CREATIVE-BASED AND SUSTAINABLE WAYS OF LIVING TOGETHER. WHAT DOES ECONOMICS HAVE TO SAY?

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"Today, Europe is no longer at the centre, but at the heart of this globalised world space. It is in this interacting world that it must redefine its future. Moreover, the intensification of the crisis in Europe increases these tensions. The economic and financial crises strongly interacts with a social crisis. Inequalities are increasing, social links are suffering, and many individual or collective situations are being undermined. These crisis interact with a democratic crisis. Otherness and diversity seem difficult to grasp, societies close themselves."

Pascal Brunet from his editorial.

The apocalyptic and the paradisiacal view of culture

Since the beginning of cultural analysis and just as Umberto Eco1 suggested, we have always lived with schools of thought which predict the end of the essence of humanity. We sold our soul (the culture) to the devil (the market) and this, as literature tells us, ends badly. As Jeremy Rifkin2 tells us a great transformation is occurring in the nature of capitalism. After hundreds of years of turning physical resources into commodities as the primary source for generating wealth, it now involves transforming cultural resources into personal experiences and paid entertainment. (...) The capitalist journey is ending in the commodification of human culture itself (...). The apocalyptic vision of the end of culture, which combines with the sacralization of literacy and technophobia, is the opposite of the illustrated ideal that trusted in the fact that culture would definitively lead us away from barbarism. It is the "classic intellectuals" who point to this deviation of culture.

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1 Umberto Eco, Apocalitticos e Integrados ante la cultura de masas, Ed. Lumen, 1968.

On the other hand a "cooler" reading that, although it starts with Mac Luhan, takes us from British labourism to the icy Nordic currents and emerging Asian spaces, glorifies innovation and sanctifies a supposed creative class that haunts old Europe like a specter, and announces that creativity and innovation are the new Ithaca we should head towards and where we will be protected in this new, globalized world where countries like China and Brazil challenge the economic and moral superiority of a decadent Europe that only survives by telling old stories.

How do we resolve this issue? What role does culture play? Are we headed towards paradise or the ferryman that transports us to the shores of the dead? And what can economics tell us about these trips?

There is no doubt that we have been drawn an attractive scenario. Will it be possible to live in a world where we not only have the abilities and time to get excited, feel, and share through artistic and cultural expressions but also have mechanisms that encourage and reward creativity and talent, and encourage memory and produce innovation?

We do not believe in extreme determinisms and therefore the formation of the new model of relationships between culture and economy will not only be derived from mechanical relationships between each dimension, but in this framework, plays the will of men and women who act not only due to biological drives which is the result of evolution, but are framed by attitudes and values formed in the area of thought, social debate, and intellectual reflection.

What we are sure of is that if we do not articulate interpretive frameworks from knowledge, to position ourselves and set up the possible scenarios, and detect what the possibilities are of social and democratic control of these processes, the relationship between culture and economics will be arranged according to the interests of other powers, perhaps less democratic and less ethical.

Economics. Is it more than just a trend in cultural studies? From our experience in the field of research, we have seen a real revolution in the last two decades regarding the role that economics should play in the analysis of culture. In the mid 90's the view from the field of economics was that the economists of the culture spent their time with marginal and even curious amusements, but ultimately they were not relevant to explain the true dynamics of reality. Currently, all of the discussions on the development and growth models that should save Europe focus on issues that cultural economists had already dealt with such as human and social capital, symbolic goods, creativity, and innovation. We went from being an exotic part of the invisible school of thought in economics to the guests who could not miss any party that was organized under the guise of economics.

From the viewpoint of the field of culture, we also began back in the 80's with suspicions about the intent of these economists who, with their greasy hands, assess, count, and dirty the sublime and immeasurable words that require capitalization such as Art, Creativity, and Culture. As Bruno Frey pointed out, many politicians, journalists and artists and a good part of the general public see art as something that is beyond the calculation and reasoning of economics and had many reservations about the economic analysis of artistic and cultural phenomenon.

However, in recent times the world of culture and art has come to regard us as allies needed to convince the public


and politicians of the relevance and importance of cultural and creative activities not only in the interests of art in itself (and artists as a derivative), but the economy as a whole, tourism, urban planning, and many other fields. That is why there is no symposium, seminar, or conference that talks about culture without having an economist among its speakers. This phenomenon is partly a trend and I imagine it will pass and then it will be the anthropologists, social psychologists, or specialists in semiotics turn, but it also reflects other "structural components" that will persist over time and that are derived from the usefulness of the economic approach to culture.

The advantages of economics in the analysis of cultural phenomena

We must overcome an initial confusion arising from the polysemic nature of the word "economics". Economics is a social science devoted, from a particular epistemological approach, to the analysis of the behavior of individuals and by "economy" we also refer to colloquially as the institutionalized whole of market exchanges occurring around the world. So when we ask about the position of culture in the economy, we are referring to the second meaning, showing our interest in the market exchanges that occur in cultural goods and services.

But let's first reflect on the first meaning. The advantage economics offers as a social science for the analysis of culture is its simplicity and its ability to support quantitative falsifications of some of its proposals. As Ruth Towe5 noted in the introduction of the latest edition of the Handbook of Cultural Economics, one of the major contributions that economics can make to the analysis of culture is providing empirical evidence. The excuse about the lack of information on the sectors and cultural activities is increasingly weak given the overwhelming growth of information, statistics, and databases of phenomena related to culture.

But the main importance of economics in this sense is its conception as the "science of choice". The approach of mainstream economics to culture is based on a few simple methodological assumptions such as: a) the decision makers are individuals (methodological individualism), but this does not mean that the individual is not complex, permeable to social facts, and sensitive to what is going on around him; b) our decisions are consistently rational in the sense that we systematically try to maximize our level of happiness, well-being, usefulness - whatever jargon we use; c) our happiness improves when, based on our preferences, the costs of actions in our decisions are below the benefits of the actions; d) these maximization processes are constrained by the limits of the constraints (budgetary, social, psychological, legal, uses of time, etc.).

Isn't this too simple to analyze the relationship of individuals with culture? Yes, but that's exactly why it is especially useful for analyzing culture. Before the advent

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of economics, we explained culture, which is perhaps the most complex human phenomenon and that just shows that we are human, using complicated and holistic approaches from philosophy, anthropology, sociology, or more hermeneutical approaches such as critical theory and semiotics. They are complex interpretations for complex realities, but that, given their own totalizing intentions, serve more as a means of understanding everything rather than uncovering the causal relationships between specific variables.

The simplicity of economics sometimes takes us back to the trunk of platitudes but it reveals relationships that were not only obvious but also suggest ways to try to change reality. This is the true power of economics which provides us with tools that enable measures which, through empirical verifications, can change reality. If we provide empirical evidence that the price elasticity of demand (the effects that a change in demand has on a change in price) is relatively low for museums, it gives us clues and points us to the idea that if we want to democratize access to them, low prices will have little effect on expanding the audience (even though many politicians and most museum officials firmly believe the contrary).

Economics, therefore, helps us understand why people read, buy movie tickets, participate in amateur choirs, write poems or take guitar lessons and why museum directors schedule certain exhibitions or why interior design companies are located in urban areas that were previously industrial land. It always tries to figure out what the preferences are, what benefits cause such decisions, and what the costs are, taking into account all of the constraints imposed by the environment. Economics is the social science that attempts to explain the choices we make based on very simple assumptions.

What do we maximize?
The intrinsic value of culture and cultural policies

If elections consist of processes where we try to maximize our usefulness based on cost-benefit assessments, what are the benefits of our actions related to culture? Are the perceived benefits of our relationship with culture merely a cultural construction? We think not. It is this very set of skills and abilities that have to do with culture and the world of emotions, senses, and feelings that result from the expression of these abilities which is the human trait that sets us most apart. And here we can speak of the sense of identity, the need to express oneself, to be moved, to communicate and interact through the arts, a sense of belonging and participating in the very process of defining common values. The perception of these dimensions definitely has a cultural component, but also responds to atavistic elements that are the fruit of evolution such as intelligent species. The truth is that they noticeably affect our happiness, our welfare, and our usefulness. These are the true intrinsic values of culture underlying the so-called “cultural rights” (see the Fribourg Declaration) and give instrumental logic and consistency to both individual and collective decisions.

In the developed, Western world, the relationship with culture is fundamentally linked, more than any other dimension, to the ability to improve our well-being, usefulness, or happiness and therefore if the logic of collective action is to implement initiatives that will enable us to move the frontier of possibilities of our well-being, the interventions they intend are fully justified. This is development in the sense of Amartya Sen’s direction, that is to say, it is the steps taken in the process where we improve individual and social control of our symbolic universe – the culture – increasing our ability to choose alternative actions.

This is the true ethical origin of the need to organize, facilitate, and provide for the relationship between individuals and culture through public policies. Stated another way, the cultural policies implemented in the sense that they expand the capabilities of individuals to chart potential future alternatives, are development policies. They mean the recognition of rights that, little by little, are considered to be a constituent and essential part of human rights.

The primordial justification of cultural policies is based on the intrinsic value of culture in order to maximize our well-being. This value is not derived from the maxim “art for art’s sake” or the artistic value of the work created but from the capacity for creativity, art, and culture to affect us cognitively, aesthetically, or spiritually and transform our social, civic, financial, or political dimension, influencing our sense of belonging and identity, building social capital, feeding the knowledge that gives us freedom, forming our sensitivity and the ability to get usefulness out of aesthetic enjoyment and expanding our expressive and communicative skills. Aren’t these arguments enough?

I assure you that economics as the science of choice simply and obviously confirms, in multiple studies and research, the high degree of correlations between usefulness and the activities of individuals in the field of creation, production, distribution, consumption, and conservation of art and culture.

This conceptual justification of cultural policy as a central part in the further development of communities does not mean that the current, specific cultural policies of European countries are legitimized but rather the contrary, precisely from this perspective, analysis based on economics quite accurately reveals that the real cultural policies are in most cases not very effective (i.e. they do
not achieve the purpose they say they seek), extremely inefficient (i.e., when they attain their goals, they could have made better use of the productive resources to reach them), and extremely unfair (it is the citizens with lower incomes and education who bear the costs and those who benefit are the citizens with higher incomes and education). In the best cases, the current cultural policies that have the merit of existing sparsely affect the expansion of the degree of freedom of individuals and, in some cases, actually reduce it.

Economic system and culture

But it is also evident that culture is a broad-spectrum vaccine and therefore makes it possible to obtain other dimensions of development and here we have to reconsider the term economy, not as a social science but as the system (economic system) that defines the ways in which a community provides ways to access resources, arranges the methods of production and transformation, regulates its exchange and distribution models, and legitimizes its overall performance through its institutions. The relationship between economy and culture must be understood as a set of display and exchange processes of individuals with regard to cultural experiences. And once again this goes far beyond the simple market space in Western societies, exposure to cultural experiences takes place in different areas, from that which is individual – such as writing poetry for oneself – to that which is social – such as participating in a choir for a cultural association – to the market – buying a book. In this sense, overcoming some discussions, our way of seeing things is quite futile, the relevant concept is that of cultural and creative activities pointing out that we are not only interested in those that are conducted in the spaces regulated by the market but we are talking about all activities which, from an intentionality that goes beyond the mere occupation of leisure time, are where human beings – as a result of their expressive, communicative, and emotional needs – interact in a more creative or more passive manner, with symbolic flows of information, pursuing a certain impact that is aesthetic, expressive, cognitive, emotional, or spiritual about themselves or others. These interactions can come to fruition in isolated acts or spaces for social interaction and can be coordinated through both formal, regulated exchange systems such as the market, education, or cultural organizations (businesses, organizations, and institutions) or informal and unstructured systems as a natural result of social interaction.

What we can definitely see in recent decades is that the dimensions of the spaces in which we conduct cultural exchanges of experiences have expanded. Exchanges of cultural experiences have grown as well as those conducted within the market space. This fact is due to several reasons, both from the point of view of demand and growth in income levels and education of the European population and supply factors such as the disruptive technology revolution of digitalization and the Internet or the needs of the European production system to find specialized productive niches that are not threatened by the superiority of U.S. technology or the greater manufacturing productivity of emerging countries.

From a design point of view of the economic system or an economy of cultural standards, it would be desirable for us to be able to find a system:
> that allows for the existence of opportunities to meet the expressive and creative needs and cultural rights of all individuals in a community, improving their emotional, aesthetic, spiritual, cognitive, or communicative quality of life;

> whose concrete manifestation of these expressive needs shall improve social cohesion and facilitate inclusion, reducing the differences of class, gender, or racial origin, expanding the degrees of freedom of its members;

> that will expand the propensity to change and innovation;

> that will provide mechanisms for the creation of jobs/quality activities and processes that generate economic value and sufficient surpluses to fund the previous dimensions.

The pillars of a society based on culture and creativity
A sustainable system based on creativity and culture must be sustained by some essential pillars.

a) A general education structure that deepens the knowledge of the arts and strengthens the creative skills and abilities in every field of knowledge and a higher education that reaches as many individuals as possible. Both factors have the objective of creating a social system that contains a critical mass of individuals with creative skills and attitudes and that show elevated levels of tolerance and a propensity for innovation and are socially and politically active.

b) A system for providing conveniences and cultural resources either through the market, social space, or public promotion that allows continued, comfortable access to cultural and creative activities, meeting the preferences formed by individuals and overcoming inequalities that may be manifested due to gender, class, economic status, or race.

c) A funding model for cultural activities, which, with a proper tax treatment, means the right mix of public funding, contributions from private organizations as a result of their social responsibility, and private investment and financing systems that combine traditional financial systems, micro-finance models, or venture capital mechanisms, that are able to adapt both to the size of cultural initiatives and their levels of risk and uncertainty.

d) A stable system of recognition of economic value ownership rights of cultural creation, production, and distribution that goes far beyond the traditional models of intellectual property, recognizes that the generation of value in symbolic production is a
process of social construction which also requires the use of community property, the activity of the opinion leaders, and the role of consumers. Therefore the system must contain incentive systems for all those who contribute to the generation of value and must be technically applicable to the dynamic digital environment and the Internet.

An acceptable system of labor regulation of professional creative work, even in highly flexible areas, that is able to maintain acceptable levels of safety and vital stability.

A dense and diverse organizational ecosystem that contains business structures but also many cultural associations and public bodies and institutions aimed at developing cultural policies that together are able to absorb and channel individual and collective initiatives while facilitating the flow between organizations.

A territorial framework that enables and endows meanings to the establishment of creative and cultural activities and, due to its virtual or physical density, is able to create situations of serendipity, cross-fertilization, circulation, and connectivity between various disciplines and activities.

A social productive political system with the ability and curiosity to hear and absorb those values or things that are useful or have collective, social, and economic value that move about in the field of creativity and culture.

All collective actions that tend to substantially change the shape of the previous pillars can unequivocally be called "cultural policies". And, in this context, cultural policy, as a framework for managing the relationship between culture and development, becomes a strategic element, since, as the economic analyses presented elsewhere in this text show, the manifestation of cultural and creative activities is the most crucial variable in explaining their levels of wealth in the European regions.

By way of conclusion

Thanks to the contributions of social sciences, and among them, economics, what we now know with reasonable certainty is that the concentration of cultural and creative activities in a given area changes the logic and functioning of the economic dynamics in a more profound and complex way than we had expected until now. We know that the area is no longer neutral and becomes another resource that contains values and meanings. We also know that the centrality of creativity and innovation is changing the role of economic organizations and the models of human resource management and we know that around this fact forms a fluid labor market that combines liberating trends for human work and enables enriching experiences for personal development as well as realities that tend toward extreme insecurity and self-exploitation. And we also know that the "cultural field" exports a set of values to the rest of the socio-economic fields that entail an ethical re-thinking and that fit better with the concept of sustainable development. What is clear is that the symbolic and creative content of a community, especially in Europe, no longer only represents its cosmetic dimension but somehow contains the central pillars of the frontier of possibilities of competitiveness and determines the degree of development.

We agree with other authors that, given the importance and significance of creative and cultural activities, it is essential to intensify efforts in research on the relationship between culture and development. Opportunities for European competitiveness in this time of global change
are articulated, with few plausible alternatives, around the positioning of the activities related to creativity, innovation, and talent. However, the direct path to increasing the usefulness of the citizens of Europe is to expand access to the areas of creation, production, and distribution of cultural and creative activities.

In this context, the knowledge system is called to unravel, in a more active manner than it has done so far, the complex relationships that are articulated below the visible line of these connections between culture and development. Since it is a very complex phenomenon, it is clear that we require multi-disciplinary approaches, but we are confident that economics, as a social science, still has much to say in the search for a harmonious model of coexistence in a society that relies on the scaffolding of creativity and culture and that seeks to be fair and inclusive.

*Translated from Spanish, Cabinet Martinez Nantes.*

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