

# The International Creative Sector: Its Dimensions, Dynamics, and Audience Development

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# The International Creative Sector:

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## Introduction

During three days in June 2003, 33 individuals from seven countries met at the University of Texas at Austin to discuss the international creative sector. This report summarizes the issues discussed and conclusions reached during that meeting, held June 5-7, which was the second in a series of UNESCO-initiated meetings about current issues in the arts and cultural industries.

A first meeting took place in Paris during June 2001 at UNESCO headquarters in Paris. The focus of that first meeting was to discuss topics of mutual concern across the Atlantic about the state of the arts and cultural research. An outcome from that meeting was the sense that further conversations should be held for potential transatlantic collaboration. Participants subsequently agreed that the second meeting should turn to exploring how cultural participation and audience development differ among Europe, the United States, and Latin America.

The organizers of the meeting, in addition to UNESCO, included the Center for Arts and Culture (Washington, DC), and the University of Texas at Austin, where the meeting was held. Additional sponsorship came from the President's Committee on the Arts and the Humanities (USA), the U.S. Department of State, and The Rockefeller Foundation. The participants represented a broad array of practitioners and theorists, including policy makers from government bodies, academic specialists, officers from cultural organizations, and private consultants.

## Rationale

The terms "cultural sector" and "creative industries" evoke different concepts across geographic boundaries. For some, the term "cultural sector" implies only the non-profit community of organizations such as museums, heritage protection, the perform-

ing arts, and galleries. “Creative industries,” by contrast, is a term that signifies for-profit activity such as graphic design, the music recording industry, radio, television and film. The participants at this meeting, who came from Latin America, Western Europe, the United Kingdom, and the United States of America, each brought different concepts with them of what activities are understood to be included in a “cultural sector” or “creative sector.” These differences could be attributed in part to different histories of governmental support for the arts and cultural forms among countries, different patterns of private investment, and different notions of audience or participation. The principal goals of this meeting were for researchers and specialists in the cultural policy field to discuss these differing concepts of creative activity, to consider how the notion of audience or participation can vary and be influenced from a policy standpoint, and what might be appropriate methods of study, research, measurement, and interpretation to gain a better understanding of audience development and participation in creative activities.

Four broad issues formed the agenda and treatment of issues: (1) Definition of the creative sector/cultural industries and their consideration in economic development; (2) Cultural policies that have resulted from studying the creative sector and their effect on audience development; (3) Consumer choice/participation and how audience choice influences cultural offerings; and (4) Strategies – whether borrowed from the private sector or from the non-profit community – to develop and expand cultural audiences.

The desired outcomes of the meeting were to improve the exchange of ideas among cultural policy specialists about just what is cultural participation and audience development, and to identify areas for further research on an international scale.

### **Definition of the Creative Sector**

Some participants drew a strict line of demarcation between the for-profit and non-profit activities in defining the “creative sector,” believing that commercial activity should not be introduced into this notion. Others voiced a preference for a concept of the “creative sector” to include all aspects of creative activity, encompassing both the non-profit sphere of arts and cultural organizations, as well as the commonly-called “creative industries”

of graphic design, film, television, radio and the music recording industries. Certain aspects of higher education or the video gaming industry might also be justified as creative output. Consequently, the chosen definition of “creative sector,” when measuring its contribution to a country’s economic activity (GDP), has an impact not only for considering economic impact but also for international comparisons. A purely organization-based, sectoral approach seems to be giving way to analysis that takes into account occupational and professional data and the economic contribution that artists and creative workers make to a given city, region or country.

Rather than lose sight of common ground while searching for a precise definition, participants turned to research questions that could shape an agenda for future activity. They acknowledged the limitations of comparing data across national boundaries, which are still collected and controlled at the nation-state level. Coming up with new research questions might help to form new theories that could guide cultural policy toward the creative sector, particularly in response to concerns about globalization. For example, given the structures of ownership and funding patterns of the creative sector, do cultural industries impose economic barriers to participation? Do these barriers extend beyond national boundaries? New theories about the creative sector are beginning to emerge, but they might challenge traditional notions of how people experience culture – whether collectively, individually, through education or leisure activity, in traditional cultural centers or in private settings – and how cultural participation contributes to business development.

One approach to setting the boundaries for the “creative sector” is to analyze the “cluster” of creative workers who contribute to cultural activity. As one study in the New England region of the USA concluded, a cluster approach makes sense by including not only non-profit entities but also the economic contribution of the cultural activities embedded in higher education, government, religious, and community-based organizations, as well as the commercial sector. This research was able to depict a much fuller impact of the creative workforce on the New England regional economy, and policy-makers are now able to perceive alternative ways of achieving socio-economic and cultural policy goals.

## **Cultural Policies and Their Impact on the Creative Sector**

In Europe and the United States, cultural policy tends to be understood as a function of government, or driven by supply-side activities of the state. Cultural policy is expressed through various governmental incentives, including state subsidies that keep arts organizations in operation, preferential tax treatment to encourage historic preservation and the flourishing of non-mainstream arts, and national subsidies to export cultural programs. Often ignored in this policy matrix are the effects on culture of the for-profit industry protections of copyright, media mergers, and broadcast regulation. The industries that depend on these legal protections significantly influence culture through trade, business practices and overseas investment on the macro-level, and through influencing consumer preferences for globalized culture on the individual level. Increasingly in the European Union, transnational effects of trade and immigration are changing concepts of national identity.

Research in Latin America, notably Chile, has collected data to compose a “cultural atlas,” mapping a rich variety of cultural activity in different regions. This method of recording participation in cultural activities reveals topographically the diversity of cultural expression. Cultural mapping as a tool presents data about cultural participation with emphasis on the individual creator or actor. It has the power of representing the variety of cultural expression in a given geographic framework and might be used in policy-making to redress inequalities in social services and employment opportunities.

## **Audience Characteristics and Development**

Understanding why consumers or members of society choose particular cultural offerings might argue in favor of government support for art forms that merit survival. Alternatively, certain consumption patterns might justify entrusting the continued support for some art forms to the private sector. Some Western European representatives lamented the lack of probing research by European governments into hypotheses about consumer choice. The lack of such research seems to indicate a reluctance to understand, on a deeper level, how consumers adapt mass culture to their needs, if marketplace offerings should suffice, whether

governments are supporting arts and culture at appropriate levels, or whether society is willing to support more cultural offerings through greater fiscal sacrifice.

An urban research perspective yields another way to contemplate audiences and their choices. Rather than considering the variables of audience, consumption and product, it was argued that demand, value and stakeholders offer a more meaningful framework for analysis. These indicators, emphasising degrees of engagement in the arts and culture, might provide more applicable tools and language to policy-makers, funders, practitioners, and researchers, since they are already used for policies aimed at poverty reduction and underemployment. Cultural policy could therefore be hinged onto an already viable policy framework. New techniques in urban studies research help communities to reconsider their cultural institutions and activities as neighborhood assets. This research approach emphasizes participation and even proximity within the neighborhood as an important factor in developing a sense of “connectedness” to cultural activity, instead of limiting the concept of cultural participation to one of a paying audience or spectator.

Many traditional marketing techniques in the business world have been applied successfully by non-profit organizations in large and small communities to target underserved audiences and expand outreach. Specially themed events, community nights at the theatre, sponsorship affiliation, abridged performances, sampler highlights for a season’s offering, and personalized servicing of sponsors and high-level supporters have all produced the same positive results in audience development for theatres, museums and opera companies in the United States as they have in the for-profit consumer product and service industries. The most long-lasting results seem to occur when the cultural experience underscores and reinforces the attendee’s identity and sense of self.

### **Strategic Tools for Creative Sector Audience Development**

Participants from Latin America noted that government efforts to increase cultural participation were never as effective as peoples’ own response to meaningful artistic expression. In Brazil, artistic expression even during periods of repression always had a greater influence in changing taste and behavior than gov-

ernment-imposed programs. Paradoxically, periods of dictatorial repression seem to engender rich periods of surreptitious creativity. Latin American populations do not respond to private sector concepts of participation and support of the arts as in the United States, and policy makers should be warned about trying to apply models (i.e., for fund raising or supply-side inducements) across continents or even countries. The more productive partnerships between government and cultural organizations seem to be those that target marginalized populations. These programs successfully encourage participation in the arts and culture as a way to develop communities as well as to nurture the arts.

Strategies that seek to build an individual's capacities for critical thinking, aesthetic appreciation, and innovation will produce a society capable of being a "creative economy," noted some leading academic voices. Social investments such as making the Internet available to all households through government subsidy (rather than by consumer demand) or support of community-wide cultural events such as city-wide reading programs can also stimulate engagement in culture.

### **Conclusions and Next Steps**

The need is acute for additional work in defining the creative sector or cluster, harmonizing data, publishing examples of best practices, and translating useful research into and from other languages. Specific issues for further exploration and collaboration action include:

- Develop definitions of the cultural sector/cluster.
- Include the concept of "consumer" or "participant" or "stakeholder" into the cultural sector model.
- Find common research agendas between countries or regions that can contribute to a robust analysis of the international cultural sector.
- Research cultural activities and production in ways that are not confined to economic parameters.
- Conduct a comparative study of national cultural policy frameworks, with particular focus on different ways that cultural policies influence regional development.
- Measure the impact of cultural industries or creative sector

on Gross Domestic Product (GDP). Improve ways of reflecting cultural production in national income accounts.

- Explore how policies for other industrial sectors have impacts on both the supply and demand sides of the cultural sector.
- Study the complex interactions (ecology) of cultural production that cause interactions between seemingly unrelated policies and producers; for example, how copyright laws and the power of technology influence the dissemination of artistic expression on the Internet.
- Develop ways to include folk art and artists in studies of audience/participation in the traditional arts.

The participants agreed on the following action steps that could occur during the coming year, and that would be particularly timely as the United States prepares to re-enter UNESCO in the fall of 2003:

- Different stakeholders representing policy-makers, artists, participants/audiences, and researchers should work together to forge a common ground in defining the creative sector and its roles.
- A group of participants should get together to agree on a framework for data gathering and analysis.
- The group should work to engage the commercial sector in this discussion and data-gathering process.
- A meeting should be organized to discuss how to resolve the tension between the inclination to stress the economic importance and contribution of culture on the one hand and the countervailing importance of pursuing cultural policy to achieve qualitative objectives on the other.
- A small, select number of “best practice” case studies should be collected and disseminated, with particular attention to illustrating policy frameworks that have produced good effects. These case studies could then be used as a basis to carry out a broader series of comparative studies and be translated into a variety of languages.
- Important cultural sector studies from non-English speaking countries should be identified and translated into English. Existing cultural sector analyses from different coun-

tries should be researched and published, particularly studies that share commonalities across geographic borders and creative sectors in different countries and regions.

- An international web site should be created to disseminate translated papers and other research on the cultural sector. For example, the Center for Arts and Culture's web site ([www.culturalpolicy.org](http://www.culturalpolicy.org)) and that of Euclid International ([www.euclid.info](http://www.euclid.info)) could be the lead web sites for this purpose.
- Study a particular segment of the creative sector on a national or regional/local level, with the aim of illustrating its historical development and characteristics, potentially serving as a model for application elsewhere.
- An advisory panel or task force should be convened to advise on building creative sector capacity. A stakeholder group could also serve as a "focus group" or advisory team to help structure future studies.
- More researchers should be invited to contribute scholarly papers or studies to the web sites, as a way to integrate their concerns in ways that might have been omitted at this meeting.

## **PARTICIPANTS**

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# Proceedings

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## Introduction

The conference entitled *The International Creative Sector: Its Dimensions, Dynamics, and Audience Development* was the second in a series launched by UNESCO with the twofold purpose of: (1) promoting collaboration in cultural policy research between specialists in the United States of America and those in other regions of the world and (2) helping to strengthen the base for policy-making in the field of culture by reducing the gap between academic researchers and policy-makers. Both meetings, organized with the financial support of the U.S. Department of State, focused on the field now known as the 'creative sector' in the United States, generally termed the 'cultural industries' in other countries.

The first event was a workshop entitled *Research in the Arts and Cultural Industries: Towards New Policy Alliances*. Organized by UNESCO's Division of the Arts and Cultural Enterprise with the cooperation of Columbia University's National Arts Journalism Program and the Center for Arts and Cultural Policy Studies at Princeton University, this workshop brought together thirty specialists in June 2001 from the United States and Europe. It reviewed the state of research on the cultural industries field on both sides of the Atlantic, identified a range of issues for transatlantic collaboration, and recommended that a second meeting be organized in the United States to include participants from other countries of the Western Hemisphere.

Acting on that recommendation, the Center for Arts and Culture organized the second conference on behalf of UNESCO and in cooperation with the College of Fine Arts at the University of Texas at Austin.<sup>1</sup> Support was also received from the President's Committee on the Arts and the Humanities as well as the Rockefeller Foundation. The conference brought together 33 participants from 7 countries (see Appendix 1 for the list of participants).

Several trends in the arts and culture converged to provide an overall rationale for the conferences and encourage inter-regional policy discussion. First, as the economies of the United States and other nations tip more heavily toward the service sec-

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<sup>1</sup> Additional support came from the Marie and Joseph D. Jamail Senior Regents Professorship and the Texas Cowboys Lectureship.

tor, the arts and entertainment industries – the ‘creative sector’ – have achieved greater significance worldwide as engines of economic development. Second, the ideological conflicts of the Cold War created not only an arms-and-technology race, but also a cultural contest that stimulated large government investments in the arts and culture and in the exportation of arts and culture. With the end of that era, local, provincial, and federal governments in both the U.S. and Europe are reexamining the overlapping roles of government, the marketplace, and private and corporate donors in sustaining and stimulating the arts and culture. Third, digital technologies have not only transformed traditional arts and arts media in radical ways, but have also rapidly eliminated geographic barriers between cultures, artistic communities, and entertainment markets. Technical advances in digitizing graphic and audio “content” have rapidly globalized artistic, cultural, and entertainment activities.

The Austin conference was designed to explore how the creative sector is defined and survey its scope, employment, and economic significance, with special attention to audiences. It aimed to address the following questions:

- How are cultural industries defined, including their scope, employment, and economic consequences, spanning the commercial enterprises, nonprofit cultural organizations, traditional arts, and institutions that train artists?
- What cultural policies have emerged from studying the cultural sector; how do they differ, depending on the definition of the sector and what is known about how it operates?
- How do audiences (or consumers) make cultural choices? What are the patterns of participation and consumption of for-profit and non-profit cultural products?
- What are techniques of audience development to increase participation in the arts? Which strategies do commercial operators use to expand markets and create new publics for cultural and entertainment products? What are the different policies and methods in the countries represented? How do they differ between for-profit and non-profit presenters?

At a reception held on the evening of June 5<sup>th</sup> at the University of Texas Club, a short opening session was moderated by **Douglas Dempster**, Senior Associate Dean of the College of

Fine Arts at the University of Texas at Austin, who welcomed the participants and orchestrated a brief round of self-introductions. **Robert Freeman**, Dean of the College of Fine Arts, then formally addressed the participants on behalf of the host institution. He recalled the educational vision and ideals of the University and of the College, particularly with regard to international exchange, which made them particularly honored to host this conference.

**Adair Margo**, Chair of the President's Committee on the Arts and the Humanities, expressed the whole-hearted support of the Committee for the gathering. She recalled that the Committee's role is to help incorporate the arts and humanities into White House objectives and serve as a forum for strategic thinking on culturally significant issues. Celebrating and deepening the cultural relationships of the United States with other nations throughout the world is an integral part of its mandate. As a Texan and the owner of an art gallery in El Paso, a city located near the U.S.-Mexican border, she could engage directly with the subject matter of the conference as well as its geographic scope.

**Milagros del Corral**, Deputy Assistant Director-General for Culture and Director of the Division of the Arts and Cultural Enterprise at UNESCO, conveyed the greetings of that organization's Director-General, Koichiro Matsuura. Since this gathering on audience development was taking place on the eve of the United States' official re-entry into UNESCO membership, she expressed the hope that it would itself help to develop an audience for UNESCO in the United States. She recalled that the June 2001 workshop (held in Paris) had revealed considerable differences in approach and research priorities across the Atlantic, yet it also generated a commitment to work together on issues of mutual concern, such as the theme of the present conference. The 2001 workshop identified audience development as a theme for further consideration, since it would offer scope for rich comparative study along the trilateral axis of the United States, Europe and Latin America. She stressed how crucial it is for cultural policies to take into account how citizens behave as audiences, publics and consumers.

Today we still know so little, del Corral continued. Why do people like certain products and dislike others? What are the ingredients for global success? How to explain the worldwide popularity of U.S. cultural production? Is it true that U.S. audiences, historically so diverse, tend to have similar tastes across the coun-

try, whereas Europeans, who are presumed to have a common cultural background, are increasingly keen on cultural diversity? Where do Latin Americans stand in relation to this picture? Should cultural supply obey mainstream tastes or is there room for the upgrading of critical thinking skills through higher-quality offerings? If so, how should this be achieved? Mindful of the big knowledge gap, she had designed in cooperation with the Ford Foundation an ambitious world survey of cultural practices that would have covered both participation and consumption. Because of the impact of adverse market conditions on the Foundation's resources, however, the project cannot be funded. In spite of this, she remained determined to launch the study. In the ultimate analysis, generating new audiences for and participants in cultural life as well as diversifying tastes are essential to UNESCO's goal of creating new opportunities and markets for all, including independent, small or medium-sized cultural suppliers, non-profit cultural organizations, and those whose products differ from the mass culture mainstream. How such opportunities can be created would no doubt be one of the lessons learned at this conference.

**Frank Hodson**, Chairman of the Center for Arts and Culture, closed the opening ceremony by expressing his warm thanks to UNESCO for initiating a process of cultural conversation so appropriate to its international bridge-building and catalytic roles. He acknowledges the generosity of the other important sponsors of the event: the host institution and the key individuals at the College of Fine Arts whose generous hospitality and hard work had made it possible to meet in such fine surroundings; the President of the Center for Arts and Culture and her team for their role in the organization of the event; and, last but certainly not least, the participants themselves, many of whom had come long distances to help animate the conference as the next two days would surely prove.

The working sessions of the conference, held on June 6<sup>th</sup> and 7<sup>th</sup>, were devoted to the agenda reproduced as Appendix 2 – four thematic panel discussions, each followed by open debate. One public session took place on the afternoon of June 6<sup>th</sup> to open the discussion to a more general audience, including members of the community and press. A concluding session allowed for summative statements and suggestions for next steps.

## 1. Definition of the Creative Sector

How are cultural industries defined? What are their scope, employment, and economic consequences, spanning the commercial enterprises, non-profit cultural organizations, traditional arts, and institutions that train artists?

Definitional and boundary issues are legion when it comes to establishing a basis of evidence for policy-making in the cultural field. This semantic fluidity is particularly marked with respect to the “creative sector” concept, which is conceived differently not only on either side of the Atlantic, but also differently within the Americas and differently among the countries of Europe. Definitions have evolved considerably in recent years, accompanied by dislodging many long-held dichotomies and distinctions.

Such shifts were the point of departure for **Helmut Anheier**, who made five general points – two of them positive, two of them negative and one a general challenge – from the twin vantage point of sociology and economics. His two positive observations concern new and more constructive ways to situate the creative sector in policy discussions. First, a shift in debate has occurred, from long-established opposing positions – whether arguing from a certain “level” of culture (high-, middle- and low-brow), or distinguishing only market and non-market, or for-profit and non-profit – in favor of overarching and inclusive views of types of industry, sector or system. A second positive development is that the purely sector/system approach to understanding the cultural industries is being complemented by the use of occupational and professional categories, as exemplified in the work of Richard Florida.<sup>2</sup> This work has encouraged comparisons across economic and sociological systems. Both trends lead toward more constructive discussion and move away from the nation-state and similar political units as the principal frames of reference for cultural policy analysis. Connections across various branches of social science have also resulted, such as building upon Bourdieu’s notion of the social field and the sociological effects of social exclusion. Sectoral analysis, however, begs a number of category-assigning questions regarding how cultural

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<sup>2</sup>Richard Florida, *The Rise of the Creative Class: and how it’s transforming work, leisure, community and everyday life*, Basic Books, 2002.

actors are either distinguished or grouped together, particularly to fit into national accounting systems. It is also true that there are often different political perspectives behind the use of the “cultural industries” sectoral category, exemplified by different emphases in the United Kingdom as opposed to those in France and Germany.

On the negative side, Anheier noted an overemphasis on concepts and definitions at the expense of developing analytical questions that are relevant to policy. Less important than who defines the terms is who asks the right questions. The critical questions that drive the use of different terms are often unclear; this lack of clarity cripples the development of a strategic research agenda. One place to begin, Anheier suggested, is to pose questions addressing why, how, and what should be studied to better understand the creative sector. Because of this conceptual deficit, theories are few, robust explanations are lacking, and systematically gathered empirical data are scarce.

This conceptual and methodological weakness is coupled with a second negative aspect: methodological nationalism. Nation states remain the basic unit of analysis and awareness at a time when economic, social, political, and cultural spheres have long transcended the confines of national economies, societies and polities; many conventional concepts and terms are indeed unable to capture the increasingly trans-national, globalized nature of the creative industries. But efforts to change this analytical structure can provoke unease and sometimes even defensiveness.

The challenge is to determine, in the context of globalization, to what extent cultural industries contribute to social inequities. Are they part of the problem? Can they be a solution or at least contribute to one? Given the structures and ownership patterns of the creative sector, to what extent do these industries increase or decrease global exclusion? Finally, the sheer disproportion between the resources required internationally to solve the global problems we identify and what nations allocate to researching the creative sector remains a problem. The budget of the entire United Nations, for example – not to speak of that of UNESCO – is smaller than the budget of the University of California, Los Angeles, while the entire World Health Organization

budget is dwarfed by the outlay on health issues of the Bill & Melinda Gates Foundation alone.

Citing a comparative study on the cultural industries in the European Union and the United States of America that his consulting company, Euclid International, is currently carrying out for the European Parliament, **Geoffrey Brown** reviewed key categories and terms commonly used in connection with the cultural industries. There is no single accepted definition of the cultural sector across the European Union. The sector may be defined in terms of art forms, which include literature and publishing, the audio-visual industry, the live and recorded music industry, the performing arts, crafts and design, the visual arts, and museums and heritage. However, within these broad terms there are significant differences in interpretation concerning, for example, crafts, the inclusion or exclusion of architecture and libraries, and the counting in or not of booksellers as part of publishing. The sector as a whole may be defined in terms of three broad categories of **cultural practices**:

- **collective** forms of culture – including heritage, museums, cinema, concerts and the performing arts – where participation in the activities has implications for town planning, collective cultural choice and social policy;
- **individual** cultural activities which are defined as including reading, radio, television, video and multimedia, where participation in the activities is predominantly through consumption in the home; and
- artistic and creative **activities and education** where art teaching and community animation are considered important.

The cultural sector may also be subdivided using distinctions of perceived cultural value and worth, reinforced by subsidy regimes and public support structures. Euclid found that Member States' attitudes to cultural subsidy influenced their definitions of their cultural sectors. Attitudes about cultural subsidies differ among Member States and, within Member States, between art forms. Public bodies tend to notice and value more the "culture" that they finance and, as a result, governments tend to know more about the subsidized than the commercial cultural sector. Distinctions made between contemporary and historical perspectives are germane to the question of whether art-form

definitions accommodate the new forms of cultural expression that are emerging, particularly as a result of the new technologies, which also transform the processes of cultural production.

Recent research has sought to develop alternative frameworks that are independent of content or art forms. Economic definitions have emerged, often with “social” and “regeneration” objectives. These all center on measuring the people employed within the sector, on the effects of their work and the products they make. Studies of **employment in the cultural sector** conclude that it is a significant sector. Definitional differences among Member States of what constitutes this cultural sector employment in turn affect its representation as a proportion of the country’s total working population, e.g. 1.4% in Italy, 1.9% in France and 2.4% in the UK. A common pattern of work and employment emerges between subsectors around issues of mobility, seasonal variations, discontinuous career development, short-term contracts, and multiple jobs. Particular employment characteristics associated with the cultural sector include a vocational devotion and “for love rather than money” ethos among staff and volunteers; an essentially localized focus (either geographically or socially) for institutions in the cultural sector; high levels of employment amongst women and part-time workers; and extended working hours across the board.

The research also identified the following key aspects of the cultural industries that separate them from other major sectors in the European economy:

- They lack the coherence of industrial sectors with clearly defined roles in a national economy, such as agriculture or financial services, but consist of a mosaic of elements, each with its own specific identity.
- The cultural sector does not show uniform patterns of employment and employment practices. Levels of employment differ between subsectors, and employment practices such as recruitment and hiring, knowledge requirements for work, occupational prestige and remuneration all differ considerably.
- The occupational characteristics of cultural employment vary widely among occupations and professions. Factors of differentiation include: industrial and craft occupations and service occupations; permanent and part-time jobs; artistic, profes-

sional and administrative occupations; employees and self-employment; public and private occupations; occupations requiring highly advanced training alongside others based upon personal creativity; jobs with small local associations and positions in multinational organizations; occupations with ancient origins and others invented only recently.

Against this diversity of sectoral characteristics, the European Commission's overarching rationale for its investment in the cultural sector is based on the belief that the increase in cultural demand is driven by a number of sociological and economic factors, including the growing importance of the service sector, declining mortality rates, higher standards of education, more free time, growing urbanization, and the diversification of participation in cultural life. The Commission further states its belief that cultural practices can be divided between collective forms of culture, individual cultural activities, and artistic/creative activities and education, as outlined above. On this basis the Commission supports the view that cultural practices are not just a form of consumption, since they do not deplete the goods and services used but broaden the mind and open the way to other sources of culture in an often cumulative way. Thus new strategies need to be worked out which improve access to culture, promote cultural production, and diffuse cultural products and activities. The relative success of these strategies will affect economic and social development that will, in turn, create jobs and enhance societal goals and integration.

The Euclid study proceeded to identify a number of considerations for **future business development**:

- Successful art forms appear to share a “growth profile.” There is a size structure of firms/organizations that could be considered a “typical profile” for the growth and development of cultural enterprises for all art forms in Europe. Each art form appears to be dominated by a few very large institutions or “flagships,” with a sizable volume of small enterprises and sole traders.
- Micro-businesses constitute the growth sector of the cultural economy. Only in the museums and heritage sector does this model not apply, because there are far fewer individual “traders” and freelancers. There is considerable fluidity here between individual providers, micro-businesses, and volunteers/enthusiasts.
- Art forms are converging, driven by the new information and

communications technologies, particularly where non-public income is the major source of revenue. This convergence is also leading to concentration in ownership.

- The employment characteristics cited earlier have led to an “hour-glass effect” in the distribution of current employment, with concentrations of people employed in a small number of large enterprises and a large number of very small ones, but relatively small numbers employed in mid-sized organizations (see Appendix 6).

**Margaret Wyszomirski** tackled an analytical overview of the definitional challenge. She began by examining the trend toward an occupational view that arose during the first theoretical presentation by Helmut Anheier. One of the key issues in analyzing the creative sector, Wyszomirski maintained, was the tension caused by an underestimation of what the sector actually comprises. Although we generally argue that its full value is not merely economic, there is a tendency to undervalue its role with regard to issues of identity, creativity, social capital/civil society, and intellectual property. Indeed, to fully establish the dimension of a creative sector, it will probably require a multi-faceted approach that combines elements of an industrial/economic approach, an audience/consumption/taste approach, an occupational/professions approach, and an awareness of international and comparative models given the transnational character of many cultural industries.

In the “new economy” the relative position of the creative sector has shifted but still lacks a conceptual framework, which would make it possible to define the sector in broader terms, recognizing the central importance of human capital as its key resource. The full range and diversity of employment in the cultural sector has not been sufficiently examined. Distinctions continue to be made between subsectors (i.e., non-profit and commercial, professional and amateur, media and live arts) and barriers erected between occupational/professional groups (i.e., creators vs. interpreters vs. administrative vs. technical). These obstruct the necessity of getting the people who work in the sector to put those distinctions to one side and see themselves as part of a larger whole. We still lack parameters to define what that whole is, and we have no decision rules as to what should or should not be included.

One way out of this situation would be to see the creative occupations constituting a *societal sector*, or as a cluster of related industries that supply a given type of product or service, PLUS ancillary functions and organizations such as financing, legal, marketing, regulation, representation, among others. This would contrast with the usual characterization of it as an *economic sector*, or as a cluster of related industries supplying a given type of product or service.

Chief employment characteristics of the creative sector workforce include:

- Well educated (but variably) with frequent update needs
- Wide ranging pay scale, from ‘stars’ to relatively low paid
- Benefit packages are commonly inadequate
- Flat organizational structures
- Extensive freelance and/or project-oriented work
- Considerable ‘churning’
- Lacking a shared or inter-related identity.

Currently, the workers of the creative sector are seen to occupy three separate *occupational* clusters: (1) a core of artistic occupations at the center, which is composed of freelance and independent artists; (2) a set of occupations and workers in the cultural and entertainment industries; and (3) the workers and organizations of the non-profit arts and culture sub-sector (see Appendix 3). In fact, the creative occupations of each of these three domains partially overlap with one another, and workers migrate back and forth across these domains. Furthermore, the “three clusters model” omits many other important elements. On the one hand, a fuller set of creative domains would also include the design industries (graphic, fashion, interior, architecture, etc.) as well as the public arts sector and the informal arts sector. On the other hand, even such an expanded sector model is essentially economically based.

A paradigm more appropriate to the realities of the creative sector would be premised on a *societal* sector definition (see Appendix 4). Thus a creative sector would include not only the full range of activities and organizations engaged in the creation, production, consumption, and preservation of creative products and services, but also all of the associated support structures, including related governmental organizations at all levels; various

types of funders and equipment suppliers, managers, trade associations, etc.; and finally, education and training institutions and systems.

Viewed in this interlocking way as a *societal* sector, the creative sector has both economic dimensions as well as implications for cultural identity, civil society, intellectual property, and human capital. Under this lens, the creative sector bears many impacts on development, ranging from economic development to cultural development and human capital development.

**Michael Kane** is Managing Partner of Mt. Auburn Associates, a private consulting firm with 20 years' experience in regional economic development planning. Kane observed the cultural sector's apparent inability to make its own case for being an important player and contributor to economic development. When he evaluated the arts as an economic sector for the Massachusetts Cultural Council, Kane realized how under-appreciated and disorganized the arts sector was, despite its role as a major employer and its power to act as a catalyst for urban revitalization and local development, attract investment, boost business competitiveness, incubate new business, provide tax revenues and additional income, and expand employment rolls of vendors and suppliers. He concluded that the arts and cultural economic activity constitute a sector strong enough to be seen as an economic engine in its own right, and one that should be viewed on equal footing to other important economic sectors such as biotechnology, information technology and health care.

Mt. Auburn Associates applied the methodology of the Massachusetts study to a larger undertaking for the New England Council, *The Creative Economy Initiative: The Role of the Arts and Culture in New England's Economic Competitiveness*. This study sought to go deeper into figuring out how creativity helps shape economic competitiveness in "the new knowledge and idea-based economy where the keys to job creation and the higher standards of living are innovative ideas and technology and where risk, uncertainty and constant changes are the rule." By weaving together and reconciling data culled from a variety of sources – such as the U.S. Census, the U.S. Economic Census, the Current Population Survey, County Business Patterns, U.S. Occupational Outlook, Survey of Cultural Institutions, Bureau of Labor Statis-

tics/Occupational Employment Statistics, National Compensation Survey and state employment data – Mt. Auburn Associates gained a new perspective on the density and variety of contributors to the creative sector in New England. The complexity of participation led to creating a “creative cluster” metaphor, as illustrated in the tree diagram of Appendix 5.

Kane noted that looking at the sector as a “cluster” tackled the definitional problem by including for the first time entities that are not customary non-profit institutions but contribute to the creative economic activity of the region, whether commercial enterprises or individual artists and performers. It also included cultural activities “embedded” within higher education or government, religious groups and community-based organizations. Thousands of the region’s residents make or contribute to their income through arts-related freelance activities. The “creative workforce” also incorporates employment data on many people who work for cultural institutions but are not themselves directly employed by the arts, such as technicians, ushers, food service workers and security guards, as well as art teachers in schools, graphic designers, medical illustrators, and music directors at religious institutions.

The study showed how, conceived as a true cluster, New England’s creative sector could legitimately claim to be a fully-fledged production, distribution and consumption sector, and an economic engine. The New England creative sector is larger than the region’s healthcare sector and one of the fastest growing, employing 248,000 workers with a \$4.5 billion payroll. Many links between the arts and other industries were unveiled: between design and traditional furniture and apparel industries; between the arts and technology; and among the many new media companies across the region.

A second report prepared under the *Creative Economy Initiative* and subtitled *A Blueprint for Investment in New England’s Creative Economy*, outlined four strategic goals to guide increased business and government investment in the creative sector of the region, each supported by ten action points:

Promote the sustainable economic development of New England’s culture-based creative economy so that it may fully contribute to regional economic competitiveness and quality of life.

- Generate new jobs and economic activity by increasing the growth, vitality and competitiveness of New England's creative cluster.
- Strengthen and expand New England's creative workforce by promoting understanding, awareness, opportunities and access to training and employment in creative occupations.
- Enhance the economic and social quality of life in New England communities by fostering a rich arts and cultural environment.<sup>3</sup>

This research confirmed the importance of reaching key decision makers in the region with this information to inject new and enlightened data into public policy debates that often pit economic needs against broader, socio-cultural ones.

### Discussion

Different definitional frameworks can produce disparate figures and policy conclusions. This concern ran through the entire conference. While the first set of divergences arose from the variations between the "creative sector" notion in the United States and "cultural industries" in Europe and Latin America, even within the United States it soon became clear that unitary categories are elusive. *Michael Kane* pointed out that even terms such as furniture, apparel and fashion vary widely between different regions of the country, depending on the level of individual or mass production involved. He compared the evolution of the technology industry, as it became a core element of the national economy, with the growth of the creative sector. As the technology industry developed, an ecosystem of ancillary suppliers and support systems grew with it and were eventually incorporated into the concept of IT.

*Margaret Wyszomirski* observed that it is essential to identify the policy aims that drive the development of this sector: is to encourage regional development or employment? Not every locality can have a full complement of all services, so how do we accommodate different local realities and models? In response to a question about the "artistic" workforce at the heart of her oc-

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<sup>3</sup> *The Creative Economy Initiative: A Blueprint for Investment in New England's Creative Economy*, The New England Council, June 2001.

cupational diagram (Appendix 3), she pointed out that U.S. definitions of the copyright industries tend to be roughly synonymous with entertainment – they exclude the high arts that aren't copyright-based. Her intent in combining “high” and “entertainment” artists into her model is to bridge that gap and capture all artists in the creative sector. *Alberta Arthurs* observed that precisely for that reason, the term “copyright industries” might well disappear.

*Milagros del Corral* wondered how useful it was to be so global about the creative sector. Very different policy tools apply to its varied components. Besides, some significant cultural manifestations such as intangible heritage seem to be excluded. She advocated the wider notion of “creativity” as a widely distributed and renewable resource worldwide. The policy challenge then lies in how to channel this creativity on a global level.

Speaking to the definitional differences between the United States and Europe, *Ellen Lovell* pointed out that in Europe, the term “cultural industries” refers mainly to a national productive sector with specifically intended policy interventions and government subsidy. In the United States, however, policy notions about the creative sector revolve more around the removal of market barriers, so there is more policy emphasis on legal and economic concepts to promote free trade, protect copyright and prevent piracy. While creativity is indeed a global resource to be encouraged and channeled, there is a deep difference of approach between facilitating commercial activity and managing a subsidized sector. The U.S. is just beginning to define its creative sector holistically. Although it is true that the non-profit sector succeeds primarily by responding to the marketplace – which provides as much as 65% of non-profit income – it is still a mission-driven sector. Subsidy in many forms, including philanthropy, is essential to its healthy existence. What remains less quantified is the large yet informal dimension of amateur and volunteer labor, which should be acknowledged as key components of the creative workforce. But the pressing policy questions in the U.S. should focus on the flourishing of the sector itself, Lovell maintained.

Discussion turned to how the creative sector fits into the current debate on globalization, echoing *Anheier's* observations of the perverse global effects wrought by commercially powerful creative industries. Would a better definition of the creative

sector help to formulate better strategies in regulating those effects? In the European context, the term “cultural industries” has been extremely useful to draw attention to the fluid boundaries of the work force. For example, classical music surveys now include not only output from classically trained composers but also from composers of film scores. Countries seeking entry into the European Union must explain how they support creative industries. *Andreas Wiesand* observed that the U.K. had adopted a far more market-oriented approach than most European countries where a long tradition of public sector subvention is the norm, even to the point of deterring privatization. *Geoffrey Brown* observed from his own development work in countries seeking E.U. accession that because they have the commitment but not the resources, these governments are exploring alternative financing mechanisms to support culture – and in some cases are edging toward British solutions.

## 2. Cultural Policies and Impacts on the Creative Sector

What cultural policies have emerged from studying the cultural sector? How do they differ, depending on the definition of the sector and what is known about how it operates?

**Bill Ivey**, founding director of the Curb Center for Art, Enterprise, and Public Policy at Vanderbilt University (Nashville, Tennessee), recalled that when he was Chairman of the National Endowment for the Arts (1998-2000), he was often perceived at international gatherings as the equivalent of the U.S. Minister of Culture. But as NEA Chairman, he could not express any kind of official cultural policy or even offer an informal assessment of the scope of its cultural sector. He also came to realize that what could be called cultural policy in the U.S. was directed toward non-profit arts organizations and their funding problems, mostly to justify the expansion of arts activity – making the case for more classical music, more dance, more money for artists and more of everything cultural. Policy aimed at cultural industries – film, recording, television and radio – took no account of the non-profit cultural landscape. The Curb Center was created to address this dichotomy and is the first university-based policy program to take a more comprehensive view of American cultural policy studies. The Center targets five areas of study: individual actors in the arts industries; corporate

practice; trade agreements and regulatory agencies; private arts patrons and NGOs; and intellectual property law. For example, it is currently planning, with support from the Rockefeller Foundation, a conference to examine the effects of federal and state governmental regulation of the arts and media industries.

Any discussion of cultural policy impacts depends to a certain extent on the definition of the cultural sector, as the first panel grappled with. Ivey enumerated some segments of the sector, each with its own policy objectives:

- Government-subsidized culture, with direct public support
- Government-encouraged culture, with preferential tax treatment such as historic preservation and the non-mainstream arts
- Cultural industries, operating in the marketplace and comprising a major U.S. export
- Amateur and unincorporated activities
- The “artful” sector, including computer software creators, video game designers, and crafts persons in various fields

Different policy options and questions emerge from each of these subsectors, with results differing widely, some deliberate, others not, and others quite accidental.

In reality, the **for-profit arts industries** inflict the greatest impacts. Key trends in the marketplace activity of these players include:

1. Concentration of cultural companies in a limited number of multinational corporations
2. Digital technology’s capacity to reconfigure the systems of production and distribution
3. Use of stock value as the yardstick to judge performance/value
4. The expanding scope and value of intellectual property
5. Aggressive use of research to assess demand and reduce risk, e.g., the pursuit of evasive criminal activity on the Internet

As critically devised and pursued as these trends might be among for-profit industries, most studies of “cultural policy” focus instead on the non-profit fine arts, on arts education, and on public and foundation support for the supply-side challenges of the fine arts. This supply-side mentality emphasizes the number of non-profit arts organizations and the size of NEA and state art agency budgets, paying little attention to for-profit issues such as copy-

right, media mergers, and broadcast regulation. Yet it could be argued that these for-profit issues are shaping the very essence of cultural policy. In other words, the cultural policies packing the greatest social and economic impacts are being made in settings where policymaking is not overtly about art or culture. The biggest governmental players are the federal agencies that regulate business practices, tax policy, or international trade. For example, the U.S. Trade Representative, who is charged with advancing American commercial interests on a global basis, is arguably the most influential actor in international cultural relations. This Administration official, who is charged with increasing the sale of U.S. films, television programs, and recordings around the world, wields far greater economic influence over U.S. cultural exports than artistic exchanges and cultural diplomacy combined.

On the European canvas, thinking about cultural policy has progressed to a transnational level from an earlier focus on national identity. **Andreas Wiesand**, Secretary-General of the European Institute for Comparative Cultural Research (ERICarts), as well as Director of the German Zentrum für Kulturforschung (ZfKf), an independent research body founded in 1969, summarized this evolution. Intergovernmental organizations such as the Council of Europe, UNESCO and more recently the supra-national programs of the European Union have spurred these changes.

Intergovernmental bodies, national governments, publicly supported and independent research bodies and networks have gathered information and data on European cultural policy developments since the 1970s. A significant body of information has been published, including reports of transnational working groups on cultural statistics, historical assessments, internal political and legal profiles, handbooks, guides, and directories. New demands from the European Union and European Parliament to monitor and evaluate the cultural dimensions of their policies and, in particular, the ongoing process of enlargement in the East and South have placed even greater importance on (1) the regular collection of basic cultural policy information and data and (2) reliable and timely comparative policy analysis.

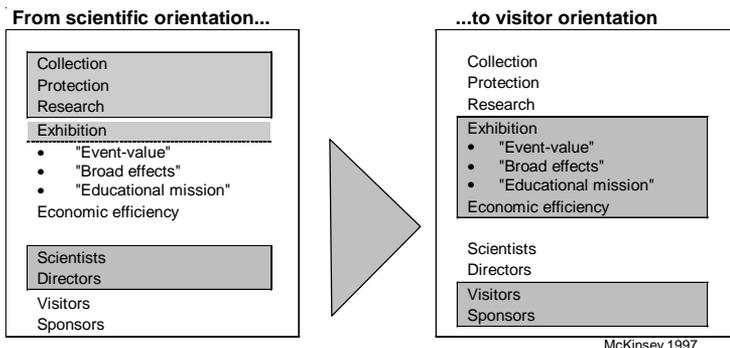
In the mid-1980s, at the initiative of the Council of Europe, ZfKf published its first *Handbook of Cultural Affairs in Europe* containing basic facts, country profiles, and addresses. A third edition issued in 2000 covers 48 countries. More recently, the

Council of Europe and ERICarts, in collaboration with a network of governments, experts and research institutes, developed a comparative monitoring system, *Cultural policies in Europe: a compendium of basic facts and trends* ([www.culturalpolicies.net](http://www.culturalpolicies.net)). This *Compendium* is intended to be an ongoing pan-European forum to collect and disseminate regularly updated data on cultural policies. Country policy profiles are structured along the categories of promotion of identity, diversity and dialogue, support of creativity and participation in cultural life.

Wiesand asserted that most European countries go only half-way towards endorsing the kind of cultural industries-led approach described by Geoffrey Brown. European governments and constituencies tend to favor the following measures:

- Aggressive marketing strategies around a concept of ‘variety’ (e.g. in the USA);
- Defensive, government-led advocacy of pluralism, including efforts to maintain ‘cultural identity’ (e.g. in Canada, France);
- Pragmatic development of economic and public infrastructures or labor markets without necessarily leading to coherent policies (many EU countries; also China); and
- Efforts to relieve the public purse by privatization, partly resulting in a systemic breakdown and a need for re-subsidization (e.g. in the ‘transition’ or ‘accession’ countries of Central and Eastern Europe).

A 1997 McKinsey study on the museums of Cologne (Germany) recommended changing from the traditional “scientific” orientation to a visitor or “customer” orientation, even for publicly-run museums. The study recommended mission-realignment to resemble the values of a customer-driven business:



The problem with this kind of thinking (and its application *mutatis mutandis* to other cultural institutions), Wiesand stated, is that the core functions of collecting and protecting, which remain the only legal basis for the existence and maintenance of public museums, are superseded by the exhibition function. That conclusion risks valuing museum objects only for their “event value” or economic efficiency.

**Paulina Soto Labbé**, Coordinator of the Studies and Analysis Unit in the Culture Department of the Chilean Ministry of Culture, brought the perspective of a Latin American culture ministry official and policy-maker to the discussion. She stressed that policy-relevant research was of very recent vintage in the region and had to be carried out with limited means. In Chile the research record covers just six years. But as capacity builds, researchers in Latin America tend to look closely at the achievements in Europe as well as at what is happening in other countries of the region.

The Chilean cultural policy framework is highly centralized. Federal structures would be impossible to achieve quickly, yet there is great demand for decentralization. Before figuring out how to decentralize and how to respect the diversity of the country’s culture, the Ministry of Culture realized that first, adequate data must be collected on the cultural realities at stake. Six years ago the Ministry of Culture decided to undertake a broad-based mapping of the cultural sector in 13 different regions of Chile, to represent the full cultural “ecology” of each region as defined by the populations themselves. This mapping exercise – *Cartografía Cultural de Chile* – covers the full range of actors who contribute to the creation or re-creation of cultural expression in each distinct territory. One of the important cultural characteristics of Chile is its large population of political/economic exiles who have established themselves elsewhere yet maintain close ties with their country of origin. Hence an additional “territory” is accorded to those who now live and work in foreign countries – the latter are symbolically termed Region XIV, or the region of *Reencuentro*.

Some 240 types of cultural activity or expression are included. These embrace a wide range of concepts and forms, including many contemporary cultural practices that are ostensibly “traditional” but whose diffusion has been made possible by

modern technology. Value production chain analysis has been used as a method to incorporate data about individuals and institutions that contribute to the creation, reproduction, circulation and conservation of cultural goods and services – thus the database includes not just information about creators and artists but also support personnel, educators, and people involved in the production and maintenance of cultural infrastructure. The mapping serves as a tool for the stimulation of national debate between the cultural community and policy makers about cultural citizenship, as well as about the cultural diversity of the peoples of Chile.

In addition to the Cultural Atlas, in 2000 Labbé's Studies and Analysis Unit initiated a program of transnational comparative research into the economic configuration and impact of the cultural sector. A recent study profiling artists and cultural workers produced data that could direct employment legislation. Another study on urban creators in Santiago involved research on Chilean cinema in the 1990s.

As a consequence of this work during the past five years, the Ministry has accumulated extensive cultural information on Chile and has created a Committee for Cultural Statistics under the guidance of the National Institute of Statistics, which is currently carrying out a study of the sector's information assets and needs for the next five years. The Committee aims to create a satellite account for culture in the national accounting system of the Central Bank of Chile. At the continental level, Chile is fairly advanced on the conceptualization and research methodologies of cultural indicators. The Cultural Atlas methodology could serve as a model for the development of other national cultural information systems, and could contribute to the project of the Organization of American States to establish an Inter-American observatory of cultural policies.

## Discussion

To complement her presentation, *Paulina Soto Labbé* observed that the emphasis on measurement has had the perverse effect of allowing economic language to dominate and “format” the entire cultural policy-making debate. Throughout Latin America today there is strong opposition to this line of argument that obscures the role of the individual as creator of culture. *Enrique Saravia* echoed the primacy of creators and artists in any public

policy consideration of the creative sector. Referring to U.S. practice, *Bill Ivey* pointed out that sometimes government policies have unintended adverse effects on artists through regulation of industries, commerce and capital flows. The pressures to conform to commercial sector frameworks are strong in the United States, and publicly supported art forms often find it difficult to anticipate and monitor the effects of industry-changing governmental policy on creativity and diversity.

As a counterpoint to this, *Hector Schargorodsky* stressed that we must not forget the primacy of the symbolic content of cultural industries over their economic utility, yet he lamented how behind Latin America is to Europe in governments' acknowledging the role of culture in public life. *Bill Ivey* feared that the United States misses the linkages between national identity and culture. *Marion McCollum* regretted that U.S. society seems to ignore the "public good" mission of art and culture as an avenue to coherent policy and questioned how to shift from the incoherent to the coherent. *Bill Ivey* answered that, because there is neither a cultural policy community nor a deep sense of cultural concern, it is especially difficult to stimulate a coherent discussion about these complexities. Multinational conglomerates such as Sony or Bertelsmann then acquire a disproportionate market power over small-scale players in the muteness of this policy debate. The cultural policy tool kit needs to be enriched with a variety of arguments – the perceived benefits of arts education, the stabilizing forces of culture to social inclusion, or the lessons of economic impact studies, presently buttressed by Richard Florida's work – rather than putting stock into a single paradigm.

*Susan Christopherson* observed how economic development agencies in certain regions of the United States have woken up to the power of using their region's cultural dimension as a lure to entice highly competed-for high-tech workers and asked whether this same situation exists in Europe. *Andreas Wiesand* confirmed that this is indeed the case, particularly between metropolitan regions, remindful of the northern Italian city-states during the Renaissance. Once again, the duality of these economic and cultural arguments suggests a mutual contradiction or at least confusion in reconciling economic and social values within cultural policy.

### 3. Audience Characteristics and Development

How do audiences (or consumers) make cultural choices? What are the patterns of participation and consumption of for-profit and non-profit cultural products?

**Y. Raj Isar** began by suggesting why empirical analysis of cultural consumption patterns is important on a global level. First, he argued, studying global data tests the “globalization equals Americanization” thesis. Unless one accepts the assumptions of cultural imperialism theory, alternative hypotheses include:

- a model of cultural flows or networks, as in the work of Appadurai; or
- strategies of competitive behavior by nation states, by subnational entities such as Catalonia or Quebec, or by cities and cultural organizations (civil society) in order to cope with, counter, or even perhaps facilitate culturally globalizing forces.

We need to know more about what people are really consuming culturally if we want to determine whether or not American-led transnational corporations really manage and control mass communications.

Isar noted a recent article by Bella Thomas in the British magazine *Prospect* entitled ‘What The World’s Poor Watch on TV.’ The author argues that people are increasingly tuning in to locally produced programs rather than exports from Hollywood. She quotes scholars who cite surveys of prime time scheduling around the world, revealing that domestically produced programs almost always top the ratings during peak viewing hours, with U.S. imports filling the off-peak time slots. Other specialists agree that the image of the West at the center of the communications industry, dominating the developing world periphery, is mistaken. They argue that each region – based not only on geography but also on common cultural, linguistic, and historical connections – has its own internal dynamics and global ties. In Latin America, U.S. imports were prominent only in the early stages of mass television. As the industry matured, local products replaced them. The pattern in Latin America, as in Asia and the Middle East, is that each region is dominated by one or two centers of audiovisual production: Mexico and Brazil for Latin America, Hong Kong for Taiwan and China, Egypt and Lebanon for the Arab world. Zee TV is now targeting audiences in prosperous northern countries, in places with large Asian populations such as Britain.

Nestor Garcia Canclini observed some years ago that Anglo-American music hardly dominates domestic markets in Latin America, so characterizing the international music scene as one of “Americanization” is too simplistic an explanation. Only in Venezuela does international music reach over half of the public (63%). In Peru the chief style is *chicha*, in Colombia *vallenato*, in Puerto Rico *salsa*, in Argentina *tango*, while in Brazil, 65% is national music. The current structures of the cultural industries are more complex. For reasons of historical, geographical affinity or differential access to economic and technological resources, there tend to be regional groupings among historically-linked countries: Asia with Asia, Latin America with Europe and the United States, and the United States with countries or regions that are either English-speaking or have a similar lifestyle.

The second reason to know what people like to consume could be to delineate what government has a responsibility to provide and what cultural products and services should be left to the private sector. Isar went on to consider the French case, where governments have long considered that a primary role of government is to determine and supply certain cultural goods. In the early 1960s, a pioneering figure in cultural policy circles, Augustin Girard, created the ministerial research department which became the *Département des études et de la prospective*. He was an early advocate for a robust basis of evidence for informed cultural policy-making. Girard did not share cultural minister André Malraux’s social mission of democratization through bringing “culture” – by which Malraux meant the greatest works of humanity in very much the Arnoldian sense – to the masses in Houses of Culture. For Malraux, art transcends class and cultural capital, communicating with us all in the universal language of the human condition. Its democratization therefore requires no mediation, no socio-cultural action in communities. By the mid-1960s, Girard’s data was beginning to show that this strategy wasn’t working.

Pierre Bourdieu provided a sociological rationale for the failure: high culture has codes that remain unintelligible to those who weren’t socialized to decipher them, and therefore all the Houses of Culture in the world wouldn’t make any difference. Girard asked the thinker Michel de Certeau to help draw up what was to become the mobilization strategy as articulated in the book *The*

*Practice of Everyday Life*. De Certeau argued that the derided “consumer culture” was more complex than it had appeared to Adorno, Malraux and others. Consumers adapt mass culture to their own designs and needs, thereby creating their own forms of “cultural production” instead of absorbing media-dispensed cultural forms and meanings. These were sociological reflections, however, not empirically-based audience research. Paradoxically, when such research was actually done in 1989, in the form of the milestone study ‘Cultural Practices of the French’ (*Pratiques culturelles des français*), the results did not confirm these hypotheses (see Mark Schuster’s *Informing Cultural Policy*). Acknowledging the paucity of sound audience research in Europe, Isar concluded that national governments today continue to avoid deep research into what sorts of cultural fare their citizens really want.

**Maria Rosario Jackson** approached the question of audience development from an urban studies perspective, with critical attention to issues of race and gender in the United States. Her remarks were based on empirical findings from several research projects she directs, principally the Urban Institute’s *Arts and Culture Indicators and Community Building Project*, the Wallace-Reader’s Digest Funds’ *Community Partnerships for Cultural Participation* (CPCP) initiative (in which community foundations received grants to encourage first-time and repeat attendance at arts and cultural events as well as contributions of time and money), and the Ford Foundation’s *Investing in Creativity*.

She opened by stating that the terms of the debate – audience, consumption, and product – were problematic and limiting. She suggested substituting these words with a different triad: demand, value, and stakeholders. The *Arts and Culture Indicators and Community Building Project* (ACIP), carried out in collaboration with the National Neighborhood Indicators Partnership (NNIP) and with the support of the Rockefeller Foundation, sprang from the recognition that most nationally-scaled audience research projects claiming to measure quality-of-life were off the mark, because they failed to include measures of engagement in the arts and culture. The indicators now being developed are intended to provide policy makers, funders, practitioners, and researchers in the arts, humanities and community-building fields with tools and language for creating policies and programs that

can improve quality-of-life, especially in local communities with concentrated poverty and underemployment.

During the first two years of ACIP's efforts, the project leaders sought to better understand two issues through field work: (1) the utility of existing arts and culture data in developing neighborhood indicators; and (2) how neighborhood members understood and value art and culture – including residents, community builders, artists, and arts administrators. Initial efforts to identify and evaluate arts and culture data revealed that those data held little meaning for the community. First, mainstream definitions of art and culture (and cultural institutions), upon which most data collection practices are based, do not adequately capture the meanings and methods of participation in art and culture on the neighborhood level. Second, the development of indicators relies on theory, or some linkage to a desired social/policy outcome; for example, a change in the rate of robberies is one of many indicators of public safety. But when collecting arts/cultural data, the purpose is usually to monitor the health of arts/cultural institutions, not for the purpose of measuring societal impacts of the arts. Except for research on the impact of the arts on school performance and economic development, there is very little empirical research that clearly links forms of cultural participation with other specific desirable social outcomes, particularly at the neighborhood level.

The foregoing projects revealed the problem of getting local communities to think about cultural elements in their neighborhoods as assets. Researchers found that the definitions driving existing data collection processes are too narrow to measure what people actually care about. Jackson offered several strategies to cope with these roadblocks. First, cultural asset mapping techniques could improve. Ocular or windshield surveys might offer limited observations, but Geographic Information System (GIS) techniques can disclose the geographical base of cultural organizations. Venues, as embedded assets, are important determinants of creative activity. Direct observational techniques allow context-aware interpretations of a neighborhood and its activity, such as a walking tour with a folklorist. Jackson cited the case of a Somali restaurant in Washington, DC, which serves as a hub for the local Somali immigrant community to gather and share cultural interaction. Second, the very term “audience” erects

interpretive barriers, for it implies the exclusion of people who are not direct consumers but might be neighbors, creators, teachers, and others filling culturally active roles. Third, cultural interaction goes beyond the purely aesthetic or artistic, as participation in cultural activities is often driven by an impulse for “connectedness” to both the cultural form itself and the community. Finally, in cities undergoing marked demographic transition, cultural community partnerships might be local, national, or international, making a more complicated picture of the neighborhood’s ties with other communities.

**Mercedes Paz Slimp**, a member of The President’s Committee on the Arts and the Humanities, drew on her consulting work with AMS Planning and Research, a national management consulting practice devoted exclusively to cultural development. AMS has studied audiences, institutions, and other community actors to determine how to develop new target audiences (primarily African-American, Asian, Latino/Hispanic and rural). The group bases its work on a three-pronged strategy: programming, marketing, and infrastructure. Research for the Lila Wallace Reader’s Digest Funds Theater Program, involving nearly \$30 million in grants to 42 theater companies across the U.S., confirmed that the most successful theaters in attracting new audiences employed a combination of the those three strategies.

Programming strategies entail producing plays that have relevant themes or that are written by playwrights and feature actors from the target groups. Audiences respond to seeing plays that speak to their life experiences. Two success stories included a large mainstream theater company in Atlanta that staged plays by African American playwright August Wilson, and the San Diego Repertory Theater that programmed shows by Latino playwrights. Marketing strategies entail a range of advertising, public relations, and promotional approaches to reach target audiences in culturally-specific media, with outreach efforts and “welcoming” messages. Programming relevant plays that are only advertised in the mainstream media can miss important target audiences who read Latino newspapers (such as *La Opinion* in Los Angeles) and African Americans who tend toward radio. As research also reveals that programming and marketing alone do not fulfill the goal of attracting target audiences, the third leg of the audience development triangle involves organizational infrastruc-

ture, or visible changes to an organization's staff, board, and volunteer composition, and/or the venue itself, in order to make target groups feel welcome.

Some specific strategies that worked for theater companies include:

- “Thematic special events” in conjunction with plays: Perseverance Theater Company in Juneau, Alaska, produced a 10K “Torch Run” as part of a series of events wrapped around a Greek Tragedy production, improving public relations and attracting members of local runners’ clubs who were introduced to the theater.
- “Community nights” at the theater to welcome target groups.
- Co-sponsorships and/or co-productions with community-based non-profit groups serving target communities: the San Diego Repertory Theater co-produced a community dance festival in the theater, hoping that introduction to the venue for ethnic dance troupes would result in return visits for future theatrical presentations.
- “Quick Response” email messages targeted at corporate sponsors: Alliance Theater in Atlanta sent special offer messages to employees of corporate sponsors on a Wednesday, offering unsold tickets at deep discount for the next Friday’s performance.
- Experiments with the times and durations of shows, producing “Rush Hour” concerts (abridged concerts at 6 pm, rather than the traditional 8 pm curtain) or going to earlier start times during weeknights.
- Different “threshold offers” or mini-subscriptions: some theater companies have re-packaged shows and offered a three-show package as an entry level commitment to an organization rather than a full six- or seven-play season.
- Sampler evenings: Victory Gardens programmed a “Night of Scenes” to preview the upcoming season. Target audiences could glimpse snippets of each upcoming play before deciding which productions to attend.
- Creative merchandising: rather than just T-shirts or tote bags, companies have offered children’s products (teddy bears) and boxes of chocolates in the form of the corporate logo.
- Taking great pains to thank subscribers and patrons: Perseverance Theater in Alaska placed hand-written thank-you let-

ters on each subscriber's seat during the last performance of the season.

- Group sales: staff and volunteers make appearances at community festivals, speak at civic and service club meetings, and make cold calls to fraternities and other social organizations to sell bulk packages of 10, 20 or more tickets.

Social and economic changes require constantly refreshed strategies. Studies and research will continue to inform how to influence participation and develop audiences. However, Paz Slimp cautioned, each and every study continues to underscore the principle that Jerry Yoshitomi, a cultural facilitator in California, expressed: "The interaction of an arts experience with the attendee's identity, sense of self, personality, etc. is a vital element related to both perception and experience. Aligning what has personal meaning for an individual with the content of a performance/exhibition or to relationships an individual has with fellow attendees can significantly increase attendance and deepen the experience..."

## Discussion

Responding to questions about the methodologies in her various research projects, *Maria Rosario Jackson* clarified that the ACIP study sought to understand how the local residents and community members viewed the arts and culture in their own terms; her research took advantage of data from the non-profit sector because it was less proprietary. The CPCP initiative focused on community foundations and their community relations. The *Investing in Creativity* study sought to explore the climate for a wide range of individual creative artists in many intersecting sectors. In a "dream study," Jackson said that she would de-emphasize quantitative data and integrate robust qualitative material. Alberta Arthurs pointed out that exploratory work on community-based audiences could abolish the need to think in these categories. *Susan Christopherson* thought it would be important to relate such findings to the notion of "mass culture" in the U.S.

*Milagros del Corral* observed that audiences tend to be static; each form of cultural expression has its own public. Research is needed on motivation criteria in relation to factors such as: content, merchandising, popularity, scarcity, exoticism, price, the role of the media and "snowball effects."

*Hector Shargorodsky* pointed out that multinational corporations largely control the distribution of indigenous or ‘ethnic’ music in Latin America, which impedes investigation into true audience preference and typifies the problem of the globalization of culture-related industry. *Kieran Healy* believes that too little attention has been paid to the real nature of consumer demand; for example, no one is forcing people to go to see American films, they attend because they want to. *Andrés Roemer* countered that cultural perceptions and tastes were easily manipulated. Why are some art forms in financial difficulty and others not? Is the mission of the state to support what people want to see? Or is the mission of the state to support art forms that might not be self-sustaining, to educate the public, to offer art forms that the public does not know, to provide the analytical skills to understand, and to thereby assist the public in determining how to select what they want? *Paulina Soto Labbé* regretted the excessive emphasis on economic terminology, preferring the term “participation” to “audience.”

*Robert Freeman*, Dean of the College of Fine Arts at the University of Texas, welcomed the insights he had gained from the discussion about how artists – including arts school graduates – might market their products more meaningfully and successfully. Too little attention was paid to this domain in their training, he lamented.

#### **4. The Creative Industries as Vehicles for Regional Development: Public Session**

How does the creative sector contribute to social and economic development at the local and regional level? What has research revealed? What measures can be taken to optimize the cultural sector’s role and recognition as a partner in regional development? These were the questions debated during the afternoon session, opened to the public and press, at the University of Texas performing arts center.

Austin’s claim to be “the live music capital of the world” rests on the ratio comparing the local population to the number of live music venues in the city, but that typically Texan boast springs from a straightforward local development goal, moderator **William Glade** asserted. A cluster of firms in the live music industry has come to dominate this more or less flourishing reputation,

fueled by the annual *South by Southwest* music festival and augmented by an interactive media festival and a film festival. Austin has become an important node on the circuit for live performers, spanning a variety of popular music genres. The city has also benefited from the growth of three large music production companies and the emergence of a museum district. Since the mid-1980s, the University's performing arts center has also contributed greatly to building audiences for the arts and has recently taken the lead in developing an inter-American network for exchanges in the performing arts, *ArtesAmericas*. A nascent film industry has seeded the growth of its own support sector and become a catalyst for development.

Glade pointed out a few characteristics about Austin's development. First, the economies of scope as well as those of scale are critical to developing production capability and versatility. A municipal policy that encourages the development of creative industries in general can attract investment in several complementary art forms. Over time the region developed a reputational capital that, in telegraphing information to new entrepreneurs, contributes to a cumulative process of expansion, building up the supply side of the market in a way that develops the skills and organizational capital for sustained growth. But there is a demand side to the picture as well. The kinds of firms Austin has been able to attract have depended not only on the plentiful knowledge resources generated locally but also on the consumption amenities to lure the professional and managerial echelons of the region's high-tech industries. By growing cultural opportunities locally, the regional economy benefits through higher consumption income, lower consumption expenses to audiences (no need to travel for live performance and art), and higher real income to the creative sector. Options also improve for the development of a more enriching menu of programs for local audiences, especially for lower income and marginalized segments of society. Over the long haul, the creative sector contributes in very real terms to the growth and sustainability of the local economy on both the supply and demand sides.

**Casey J. Monahan**, Executive Director of the Texas Music Office, represents one of six agencies helping to commercialize cultural goods and services in the State's economy. Monahan noted a few features of contemporary society that figure into the

Music Office's strategies: First, the more homogeneous culture becomes, the more people seek something with local distinction. Second, to be more competitive, local cultural industries need local government support. Third, the most important assistance his office can give is to make it easy for arts professionals to represent themselves, by supplying them with the information they need on markets, partnerships, support mechanisms, and other requirements for marketing and growth.

The Texas Music Office was created in 1990 with the legislative mandate "to promote the development of the music industry in the state by informing members of that industry and the public about the resources available in the state for music production." It is thus a state-funded chamber of commerce for the music industry to promote the music business in Texas by researching, publishing and distributing information about the industry. The *South by Southwest* film and music conferences now provide opportunities for local businesses to make international connections.

**Michael Kane** of Mt. Auburn Associates repeated his presentation as portrayed in the report on the morning's first panel.

**Andrés Roemer**, Chief of Staff at the Consejo Nacional para la Cultura y las Artes (CONACULTA), Mexico, criticized those who attempt to justify culture and advocate for its support by using economic impact arguments. Other sectors could easily be shown to be far more efficient and productive in the use of scarce resources, so what is the point of comparing the output of an artist with that of a computer manufacturer? Arts advocates risk entering a slippery terrain of argument here, particularly because the private sector might be asked to take care of the problem.

From an efficiency perspective, government could intervene to correct for market failures, rather than to support a booming productive sector. From an ethical point of view, the economic impact approach also distorts the meaning of cultural property and cultural production by ignoring issues of access, participation and equity. Efficiently organized cultural industries don't need subsidy. What they require is regulation, incentives, an adequate framework of copyright protection and the like, but not government subsidy to justify existence.

## Discussion

The Austin experience prompted *Maria Rosario Jackson* to ask what characteristics make a place robust artistically. *Casey Monahan* responded, citing two factors: (1) communication among people who are successful and understand the value of intellectual property; and (2) an industry- and professionally-generated agenda.

*Gail Romney* of Ballet Austin observed how difficult a battle it can be for a local arts organization to earn appreciation and stability. Ballet Austin has struggled for 40 years to reach its present established position, with only 2% of its budget from public sources. *Geoffrey Brown* stressed the need to have specialized agencies advocating the cause of the creative sector at the local level, a point *Andrés Roemer* concurred with, citing several mechanisms in Mexico including a one-peso tax on cinema tickets, the proceeds of which support artists. *Monahan* emphasized the necessity of educating young people about both culture and business. Asked whether any informed policy had emerged as a result of his research in New England, *Michael Kane* replied that there has already been an impact in education and training within the sector, and state labor departments are also paying attention, but he cautioned that the time horizon for such perceptible effects must be a long one.

## 5. Strategic Tools for Creative Sector Audience Development

What are techniques of audience development to increase participation in the arts? Which strategies do commercial operators use to expand markets and create new publics for cultural and entertainment products? What are the different policies and methods in the countries represented? How do they differ between for-profit and non-profit presenters? What are the relationships with higher education?

For **Enrique Saravia**, from the Fundação Getúlio Vargas in Brazil, it is essential to recognize that culture is a social product. For that reason, the efforts of government are secondary to a society's own cultural production. He was therefore skeptical about the capacity of government policy to modify trends or achieve anything meaningful in this domain. Government activity

could even be an obstacle to the real cultural expression of society, which often contests repression, as under the former dictatorship in Brazil. But after the collapse of the dictatorship, that contesting creativity also disappeared. It is only now, more than a decade since the restoration of democratic life, that cultural expression seems to be flourishing again. There are reasons to be equally skeptical in Latin America about the notion of private sector participation, where societies so different from that of the United States would not respond to the U.S. model.

Consequently, the concept of audience development is unrealistic in Latin America unless it encompasses the participation of the population itself. In Brazil, the population of some 170 million people lives in an area slightly smaller than the United States. The country is comprised of 27 states, each of which has formulated a cultural policy, with a highly decentralized system of governance. Some states have a more enlightened cultural policy than the federal government. The same could be said of certain cities; Sao Paulo's cultural budget is larger than the federal one.

Partnerships have proven to be important mechanisms to increase audience participation. Government bureaus have combined forces with cultural organizations to improve the lot of street children, young and elderly people, and marginalized segments of the population. Saravia noted that three members of the *Cirque du Soleil* were street children in Brazil. "Houses of culture" cater to their local populations, usually run by the non-profit sector with government support, and have worked indirectly to increase the cultural audience.

A second form of cultural influence on government is the soap opera. The *telenovela* has become a powerful force in contemporary life, transforming social behavior, gender relations and sexuality. There is broad consensus on the reach and influence of these *telenovelas* as agents of social transformation in a society where access to reading is restricted by illiteracy as well as low income. The universal themes that anchor the genre now include the conscious exploration of current issues such as corruption, birth control, drug abuse, and AIDS prevention. Soap opera dialogue makes frequent reference to contemporary issues from ecology, sociology and anthropology; they practice a sort of "social merchandizing" and provoke public debate about key issues,

such as the reduction of infant mortality or drug abuse. Because of the success of introducing current ideas in the *telenovelas*, viewers have come to identify with the actors, and attendance at theaters has also increased.

**Susan Christopherson**, Professor in the Department of City and Regional Planning at Cornell University, asserted that audience development is not just a question of numbers, but a question of the mission and values associated with cultural production. She proposed the following hierarchy of values associated with the cultural sector, with the most obvious ones located at the bottom of the ladder:

- Ability to create new concepts and ideas
- Appreciation of the discipline and skill of the artist
- Keener esthetic judgment
- Ability to synthesize/critical thinking
- Capacity for self-reflection
- Sense of community
- Pleasure

For any single individual, the four values placed at the top of the ladder would be critical factors for creativity and innovation in today's "creative economy." The question, however, is how such individual capacities can be made present in the society at large. Christopherson proceeded to cite three exemplary cases of distributive education:

1. The Swedish approach to the Internet has sought to raise the level of necessary skills and knowledge throughout that society. The public policy decision was made to invest widely in Internet-based technology so as to create an Internet-literate society. Such a process creates social demand for content, whereas the U.S. approach is to create demand for products.
2. A second example comes from the Wallace Collection in London, where furniture making and restoration skills are demonstrated for public learning. This didactic approach developed by the curators is based on exposure to cultural production processes. By seeing the work and its difficulties people can better understand the process of creation.
3. A third illustration comes from community readings and performance programs in the U.S. At Cornell University, for ex-

ample, a public reading of Sophocles' *Antigone* supposedly led people to question power and the human condition.

**Hector Schargorodsky**, Director of the Division of Cultural Industries in Argentina's Secretaría de Cultura de la Nación, offered his perspective as an actual policy practitioner on how public policies influence the cultural industries of his country. The cultural industries notion is one that has developed only recently in Argentina. Up until the 1950s, Argentina's publishing, film and graphic arts industries dominated the region. The first academic debate on the subject took place only in 1995. Just three years later, the government began to consider opening relevant agencies, but there would be no national film industry today without major governmental support, for Argentine films would have to compete in a very small market with foreign imports whose costs are already amortized.

In an attempt to rebuild a strong internal market, the government organized two sets of encounters: between branches of the diverse cultural industry and the public authorities; and among the branches among themselves. These '*mesas de consenso*', perhaps not replicable elsewhere, brought together owners, trade unions, and academics to deal with specific issues. Participants explored the current state of play in their respective industries and recommended incentives that government might provide. As a result, the public authorities now have, for the first time, data on what the cultural industries actually need and want from government. For the film industry, many agents in the value production chain suggested specific collaborative initiatives, such as reducing duplication costs, while in publishing, participants discussed how to increase exports of books with prohibitive fixed costs.

## 6. Summing up and next steps

The final session of the conference was devoted to a summation by **Frank Hodsoll**, Chairman of the Board of the Center for Arts and Culture, followed by a round of suggestions for next steps. Hodsoll grouped his summary around five themes:

- a research agenda
- the marketplace for cultural goods and services

- activities and policies relevant across the board
- activities and policies relevant to overcoming marketplace obstacles and failures
- next steps

## **A RESEARCH AGENDA**

Definitions, Statistics and Mapping: The definition of the cultural or creative sector must be determined carefully for specific political, economic, and/or social purposes. Statistics and mapping will be needed for the development, advocacy, implementation, and evaluation of policies. Research should explore which policies have resulted from study of the sector; which players consider themselves part of it; what issues/concerns they hold in common; and how the answers to these questions figure into definitions, statistics, and mapping. Some matters that might guide selection of research topics include:

- Not all parts of the cultural sector share the same organizational characteristics and missions, but there are a few issues on which there is sufficient commonality to do joint research. For example, there is a need to go beyond economic parameters. What are the relevant non-economic parameters that should be involved?
- The arts and culture provide a common language but they can also be a reason for sound private investment and development. How can these links be identified?
- The “ecosystem” that produces cultural products and services is complex and needs to be better understood.
- Initial emphasis should be on small, finite, international, and comparative studies that are “doable” within a relatively short time frame.
- Research should be undertaken to get a sense of how national frameworks can be applied on a regional scale.

### Framework for Research Projects:

- Scope: Some of the terms that have been discussed bearing on the definition of “scope” include “creativity,” “culture,” and “the arts” (for-profit, not-for-profit, and/or unincorporated). How broadly should one define culture and/or creativity? The scope might be different for different purposes, so we need a

broad framework from which practitioners might pick and choose subsets, i.e., the arts, humanities, folklife, and preservation. Some would argue this is too narrow; others worry whether the concept of a sector is useful beyond the arts.

- Sector or cluster: The concept of a “sector” might be more meaningful and conducive to study if considered in terms of a “cluster.” This could be on the national, regional or local scale, depending on the desired or available assets of measurement.
- Organizing Units: Units of study (that might also produce output measurements) could include the workforce, producing institutions, consumers (such as residents or tourists), or communities.
- Data Sources: The choice of data source assumes its availability. Data sources might include national income accounts (where available for the creative sector), regional, state, provincial, or local data. Regional, state or local data might be more important for goals of advocacy and justification of economic and social incentives. The definition might change depending on the location and existing cultural assets located there. Data on a national scale could be more important to achieving policy goals, although national income accounts might prove rigid or unusable in their current form.
- Harmonization of statistics across countries would be useful to offer insights and follow-on research about comparisons, trends, and important changes on an international level. Comparable statistics on audiovisual (film, TV, CDs, and radio) penetration, mechanisms, practices, and regulations would be helpful.
- Best practices: A series of useful research projects would be the collection of examples of best practices at national, regional, state, and local levels.
- Translations: Several participants noted that one neglected area for much-needed research investment would be to translate some of the best research into other languages. These could be disseminated via an international research web site in a variety of languages.
- International Web Site: Such a site could provide for the dissemination of materials in English (as well as other languages).

## **THE MARKETPLACE**

Another way to analyze the creative sector is to consider the vantage point of the marketplace. Items to define, clarify and study that were discussed include:

- **Supply**: The supply of the creative sector would require discussion of institutions, including multinational corporations, smaller organizations and individuals. Discrete players would include creators, producers, gatekeepers, investors, disseminators, marketers, and the workers who provide for administration and production. The more creative of these so-called “humdrum” workers can make a huge difference. Legal arrangements influence supply, and items to consider include contracts, union agreements and copyrights.
- **Demand**: On the demand side, relevant units of study are consumers, users and participants.
- **Dissemination**: Modes of dissemination in the marketplace range from television, radio, film and print to live productions and personal/individualized participation in the art form or in cultural practice.
- **Impact**: The impact of the cultural industries on GDP is of critical importance to study and define more clearly. The growth of the Internet adds to and complicates the understanding of impacts on the marketplace, due to new and evolving methods of dissemination and consumption. The time and cost of participation affect marketplace activity, as well as non-economic cultural variables that have social impact. These include the supply/infrastructure of the creative sector, the notion of participation, and an understanding of process as well as product.
- **Motivations**: It would be useful to study the motivations of actors in the creative marketplace. These can be broken down into the categories of commercial or for-profit players, whose primary focus is on output to a large audience from a relatively small amount of input (creative thought), and not-for-profit and unincorporated players whose primary focus is on their mission and/or community experience. This does not discount the fact that most commercial or for-profit players also want to produce good art or cultural experiences, and most

not-for-profit suppliers also want to make money, at least enough to stay operational.

- **Investment:** Investment might be public or private. It might be undertaken for economic reasons, whether driven by a profit motive on the private side or, on the public side, to achieve economic stimulus. Public investment might be more forthcoming if there is evidence that growth driven by the creative sector might significantly enhance economic development. Public or private investment might be undertaken for symbolic, societal, educational, and aesthetic reasons, such as preservation, heritage, diversity, identity, education, experimentation, and the need to support creativity. Public or philanthropic investment generally is geared toward achieving public purposes.

### **ACTIVITIES AND POLICIES RELEVANT ACROSS THE BOARD**

Activities and policies that have wide-ranging application and would be important to include in further studies are:

- Development and dissemination of a common information base: statistics, analysis, pilot efforts, best practices, and evaluation.
- Studies that combine for-profit and not-for-profit voices: research, joint ventures, policy formulation, and advocacy, with emphasis on service organizations over practitioners.
- Regulations (whether in statutory or regulatory form) that have far-reaching policy objectives such as to assure free expression; to ensure protection of property and enforcement of contracts; to preserve the public domain; to prevent monopolies; to assure access to public facilities (i.e., airwaves, cable franchises, and satellite broadcast); to protect societal norms (i.e., protect youth from exposure to pornography); and to ensure work safety and other employment conditions.

### **ACTIVITIES AND POLICIES RELEVANT TO OVERCOMING MARKETPLACE OBSTACLES AND FAILURES**

Marketplace failures might impede the expression or development of the creative sector. Remedies that could be pursued

and encouraged might include:

- Improved communication within the sector to seek points of agreement and disagreement.
- Investment in workforce development.
- Investment in preservation of heritage, as heritage is reflected in both artifacts and in the hearts and minds of people.
- Investment in the value chain of production, dissemination, and marketing of diverse fare beyond the anticipated “hits” of the day.
- Investment to adopt, use and protect the use of the Internet and digital technology.

### **NEXT STEPS**

Some concrete action steps that the group recommended, that might be pursued within the near term, include:

- Engagement of stakeholders and other countries in discussion. The discussion at this meeting seems to be one step away from forming a coherent group. The meeting participants underscored the need to include institutions of higher education, amateur community arts, folk and traditional arts, among other non-represented producers and practitioners of cultural expression.
- The convening of practitioners to share best practices.
- Enhanced information sharing, including:
  - Distribution of a report on this meeting. The Center for Arts and Culture will distribute a report, both in printed form and on its web site. The report will also be posted on or linked to the web site of the University of Texas at Austin and linked to UNESCO’s web site.
  - Development of a common web site. The Center will enhance its web site for this purpose.
  - Agreement on definitions and the exchange of examples of best practices in mapping the creative sector.
  - Translation of key documents.
  - Comparative studies to exchange knowledge about other research efforts, to disseminate information beyond meeting participants, to link creative activities with industrial

organizations, and to develop ways to measure the symbolic and cultural content and value-added of the creative sector. Studies should be undertaken to map the use of consumers' free time. The private sector should be engaged. Pilot regional studies should replicate the regional study in New England.

- A national income account (similar to those for health care, the environment, tourism, and transportation) to map the economic impact of the creative sector for purposes of understanding its dimensions and advocacy.

The group applauded this summary as a comprehensive overview of the issues that had been put on the table or alluded to throughout the meeting. *Raj Isar* observed a diminishing gap between the private sector-weighted perspective in American society and a more European and Latin American appreciation for public goods, equity and access, heightened by increasing pressures to privatize governmental operations across Europe.

*Helmut Anheier* expressed disappointment in the absence of a perceived role for government or the public sector providers in Hodson's summation. We need to build bridges at the very least to represent better cultural production and national income accounts, he stated. Anheier further noted that in 1993 the UN Statistical Division pioneered the creation of the so-called satellite accounts that make it possible to identify the contribution of additional sectors such as culture to a state or national economy. As *Paulina Soto Labbé's* presentation on Chile illustrated, the advantage of the satellite accounting approach is its ability to use existing economic data that are already available in an accepted national system of accounts and aggregate them to reconstitute the varied yet disparately embedded portions of the cultural sector. *Ellen Lovell* supported this by revealing that the Center for Arts and Culture has begun to discuss the creation of a creative sector satellite account with the U.S. Bureau of Economic Analysis.

*Geoffrey Brown* thought it important to recognize and understand the power of technologies in terms of dissemination, particularly given trends towards media convergence. Another quandary driven by the rise of the Internet lies in how to deal with copyright of artistic products in a shared environment. *Paulina Soto Labbé* argued for the inclusion of leisure time in

valuing cultural activity, which the UNESCO Institute of Statistics is working on, because leisure time is an area that interests both the public and the private sectors and can therefore engage the interest of the business community.

Speaking from the U.S. perspective, *Bill Ivey* underlined the importance of treating both the for-profit and the not-for-profit creative sectors as one entity. He suggested a tendency to read into “creative sector thinking” simply a set of strategies to get more money flowing to not-for-profit entities. He seconded *Isar*’s point about the emerging commonalities between the U.S. and the Euro-Latin American ways of valuing the public effects of cultural production. Both *Andreas Wiesand* and *Frank Hodsoll* wondered whether we could really assume that this is single sector, when so many different components are included. *Ellen Lovell* recalled the definition used by the Pew Charitable Trusts for the creative sector that embraced the arts, the humanities, folklife and traditional practices, and historic preservation.

### Desired Next Steps

In the final segment of this concluding session, *Hodsoll* invited all participants to propose action steps. The following list emerged:

- A group of participants should get together to agree on a framework for data gathering and analysis.
- The group should work to engage the commercial sector in this data-gathering process.
- A meeting should be organized to discuss how to resolve the tension between the inclination to quantify the economic importance and contribution of culture with other public interest objectives.
- Different stakeholders should work together to forge a common ground in defining the creative sector and its roles.
- A small, select number of “best practice” case studies should be collected and disseminated, with particular attention to illustrating policy frameworks that have functioned effectively. These case studies could then be used as a basis to carry out a broader series of comparative studies.

- Important cultural sector studies from non-English speaking countries should be identified and translated into English. Existing cultural sector analyses from different countries should be researched and published, particularly studies that share commonalities across geographic borders and creative sectors in different countries and regions.
- A study should be implemented to examine a given segment of the creative sector – on a national or regional/local level – for its contribution or development, with the aim of establishing a model for wider application.
- An advisory panel or task force should be convened to advise on building creative sector capacity upon demand. Also, a stakeholder group could serve as a “focus” or advisory group in patterning future studies.
- Additional practitioners should be invited to contribute scholarly papers or studies, as a way to integrate their concerns in ways that might have been omitted at this meeting.

### Specific Issues for Exploration/Action

- Develop definitions of the sector.
- Determine ways to integrate the “consumer” into a sectoral notion.
- Highlight commonalities between different sector analyses.
- Conduct cross-cultural research on cultural activities and production that are not measured in economic parameters.
- Draw up a comparative study of national frameworks and how they influence capacities at the sub-national level.
- Advise on ways of measuring the impact of the cultural industries or creative sector on GDP.
- Consider interactions between policies that are applied to the cultural sphere and to other sectors.
- Determine ways to elevate the question of how to deal with the value of the symbolic content vs. utility in cultural goods and services.
- Consider the complex ecology of cultural production, with its myriad interactions between and among players and how it produces hybrid forms of creativity.

- Develop ways to integrate measurement and estimation of folk and traditional arts and artists.



# Appendices

## Appendix 1

### The International Creative Sector: Its Dimensions, Dynamics, and Audience Development

June 5-7, 2003

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**Yudhishthir Raj Isar**

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## The International Creative Sector:

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## Appendix 2

### The International Creative Sector: Its Dimensions, Dynamics, and Audience Development

June 5-7, 2003

### PROGRAM

Sponsors: UNESCO  
Center for Arts and Culture, Washington, DC  
The University of Texas at Austin, College of Fine Arts  
Marie and Joseph D. Jamail Senior Regents Professorship  
Texas Cowboys Lectureship  
President's Committee on the Arts and the Humanities  
U.S. Department of State  
Rockefeller Foundation

Spanish Translation Provided  
Conference web site (with suggested readings):  
<http://www.utexas.edu/cofa/unesco>

#### **Thursday, June 5**

4:30 pm Transportation from Omni Hotel to University of Texas Club  
Registration and Cocktail reception with hors-d'oeuvres

#### 5:00 pm **Welcoming Reception and Opening Remarks**

*Moderator/Emcee:* Douglas Dempster, Senior Associate Dean, College of Fine Arts, The University of Texas at Austin; self-introductions of participants

Robert Freeman, Dean, College of Fine Arts, The University of Texas at Austin

Adair Margo, Chair, President's Committee on the Arts and the Humanities

Milagros Del Corral, Deputy Assistant Director-General for Culture and Director of the Division of Arts and Cultural Enterprise, UNESCO  
Frank Hodsoll, Chairman, Center for Arts and Culture

7:30 pm Transportation from University of Texas Club to Omni Hotel

#### **Friday, June 6**

8:00 am Transportation from Omni Hotel to Thompson Conference Center

8:30 am Continental Breakfast at Conference Center

9:00-10:30 am     **Panel One: Definition of the Creative Sector**

How cultural industries are defined, their scope, employment, and economic consequences, spanning the commercial enterprises, nonprofit cultural organizations, traditional arts, and institutions that train artists

*Moderator:* Ann Daly, The University of Texas at Austin

*Presenters:*

Helmut Anheier, University of California, Los Angeles, USA  
Geoffrey Brown, Euclid International, United Kingdom  
Michael Kane, Mt. Auburn Associates, USA  
Margaret Wyszomirski, Arts Policy and Administration Program,  
Ohio State University, USA

10:30-11:00 am     Coffee/Tea Break

11:00 am – 12:30 pm     **Panel Two: Cultural Policies and Impacts  
on the Creative Sector**

What cultural policies have emerged from studying the cultural sector; how do they differ, depending on the definition of the sector and what is known about how it operates

*Moderator:* Douglas Dempster, Senior Associate Dean, Marie and Joseph D. Jamail Senior Regents Professor, College of Fine Arts, The University of Texas at Austin

*Presenters:*

Bill Ivey, Vanderbilt University, USA  
Paulina Soto Labbé, Ministerio de Educación, Chile  
Andreas Wiesand, Secretary General, European Institute for Comparative Cultural Research (ERICarts), Germany

12:30 – 2:00 pm     Lunch at Thompson Conference Center

2:00 – 3:30 pm     **Panel Three: Audience Characteristics and Development**

How do audiences (or consumers) make cultural choices? What are the patterns of participation and consumption of for-profit and non-profit cultural products?

*Moderator:* Alberta Arthurs, independent consultant

*Presenters:*

Y. Raj Isar, The American University of Paris, France  
Maria Rosario Jackson, The Urban Institute, USA  
Mercedes Paz-Slimp, President's Committee on the Arts  
and the Humanities, USA

3:30 – 4:00 pm     Break

4:00 – 6:00 pm     **Public Session: The Creative Industries as  
Vehicles for Regional Development**

Bass Concert Hall, Performing Arts Center

*Moderator:* William Glade, Department of Economics, The University of Texas at Austin

*Presenters:*

Andres Roemer, Consejo Nacional para la Cultura y las Artes, Mexico  
Kevin Healy, Inter-American Foundation, USA

## The International Creative Sector:

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Casey Monahan, Executive Director, Texas Music Office, USA  
Michael Kane, Mt. Auburn Associates, USA

6:00 pm Transportation from Thompson Conference Center to Omni Hotel

7:00 pm Depart from Omni Hotel by arranged transport for dinner

8:00 pm Dinner at Salt Lick BBQ – *Very casual dress*  
For more information: <https://www.saltlickbbq.net>

10:00 pm Return to Omni Hotel

### **Saturday, June 7**

8:00 am Transportation from Omni Hotel to Thompson Conference Center

8:30 am Continental Breakfast at Conference Center

#### 9:00 – 10:30 am **Panel Four: Strategic Tools for Creative Sector Audience Development**

What are techniques of audience development to increase participation in the arts? Which strategies do commercial operators use to expand markets and create new publics for cultural and entertainment products? What are the different policies and methods in the countries represented? How do they differ between for-profit and non-profit presenters? What are the relationships with higher education?

*Moderator:* Ellen McCulloch-Lovell, President & CEO, Center for Arts and Culture, USA

*Presenters:*

Susan Christopherson, Cornell University, USA

Enrique Saravia, Fundação Getúlio Vargas, Rio de Janeiro, Brazil

Hector Schargorodsky, Director, Cultural Industries Department, and Director, Cutlural Observatory, Argentina

10:30 – 11:00 am Coffee/Tea Break

#### 11:00 am – 12:30 pm **Continuation of Panel**

Ellen McCulloch-Lovell, President & CEO,  
Center for Arts and Culture

12:30 – 2:00 pm Lunch at Thompson Conference Center

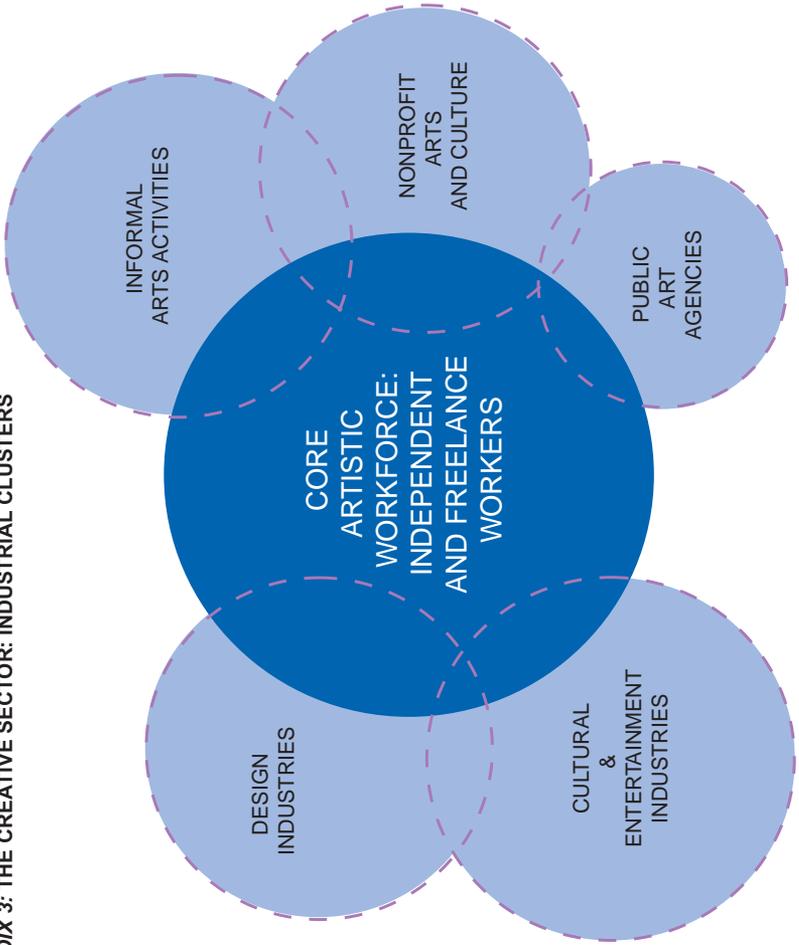
#### 2:00 – 3:30 pm **Announcements and Requests for Comment**

##### **Summation/Next Steps**

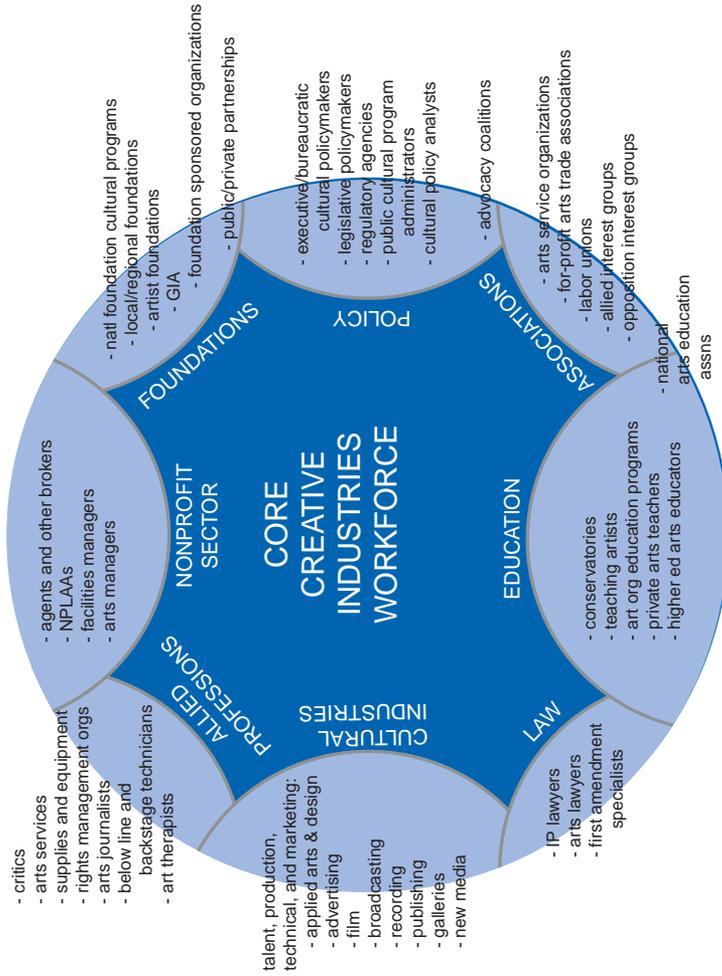
Frank Hodsoll, Chair, Center for Arts and Culture

3:30 pm Transportation from Thompson Conference Center to Omni Hotel

**APPENDIX 3: THE CREATIVE SECTOR: INDUSTRIAL CLUSTERS**



APPENDIX 4: THE CULTURAL WORKFORCE: A SOCIETAL VIEW



## Appendix 5

# Defining The Creative Cluster

