



MASARYK UNIVERSITY
FACULTY OF ECONOMICS
AND ADMINISTRATION

Creative and Cultural Industries in the world and in the Czech Republic

5. lesson

Simona Škarabelová



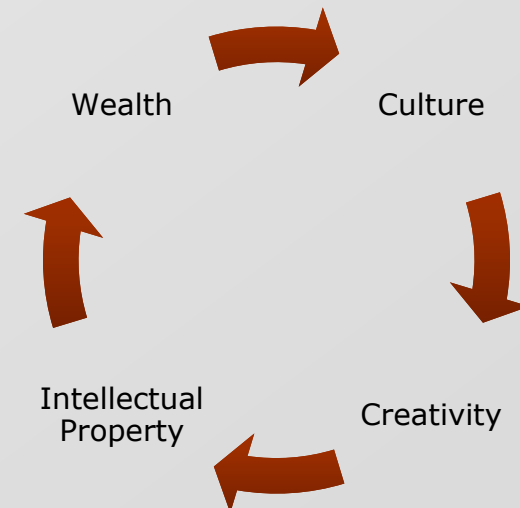
The economic importance of the arts

- The social benefits of the arts on individual and community development had been argued by the Community Arts Movement since the 1960s. However – most of it was anecdotal and there were significant gaps in the documentation of work.
- From the early 1980s onwards, arts and cultural activity became an increasing feature of urban regeneration programmes in Britain.
- in 1997 in UK – New Labor Party by Tony Blair established Creative Industries Taskforce



Increasing role of cultural and creative industries

- By 1997, the creative industries sector had become recognized by supranational organizations such as the European Commission, the World Bank, national and local governments as a major force in the fast-changing global economy = new or creative economy
- Today world = era of extraordinary change and globalization, many of us acknowledge that creativity and innovation are now driving the new /creative economy.



The new/creative economy

- have inside
 - economic,
 - political,
 - social,
 - cultural and
 - technological issues
- is at the crossroads of the arts, business and technology.
- It is unique in that it relies on an unlimited global resource: human creativity.



Many stakeholders are involved in this process:

- **the public sector** which includes cultural institutions, e.g. museums, public service broadcasting organizations, etc.;
- **the private sector** which covers a wide range of commercial operations in all fields of cultural production and distribution;
- **the non-profit sector** including many theatre and dance companies, festivals, orchestras, which may receive government subsidies;
- **non-governmental organizations** such as advocacy agencies, actors and musicians' unions.



Integration to the policy agenda

- of both developed and developing countries:
 - 2005, the United Kingdom's Commission for Africa reported that there was a 'real danger that a lack of attention to culture in policy making [...] will overwhelm many of the collective mechanisms of survival which are part of Africa's cultures' (Commission for Africa 2005;130).
 - In early May 2007, the European Commission announced its decision to adopt a strategy on the contribution of culture to economic growth and intercultural dialogue (European Commission, 2007).



Culture is increasingly finding a route to the market, which is leading to radical transformations in the way people create, consume and enjoy cultural products.

Globalisation and the convergence of multimedia and telecommunications technologies has transformed consumers from passive recipients of cultural messages into active co-creators of creative content.

Digital distribution in industries such as design and music has transformed global markets and allowed new industries and consumers to emerge in developing regions such as Africa and Asia (OECD-2, 2005).

Licensed digital distribution of recorded music rised from \$653 million in 2005 to \$4.9 billion in 2010, which represented a 49.5% compound annual increase (PWC, 2007).



Cultural industries

- relate to the creation, production and commercialisation of the products of human creativity, which are copied and reproduced by industrial processes and worldwide mass distribution.
- They are often protected by national and international copyright laws.
- They usually cover printing, publishing and multimedia, audiovisual, phonographic and cinematographic productions, crafts and design.

Creative industries

encompass a broader range of activities than cultural industries including architecture, advertising, visual and performing arts.

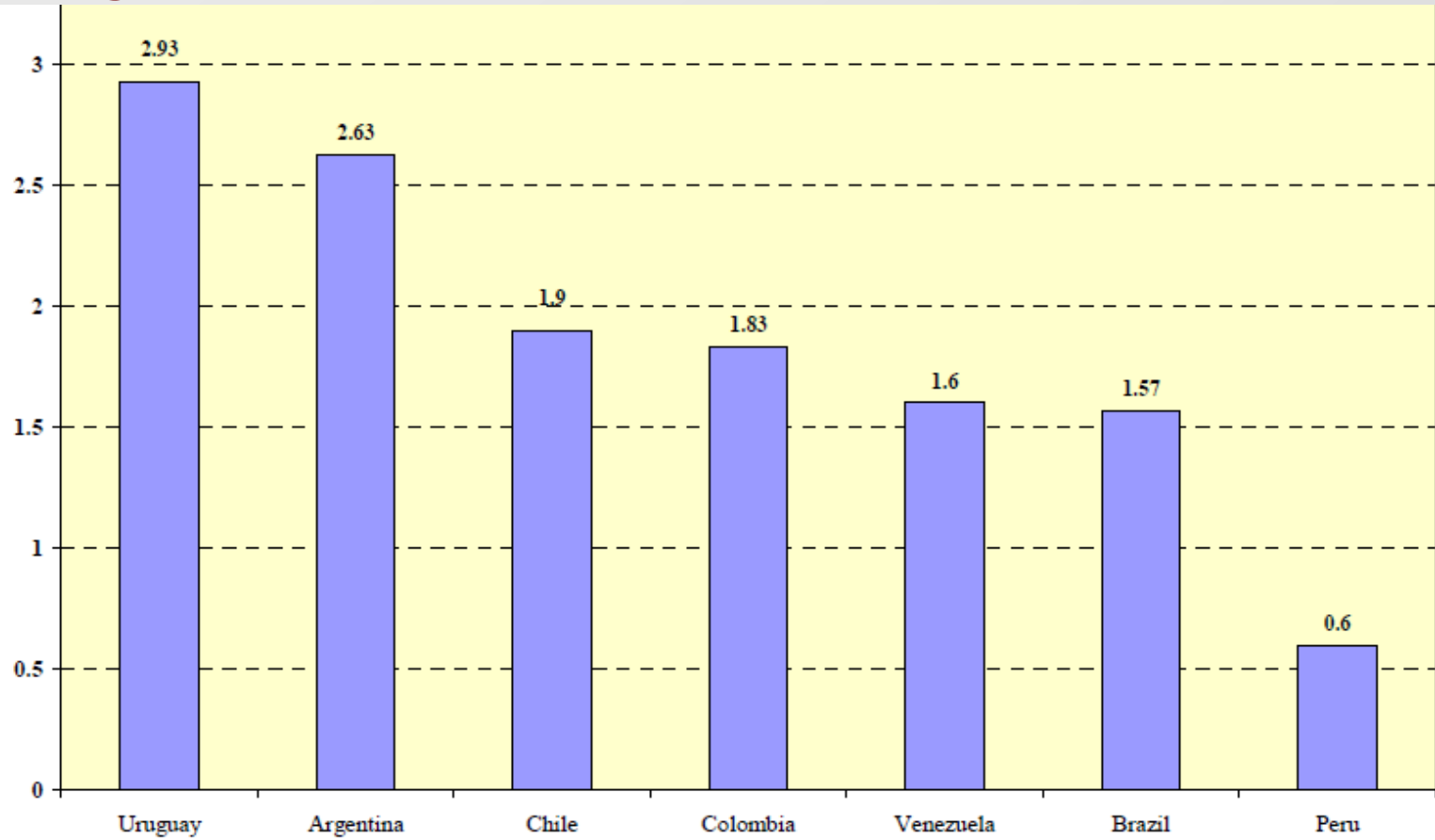
- The entertainment and media industry growd from \$1.3 trillion in 2005 to reach 1.8 trillion by 2010 (PWC, 2007).
- Asia is expected to record the highest growth rate of all regions in the entertainment and media industry, increasing from \$274 billion to \$425 billion (with a 9.2% compound annual growth rate (CAGR)) and
- China will have the fastest growing industry in the world, with a 26% CAGR.
- In 1990s, the creative economy in OECD countries grew at an annual rate twice that of service industries and four times that of manufacturing (Howkins, 2001).

- The growth of the cultural and creative sector in the European Union from 1999 to 2003 was 12.3% higher than the growth of the overall economy (European Commission, 2006).
- Turnover of the culture and creative sector in the EU, which comprises television, cinema, music, performing arts, and entertainment, generated €654 billion and contributed to 2.6% of the European Union's GDP in 2003.
- The culture sector employed at least 5.8 million people in Europe in 2004, which is more than the total working population of Greece and Ireland put together.

3 ways to measure the importance of cultural industries

- 1. National satellite accounts**, which are being adopted by several MERCOSUR countries. Initial results are provided in next figure, where it is shown that the contribution of culture (here understood as publishing, leisure, cultural services and sports) to the GDP for the MERCOSUR countries was less than 3% in 2003. While this figure seems to be lower than for European countries, varying definitions may explain these differences; for example, the European study incorporates gambling and casinos and internet transactions, which is not the case for MERCOSUR.

Contribution of the value added of selected cultural industries to the GDP for MERCOSUR countries in 2003 in percentage



Source: Cuenta satélite de cultura, Secretaria de cultura, Argentina, 2006.

- Another way of assessing the creative economy is **by examining what is referred to as the copyright industries.**
- The World Intellectual Property Organization (WIPO, 2003) developed a framework that enables countries to estimate the size of their creative and information sector.
- The guide separates out this sector into four categories of industries, which are:
 - the Core Copyright Industries,
 - the Interdependent Copyright Industries,
 - the Partial Copyright Industries, and
 - the Non-Dedicated Support Industries.
- These industries differ by their level of involvement in creation, production and manufacturing in the literary, scientific and artistic domain.

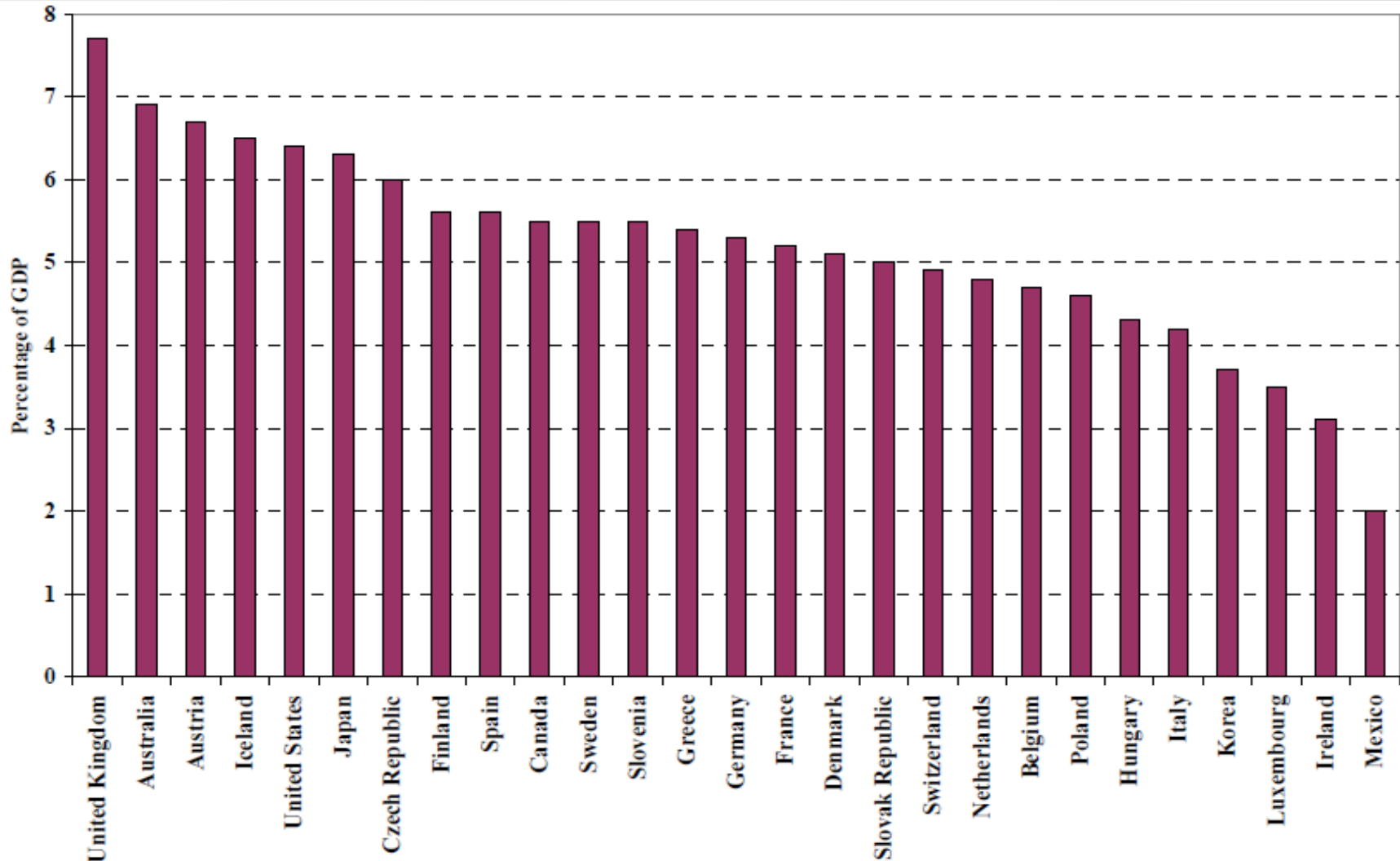
Contribution of copyright industries to the GDP and employment in % for several countries in 2001

		Contribution of copyright industries % to	
Countries	Industries	GDP	Workforce
Singapore	Copyright industries	5.7	5.8
	Core copyright industries	2.9	3.6
Canada	Copyright industries	5.3	7.0
	Core copyright industries	3.9	
USA	Copyright industries	12.0	8.4
	Core copyright industries	7.8	4.0
Hungary	Copyright industries	6.8	7.1
	Core copyright industries	4.0	4.2
Latvia	Core + interdependent	4.0	4.4

Source: WIPO. National Studies on Assessing the Economic Contribution of the Copyright-Based Industries. 2006.

- A final key source of data on the creative economy is **information related to the consumption of cultural activities or products, which can be captured by statistics on household spending on recreation and culture.**
 - The inclusion of recreation covers domains beyond the common definition of creative industries, such as the purchase of leisure equipment for camping.
- The percentage of GDP spent on household expenditure on recreation and culture for most OECD countries shows a positive correlation with per capita income (OECD, 2007).
 - The richer a country is, the more chance there is that the population will spend a higher percentage of their income on culture and leisure. However, there are some anomalies: in Ireland, considered a rich country, the population spends relatively little on recreation and culture, while the Czech Republic, considered a poorer country, spends a rather high share.

Household expenditure on recreation and culture as percentage of GDP in 2005 or latest year available (OECD, 2007)





Sources of financing culture by cultural areas in 2010 (in thousand CZK)

AREA	Central government	Local government	Public Sector Total	Direct household spending	Non-financial and financial corporations	Non-governmental institutions	Private Sector Total	European Structural Funds	Other international institutions	Rest of the world total	RESOURCES TOTAL
Cultural Heritage	4 709 475	11 580 864	16 290 339	3 813 000	2 210 867	295 367	6 319 234	251 542	48 248	299 790	22 909 363
Performing Arts	840 122	3 753 326	4 593 448	7 328 505	2 609 173	155 712	10 093 390	66 306	28 295	94 601	14 781 439
Fine Arts	29 576	60 556	90 132	811 724	6 323 582	35 438	7 170 744	21 046	9 938	30 984	7 291 860
Periodic and aperiodic press	25 773	30 260	56 033	11 676 493	32 777 264	11 754	44 465 511	.	46	46	44 521 590
Audio-visual and Interactive Technology	550 172	1 283 077	1 833 249	20 552 426	31 889 585	822 578	53 264 589	66 804	.	66 804	55 164 642
Architecture	.	.	.	.	28 236 727	3 494	28 240 221	.	.	.	28 240 221
Advertising	.	.	.	88 507	75 439 468	.	75 527 975	.	.	.	75 527 975
Art Education	8 769	7 240 480	7 249 249	920 054	40 061	10 242	970 357	.	14	14	8 219 620
Administration	1 524 579	1 444 552	2 969 131	.	.	6 439 494	6 439 494	.	.	.	9 408 625
Unknown area	318 863	5 737 754	6 056 617	.	.	.	.	.	.	.	6 056 617
TOTAL	8 007 329	31 130 869	39 138 198	45 190 709	179 526 727	7 774 079	232 491 515	405 698	86 541	492 239	272 121 952



<http://www.youtube.com/watch?v=bKqRhGCoQI0>

Thanks for attention

