

CULTURE AND THE LISBON AGENDA – FOR EUROPE TO BE COMPETITIVE, CREATIVE CAPITAL IS ESSENTIAL

The cultural sector and Creative Industries have always been crucial to European economic development. They will become even more important in the future:

- Job growth in the cultural sector is significantly above average.
- Creative Industries provide an increasingly substantial boost to GDP.
- Fast-growing culture and Creative Industries encourage new economic processes and the development of the economic infrastructure.
- Leisure management and cultural tourism are sectors of exceptional growth.
- Culture makes regions more attractive to both residents and investors, adding to regional and city-level functionality in the economic sphere.

See “The Facts of the Matter” for examples of economic success through cultural investment.

The increasingly uniting Europe is losing competitive advantages on a global scale:

- The underperformance of the European media (e.g. TV, cinema) and music industries in global markets is the clearest evidence of Europe's competitive shortfalls.
- The transformation of rich and diverse European creative potential into market success lacks entrepreneurial incentives and political support frameworks on national *and* European levels.
- The EU as a global player is not capitalizing on its proven multilateral model of intercultural competence, i.e. its ability to facilitate dialogue across cultures.
- Even as European integration necessitates European policies and incentives which complement those on a national level, cultural policies are still considered to be merely national matters.

Europe needs to invest in national *and* trans-national policies and funding. Investment in culture is essential to the development of a shared sense of community in a heterogeneous EU. It is also integral to Europe's Creative Industries' global competitiveness. A mix of private *and* public stimuli is the success story of history; this approach must be revived for today's competitive world.

Therefore, the EU needs to develop policies for culture which are backed by an adequate budget and which complement national endeavours.

THE FACTS OF THE MATTER

A culturally responsible economy means jobs

“The traditional cultural economy and the digital culture can become a lasting motor for the creation of new jobs in Europe. This has already been proven in the past:

- Strong, above average employment growth in the cultural sector in the past years
- Large, above average employment potentials exist in the area of new media and digital Culture”.¹

Case-in-point: Vienna – Creative Industries are the third most promising growth sector

“Creative Industries (CIs) are about to become, aside from biotechnology and information technology, the third most promising sector within economic policy”, according to the *Analysis of the Economic Potential of the Creative Industries in Vienna*².

In Vienna, approximately 14% of all individuals are employed in culture-related sectors. With a growth rate of 6% between 1998 and 2002, the Creative Industries surpassed the employment growth of the national economy by 4%. The highest employment rates within the CI-sectors can be found in software, multimedia, Internet, graphic arts, fashion and design as well as within the audiovisual field (film, video, television and radio) – which altogether make up more than half (55.9%) of the total employment in the CI-sector as a whole.

The strength of Vienna's Creative Industry comes from content origination and a high level of creative potential which has merged with education, science and research. There is also an economic interdependence between the creative industries and enterprises and public funding of art and culture. Weaknesses in this industry lie in part with export: only 17% of the revenue originates from foreign markets. The export potential is not sufficiently realised, as only 28% of all businesses are willing to develop new foreign markets.

Case-in-point: United Kingdom – the potential of Creative Industries

A recent study in the United Kingdom supports the case for creative capital³:

1. Gross Value Added

- The Creative Industries accounted for 8% of Gross Value Added (GVA) in 2002.
- The Creative Industries grew by an average of 6% per annum between 1997 and 2002. This growth is double that of the total economy during the same period.
- Radio and TV were the fastest growing industries (averaging 12% per annum in the period 1997-2002), while three other sectors of the Creative Industries also showed above-average growth: Advertising (+9% p.a.), Software (+9% p.a.) and Art & Antiques (+8% p.a.).

¹ *Exploitation and development of the job potential in the cultural sector in the age of digitalization*. Final report – summary, June 2001. Commissioned by the European Commission. Presented by MKW Wirtschaftsforschung GmbH, Munich, in co-operation with österreichische kulturdokumentation. internationales archiv für kulturanalysen, Vienna; empirica Delasasse, Cologne; INTERARTS, Barcelona; Economix Research & Consulting, Munich; WIMMEX AG, Munich. See also

http://europa.eu.int/comm/employment_social/empl_esf/docs/cult_sector/module2.pdf

² *An Analysis of the Economic Potential of the Creative Industries in Vienna*, Kulturdokumentation, Mediacult and WIFO p. 3, 4, 5. See also <http://www.creativeindustries.at/1024x768/>

³ *Creative Industries Economic Estimates Statistical Bulletin August 2004*. See also

<http://www.culture.gov.uk/NR/rdonlyres/B6625AC4-7EEC-42D2-81C9-CCD818FFD7D4/0/CreativeIndustrieseconomicestimatesJuly04revisednov.pdf>

2. Exports

- Exports from the Creative Industries contributed £11.5 billion to the balance of trade in 2002, around 4.2% of all exported goods and services.
- Exports from the Creative Industries grew by around 11% per annum over the period 1997-2002. By comparison, the value of all exported services grew by 7% per annum over the same period.

3. Employment

- In 2003, creative employment totalled 1.9 million jobs (1.1 million jobs in the Creative Industries and an estimated 0.8 million creative jobs within other business sectors).
- Total creative employment increased from 1.5m in 1995 to 1.9m in 2003. Between 1997-2003, cultural employment grew 3% per annum, compared to 1% for the whole economy.
- The period 1997-2003 saw above average growth in employment rates: Software, etc. (+7% p.a.), Design, including Fashion (+6%), and Film, Video and Photography (+4%).

4. Total number of companies

- In 2003, there were around 121,000 companies (7.4% of all enterprises) which comprised the Creative Industry.
- Nearly 75% of these enterprises were accounted for by 2 sectors: Software and Electronic publishing (54,000 enterprises), and Music and the Visual and Performing Arts (31,000 enterprises).

Case-in-point: Edinburgh – the economic impact of cultural tourism

From the 2004-2005 economic impact survey⁴: The Edinburgh festival industry brings a £135 million boost to Scotland's economy and supports 2,900 full time jobs. In addition, local and UK national media coverage has an advertising value of almost £12 million. This figure does not include the monetary effect of international media coverage during the festivals. For Edinburgh alone, the summer festivals contribute £127 million to the local economy and support 2,500 full time jobs. The festivals also significantly impact other areas of Scotland as 15 percent of those who attend the festivals visit other parts of the country during their trip.

Case-in-point: Nordrhein-Westfalen, Germany – cultural economics on a regional level

Nordrhein-Westfalen is a notable example of the potential of cultural economics, as seen through its impact both in Germany as well as in Europe⁵. Cultural industries there grew substantially at the end of the 1990s. In 1999, 7.6% of all firms and self-employed people were working in the culture sector. The total turnover of this field that year came to 37.9 billion euros, which equals 3.6% of the total turnover of Nordrhein-Westfalen. The turnover in the cultural field grew faster than the total economic growth: between 1996 and 1999 cultural industries grew by 21%, whereas Nordrhein-Westfalen's economy grew by only 10%⁶. Cultural industries are also significantly contributing to activities in other sectors like tourism, real estate, the fashion industry and the furniture industry⁷.

Gottfried Wagner, ECF Director, March 2005

⁴ *Edinburgh Festivals 2004-2005 Economic Impact Survey Stage 1 Results*, by The City of Edinburgh Council, Scottish Enterprise Edinburgh and Lothian, EventScotland, VisitScotland, January 2005. See also <http://www.eif.co.uk/pdfs/summer.pdf>

⁵ 4. *Kulturwirtschaftsbericht. Kulturwirtschaft im Netz der Branchen*, the German 'Ministerium für Wirtschaft und Mittelstand, Energie und Verkehr des Landes Nordrhein-Westfalen, November 2001. p. 1

⁶ Idem, p.10.

⁷ Idem, p.2.