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EUROPEAN COMMISSION GREEN PAPER ON CULTURE AND CREATIVE INDUSTRIES

ENCATC RESPONSE
23/07/2010

ENCATC welcomes the initiative of the European Commission to prepare a Green paper on cultural and creative industries and has draft its response to this policy text in cooperation with Gerald Lidstone and Sian Prime, Institute for Creative and Cultural Entrepreneurship, Goldsmiths University of London, and Lotta Lekvall, Nätverkstan, Göteborg, Sweden and chair of Encatc Theamtic Group "Creative Entrepreneurship in Cultural Life". This response put forward a few key points and does not have the ambition to go through the whole Paper.

ENCATC is is the European network of higher educational institutions and training organisations in the area of cultural management and cultural policy. Founded in Warsaw in 1992 ENCATC today brings together over 100 members in 37 countries across Europe and beyond.

1. Unlocking the potential of cultural and creative industries

In the introduction of the Green Paper the potential of the CCI is described and that there is a need to unlock the "untapped" potential to create growth and jobs. It is true that the CCI create new jobs and contribute to economic growth, many reports the last few years have shown this. To find the solutions as of how to unlock this potential, the specific characteristics in the CCI have to be taken in to account. These are only described in very rough terms, but are crucial if we are to understand these industries, that work in very different ways than traditional industries. These are described in many reports over the past ten years, latest in the study commissioned by the EU Commission done by Utrecht School of the Arts *"The Entrepreneurial dimension of cultural and creative industries".* What are the concrete and specific incentives that needs to be put in place to unlock the potential considering the specific characteristics?

The relation between art and business can be described in three different ways. First, the relation art *and* business, which relates to art as one entity, business as another. The two entities relate to each other only as two different partners. Sponsorship is one example of relation, where business sponsor art. Second, is the relation art *to* business, with the idea to put art in to business structure and from within change structure and create a new job market for artists. The Swedish project Airis, artists-in-residence, is one such example. The third relation is art *as* business. This indicates to see the artistic and cultural field as a business. The Green Paper should have as a starting point the third relation.

The DCMS paper: Creative Britain: New Talents for the New Economy published 2008 has a number of clear priorities that provide a clear framework for the strategy. The Green paper references this, but may benefit from following such a clear set of priorities.

The conceptual framework of the Green Paper is unclear. The concentric circles model is one framework that has often been used and might be useful for analyzing and choosing incentives and priorities. One such analysis is if the CCI are to grow, there is a need for a large core of artists in the centre from where talent and ideas are growing, where potential can be found.

In the beginning of the paper "immaterial value" is mentioned. We would suggest that "intangible" explains this value better. In addition, it is not just the ability to create social experiences and networking that is a factor of competitiveness in this "immaterial value" but rather, we believe, service design. It is also crucial to not only speak of value as of new “experiences”. The term is too wide where everything can be an experience. Instead the CCI need to be analysed sector-wise. The literature world works very differently from the music field, film industry is different from visual art. To understand these fields and the value they produce, they need to be understood individually.

The definition of "creative industries" as having outputs that are mainly "functional" is perhaps a little blunt. Reality is more sophisticated. There are clearly outcomes that can be measured over time to demonstrate economic, creative and social effect.

The availability of a strong broadband infrastructure not only allows production and distribution independent of physical and geographical constraint, but, we would argue, allows for new forms of collaboration. However along with the technical infrastructure there needs to be a cultural shift in understanding potential use to deliver real creative outcomes

2. Cultural diversity, the digital shift and globalization: main drivers for the further development of CCIs

It is not clear whether the paper is written with the belief that technology has lead to "economic value”. Being displaced towards the end of the chain, which in certain sectors affects the effective reward for creation" and music is given as an example. We would argue that this is not as clear cut, and it might be that technology is going to disrupt this traditional business model of the publisher and distributors benefiting most. Clearly artists are already shifting the way in which they create their wealth. This particular section highlights a key feature of the report that assumes the ‘creative’ part of the industry is just content or delivery where in fact it now might be in new economic models.

We agree that the exciting challenges of piracy will lead to new business models, and would argue that engaging with sharing and with new methods of content sharing is as important as protection of IP. The creativity is in creating new models and methods and platforms of engagement rather than just being reactive.

The paper has a strong emphasis on the opportunities and challenges of ICT. We believe that the impact of the environment and economy as well as the more diverse populations will and are having as strong an influence of the development of the CCIs. We believe that the need to develop new products or business models is not just a result of "going digital" but also about living in both a time of abundance and austerity.

The CCI consist of both conservative forces as well as new thinking and innovative ideas. In digitization it is easy to only look at IP and the challenges. ICT, WWW, social media challenges as well as give new opportunities in everything such as communication, networking, marketing, visability. We are not only content consumers, but content producers. Again, alternative economic models and business plans will by necessity be formed. To act in the intersections of new and old, traditional and contemporary, and across art forms will be the future. The interface between old and new media play a key role.

Developing new products, services or approaches to business is difficult when the organisation is already working at capacity. It is likely that new models of funding to support these developments can be created. Such as investment, loans and access to other forms of debt finance.

The call for research and development to become stronger is interesting, and may benefit from referencing the research that Hasan Bakhshi, Sarah Thelwall and Graham Devlin who have published in this area. We would suggest that there is a need to promote the tax credit opportunities that exist for R & D, to ensure that the CCI's benefit as other industries do from these. In addition, funding streams need to recognise that some of the traditional funds that are defined by discipline or platforms may not be appropriate for these new models, and perhaps more interdisciplinary funds need to be made available.

Developing strong examples of positive uses of ICT for new creative and cultural content should be profiled, for example the UK Connected festival from the British Council which encouraged new ways of making and sharing work using digital media and distribution.

3. Putting in place the right enablers

The traditional incubator model is strong, but these will only be successful if staff understand new business models and are able to encourage these new ways of working.

There is in the paper a strong belief that creativity and innovation will flourish if only new spaces for experimentation and innovation are put in place. Often creativity bloom in the unexpected, in the unplanned. In the small-scale cultural industries, this is often the case, and part of the everyday life of running a cultural business.

We applaud the idea of "peer coaching" and would recommend that this is cross-sectional as well as within sectors. These are industries where the creative initiative is in a cross sector approach.

ICCE [Institute for Creative and Cultural Entrepreneurship, Goldsmiths University of London] is a strong example of a new way of promoting entrepreneurial start-ups and incubation (ref the Question "How to foster art and design schools/business partnerships as a way of incubation, start-ups and entrepreneurship?" The approach is cross disciplinary. This has also been the approach in the two-year Project Management Education within the Cultural Field in Göteborg, Sweden, as well as the newly formed cooperation with University of Göteborg, the Academy of Music and Drama, where workshops are offered to students with these skills (workshop is called The Art of living on Art). The University of Göteborg is developing a master in Cultural Entrepreneurship at this moment, also this with the same basis.

There are a lot of knowledge and skills already in the field. The specific skills within the CCI need to be put forward, raised and accepted as important skills. This should be done in addition to new skills. The artists themselves know the field best and what skills are needed.

Very few CCI's become investment ready, but this is also due to ambition, business knowledge and desire to engage with debt finance of this nature. Developing strong programmes to support CCI's to become investment ready is an interesting challenge, and the work undertaken by Pembridge should be referenced. The question is also: What do the cultural entrepreneurs see as the key factor for finance? Do they, if asked, want to engage in private investments or do they prefer other models of finances?

Investments might be a solution only for a very small portion of the CCI. Most of the cultural and creative businesses need other forms of finance, already argued for in this paper. Micro loans, starting small-scale and grow slowly (if growing at all) is the main form for most of the businesses within this industry. In these different steps, new types of finance need to be formed. Public funding need to function *through* the market, not *against* it.

The section on finance would benefit from referencing the research of the Work Foundation in Staying Ahead and

4. Local and regional development as a launchpad for global success

While we recognise that the Paper believes work on removing obstacles to mobility as being undertaken elsewhere, it may be worth highlighting that visa restrictions are impacting negatively on student as well as artist mobility and we would expect the paper to engage with some of this debate.

We agree that the obstacles to mobility are numerous, both within the EU countries and with third countries. Obstacles need to be removed. Artists do already, to a large extend, move around the world, start cooperation and engage in new ideas. This process needs to be supported, not worked against. The challenge is therefore more on how to remove obstacles, rather then focus on increasing and improve mobility.

The potential to have policy dialogues with third countries to support industry - to - industry dialogues is welcomed. There are exciting innovations that are being developed in third countries and the benefit of EU states knowledge of distribution and business models could benefit these, as well as learning from new ways of developing and distributing ideas.

5. Towards a creative economy: The spill-overs of the CCI

We are very excited by the section of research in to the spill-over effects of the CCI's. We would suggest that it will be important to develop mechanisms to monitor the impact of the CCI's on other industries and society. This is an area of research that urgently needs to be done as at present a true picture is not available to guide policy and hence mechanisms of support.

We also argue that new methods of measuring quality, effects, and objectives are discussed and put forward. The statistical measurements of today are inadequate for the CCI.

All businesses in Europe should contribute to the major challenges of global warming. To say that the CCI would have specific possibilities to do this, is a bit blunt, if not unrealistic, and puts a lot of hopes to what is a scattered small-scale industry that contribute the European economy in this particular small-scale way. Together they can contribute to green jobs and a general attitude, but this should be put forward as a challenge for the business field as a whole in a much stronger effort than is done today.

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[1] *ENCATC was selected in 2008 by the European Commission to be a member of the European platform on "Potential of Creative Industries". In 2009 and 2010 ENCATC actively contributed to the drafting of the policy recommendations of the European platform "Potential of Creative Industries".*