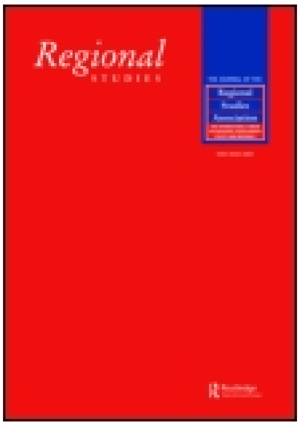

Regional Studies
Publication details, including instructions for authors and subscription information:
http://www.tandfonline.com/loi/cres20

Cultural Economy: An Opportunity to Boost Employment and Regional Development?

Frédéric Leriche [a] & Sylvie Daviet [b]

[a] Geography Department, University of Toulouse le Mirail, 5, allée Antonio Machado, Toulouse, F-31058, France

[b] TELEMMe, University of Provence - Aix-Marseille, 5, rue du Château de l'Horloge, F-13094, Aix-en-Provence Cedex 2, France E-mail:

Version of record first published: 05 Jul 2010.

Regional Studies, Vol. 44.7, pp. 807–811, August 2010

Cultural Economy: An Opportunity to Boost Employment and Regional Development?

FRÉDÉRIC LERICHE* and SYLVIE DAVIET†
**Geography Department, University of Toulouse le Mirail, 5, allée Antonio Machado, Toulouse F-31058, France. Email: lerich@univ-tlse2.fr*
†TELEMMe, University of Provence – Aix-Marseille, 5, rue du Château de l'Horloge, F-13094, Aix-en-Provence Cedex 2, France. Email: daviet@mmsh.univ-aix.fr

(Received October 2009: in revised form February 2010)

Since the crisis of the 1970s and the decline of Fordism, the economies of industrial capitalist countries have witnessed a major shift in their production structures: the growth of service activities, the growth of high-technology industries, and also – as will be seen in this special issue of *Regional Studies* – the growth of the production of cultural goods and services. Industries such as cinema, television, fashion, music, publishing, and also video games, architecture, and advertisement, for instance, generate 'cultural products' generally designed – and sometimes also manufactured – in specialized industrial clusters, and distributed on global markets. The industries producing such cultural goods, acting as 'leading sectors' (LANDES, 1969), can be considered as powerful engines of the current development of capitalism.

Such industries tend to concentrate in – and support the growth of – many prominent metropolises around the world. Since culture is increasingly embedded in the economic life of the industrial capitalist countries, it can no longer be exclusively regarded as a broad intellectual and symbolic activity embedded in social life. On the one hand, culture is nowadays a consumption output made of goods and services representing 5% or more of household expenses in most capitalist advanced countries (for the United States, see HEILBRUN and GRAY, 2001). On the other hand, culture is increasingly becoming a production input allowing the creation of jobs and economic growth at both regional and national levels. This so-called 'cultural economy' still represents quite a limited 2.6% of the European gross domestic product, for instance (KEA EUROPEAN AFFAIRS, 2006). But, according to research mostly based on national statistical apparatuses (and, hence, beyond inevitable statistical bias), international comparisons emphasize differences between countries as regards the contribution of cultural industries to gross domestic product: 2.8% in France, 3.3% in the United States, and 5.8% in the United Kingdom (GORDON and BEILBY-ORRIN, 2006). In the latter, the Department for Culture, Media and Sport (DCMS) reports that creative and cultural industries account for an impressive 7.3% of the gross value added (DCMS, 2007). The cultural economy also represents an increasing part of employment in many industrial countries, and, especially, though not exclusively, in many major metropolises of these countries (PRATT, 1997; POWER, 2002; KLOOSTERMAN, 2004; CAMORS and SOULARD, 2006). While most of the literature has emphasized that major metropolises are important foci of cultural industries, some researchers have questioned the 'big city pattern' and have shown that less agglomerated forms of production exist (NORCLIFFE and RENDACE, 2003; VANG, 2007).

This current shift toward cultural economy is often perceived as a major change in the history of capitalism, since economy and culture have been considered as two distinct and incompatible aspects of social life. Deeply rooted in the nineteenth- and twentieth-century philosophical thoughts, especially the Marxist movement, this line of analysis was epitomized by members of the Frankfurt School, who formulated their criticisms against cultural industries in a context marked by the Fordist standardization (ADORNO and HORKHEIMER, 1947/2002; ADORNO, 1972/2001). In the late 1960s, the post-Marxist Situationist school expressed strong criticism against the deconstruction of social relations induced by the advent of the society of the 'spectacle' (DEBORD, 1967/2004). For some time, the split between economy and culture led many social science researchers interested in urban study issues to establish a basic distinction between two types of cities, that is, industrial cities – such as Manchester or Clermont-Ferrand – versus art cities – such as Florence or Bruges. From an historical perspective, however, this analysis can be questioned. Indeed, in the Middle

0034-3404 print/1360-0591 online/10/070807-5 © 2010 Regional Studies Association
http://www.regional-studies-assoc.ac.uk
DOI: 10.1080/00343401003732639

Ages, merchant capitalism was born in cities such as Florence, Venice, Bruges, and Lübeck, among others, which are now recognized as architectural, patrimonial, and cultural marvels, precisely because of the injection into the built environment and into the arts of the huge profits generated by developing merchant capitalism (BRAUDEL, 1977; LE GOFF, 1956). In classical Europe, industry, arts, and culture were tightly intertwined, and the disjunction between economy and culture only emerged quite recently, along with the rise of modern rationalist thought (DAVIET, 2007). This disjunction, however, is less and less clear since various types of connections between economy and culture are developing in contemporary capitalism.

As a corollary, since the early 1990s, social science researchers from different fields (cultural studies, economy, sociology, or geography) have been emphasizing the growing importance of culture, meaning, or 'signs' (LASH and URRY, 1994) in the development of modern capitalism. The current development of cultural economy is a result of two different processes in which, as mentioned above, culture appears either as an input or as an output of the production process (LEFEBVRE, 2008). Firstly, integration of symbolic value into usual products through design, brands, among other things, is referred to as the culturalization of products. Culture then serves as an input. Secondly, expansion of specific industries producing and marketing cultural goods and services (art products, films, books, music, etc.) is referred to as the commodification of culture. Therefore, culture becomes an output. In other words, on the one hand, the development of cultural products clearly shows that symbols are of a growing importance in defining the products. After the seminal works of BAUDRILLARD (1968/2005), BOURDIEU (1971, 1977) referred to this evolution by using the concept of 'symbolic goods', that is, products such as films, television productions, books, fashion, jewellery, sport, tourism, etc. On the other hand, culture tends to be increasingly transformed into commodities, although this propensity raises strong criticisms against mediocre mass culture produced by television channels (STIEGLER, 2006), and vibrant calls for the preservation of an '*exception culturelle*' (BAER, 2003).

Cultural economy can be defined as a set of activities commercially exploiting artistic, aesthetic, and semiotic creativity. Corroborating this generic definition, THROSBY (2001) considers cultural economy as a set of industries producing cultural goods and services involving creativity, embodying intellectual property, and conveying symbolic meaning. In functional terms, such industries are organized on a concentric circles pattern made of core activities at the centre (creative arts, like dance, music, visual arts), intermediary activities (industries generating cultural outputs, but also non-cultural outputs, like publishing, television, and radio), and peripheral activities on the boundaries ('catch industries' that include culture in their working process, like advertising, tourism, or architecture) (also DCMS, 2007). In other words, as demonstrated by MARKUSEN and SCHROCK (2006), when introducing the concept of 'artistic dividend', artists can be considered as crucial sources of primary energy that fuels cultural economy, meaning that artists play an important – although underestimated – role in today's economic capitalist development (see Markusen's paper in this issue). This also questions the role and status of artists in society, since they no longer tend to be seen primarily as explorers of new ways of expressing sensitivity, of new ways of thinking and living, and, occasionally, as critical free thinkers, but rather as simple workers whose creativity can nowadays be picked up by modern capitalism.

Against this background, it is suggested here that cultural economy is actually a complex industrial system linking in a 'cultural value chain' three stages of an industrial process, corresponding to a quite classical division of any economy based on primary, secondary, and tertiary sectors. In such a value chain, phase 1 is dominated by the extraction of a 'raw material' (intellectual creation), that is, the production, based on artistic creation, of ideas, signs, semiotic contents, and meanings. Phase 2 is dominated by the transformation of this raw material into a potentially infinite range of designed cultural products and services, that is, films, multimedia products, books, architecture, etc. Phase 3 is dominated by commercial activities exploiting cultural products, bringing the initially raw material to the final markets. Finally, however, delineating the contours of cultural economy remains an unsolvable exercise. Indeed, as emphasized by POWER and SCOTT (2004), there are no clear limits between products labelled as 'cultural', on the one hand, and strictly utilitarian products, on the other hand, but instead a sort of a continuum ranging from films, video games, and Haute Couture, through intermediary goods which include in different proportions cultural contents, meanings, and signs (especially through more or less sophisticated design, through quality, and through the price itself) like cars, watches or glasses, but also festivals or *Grands Crus Classés* – which are deeply rooted in specific territories – up to basic industrial goods such as construction materials.

Since the peculiar link between cultural products and territories is crucial, a geographical approach sheds a complementary light on the nature of cultural economy, and valuably contributes to its understanding. Indeed, two main categories of such products can be distinguished, that is, mobile and non-mobile goods and services (SCOTT and LERICHE, 2005).

In the case of mobile goods and services, the final output is produced – at least partly – in a given place before being commercialized in domestic and international markets. These products can be related to media and new media (see van der Groep's paper in this issue), and to design industries (see Sunley and

Pinch's paper in this issue; also REIMER *et al.*, 2008). Hence, the non-materialistic dimension of such products prevails, as in the case of cinema and television (in Los Angeles, Mumbai, or, increasingly, Nigeria), music (in Nashville or Liverpool), publishing (in New York or London), advertisement (in Paris or Amsterdam; see Röling's paper in this issue), or architecture (in Rotterdam; see Kloosterman's paper in this issue), for instance. But these products can also have a more materialistic content likely to lead to a mass or a batch industrial production, in clusters intimately associated with a specific place: clothing and fashion, jewellery, toys, luxury goods, but also gastronomic products or high-quality 'basic' products such as the famous Sassuolo's ceramic (Italy). These mobile products and services stimulate the development of a commercial infrastructure dedicated to the promotion of the products on a nowadays global market.

In the case of non-mobile goods and services, the 'product', which is here also inherently linked to a specific place, must be consumed on the premises. Such is particularly the case with heritage places endowed with cultural, artistic, and architectural riches like Venice, Istanbul, Angkor Wat, Machu Picchu, or even Paris or New York, and so many historical and touristic places around the world (see Le Blanc's paper in this issue), occasionally labelled as Patrimony of Humanity by the United Nations Educational, Scientific and Cultural Organization (UNESCO). This is also the case with modern recreational places like theme parks backed by multinational entertainment firms (Disney, Six Flags, Walibi, for instance), or supported by local governments (like Futuroscope in Poitiers), or like entertaining cities (Las Vegas or Macao, for instance), museums cities, or congressional and festival cities. In order to access these 'consumption places' (HARVEY, 1985), sometimes erected as cultural products themselves, like San Francisco (LERICHE and RUBIN, 2009), the consumer has to move to them, which also stimulates, in this case, the development of an economic infrastructure of hotels, restaurants, etc.

This dichotomy – mobile versus non-mobile goods and services – can be related to another distinction. On the one hand, mobile goods are dominated by a commercial imperative, marked by ephemeral consumption and an imperious need for a continuing renewal of the products (like Hollywood productions). On the other hand, non-mobile goods are characterized by their patrimonial dimension, and their emphasis on preservation, everlastingness, and transmissibility of such cultural 'products' (like the Cité de Carcassonne, Siena, or many traditional and folk cultures around the world), which are frequently adjusted to global taste in order to target global circulating customers (BRUNEL, 2006). In any case, cultural goods tend to be increasingly considered as 'world products', defined as idiosyncratic goods designed in local industrial clusters for global markets and customers.

Identifying the high places of cultural economy leads to distinguishing two major types of territories. World metropolises, like Los Angeles, London, or Paris, are places in which flourishes a cultural economy based on economic performance, firm global competitive strategies, and product marketing for the customers. In such cities, the existence of a so-called 'creative class' (FLORIDA, 2002) – in other words, a social group made of professionals involved in cultural activities, but also in management and technology – is the cornerstone of a new prosperity for the metropolises. At the same time, many smaller cities, and also many rural areas, building up on a particular resource, a local tradition, and a specific know-how, are also affected by the rise of the cultural economy. In these places, the quest for cultural quality prevails. Local economic actors – both for-profit (firms of all sizes) and not-for-profit (different kinds of associations) ones – are involved in this quest, together with local and occasionally national public institutions. Through different sorts of cultural events, like the Juan-les-Pins jazz festival (created in 1960) or the Neuchâtel International Fantastic Film Festival (NIFFF) (created in 2000), for instance, the purpose of such places is to build a collective and cognitive patrimony that stimulates the development of a varied local economic base (craft industry, bookstores, or traditional music) that tries to meet the demand of global customers looking for authenticity.

From a customer's perspective, cultural products must also be regarded as 'identity goods', both at social and at individual levels, as illustrated by the emblematic case of fashion (BARRÈRE and SANTAGATA, 2005). The symbolic content of these products stimulates, on the customer's side, an increasing demand for such 'identity goods', and, on the producer's side, strategies to differentiate the products in order to generate continuously competitive advantages and (to try to) structure competition on a monopolistic basis (CHAMBERLIN, 1933). Through design, quality, or through the brand, the growing integration of symbolic sign-value in the productions of modern capitalism turns out to be an effective strategy to build and reinforce competitive advantages for the producers. Accordingly, the aesthetic and semiotic idiosyncrasy of the products is a key to inter-firm competition.

The same line of analysis can be suggested for territories that put forward the specificity of their natural and cultural resources, using this specificity as a competitive asset (CAMAGNI *et al.*, 2004; see also Power and Jansson's paper in this issue). In the current capitalist context marked by competitive relations between firms, but also between places, the name of a place, or its recognition thanks to a label – the UNESCO label in particular – acts for a territory as brand does for a firm (DAVIET and LERICHE, 2008). Echoing the Situationist school critic mentioned above, this quest for the 'branding' of places sometimes leads to the use of iconic and spectacular architecture aimed at marketing the place in order to attract global flows of capital and customers. Mixing modern consumption, massive entertainment, and grandiose architectural design, Dubai is a vibrant example of such a development strategy. However, after the global 2008 financial crisis, it is also probably the most emblematic metropolis of the current drifts of '*hyper-capitalism*' (DAVIS, 2006).

Like high-technology industries in the 1980s, and the so-called 'new-economy' in the second half of the 1990s, cultural economy is often presented as a new opportunity to stimulate job creation and regional development. Many researchers in the academic world and political leaders underline the ability of the cultural economy to restore some urban and industrial dynamism, to recreate social life in the neighbourhoods, and to give way to a sustainable development. Of course, the production of cultural goods and services can stimulate industrial and urban growth (SCOTT, 2000, 2004). Nevertheless, although such expectations are reasonably grounded, they seem too optimistic in some respects. If the cultural economy is currently at the forefront of global capitalism, generating new forms of industrialization and urbanization, at least in some places, the social and political economy of its development needs to be cautiously balanced. The labour market is characterized by a growing gap between an upper tier and a lower tier of workers (separated by skill, status, and income) and by an increasing fragility of the workers (MENGER, 2002). An easy access to high-quality culture (LAHIRE, 2004) and the preservation of cultural diversity (PARIS, 2004) are issues that also matter.

After the strong critique formulated by the Frankfurt and Situationist schools in the 1960s against cultural industries, in a quite different context, the cultural economy debate is rising again at the dawn of the twenty-first century. This 'hot' issue for social science researchers requires new angles of analysis. This is precisely the purpose of this special issue of *Regional Studies*. Focusing on the occupations of certain categories of creative workers, and on Los Angeles and the San Francisco Bay Area, Ann Markusen opens the issue. She sets the stage by looking at the relationships between artists and the city; in particular, she reminds us how complex is 'regional cultural ecology', and how crucial artists are in the making of the cultural economy value chain. The five papers that follow analyse different examples of European industrial clusters, discussing in what ways cultural economy stimulates growth. After describing the historical evolution of the advertising industry in the Amsterdam region, Robert Röling shows how this industry is roughly divided into two major components (global networks advertising agencies versus small independent firms); he suggests that independent firms are powerful means to penetrate global markets. Rogier van der Groep explains how the changing of the political economy of the Dutch audiovisual industry, provoked by its privatization in 1989, led firms to adopt new strategies – of two different sorts: adaptive strategy versus innovative strategy – and stimulated interactive learning processes between clusters in Hilversum and Amsterdam. Robert Kloosterman explores the idea of innovation in the Dutch architectural design industry; his research suggests that the combination of the economic practice of firms with the aesthetic practice of artists stimulates learning effects within the cluster, helps smooth the functioning of the labour market, and, in the end, generates spin-offs. Based on research on design consulting firms in the UK, Peter Sunley and Steven Pinch show that cultural industries can thrive in second-tier cities (Manchester, Newcastle, Birmingham), though they suggest that design industry in these cities will likely not turn into global clusters and that cultural and industrial policy initiatives are of a minor supportive impact. Using the fashion and design industries in Milan as a case study, Dominic Power and Johan Jansson analyse a particular cluster, localized in a specific place, at a specific and limited time; they show that cultural industries contribute to the branding of a place, such as Milan, and that this branding, in an iterative manner, is a source of competitive advantages. Finally, in the concluding paper, thanks to his research on the South-East cultural district in Sicily, Antoine Le Blanc opens the issue toward an institutionally 'proclaimed' cultural district aimed at promoting a regional development based on tourism, although this economic strategy led by public authorities is facing several obstacles on the path to success. At a time when the global economy faces a major crisis, this special issue aims to contribute to the academic debate over cultural economy by enlightening the polymorphic dynamics of cultural economy, in its limits, but also, hopefully, to the broader social and political debate over strategic alternatives to boost employment and regional growth.

REFERENCES

ADORNO T. W. (1972/2001) *The Culture Industry* [1972]. Routledge, London.

ADORNO T. W. and HORKHEIMER M. (1947/2002) *Dialectic of Enlightenment* [1947]. Stanford University Press, Stanford, CA.

BAER J. M. (2003) L'exception culturelle, une règle en quête de sens, *En temps réel*, **Cahier 11**.

BARRÈRE C. and SANTAGATA W. (2005) *La mode: une économie de la créativité et du patrimoine*. La documentation française, Paris.

BAUDRILLARD J. (1968/2005) *The System of Objects* [1968]. Verso, London.

BOURDIEU P. (1971) Le marché des biens symboliques, *L'Année Sociologique* **22**, 49–126.

Bourdieu P. (1977) La production de la croyance: contribution à une économie des biens symboliques, *Actes le la Recherche en Sciences Sociales* **13**, 3–44.

Braudel F. (1977) *La Méditerranée, l'espace et les hommes*. Arts et Métiers Graphiques, Paris.

Brunel S. (2006) *La planète disneylandisée. Chroniques d'un tour du monde*. Ed. Sciences Humaines, Paris.

Camagni R., Maillat D. and Matteaccioli A. (Eds) (2004) *Ressources naturelles et culturelles, milieux et développement local*. EDES, Neuchâtel.

Camors C. and Soulard O. (2006) *Les industries culturelles en Ile-de-France*. Institut d'Aménagement et d'Urbanisme de la Région Ile de France (IAURIF), Paris.

Chamberlin E. (1933) *The Theory of Monopolistic Competition*. Harvard University Press, Cambridge, MA.

Daviet S. (2007) Économie et culture: regards croisés de la géographie, *Géographie Économie Société* **9**, 3–18.

Daviet S. and Leriche F. (2008) 'Nouvelle' économie culturelle: existe-t-il un modèle européen? Paper presented at the ACFAS2008/ATUCS Conference 'Arts et territoires: vers une nouvelle économie culturelle?', Institut National de la Recherche Scientifique, Montreal, QC, Canada, 2008 (available at: http://chaire_fernand_dumont.ucs.inrs.ca/Mai2008/Daviet.pdf).

Davis M. (2006) Fear and money in Dubai, *New Left Review* **41**, 47–68.

Debord G. (1967/2004) *The Society of the Spectacle* [1967]. Rebel Press, London.

Department for Culture, Media and Sport (DCMS) (2007) *Staying Ahead: The Economic Performance of the UK's Creative Industries*. DCMS, London.

Florida R. (2002) *The Rise of Creative Class*. Basic Books, New York, NY.

Gordon J. and Beilby-Orrin H. (2006) *International Measurement of the Economic and Social Importance of Culture*. Organisation for Economic Co-operation and Development (OECD), Paris.

Harvey D. (1985) *The Urbanization of Capital*. Johns Hopkins University Press, Baltimore, MD.

Heilbrun J. and Gray C. M. (2001) *The Economics of Art and Culture. An American Perspective*. Cambridge University Press, Cambridge, MA.

KEA European Affairs (2006) *The Economy of Culture in Europe*. DG5. European Commission, Brussels.

Kloosterman R. C. (2004) Recent employment trends in the cultural industries in Amsterdam, Rotterdam, the Hague and Utrecht, *Tijdschrift voor Economische en Sociale Geographie* **95**, 243–252.

Lahire B. (2004) *La culture des individus, dissonances culturelles et distinction de soi*. La découverte, Paris.

Landes D. S. (1969) *Unbound Prometheus. Technological Change and Industrial Development in Western Europe from 1750 to the Present*. Gallimard, Paris.

Lash S. and Urry J. (1994) *Economies of Signs and Space*. Sage, London.

Le Goff J. (1956) *Marchands et banquiers au Moyen Âge*. Presses universitaires de France (PUF), Paris.

Lefebvre A. (2008) L'économie culturelle au risque de l'économie de la création, in Leriche F., Daviet S., Sibertin-Blanc M. and Zuliani J.-M. (Eds) *L'économie culturelle et ses territoires*, pp. 345–354. Presses universitaires de Mirail (PUM), Toulouse.

Leriche F. and Rubin J. (2009) Creative economy and urbanization: San Francisco as a cultural product. Paper presented at the LERMA Conference 'San Francisco', Université de Provence Aix-Marseille 1, Marseilles, France, 2009.

Markusen A. and Schrock G. (2006) The artistic dividend: urban artistic specialisation and economic development implications, *Urban Studies* **43**, 1661–1686.

Menger P.-M. (2002) *Portrait de l'artiste en travailleur. Métamorphoses du capitalisme*. Seuil, Paris.

Norcliffe G. and Rendace O. (2003) New geographies of comic book production in North America: the new artisan, distancing, and the periodic social economy, *Economic Geography* **79**, 241–263.

Paris T. (2004) Diversité culturelle et mondialisation, in de Montbrial T. and Moreau Defarges P. (Eds) *Les faces cachées de la mondialisation*. RAMSES 2005, pp. 173–187. IFRI/Dunod, Paris.

Power D. (2002) Cultural industries in Sweden: an assessment of their place in the Swedish economy, *Economic Geography* **78**, 103–127.

Power D. and Scott A. J. (Eds) (2004) *Cultural Industries and the Production of Culture*. Routledge, London.

Pratt A. C. (1997) The cultural industries production system: a case study of employment change in Britain, 1984–91, *Environment and Planning A* **29**, 1953–1974.

Reimer S., Pinch S. and Sunley P. (2008) Design spaces: agglomeration and creativity in British design agencies, *Geografiska Annaler: B* **90**, 151–172.

Scott A. J. (2000) *The Cultural Economy of Cities: Essays on the Geography of Image-Producing Industries*. Sage, Thousand Oaks, CA.

Scott A. J. (2004) Cultural-products industries and urban economic development; prospects for growth and market contestation in a global context, *Urban Affairs Review* **39**, 461–490.

Scott A. J. and Leriche F. (2005) Les ressorts géographiques de l'économie culturelle: du local au mondial, *L'Espace Géographique* **3**, 207–222.

Stiegler B. (2006) *Réenchanter le monde. La valeur esprit contre le populisme industriel*. Flammarion, Paris.

Throsby D. (2001) *Economics and Culture*. Cambridge University Press, Cambridge.

Vang J. (2007) The spatial organisation of the news industry: questioning assumptions about knowledge externalities for clustering of creative industries, *Innovation: Management, Policy, and Practice* **July** (available at: http://findarticles.com/p/articles/mi_m5QHA/is_1_9/ai_n25010580).