1972) *Dialectic of Enlightenment*, Herder and Herder, New York.

products. By focusing on specific goods (e.g. electronic equipment), they have been able to contribute to economic globalization and trade increases. For example, as the graphs below illustrate, since 1980 developing countries have increased their exports of manufactured goods as well as their exports of high-skill and technology-intensive products.

Distribution of manufactured exports by country group



Export growth of different categories of manufactures, by factor intensity, 1980-2001

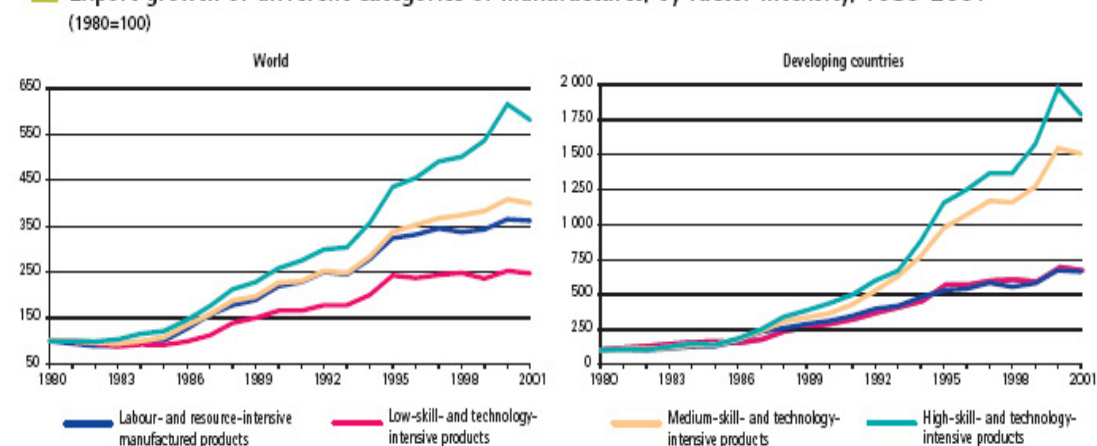


Figure 2.1 Production and international trade of manufactures

Source: UNCTAD GlobStats, *Development and Globalization: Facts and Figures, Production and International Trade of Manufactures, Trade Structure of Manufacture*, <http://globstat.unctad.org/html/index.html>

This global trend has contributed to the increasing relevance of cultural industries in the Asia-Pacific region. Some countries (such as Malaysia and 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 and a range of cultural industries. Hand in hand with this economic prosperity came a new emphasis on education and health, which signified a new focus on the individual's development potential.

"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 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 ICT-based hardware are strongest and changing consumption patterns are moving closer to those in the 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 diaspora³.

2.2.1 Research and mapping studies in the field of cultural industries

The undertaking of national studies has often been linked to policy development. In an attempt to spearhead the sector's potential for socio-economic development, the more advanced economies of the Asia-Pacific region, including Australia, China (Hong Kong SAR), Japan, Malaysia, New Zealand, the Republic of Korea, and Singapore, have prepared strategic documents and conducted mapping exercises for the creative sector. Some of these studies and mapping exercises are listed in the table below.

Country	Publication	Author	Date
Australia	<i>The Economic Contribution of Australia's Copyright Industries</i>	Allen Consulting Group	2001
Japan	<i>Copyright White Paper</i>	Japan Copyright Institute	March 2001
New Zealand	<i>Creative Industries in New Zealand</i>	New Zealand Institute of Economic Research	March 2002
Singapore	<i>Creative Industries Development Strategy</i>	Economic Review Committee (ERC) Services Subcommittee	September 2002
Singapore	<i>Economic Contributions of Singapore's Creative Industries</i>	Toh Mun Heng, Adrian Choo, and Terence Ho	2003
Indonesia	<i>The Contribution of Copyright and Related Rights Industries to the Indonesian Economy</i>	Institute for Economic and Social Research, Faculty of Economics, University of Indonesia	August 2003
China	<i>Baseline Study of Hong Kong's Creative Industries</i>	Centre for Cultural Policy Research, University of Hong Kong	September 2003
China	<i>A Study on Hong Kong Creativity Index</i>	Centre for Cultural Policy Research, University of Hong Kong	November 2004

Table 2.1 Research and Mapping Studies in the Asia-Pacific region

Today, many industrialized countries are consciously planning for the culture industries, as witnessed by many policy statements and mapping exercises. But the same is not happening in most developing countries. It is significant that the cultural industries in many situations, and in many countries, are not thought of as industries – or as activities that primarily are concerned

³ UNCTAD (2004) "Creative Industries and Development", TD(XI)/BP/13, p 7

with manufacture and commerce. Since they are not considered industries, systematic support in the form of legislation and regulation, institutional support, access to credit, vocational training, and the granting of priorities, are seldom accorded these activities. In this environment, the cultural industries sector does not easily grow but tends to remain an isolated cultural or educational concern that cannot contribute much to the overall development process.

The lack of policy-level support which hampers the development of cultural industries is most often attributed to the perception that these enterprises have a limited economic potential, with a high propensity for failure. Variations of this argument are that there is an insufficient market for the products, or that the buying power is too low even if there is a demand or a need for the products. The cultural industries are often trapped in attitudes which grew out of patronage systems for cultural production, wherein economic competitiveness was not a consideration. In many developing countries and transition economies these attitudes are evident in repeated demands that governments should provide much more funding for their (cultural) activities. While the lack of funding is certainly a major problem for small-scale cultural industries in almost all developing countries, it is not the cause of the problems these industries are facing but rather a symptom. The real problem is much more fundamental, and has to do with the way these industries are perceived and the lack of attention given to them in the context of national planning and development strategies.

Throughout the Asia-Pacific region, especially in the poorer countries, there has not yet been a wide recognition of the potential of cultural products and new information media to contribute to the societal shift in these attitudes and operational obstacles. However, the perception of culture may be slowly changing, as reflected in a recent regional economic forum where Thailand presented the One Tambon One Product⁴ (OTOP) local product promotion programme as a model strategy for economic growth in disadvantaged areas.

The perception of culture as an area of limited economic interest is exacerbated by the way that asset evaluation is undertaken in relation to cultural industries and products. Cultural assets and their resulting products are seldom assigned any economic value. From a technical point of view, cultural statistics are still underdeveloped, and thus seldom incorporated into national development statistics, thereby undercounting the impact of cultural industries.

2.3 Asset evaluation of material cultural heritage resources

In a discussion of the economic potential of cultural assets, material heritage resources are a special case. The material cultural heritage resources are valued in a number of different ways, according to their economic value, aesthetic value, cultural value, political value, and educational value. While these values are important and may be utilized as forms of individual capital, their real value is as a pool of common capital, available to be utilized for the public good. This is the common thread that links all valuations of cultural heritage assets.

However, in spite of the high value that is intuitively assigned to heritage assets, traditional economic models fail in important ways to capture this value. This is because the traditional models have been designed to express all values in terms of prices, which are established in markets in accordance with supply and demand.

On the other hand, analytical models from cultural fields, while offering a variety of ways to conceptualize the social value of heritage, are often unrelated to economic discourse. However,

⁴ The *One Village One Product* movement was originally started in Oita Prefecture in Japan. Inspired by this idea, the Thai Government has been promoting local industry through the manufacturing of attractive specialty products based on abundant native culture, tradition and nature. This campaign is called "One Tambon One Product" (OTOP) in Thailand because the target area is the administrative unit called "tambon", which is the equivalent of "village" in English. (*Background About OTOP*, Thai-OTOP-City.com, 2003, <http://www.thai-otop-city.com/background>).

this disjunction need not be the case. Market economics holds increasingly more sway in various spheres of contemporary society and the adaptation of economic models to explain cultural productivity has become a matter of political necessity and practical concern. The integration of economic and social models for valuing culture heritage resources – and hence, directing the development of their asset potential – is one of the objectives of a Regional Data Pilot Project that will be discussed during the “Creative Communities: A Strategy for the 21st Century” Symposium, in Jodhpur in February 2005.

The material cultural heritage is part of the cultural capital that the cultural industries draw on. The economic potential of these resources is highlighted in the experience of cultural tourism where the cultural assets directly generate a whole range of income-generating activities that can be exploited at community level.

2.4 The potential of cultural industries for sustainable development

“Serious attention to culture is basic to improving development effectiveness – in education, health, the production of goods and services, the management of cities. It is at the very heart of poverty reduction as well as the quality of life.”⁵

The new understanding of the role of culture in development accorded by international policy statements such as the *UN Millennium Development Goals* and the *Universal Declaration on Cultural Diversity* adopted by UNESCO’s General Conference in 2003 is closely related to the shift in development parameters that has been brought about by the emergence of information-based economies.

Structural changes in society, such as the rapid developments in the communication and information sector in recent years, pose new and different problems to developing and industrialized countries alike. New and different approaches are needed to solve these problems and accommodate the changes. With the growing importance of information, the infrastructure and the professional capacity needed to handle information – in other words the cultural industry capacity – have become an indispensable element of socio-economic development in a way it never quite was before. We see it, for example, in the way job descriptions for management staff has changed over the past decade to emphasize team building and information sharing, and in the tendency to view political leaders and their effectiveness in terms of their competence as Chief Executive Officers. It is, nevertheless, a change that has yet to be reflected in the way most development strategies are articulated by national planning officers and in the design of international technical assistance projects.

The post-industrial economy led to the emergence of new cultural industries in mature economies, which in fact has been a globalizing driving force in the re-definition of society and personal identity in much of the developed world. The potential of cultural industries to re-define society and personal identity could be a major factor in community development in developing countries. However, the transformation of society that has taken place in the industrialized countries over the last 50 years is not without cultural values. The extent to which these values and the lifestyle that comes with them are relevant to an Asian context is in itself an intriguing question.

“The growth in cultural consumption meant not just increased purchase of cultural goods but new uses of these goods in the construction of individual and social identity. These new forms of consumption – fast moving, highly segmented, increasingly cultural – have placed the cultural component of many consumer goods at the forefront of their economic value. The design input of manufactured goods, as well as financial and other services, has become increasingly important...”

⁵ World Bank (1999) “Culture and Sustainable Development, A Framework for Action”
www.worldbank.org/eapsocial/library/cultural.pdf

What we now consider to be cultural creativity and innovation .. presents itself as an adoption of an 'artistic' sensibility .. concerned with the breaking of [classical] models and accepted-order at all costs. In order to do so the artist relies on her own personality, the depths of her own genius as the material basis of this transcendence. The notion of personal expressivity, of the breaking of rules, of the explicit rejection of the established social and artistic order were central components of the 1960s counter culture. Through this they entered the mainstream. This personal creativity and responsibility for the construction of self could be seen as part of that same process of the reflexive construction of identity noted above. Innovation, transformation, personal choice, creativity – all these were cultural values which in the 1970s and 80s ran close to the transformation of cultural consumption and, increasingly, cultural production.

These are large scale transformations .. [and] the emergence of the cultural industries was part of this shift, a response to it, an active negotiation. In terms of the local level we could call it 'cultural renegotiation as business.'⁶

2.5 The digital divide

The new media for communication and information have changed access to information radically and paved the way for a less-hierarchical knowledge system. Thus the new information media are often touted as the great equalizer. 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 are also rapidly widening the gap between those who have access to information and those who do not.

The enormously increased volume of information is partly a result of the new technology and cultural industries and is partly feeding them. The information context is therefore a key to understanding cultural industries. In fact, it would appear that the closer cultural products are linked to original information input, the more 'cultural' they are.

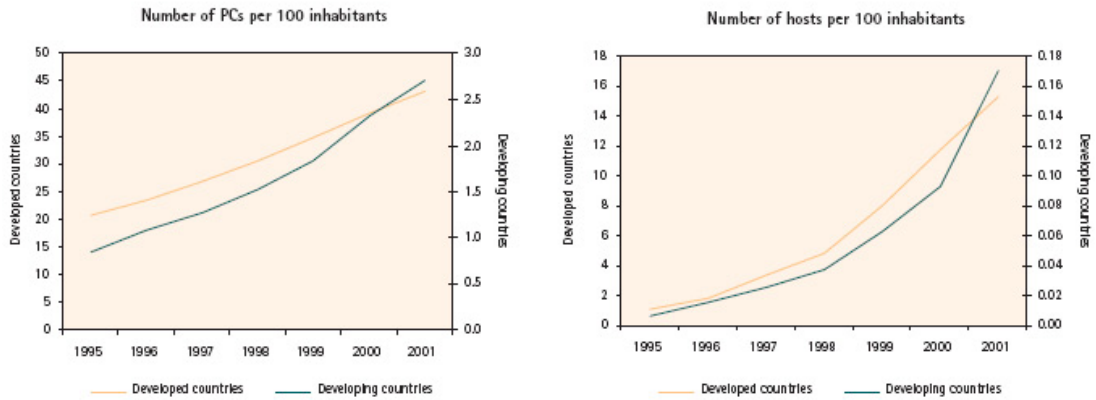
The resources needed to preserve cultural integrity and national independence and to uphold socio-economic growth require any state to be able to access, process, produce, and disseminate information. Hence, neither technology nor access to information alone will be the determining factors for development. Faced with an ever-growing flood of information, the capacity to process this mass of information, and the capacity to effectively analyze, produce, and distribute relevant information will be crucial for any society.

The international infrastructure for creating and disseminating knowledge is, however, complex and unequally structured. It remains controlled by only a handful of industrialized nations in the world. Many developing countries depend on knowledge, research, and information produced by these countries. Strengthening the cultural industries in developing countries is a way to counterbalance this information hegemony and thereby to ensure the countries a more equal position in the world.

At a national level, the structure for knowledge dissemination allowed by the new media has a direct bearing on the problems that many developing countries are facing. While rich entrepreneurs in developing countries may set up sophisticated systems that ensure their own access to the necessary information and technology, many Governments do not have the means, the experience, nor the capacity to do the same to ensure that their policies for socio-economic development can be seen through to fruition.

⁶ Justin O'Connor (1999) "The Definition of Cultural Industries", pp. 8-9, *op.cit.*

The digital divide: PCs and hosts



The digital divide: telephones

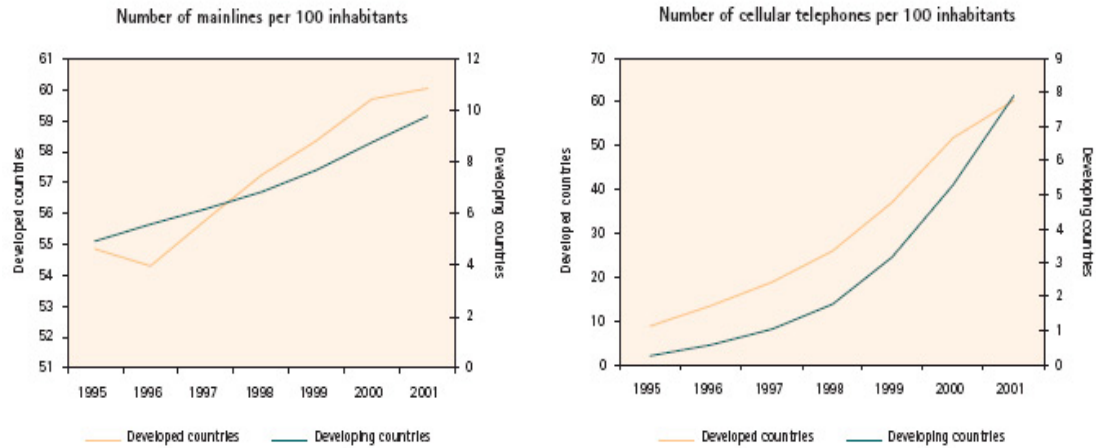


Figure 2.2 The digital divide in per capita PC/host and telephone ownership

Source: UNCTAD GlobStats, *Development and Globalization: Facts and Figures, Information and Communication Technology, ICT Development Indicator*, <http://globstat.unctad.org/html/index.html>

Note: The scales for developed countries and developing countries are shown on the left and right hand axes, respectively.

Strategic planning to ensure the necessary development of the information and cultural industry sectors must be conceived as an integral element in a much wider strategy for development. There is no question that the gap between the haves and have-nots will only widen if new emphasis is not given to assist countries in developing the necessary national capacity to guide and further this development at national level. As expressed by Dr. Mohammed Mahathir, former Prime Minister of Malaysia:

"It can be no accident that there is today no wealthy developed country that is information poor, and no information-rich country that is poor and undeveloped."

"I know the digital divide is really a function of the wealth of the people. Poor countries will show a greater divide than rich countries. It's simply because the hardware and the software costs a lot of money and we just cannot afford it... Bridging the information and knowledge gap - not just between Malaysia and other nations, but between local communities in Malaysia itself - is an extremely important priority for us all as we move into the new global knowledge economy... While effective international cooperation is vital in bridging the widening digital

*divide, more importantly it allows for representation of the views of the developing world in formulating international policies on the use and expansion of information technology.*⁷⁷

Cultivation of the cultural industries is not only essential to economic growth but also of vital importance in ensuring political stability and the emergence of democratic societies. Access and circulation of information are pivotal to the development of democratic debate and the existence of a diverse and vigorous civic society.

As the ability to sustain a steady and rapid flow of information becomes crucial to a country's competitive edge, the inexperience and shortcomings of many developing countries in this area become a serious threat to continued development both in the economic and the social sphere. In this context, the cultural industries will have to play a much different and more strategic role than they have done so far in development plans. Unfortunately, most developing countries and transition economies are not yet sufficiently prepared to take advantage of this opportunity because of weak institutional support.

2.6 Cultural diversity

The fundamental paradigm shift in the definition of culture itself also reflects a heightened recognition of the importance of cultural diversity. Cultural diversity is embodied in both the traditional ethnic diversities found in abundance throughout the Asia Pacific region, and in the new social diversities emerging as a consequence of the region's rapid urbanization in response to the exigencies of globalization.

The ramifications of these transformations are significant not only for our economies but also affect the way we conceive society and governance, and the way we structure our communities. Hence it is possible that the state and society are affected by the same process of commercialization as our notion of culture and that the growing importance of cultural industries in fact is directly involved in the re-structuring of society and the state.

Activities in the sphere of culture heritage protection and conservation are directly relevant to successful culture asset management ensuring the reproductive value of a community's cultural resources. The UNESCO Universal Declaration on Cultural Diversity (2001) makes this linkage clear (Article 1 – Cultural diversity: the common heritage of humanity).

Article 1: Culture takes diverse forms across time and space. This diversity is embodied in the uniqueness and plurality of the identities of the groups and societies making up humankind. As a source of exchange, innovation and creativity, cultural diversity is as necessary for humankind as biodiversity is for nature. In this sense, it is the common heritage of humanity and should be recognized and affirmed for the benefit of present and future generations.

Promoting cultural diversity can be addressed through stimulating greater breadth and depth in the cultural industries. The Declaration includes specific recommendations for action with respect to the cultural industries (Articles 17-20).

Article 17: Assisting in the emergence or consolidation of cultural industries in the developing countries and countries in transition and, to this end, cooperating in the development of the necessary infrastructures and skills, fostering the emergence of viable local markets, and facilitating access for the cultural products of those countries to the global market and international distribution networks.

⁷⁷ Dr. Mohammed Mahathir, former Prime Minister of Malaysia, quoted in Talero, E & Gaudette, P. (1996), *Harnessing information for development: a proposal for a World Bank Group Strategy*, World Bank Washington DC, and in Ka-Min, L. "Malaysia: PM for south cooperation for equity in global governance" , Third World Network, www.twinside.org.sg/title/global.htm

Article 18: Developing cultural policies, including operational support arrangements and/or appropriate regulatory frameworks, designed to promote the principles enshrined in this Declaration, in accordance with the international obligations incumbent upon each State.

Article 19: Involving civil society closely in framing of public policies aimed at safeguarding and promoting cultural diversity.

Article 20: Recognizing and encouraging the contribution that the private sector can make to enhancing cultural diversity and facilitating to that end the establishment of forums for dialogue between the public sector and the private sector.

To counteract the world-wide dependence on information and cultural products originating from industrialized countries, there is a need to support the development of localized cultural industries of a smaller scale that contribute to the production of a range of cultural products and to the exchange of a diversity of opinions, expressions and perspectives within each country.

A major challenge for the post-industrial economy is the need to link the national policy to the global context. Cultural industries play a pivotal role in this ideological re-deployment as the generators of a new global information society.

3

A Sector Approach to Cultural Industries

The notion of a distinct cultural industries sector is a new concept but one which is gaining support, as documented in studies and mapping exercises for the cultural industries. The objective of the aspects of the discussions of the Symposium is to highlight the potential of the cultural industries as a tool for local economic and social development, and to emphasize the need to view the cultural industries sector as one with its own particular functions and characteristics and which therefore differs from other sectors. Policy development for these industries will only be effective if it is approached as part of a sector analysis.

3.1 The cultural industries sector – a conceptual framework

The seemingly ever-expanding content of the cultural industries makes the establishment of a common conceptual framework for this area imperative for any constructive discussion on policy development and planning. In order to respond to the different needs within this sector, such a framework must, most importantly, clearly denote the different sub-sectors of the industries and the degree of originality and creativity embedded in individual products.

The want of a framework is further emphasized by the notion of the knowledge economy as the immediate context for the cultural industries. As the knowledge economy encompasses the whole area of nature and science, the potential for cultural industries brings them very far from any traditional notion of this term. There is therefore an urgent need to clarify and demarcate the cultural industries as opposed to other knowledge-based sectors, such as ICT and bio-technology, which are not cultural industries in the sense that is implied in the debate on culture and development.

To provide a basis for policy development, the framework must define cultural industries in relation to this particular purpose. The definition needs to be clear on concepts and functions to allow the identification of needs and policy responses appropriate to the different situations.

Moreover, the definition needs to reflect real needs and situations in the Asia Pacific region. Hence the framework must be able to relate to such issues as poverty reduction, health care, capacity building for cultural preservation and innovation, education, civic society building and participation, and the need for individuals and communities to shape their own identity through history and cultural traditions.

A proposed conceptual framework for the cultural industries sector is built around a dynamic, analytical model that reflects three different dimensions of the socio-economic environment in which cultural industries exist: the cultural assets, the cultural goods and services, and the cultural infrastructure and policy environment.

The framework assumes that the sustainable development of the cultural industries sector depends on a balanced development of each of these three dimensions, so that the inter-dependence between the dimensions drives development in a continuous movement.

The framework is designed to generate information that will assist policy makers in evaluating the economic and social potential of the cultural industries, and in developing policies that will increase the sector's positive impact in both spheres. The economic analysis refers to the sector's potential contribution to GDP, trade, and employment. The social potential and impact of cultural industries (reflected in the notions of cultural consumption, participation, and the diversity of cultural content and artistic expression) is important in assessing questions of equity in access to cultural goods and services. This kind of information is important for all categories of the cultural industries, especially with regard to policies promoting poverty reduction and cultural participation as a basis for fostering positive social cohesion and community development.

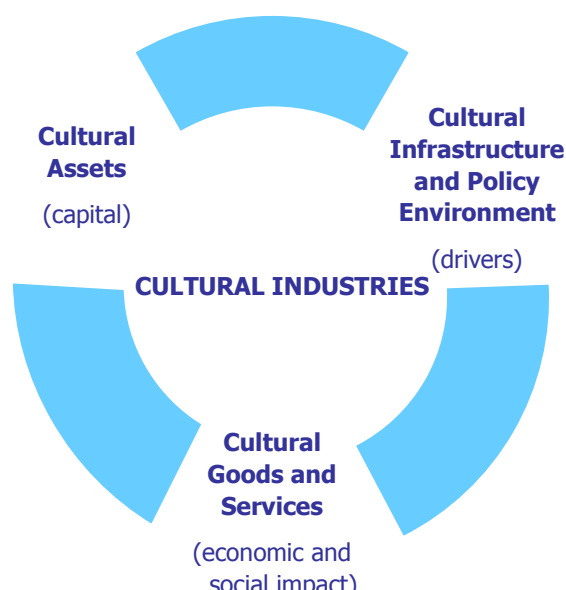


Figure 3.1 Conceptual framework of the cultural industries sector

3.1.1 Cultural assets

The cultural assets denote the tangible and intangible cultural heritage or resources of any society as it is expressed through a sense of identity, knowledge, values, and beliefs. The cultural assets are both a social and an existential concept.

"An item of cultural capital may be tangible, such as historic building or an artwork, or intangible, such as a tradition, a custom, or a piece of music. Cultural capital represents a store of value, ie. as an asset that is worth something in both economic and cultural terms at a given point in time. It also gives rise to a flow of services over time, again expressed in both economic and cultural terms. When the copyright industry refers to "asset value", it appears to mean the latter, ie. the present value of potential revenue streams generated by intellectual property in existence now or yet to be created, much of which is not covered by copyright regimes and which therefore remains unrealised. The concept of cultural capital is helpful in systematising the study of the asset base of the cultural industries, since it explicitly expands the valuation processes relating to those assets to include both the economic and the cultural benefits they create. It also brings into play the associated concept of sustainable development, where longer term issues of intergenerational effects are raised. By this means the cultural industries can be situated in a wider context where economic, ecological and

cultural sustainability can be seen as part of a single holistic system rather than as isolated phenomena.”¹

The cultural assets find expression in outstanding works of art as well as in more popular crafts and artistic traditions, the knowledge and skills of which are shared by a group of people. It is, however, the same cultural assets that give rise to new ideas in other areas including science and technology. While the cultural assets are inherent to any society, the number of tangible, cultural products and the extent of innovative thinking vary from one society and time to the other, as do the patterns of access to such goods.

3.1.2 Cultural goods and services

Cultural goods and services signify a wide range of products and services that are the output of the cultural industries. When discussing the economic potential of the cultural industries it is often with a reference to data on different categories of goods and services and their related industry categories. By analyzing data on the production and sales of goods and services, policy makers may be able to identify particular areas and products that provide an opportunity for growth and development. The social impact of the production of cultural goods and services include employment patterns as well as the impact that the products themselves may have on peoples' habits and lifestyles. Section 3.2. will define the cultural industries from a policy perspective.

3.1.3 The cultural infrastructure and policy environment

The cultural infrastructure and policy environment indicates the area that must be affected in order to stimulate growth in the cultural industries sector and to preserve and cultivate cultural assets.

To facilitate an analysis of the conduciveness of the national environment to further development of the cultural industries, the framework operates with five 'drivers' of cultural industries development. The drivers are identified as those aspects of the infrastructure and policy environment that directly affect the potential for growth in the cultural industries sector. Hence an analysis of the vigour of each of these drivers in a given country will provide decision makers with the kind of information needed to identify strengths and weaknesses in the environment and direct policy guidelines and investment accordingly.

The five drivers for sector development are:

- Social organization and values
- Human resources development
- Cultural asset management
- Technological development
- Infrastructure (*physical infrastructure, institutional framework, legal framework, financial framework*)

Section 3.3. will describe some of the elements of the policy environment in more detail.

3.2 Defining Cultural Industries in the Asia-Pacific Policy Context

The term cultural industries is defined in this context as the industries that produce tangible and intangible artistic and creative outputs and that have a potential for wealth and job creation through the generation and exploitation of intellectual property, cultural assets, and knowledge-based goods and services (both traditional and modern).

¹ *David Throsby, (unpublished material, 2003).*

Many activities within the cultural industries sector are considered public goods, meaning that the provision of the activities does not only benefit the individual but is to the advantage of society as a whole. Since their benefits are readily available to everyone and no one can be excluded or fully appropriate the benefits, they typically are not delivered by the free market, but depend on a measure of direct or indirect government support. Consequently, the sector is deeply influenced by government policy formulation and regulation. The proposed framework has been developed with a focus on identifying how governments can provide the best conditions to strengthen and stimulate the growth and sustainability of these industries and how external assistance can best be used to support such development.

Though each of the many different professions involved in cultural industries tend to form a sub-sector by itself – e.g. the music industry, publishing or theatre - with its own particular needs, economy, organization, and identity, the demands with which each policy maker is faced in each of the sub-sectors are not as different as the professions themselves. From a policy perspective a small-scale publisher is likely to have more needs and problems in common with a small professional music ensemble or a small pottery and weaving business than it has with a larger-scale publisher.

Hence it is important for the policy maker to look behind the different appearances of these industries to their commonalities, and to be aware of underlying and more structural differences that determine the viability and strength of individual industries. By shifting the analysis from the individual cultural industries' output to the fundamental way they work within our societies, it becomes possible to identify different policy objectives for different aspects of these industries as they may appear in any society. It is these kinds of patterns or environments that allow us to identify the 'drivers' of cultural industry development.

We can identify at least three main groups of cultural industries:

- Artistic creation and production: heritage and museums
- Classic cultural industries: local cultural production
- (New) mass cultural industries: global cultural production

Each of these is distinguished from the other categories by the extent of replicability of the original artistic input and the number of copies or end-users it reaches (scope), by their different business models, traditions, and size – and, not least, by the quite different needs for policy support and resources required by each group. Within each group sub-sectors can be further identified, which have their own particular professional traditions and identities. Please note that the three groups of cultural industries have been identified for policy development purposes only and do not necessarily constitute sub-sectors of the cultural industries sector. The notion of "sub-sector" has been used to denote professionally defined groupings within the cultural industries sector, such as the music industry, publishing, etc.

3.2.1 Artistic Creation and Production: Heritage and Museums

This group is found at one extreme of the continuum of cultural activities, and includes what can be described as the core creative arts activities. They can be organized into the following sub-sectors:

- performing arts (theatre, ballet, opera, live music)
- artistic creation (visual and plastic arts, writing and literature)
- exhibition activities of cultural institutions such as museums, galleries, libraries, etc

The core creative arts are less commercial and more dependent on an understanding of the public good value of their activities than the other two groups. This is also reflected in the fact that it is difficult to get an accurate impression of the volume and potential of these activities through output or employment data. A more indicative measure would probably be an estimate of the number of people who take part or benefit from these activities.

The main feature of the products or activities in this sector is a high level of self-differentiation, resulting in uniqueness of their cultural content. Their cultural content in some cases is embedded in the objects or traditions they are centred upon, such as the physical objects displayed and interpreted in museums. These activities are traditionally dependant on substantial public and private funding and are often organised around major institutions as they often require a high level of knowledge and education.

The workforce in this category includes professional creative artists: actors, dancers, musicians, painters, sculptors, writers, etc. Consumers include those members of the community who attend the performances, purchase artworks and read novels, poetry, etc.

Within the performing arts, the forms of business organization in this sub-sector vary in scale from small-scale, not-for-profit enterprises to larger theatre companies, symphony orchestras, etc. While the small enterprises are a key component of this category, the larger national cultural institutions are part of the institutional framework of the cultural industries and as such will be considered part of the second group of cultural industries.

Amongst the small-scale performing arts enterprises in the Asia Pacific region, the artistic focus is frequently, though not exclusively, on the history and traditions of artistic expression in the various countries and their local communities. For some ensembles and individual performers the creative vision involves a re-interpretation of traditional cultural forms in contemporary terms. The levels of training and experience of the professional labour force in this sector are often high, yet the financial rewards in terms of incomes earned tend to be low. Likewise, the financial position of the businesses in the sector – small theatre companies, small music groups, etc. – is often precarious.

Similar conditions prevail in the other sub-sectors of the core creative arts, including the visual arts and creative writing. Again, the financial returns to artists tend to be low, and the motivation for creative work comes more from the artist's pursuit of an artistic vision than from any hope of substantial monetary reward.

Given the relatively low financial returns to enterprises and individuals in the core creative arts, it is not surprising that their contribution to tangible economic outcomes in terms of direct output is not expected to be large at the outset. Rather the importance of this sector is measured indirectly or in intangible terms in several different respects. First, the cultural significance of these creative activities as an expression of national and local community life is likely to be high, contributing in important ways to the complex processes of social and cultural development. Second, the core arts are a vital source of creative ideas that percolate through the cultural industries, informing and enriching the content of the wider cultural industries discussed below. Third, the arts are a seed-bed of creative talent – the training and experience of artists who are nurtured in this core sector of the creative industries feed the other sectors. Indeed the skills of all types of artists are increasingly being utilized in industries outside the cultural sector altogether.

In other words, this sector of the cultural industries yields downstream cultural and economic benefits. The cultural value produced by these activities is reflected in their contribution to creativity, innovation, identity, etc. The economic impact of the artistic professions can be measured by the market value of the goods and services produced, including the value of public goods of the above-mentioned kinds.

The policy needs for the core creative arts tend to be focused on the benefits that they produce. These include enabling measures to make markets work better, for example through enforcement of equitable copyright regimes to ensure proper remuneration to creative effort. In addition, there are also generally strong grounds for direct government support, especially of non-commercial artistic activity in order to secure the benefits discussed above. The direct support would include grants to individual artists or companies, tax concessions, education and training, development of institutional infrastructure such as professional associations, and so on. It may also be possible to facilitate access to credit for individuals or small enterprises in this sector, since they are unlikely to be able to provide the collateral necessary to obtain loans on a commercial basis.

3.2.2 Classic Cultural Industries: Small-scale Cultural Production

The second group of cultural industries primarily includes activities related to the direct creation of cultural products at the local level, and includes the following small-scale cultural enterprises:

- local publishing of books, newspapers, and magazines
- local television and radio
- local music recording and distribution
- local craft production and distribution (ceramics, fabrics, furniture, etc.)
- local production of multimedia and software
- locally-based designers who contribute their services to a range of production outlets

The classic cultural industries are primarily small to medium-sized enterprises whose activities are focused on the production of tangible cultural products (e.g. books, films, etc). The main difference between the first and second groups is that the outputs of the classic cultural industries are replicable, produced in number of copies, and thus not unique. The cultural content is protected by copyright, in order to guard against the possibility of being illicitly replicated. Aside from television and radio, these goods are not public goods, and have a clear commercial valuation. The first and the second group of cultural industries coexist as different stages of production within the same cultural context. There is a symbiotic interdependency between the artistic creation and its commercial reproduction and distribution.

In differentiating between the second and third groups of cultural industries, we make an explicit differentiation between cultural production carried out on a smaller scale and destined for local consumption, and large-scale commercial production of cultural goods and services intended not only for domestic consumers but in many cases for the international market as well. This distinction is especially important in developing countries where much of what we mean by “the cultural industries” falls into the second group, and bears little resemblance to the mass production of cultural industries in the global economy.

The second group of cultural industries are notoriously underdeveloped in many developing countries. The development of national cultural industries such as publishing has generally been hampered by the absence of a market demand caused by illiteracy, low levels of education and poverty. The preference by the consuming elite for non-local cultural goods and services further undermines the development of local industries. For example, this trend is still evidenced in the dominating economic interests industrialized countries have in the production and provision of instructional materials to all levels of education in developing countries. Furthermore, the shift in content toward fewer products (the bestseller or blockbuster syndrome) catering to a more international market may further complicate matters by a tendency to sever the fruitful dependence between the first and second groups of cultural industries.

As in the first group, a range of people are involved in the productive activities of the classical cultural industries, who tend to have a relatively high degree of education and specialized professional training. They do not necessarily contribute artistically to the end products, but facilitate the production and dissemination of the products. The professional qualifications of these people are quite different in the two tiers. The first tier includes administrators, managers, salespeople (who are common to all the categories), along with cultural resource experts, historians, tourist guides, etc. The second tier includes specialized professionals such as editors, graphic designers, printers, photographers, sound technicians, cameramen, etc.

Compared to other industries, the income generating potential is traditionally low but is offset by the relatively low barriers to entry. However, although the value of output of individual enterprises in this sector may be relatively small, their volume and extent may be quite substantial. In aggregate, the capacity of this sub-sector to contribute to local economic activity may be very significant. From the policy perspective, there is a tremendous potential of these small-scale and widely diffused cultural enterprises within this sub-sector to provide employment

and to generate incomes at the local level and, in so doing, to stimulate economic growth and development in local and regional areas.

Furthermore, the longer term economic, social and cultural ramifications of these cultural industries are likely to be important. For example, they enable development of the skills base of the community through the training and hands-on experience that they provide. These skills cover a wide range of professions and trades and include many, such as management, marketing, sales, IT skills etc, that are readily transferable to other sectors and that underpin long-term broad-based economic growth. In regard to cultural aspects, much of the activity in this sector is rooted in local cultural traditions and reflective of the community's cultural values. As such, these industries are a vital contribution to processes of cultural development within developing countries.

A wide range of policy measures can be called upon to encourage the development of this sub-sector of cultural industries. Given that the essential form of business organisation in the sector is SMEs, policies promoting institutional development to support enterprise growth are appropriate, including institutionalized training, business incubators, strategic investment assistance, accreditation programmes, etc. Furthermore, a range of financing measures may be used such as project grants, investment incentives, tax concessions, and so on. Regulatory measures may also be improved, for instance, the effectiveness of copyright regimes.

The dynamics of enterprises in this sector can lead in different directions. In some cases, well-established firms may be able to sustain a given level of activity over a long period of time, neither growing nor declining. Others may be more ephemeral, especially if their economic foundations are precarious. Still others may be plucked out of the local arena and absorbed into larger scale production, as it happens when an unknown author or small music groups are "discovered" by major publishing and recording companies and marketed to the global markets.

In recent years, there are two significant trends in this sub-sector. On one hand, there is a tendency for the individual enterprise to extend their area of work for example through cross-merchandizing or through the merger of small business units into larger, horizontally-integrated conglomerates. On the other hand, we get highly specialized small business units whose economic viability is highly dependant on the new distribution networks achieved through e-commerce which allows them to extend their narrow customer base to an equally specialized but bigger international market.

The crafts may be an exception to this trend partly because of the inherent difficulties in administrating such mergers and in taking the production of individually hand-crafted pieces to a larger scale. Similarly, design may be a special case as it seems to straddle both the classical cultural industries and the new mass production industries. Indeed, design seems to be the core of many new cultural industries, in a sense almost acting as driver in itself.

To summarise, it can be argued that in the specific context of developing countries, this sector of the cultural industries can play a fundamental role in achieving sustainable development for the local community. The enterprises and activities contained within the sector embrace both economic and human development aspects of the growth process, contributing as they do to the economic, social and cultural life of communities. They are able to create the conditions for the sort of structural change within developing economies that recognises economic opportunity without compromising cultural integrity. This sector can be a source of capacity building within particular communities to enable movement towards a knowledge-based society in a style and at a pace appropriate to local circumstances.

3.2.3 (New) Mass Cultural Industries: Larger-scale Cultural Production

This third group of cultural industries is to a certain extent a new phenomenon, resulting from the impact of new technologies. The impact is not only characterized by the ability to reach a much wider global audience and thereby by expanded possibilities for trade and profit, but also by the emergence of a new mass cultural trend in content. The profitability of these industries is on a much higher level than in the classic cultural industries.

A major effect of introducing mass production and mass dissemination to cultural industries is the extension of the whole range of goods and services produced by the cultural industries and the transformation of the way business is conducted. Hence, in the shift from the second category to the third category, the cultural industries, traditionally aiming at meeting the specialized needs of a smaller local market and demand, are now governed by the dynamics of the global market. The transformation has had a radical influence on the selection of the content of the products with a new emphasis on news and entertainment that appeal to a mass audience. The difficulties in defining and delimiting the cultural industries that have often led to a confused debate have to do with this transformation of the industries themselves. One indication of the extent to which the business model has changed in this category is reflected in the fact that distribution, which used to be a costly and a difficult issue in the business, now has become a profit potential in itself greater than that of the products.

The group of mass cultural industries includes two types of products: first, products that have grown out of the classical industries (published material, recorded music, multimedia productions, video games), and second, products that are developed for their merchandising potential (fashion, sports items, and other leisure products).

Mass cultural industries include the following large-scale activities:

- large-scale film and video production and distribution
- national-level media including television, radio, major newspapers and magazines
- multi-national media production including television, radio, major newspapers and magazines
- large-scale book publishing
- large-scale music recording and distribution
- commercial entertainment such as musicals, rock concerts, theme parks, etc
- advertising
- design including fashion and leisure products
- industrial and graphic design
- architectural design
- website design and production
- software design and production

Clearly the cultural content of the goods and services produced within the various activities listed above differs from case to case, making it difficult to draw an objective dividing line between industries that can be called cultural and those that cannot. A broad interpretation of the term cultural goods might include all of the above components. A somewhat narrower definition would be likely to limit coverage to the first five components itemized above, and only include elements of the remaining components (e.g. software with cultural content). If so, the remaining activities (advertising, architectural services and software production) could for classification purposes be relegated to some category such as "related industries", in the same way that the restaurant industry is seen as a "related industry" to tourism. This the approach taken in the model of copyright-based industries developed by WIPO to estimate the economic contribution of these industries on a national level.

The enterprises involved in large-scale cultural production are typically sophisticated business organizations with complex production processes, differentiated management structures, and a relatively large workforce of both employees and contractors. In several of the areas listed above the major players in any given country are likely to be subsidiaries of trans-national or global corporations. Thus the operations of this sector of the cultural industries have important links into the dynamics of the global economy. Although the goods and services produced in this sector are recognizable as cultural goods, the objectives of enterprises in the sector are economic rather than cultural, driven by private rather than public interests.

Moreover, the products of these industries and the processes by which they are produced and disseminated have evolved to a significant extent as a result of the impact of new information communications technologies, and can therefore be seen as implicated in the phenomenon of globalization. Thus the economic and cultural impacts of these industries must be interpreted in the context of the operation of global markets. The economic rewards to players in these markets can be high, but accordingly so are the economic risks. In cultural terms, the emergence of mass consumption as a phenomenon determining content in the cultural goods and services involved is still not fully understood, although fears that these trends signal the emergence of a uniform mass culture which will subjugate local cultural expression appear to be exaggerated. Indeed, it has been observed that in cultural terms the processes of globalization are likely to heighten rather than weaken the articulation of local, regional and national culture in the face of these international pressures.

These considerations suggest that policy needs in regard to this category of the cultural industries in a given country are likely to be complex. The economic dynamism of these industries in bringing about structural change in the economy, and the emergence of a "creative class" of professionals who work in them, appear to offer positive prospects for economic growth in the post-industrial economy. Thus the sorts of policy measures deployed in promoting the growth of this sector are likely to be those focused on promoting the growth of strategic businesses located in a particular region or country which has developed specialization in the targeted field. At the same time, policy development may also need to be directed towards protecting the public interest against the exercise of corporate power, for example through measures to maintain competition, protect workers' rights, safeguard consumers from exploitation, or mitigate the cultural impacts of mass consumption.

In broader cultural terms, the implications for cultural development raised by the growth of large-scale commercial cultural production appear to be mixed. On the one hand, new technologies offer many exciting new means for artistic expression and for the delivery of cultural goods and services to consumers. On the other hand, there may be a danger that the relentless commercialism of these cultural industries may push cultural development in a direction that is at odds both with the cultural objectives of society and with notions of sustainability and cultural development. In this respect the need for policy development that is sensitive to the prospects and the pitfalls in both economic and cultural domains is paramount.

3.3 Policy Environment: Infrastructure Needs and Institutional Framework

" Today's economy is fundamentally a 'Creative Economy'. I certainly agree with those who say that the advanced nations are shifting to information-based, knowledge driven economies. Peter Drucker, who outlined the rise of the 'Knowledge Economy', has been the most noted exponent of this view: 'The basic economic resources – the means of production, to use the economist's term – is no longer capital, nor natural resources... nor labor. It is and will be knowledge', wrote the always-prescient Drucker. Yet I see creativity – the creation of useful new forms out of that knowledge – as the key driver. In my formulation, 'knowledge' and 'information' are the tools and materials of creativity. 'Innovation' whether in the form of a new technological artifact or a new business model or method, is its product.

*The past century and in particular the years since 1950 have seen an explosion in creativity across the board in the US. We have invested escalating amounts of money in research and development, reaped a growing number of patents as a result and seen growing numbers of our people work in creative occupations. None of this is totally new; humans of course have engaged in creative activities since antiquity, often with spectacular results. What we are doing now is mainstreaming these activities; building an entire economic infrastructure around them. Scientific and artistic endeavor, for instance, have become industries unto themselves, and they have combined in new ways to create still new ways to create still new industries. The joint expansion of technological innovation and creative content has increasingly become the motor force of economic growth."*²

Cultural industries are the result of the development process. Prior to the development of markets and spending patterns which are characteristic of the post-industrial consumer society, the consumption of cultural goods had not reached a level that made anyone think of industries in connection with culture. From the perspective of planning and policy development, this is expressed in the significant difference in the way national policy over the last 50 years has identified objectives and modalities for the arts and culture and for industrial development, respectively.

The growing interdependency between the technological developments and the rising importance of information in the economy is particularly important for a discussion of the evolving infrastructure demands of the cultural industries. As seen in the developed countries, the shift towards an information-driven creative economy has been advanced by a supportive institutional environment and long-term infrastructure investment. At the same time, the cultural industries are important not only for their direct economic potential but contribute to reinforcing the social infrastructure needed for the long-term advancement of civic society and for participation in social and economic development, i.e. the role of locally-based media.

3.3.1 Economic and technological infrastructure

The cultural industries depend on a range of traditional and modern economic infrastructure systems, which are shared with other sectors of the society, including:

- physical communications and transportation infrastructure for distribution
- telecommunication and broadcasting
- wholesale and retail sales networks for cultural goods
- services (maintenance, technical assistance and support etc)
- production of equipment for personal use (TVs, stereo systems, computers and peripherals, multimedia equipment, mobile phones)
- production of equipment for industrial use (audio-visual equipment, communication equipment, recording equipment, computers and peripherals)
- production of artistic tools and musical instruments
- software development

² Richard Florida, *The Rise of the Creative Class*. New York: Basic Books, 2002 (p. 44). The embedded quotation is from Peter Drucker, *Post-Capitalist Society*. New York: Harper Business, 1993 (p. 8).

In addition to the physical infrastructure needed to distribute and transport goods from one place to another, the cultural industries require distribution systems such as broadcasting and telecommunication. In the context of the information or knowledge society, the cultural industries also require a voluminous group of related industries focused on technological goods and services. Asian countries have over the last 20 years increasingly dominated this related sector. This technological backbone is increasingly required to realize the potential of the goods produced by the cultural industries.

The industries that provide the infrastructure for the cultural industries are often included in discussions of the economic potential and size of the cultural industries. As the economic potential of these related industries is much greater, there is a tendency to under-represent the potential of these cultural industries. However, the goods produced by the third group of cultural industries are essential to the proper functioning of markets for many cultural goods and services. To the extent that they are components of the communications industry, they play an important role in facilitating public access to the products of the information economy. The need for this technology to access many new cultural goods and services raises policy questions both of efficiency (e.g. the strategic value of communications networks) and equity (e.g. issues of public access).

The diagram below illustrates the lucrative nature of the reproduction and distribution aspect of the cultural industries in Hong Kong SAR, China. The "content production industries" accounted for 32.1% of the aggregate value of the creative sector in 2001, whereas the "production input industries" contributed 26.8% and the "reproduction and distribution industries" contributed 41%. However, because the wholesaling and retailing parts of the Cultural Industries Production System (CIPS) are not included in this diagram (due to unavailable data), the share of reproduction and distribution industries in the creative sector is underestimated.

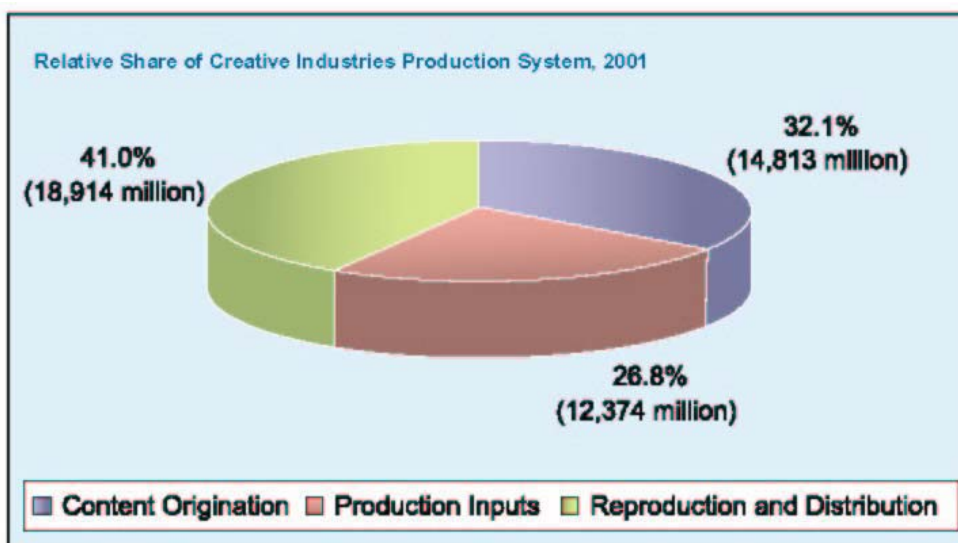


Figure 3.2 Relative share of creative industries production system, 2001 (data from Hong Kong SAR, in HK \$)

Source: *Baseline Study of Hong Kong's Creative Industries*, Centre for Cultural Policy Research, Hong Kong University, September 2003.

3.3.2 Institutional framework: traditional cultural institutions

The traditional cultural institutions that support the functioning of the creative industries play an important role in their development, including:

- Formal and non-formal educational and training institutions in arts and culture
- Public broadcasting organisations
- National or flagship performing companies (national theatre, symphony orchestra, opera or dance company, etc)
- Museums, galleries and libraries which house collections of artworks, artefacts, manuscripts, books, archives, etc
- Communities, organizations and agencies in charge of safeguarding heritage buildings and sites

Educational and training institutions create new cultural capital by developing the creative skills of their students. However, the impact of education on the cultural industries is not limited to professional training within arts and culture but is perhaps even more significant through the emphasis on developing the capacity for creative and critical thinking that pervades modern educational methodology and the very concept of education for all. At the same time, the growing interdependency between education and culture is illustrated by the fact that more and more students who are trained in the arts find employment in other fields of work. In a related note, the public broadcasting institutions further in a broader sphere the government's commitment to provide public access to information. Together, these institutions cultivate a socio-cultural environment that foster creativity of all kinds.

The last three components are involved in some way with the preservation of cultural heritage and creative development of cultural capital. The leading state performing companies are concerned with heritage insofar as they generally have a responsibility for maintaining and developing a repertoire of works in performance and for facilitating public access to them. The mandate of the museums and other safeguarding institutions includes the protection and maintenance of tangible cultural heritage, and the provision of public access to those collections or sites.

3.3.2 Institutional framework: new information-age institutions

"The creative economy of the US has grown powerful and pervasive because it is supported by a formidable infrastructure. Paul Romer has argued that 'the most important ideas of all are meta-ideas,' which are 'ideas about how to support the production and transmission of other ideas.' ³ *The creative economy is undergirded by a new set of institutions that have emerged to do just that.*⁴

In addition to these cultural institutions, the information society has fostered a whole new range of institutions more concerned with creativity in the area of knowledge and research, and the transmission of ideas, including:

- Institutions that focus on research and development of new systems for technological creativity and entrepreneurship
- Institutions that focus on the development of new financing modalities (venture capital institutions) that facilitate the formation of new enterprises and commercial innovation, as well as more effective models for producing goods and services (out-

³ Paul Romer, *Economic Growth*, in *The Fortune Encyclopaedia of Economics*, David R. Henderson (ed.). New York: Time Warner Books, 1993 (p. 33).

⁴ Richard Florida, *The Rise of the Creative Class*. New York: Basic Books, 2002 (p. 48).

sourcing and a new management models that emphasize the human potential in the production process)⁵

- Institutions that protect and foster the interests of the stakeholders in the new creative economy including copyright institutions, trade-related institutions that are actively engaging to change the legislative framework for the cultural industries.

In contrast to the more traditional cultural institutions that are heavily dependant on public funding and initiative, these new institutions are typically private-sector initiatives that have succeeded in establishing a sustainable system of funding and income generation. This has in fact brought with it a whole new environment for the delegation of responsibilities between the private and public sector which is still being negotiated.

“Institutional development, strongly influenced by the globalization process, is also affected by the creation, revision and adaptation of a number of legislative instruments designed to regulate economic activities in general, ranging from international trade to intellectual property. These rules and other instruments and mechanisms that regulate economic activities, including the protection of intellectual property, have given rise to an institutional framework and they determine relations between private agents and the State. This new institutional framework has meant a redefinition of the roles, rights, remuneration, objectives and responsibilities of various economic agents and social actors, as well as the creation of new institutions of national and international scope and new mechanisms and forums that bring together the public and private sectors.”⁶

3.3.3 Financial framework

The expenses for establishing and running these various cultural institutions should be measured against the contribution to the economy made by the value of the output and employment to which they give rise, for example in the net earned revenues of the institutions involved, including some copyright revenues.

However, as in the case of the core creative arts, the importance of this component of the cultural industries is likely to lie more in the non-market benefits these institutions create. Typically they generate an array of public goods including: the option value placed on them by the community (preservation of the option of utilizing their services at some time in the future); their existence value (reflecting people’s desire to see them preserved); their bequest value (indicating the community’s wish to ensure that heritage is passed on intact to future generations); and what could be called their access value (the benefit to the community of providing public access to information and to cultural consumption).

The presumption of these sorts of public good benefits provides a policy rationale for government support for the cultural institutions. The policy instruments used in meeting the needs of this sector include: direct government ownership and operation of organisations such as museums, historic buildings, educational institutions, public broadcasting services, etc.; subsidy of not-for-profit organisations in the sector; tax concessions to encourage private philanthropy; provision of matching funds to promote public/private partnerships, and so on.

It might be observed that in the interests of raising efficiency in the use of public funds, and in view of the constraints on public spending that frequently arise in the allocation of Government expenditure, there is often a policy incentive to place these sorts of institutions on a more commercially-oriented footing, with an imposed responsibility to generate a larger proportion of their revenues from non-government sources.

The new institutional landscape has affected the more traditional cultural institutions who now seek alternatives to the public purse, increasingly establishing partnerships or sponsorship

⁵ Richard Florida, *The Rise of the Creative Class*. New York: Basic Books, 2002 (p. 44-56)

⁶ WIPO, 1998: *Study on the Economic Importance for Industries and Activities protected by Copyright and Related Rights in the MERCOSUR Countries and Chile*

arrangements with private companies interested in supporting cultural activities as an important complement to public funding. Moreover, many of these organizations raise revenue from selling their services to the public, via admission fees or ticket sales to performances.

The cultural institutions also earn a significant amount of its revenue from domestic and international tourism. Some of the enterprises involved may participate in the high-volume low-yield arena of mass tourism, where the consumer's focus is on recreation and leisure activities rather than on cultural experiences as such. However, it is more likely that the institutions in this sector will attract consumers in the "cultural tourism" category, where direct consumption of the arts and culture is the primary driver of consumer demand. This latter segment of the tourism market generally offers low-volume high-yield business to participating firms.

To the extent that such private sector orientation stimulates the organizations involved towards greater efficiency and accountability, they may be welcomed, but there is always a danger that moving too far in this direction can undermine the purposes for which these institutions exist. In other words, in such circumstances it may be necessary to give added prominence to the cultural and educational value and the creative potential generated by these institutions, as a specific target for cultural policy.

3.4 Data indicators for the cultural industries sector

As the awareness of the cultural industries and their importance grows, there is a pressing need to identify indicators that may provide policy makers with the baseline data needed to identify potential, resources, output, and trends in the sector, and to identify priorities and realistic targets for these industries' development.

It is possible to identify a number of quantifiable indicators for the resources and performance of at least two of the three components of the framework. The indicators would provide an overview and allow for benchmarking of the activities of the cultural industries sector, and of its strengths and weaknesses.

However, due to the intersectoral character of the cultural industries and to the related need to capture a more comprehensive picture of the impact of these industries than is obtained through output and employment data, it has not yet been possible to reach an agreement on internationally-recognized standards or indicators for the area of cultural industries. Any attempt to document or measure the social and economic impact of the cultural industries therefore runs straight into the problem of determining exactly what to measure.

To respond to the need for data on the cultural industries, a number of countries and cities (including Australia; Hong Kong SAR, China; Japan; Singapore; and the Republic of Korea) have conducted mapping exercises. In the process, they have applied different methodologies and definitions of the cultural industries. There is a tendency in these different approaches increasingly to base the definition of cultural industries on an analysis of the processes involved in the production and consumption of cultural goods.

Copyright has become a major factor in international trade negotiations in the recent decade and has gained enormous economic importance. Intellectual property regimes (which in addition to copyright include patents, trademarks, industrial design, and perhaps geographical indication) are a key feature in the measuring of cultural industries as the very act of protection at least to some extent identifies a quantifiable object.

Recently, WIPO presented a model for the surveying of the economic contribution of the copyright-based industries.⁷ The model is exclusively aimed at determining the economic impact of these industries, and does not capture other aspects and impact of these activities. The model has quickly gained wide acceptance. In 2004, the IIPA adopted the model in the yearly report

⁷ WIPO (2003) "Guide on Surveying the Economic Contribution of the Copyright-based Industries". Geneva

"Copyright Industries in the US Economy", and other countries including Canada and Singapore are also using this model as basis for sector analysis and strategy development.

In addition to the "core copyright" industries – that include newspapers and magazines, publishing of books and related industries, radio and television, cable television, discs and tapes, plays, advertising, computer programs (software) and data processing – the model includes three categories of industries whose economic viability to larger or smaller extent is linked to copyright-protected material: "interdependent" (equipment), "partial" (design and manufacture) copyright industries and the "non-dedicated support industries" (wholesale and retail, transportation and telephony). All the cultural industries are included in the model's two categories of "core-copyright" and "partial-copyright" industries. While it is often assumed that core-copyright activities are not an important aspect of the economy of most developing countries, it would seem that the application of the model and its definitions may lead to a revision of that perception as studies based on the guidelines are undertaken in more developing countries. Findings in this respect would not be without ramifications for the appreciation of the potential of the cultural industries as a strategy for local economic development and the need to refine existing data models to capture the realities of a new economy.

The industry data analyzed at national level is normally collected according to the International Industrial Standard Classifications system (ISIC codes) which collects data on all businesses that fall within the same standard industry classification, irrespective of the size or character of the business.

The WIPO model for copyright-based industries similarly collects data using ISIC codes. While this is quite feasible as long as the codes correspond easily to the industries that are actually operating (as is the case with the core-copyright industries), the situation is more complicated when it comes to the more difficult task of disaggregating data on the "partial-copyright" industries - the industries that only partly derive the value-added from intellectual property. The "partial-copyright" industries which include crafts, fashion and design, have proven difficult to define in such a way that statistical data collection and analysis becomes feasible – however, these same industries are often of particular interest in the Asia Pacific region which has a strong tradition for crafts of many kinds.

As a model for data collection for cultural industries (as distinct from copyright-based industries), the model presented by WIPO therefore needs to be further elaborated. The Symposium will discuss a regional pilot data project outline which aims to develop and test a methodology for data collection and analysis that would support policy development and planning for cultural industries. To do so, the project will aim at collecting and analyzing data that provides information on all of the dimensions of the model above.

In connection with the elaboration of the draft proposal, the ISIC codes that are relevant to a definition of the cultural industries were identified. For more information please refer to the project outline document.

The main difficulty in providing accurate information on the cultural goods and services and their economic and social impact in a country lies in the need to capture the sector output and activities more comprehensively than existing data collection systems can do. In terms of the infrastructure and policy environment, however, it is more a question of developing analytical tools based on existing information that will be able to generate information on the effectiveness of the infrastructure and policy guidelines in supporting cultural industries sector development.

4

How to Effect Change

In parallel to the internationalization of economic planning and governance, policy development has increasingly become a focus for the direction and integration of overall national development goals. Similarly, policy is supposed to inform the allocation of resources within and between nations. There can be little discussion that Governments today in general use economic criteria as a principal guide for the allocation of often diminishing resources. With the introduction of the broader concept of sustainable development, the development of more integrated national policy documents becomes essential as a means to ensure that not only the global economy and economic growth will be considered seriously in national development plans and the allocation of available resources.

4.1. Cultural Policies

While the countries of the region routinely base their national development plans on information on for example education, or health, or industrial production, on information gathered through sector surveys, a sector-wide approach is rarely applied to the cultural industries. As discussed above, many of the activities involved – e.g. publishing, performing arts, crafts .. - are seldom perceived as regular industries or businesses.

It is important to note that the shift in focus from other manufacturing industries to cultural industries is not only a matter of reorienting the production capacity from one product to another. More importantly, it is a shift in focus towards a post-industrial global economy based on access to, consumption, and capacity in relation to knowledge and information. It is in this context that policy makers must shape the policies that favour development of the cultural industries and modify the unmitigated impact of global market forces.

What we seek to achieve is, in other words, to initiate a process to consciously cultivate, as quickly and as effectively as possible, recognition of the cultural industries as a sector in and by itself, and to support the establishment or development of the institutional capacity that supports and sustains it in a country. In a wider perspective, it is an attempt to establish or strengthen a system that effectively will allow countries to achieve sustainable economic development and become more equal partners in the global information society.

The shift in the policy debate from arts and culture to cultural industries (an area that previously was partly defined in contrast to other industries) forces a new understanding of the relationship between culture and economics as well as a new conceptualization of what culture is. Obviously, this has implications for cultural policy development and is particularly important in developing countries where funding for culture is traditionally quite limited. In connection with the debate on cultural industries there has therefore been a call for new cultural policies. In formulating such new policies it is important to be aware of the potential danger of shifting the focus entirely to the development of cultural industries, rather than to the development of the cultural sector including aspects of economy and industry, as it might lead to an isolation of the economic consideration from the very complex interaction with other non-industry aspects of these activities.

Contemporary economic analysis tends to emphasize efficiency at the expense of equity and justice, and material progress at the expense of the non-material content of our lives. Hence the

integration of culture and economics is not necessarily without conflicting interests. As the economic agenda for long has been the dominating parameter of international and national affairs, it may yet prove difficult to ensure that considerations of the cultural needs of humankind will indeed carry equal weight in such situations.

The global efforts to support more democratic and equal societies have also focussed on the fundamental obligation of Governments to foster attitudes and norms among the population. Hence the provisions of essential resources that encourage the free expression of creative ideas and aspirations, and support the encouragement of cultural programmes and activities, have received increased attention in recent years.

The challenge is how best to develop policies and programmes to strengthen the development of these industries and release their potential – both as businesses and in terms of their contribution to a rich and diversified cultural fabric of society?

4.2. Applying the framework

The underlying assumption for the development of a conceptual framework for the cultural industries sector is that the framework is valid for any intervention in the sector, though concrete manifestations and the problems and needs will vary much from country to country, and even from region to region. What it means is really that despite the fact that the situation and problems differs, the basic structure of a well functioning cultural industries sector remains the same. As indicated in the model of cultural industries, there are a number of elements that in all cases need to function in order for the system as a whole to work. When analyzing or assessing the situation of the cultural industries sector in a country, one must assess the functionality of these elements and how effectively they interact in order to identify where and what the weaknesses of the system are compared to the demand for its services. Sub-sectors of the cultural industries sector must likewise be analyzed within the economic and industrial mechanisms that determine the sustainability of such activities. We are in other words talking about a systems analysis – or as it would be: a sector analysis.

Because the situation is not the same in two countries, it is not possible to establish one project model that can be used in all countries. It is, however, possible to identify different project elements and interventions that respond to similar problems identified in a sector analysis. The table below details the different steps or the process involved in policy development and project implementation and so illustrate how the conceptual framework for cultural industries may be operationalized to affect change.

Hence the conceptual framework does not only define the sector and its sub-sectors but provides a model for needs assessment and for project development related to sustainable growth (achievement of national development goals), and the development of professional national capacity needed in the sector. In addition, the framework provides a wider understanding of the infrastructure needed for sector development (including institutions, legislation, regulation, professional training, and accreditation) and of the economics of the different industries of the sector. The consideration of infra-structure of different kinds is particularly important as such activities seldom are included in the design of existing project activities.

A particular problem in relation to a discussion of the cultural industries stems from the fact that the cultural industries cut across many other sectors and involve both public and private enterprises. This means that policy development also needs be cross-sectoral and involve a similar wide range of people and stakeholders. Finally, the cultural industries sector has a particular problem in documenting its needs and potential as the industries that are part of the sector in general are only poorly documented in the national accounts. There is therefore a pressing need to establish the baseline information needed to more accurately plan and implement activities for the development of the sector as a strategy for local economic development.

It is not easy to compare the situation in different countries as the differences in population size, language, accessibility, training, and income, have significant bearing for the economic viability of

industries such as publishing, crafts, and design. Furthermore, the cultural industries are closely linked to the information economy and different access to the infra-structure in this respect greatly affects both consumption patterns and production capacity. The issue of literacy and learning is also closely connected to the development of cultural industries not only in terms of textbook production as a determining component of the publishing industries and other aspects of information/media production and dissemination, but also in terms of determining the demand and use of a wider range of cultural goods and services.

To facilitate a debate of the issues both within existing projects and in the society at large, a preliminary **Plan of Action** may be developed to identify the main objectives and priorities of the proposed new approach. Such a plan is not necessarily an overview of planned activities but rather a preliminary list of the kind of activities that would bring about change – a “business plan” of sorts. As an official policy statement, the Plan of Action may be used not only to stimulate a debate. As an expression of official policy priorities it can be an effective tool for fund-raising activities and an argument for the inclusion of certain elements in for example on-going projects and in forthcoming Government budgeting.

Certain steps are always involved in sector development. As they are listed in the table below, they seem to follow logically one after the other but in reality the different activities very often overlap and, because of the proces’ cyclic nature, are repeated as the situation changes. However, to facilitate a description of the steps involved in sector development, it is useful to look at the process as outlined in the model. The table also lists some instruments that have been identified as useful in achieving the individual tasks as well as the kind of activities and external assistance that may be relevant in each case.

SUPPORTING POLICY DEVELOPMENT FOR CULTURAL INDUSTRIES - A MODEL		
PROCESS	ACTIVITIES	MODALITIES FOR SUPPORT
I. ADVOCACY AND STRATEGY DEVELOPMENT	<ul style="list-style-type: none"> Preliminary surveys and situation reports Consultations (sharing of int'l experience) Development of a conceptual and policy development framework Indication of political interest ('manifesto') Elaboration of a long-term "Plan of Action" for activities to support development of the sector Identification of potential partners and funding sources 	<ul style="list-style-type: none"> Facilitation of coordination and policy development Dissemination of int'l experience and trends Facilitation of debate between stakeholders and decision makers Participation/organization of consultations and meetings Mobilization of support and funding for up-stream activities
II. MAPPING THE SECTOR Identification of needs, problems, objectives, and policy priorities	<ul style="list-style-type: none"> Mapping exercises and surveys Annual data collection and analysis (reports) Establishment of base line data Needs assessment SWOT analysis for the sector Stakeholder consultations 	<ul style="list-style-type: none"> Technical assistance Project formulation and implementation support Participation in on-the-job training (counterpart arrangements) Participation in reporting Facilitation of professional net-working
III. IDENTIFICATION OF POLICY ISSUES The wider context	<ul style="list-style-type: none"> Formulation of overall objectives and priorities as they relate to national development plans Strategy elaboration for the delegation of responsibilities between the public and private sectors Facilitation of SME development Cultural industry development as part of urban/community development planning Strategy development for the sales of cultural goods to domestic and international markets, respectively (competition) 	<ul style="list-style-type: none"> Promotion of a sector approach in needs assessment and project development Promotion of int'l standards and norms (e.g. in the areas of copyright and cultural heritage protection) Mobilization of support for cultural industries development and the implementation of overall national policy guidelines Technical assistance Elaboration of new inter-sectoral project modalities Project formulation and implementation support Participation in on-the-job training (counterpart arrangements) Liaison with external institutions and organizations Facilitation of professional net-working for training and research Best practices
DRIVERS	<ul style="list-style-type: none"> Formulation of sub-sector specific priorities, targets and programmes 	
Driver 1 – SOCIAL ORGANIZATION AND VALUES	<ul style="list-style-type: none"> Training and transmission 	
Driver 2 – HUMAN RESOURCE DEVELOPMENT	Human Resource Development: <ul style="list-style-type: none"> Education for All Priority programmes to develop new modalities for training for cultural industries – for example through business incubators and creative, interactive spaces that foster and reward innovation and creativity. Institutionalization of innovative and more traditional training opportunities related to the cultural industries (including standardization and certification) with particular emphasis on the economics and business aspects of cultural industries and the potential for community development and urban renewal 	

SUPPORTING POLICY DEVELOPMENT FOR CULTURAL INDUSTRIES - A MODEL

PROCESS	ACTIVITIES	MODALITIES FOR SUPPORT
	<ul style="list-style-type: none"> • Strengthening of non-formal professional training (especially in the areas of entrepreneurship, management, and business development) and skills development • Improved public administration skills: Revision of job descriptions for public administrators with responsibility for cultural industries sector activities. • Improved public administration skills: Review of bidding procedures for textbooks and other public commissions of interest to the cultural industries sector. 	<ul style="list-style-type: none"> • Promotion of a sector approach in needs assessment and project development • Promotion of int'l standards and norms (e.g. in the areas of copyright and cultural heritage protection) • Mobilization of support for cultural industries development and the implementation of overall national policy guidelines
<p>Driver 3 – CULTURAL ASSETS MANAGEMENT</p>	<ul style="list-style-type: none"> • Strengthening archiving and research institutions focusing on cultural industries • Promotion of International Conventions and standards 	<ul style="list-style-type: none"> • Technical assistance • Elaboration of new inter-sectoral project modalities
<p>Driver 4 – TECHNOLOGICAL DEVELOPMENT</p>	<p>Technological Development:</p> <ul style="list-style-type: none"> • Elaboration of a national plan including priorities and targets for the access to information through traditional media and institutions (libraries, radio, etc.) and ICT • Support for research and innovation in technology related to the production and sales of cultural goods and services • Support for cluster development • Promotion of e-assisted commerce 	<ul style="list-style-type: none"> • Project formulation and implementation support • Participation in on-the-job training (counterpart arrangements) • Liaison with external institutions and organizations • Facilitation of professional net-working for training and research • Best practices
<p>Driver 5 – INFRASTRUCTURE</p> <p>Legislative infrastructure:</p> <p>Institutional infrastructure:</p>	<p>Infrastructure Development:</p> <ul style="list-style-type: none"> • Intellectual property legislation and protection (IPR) • Business law for SME cultural industries (possibilities for registration of small cultural industries, etc.) • Legislation for Culture, Arts and Heritage activities • ITC legislation/regulation • International conventions related to culture and cultural heritage • Sub-sector specific legislation (e.g. publishing: Press law, library regulation, textbook policy, language policies, Copyright legislation) <ul style="list-style-type: none"> • Development of institutional capacity to ensure the enforcement and effective operation of legislation and regulation pertaining to cultural industries • Strengthening of professional organizations and institutions • Strengthening knowledge sharing, based on support for the development of ITC infrastructure 	

SUPPORTING POLICY DEVELOPMENT FOR CULTURAL INDUSTRIES - A MODEL		
PROCESS	ACTIVITIES	MODALITIES FOR SUPPORT
<p>Financial infrastructure:</p> <p>Physical infra-structure:</p>	<ul style="list-style-type: none"> • Financial mechanisms that encourage SMEs in cultural industries: development access to preferential loans, etc • Export/import regulation and taxation • Easy access to affordable and efficient transportation/distribution of cultural goods and services 	
IV. INTERSECTORAL COORDINATION AND COOPERATION	<ul style="list-style-type: none"> • Promotion of a sector-wide approach to planning and implementation of externally-funded activities • Promotion of information sharing among private and public funded enterprises - based on support for the development of ICT infra-structure • Identification and mobilization of Government and external funding sources as well as alternative funding possibilities through community participation and mobilization • Elaboration and maintenance of a comprehensive plan of the cultural industries sector project interventions and programme activities (instrument for coordination and mobilization of resources) 	<ul style="list-style-type: none"> • Technical assistance • Project design and support • Support for training (study tours and fellow-ships) • Liaison with external institutions and organizations • Facilitation of professional net-working
V. FINANCING	<ul style="list-style-type: none"> • Elaboration of a consolidated plan of cultural industries sector project interventions and programmes activities (instrument for coordination and mobilization of resources) • Stakeholder consultations 	<ul style="list-style-type: none"> • Technical assistance • Organization and participation in consultative meetings
VI. PROGRAMME MONITORING AND EVALUATION / NEEDS ASSESSMENT	<ul style="list-style-type: none"> • Elaboration of an integrated monitoring and evaluation plan/schedule • Facilitation of coordination and collaboration between different programmes and projects • Integration of training activities in monitoring and evaluation (institutional capacity development) • Benchmarking (Creativity Index) 	<ul style="list-style-type: none"> • Participation and capacity development for monitoring and reporting (dissemination of information on book sector activities, resources, legislation etc.)

– Elements of a Policy Framework –

prepared by the:
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These background documents have been prepared for the information of participants in the Senior Experts Symposium Asia-Pacific Creative Communities – a Strategy for the 21st Century, convened in Jodhpur, India from 22-26 February 2005 by UNESCO, UNIDO, WIPO, the World Bank and the Asian Development Bank, in collaboration with the Indian National Trust for Art and Cultural Heritage and the Mehrangarh Museum Trust.

These background documents have been drawn up with the intention of synthesizing the large volume of literature on creative enterprises and the cultural industries so that the participants in the Symposium can have a common reference to frame the debates and discussions. Particular emphasis has been given to the potential significance of the cultural industries as a driver for sustainable economic and social development in countries of the Asia-Pacific region.

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*Pernille Askerud
Richard Engelhardt*

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