

PROF SCOTT:

Well, I have 20 minutes, so I have to go very fast. Before I begin, when people from Britain and America talk to an audience like this, they like to begin with a joke, but people from Japan, I am told, like to apologise. So I am going to ask your forgiveness for everything I am about to say.

What I want to talk about is to put into context the whole issue of the cultural economy of cities and economic development, both to analyse what these phenomena are about and how policy makers can intervene to make, to create, forward dynamism in their cities around the cultural economy.

What do I mean by “the cultural economy”? I mean all of those sectors like film or TV, music, fashion, design, tourism, etc., all of those modern sectors which are growing very rapidly are indeed at the leading edge of economic growth and development in many countries today that have some sort of both aesthetic and symbolic content to them.

As I said, these are industries that are growing very rapidly. They are major employers in many countries today and they are increasingly making contributions to gross national product in many countries, and they have recently come under the scrutiny of policy makers as possible instruments for local economic development, all the more so because these industries, you win on every criteria with these industries, not only in terms of growth and employment but also environmental characteristics, prestige, image, and so on. So these are highly desirable industries for cities and regions to try to develop.

As I said, not only are they growing rapidly, but they are growing rapidly both in the more advanced economies of the world today and in the less advanced economies of the world.

The idea of culture as an economic development strategy really goes, I suppose, to the 1980s, when there was a sort of first generation model of development using this approach and which has come to be known as either place marketing or the heritage industry and which involved, and still involves -- this is a big business in many, many countries today -- the creation of architectural set pieces of tourist facilities, investment in various kinds of attractions, and so on, in order to create prestige and image.

In this form of development it also attracts investors who are attracted by these kinds of environments, and skilled workers, who want to go and live there. Hence we find, all over the world today, in hundreds, literally hundreds of cities, programmes of this sort: festivals, whether it is festival around music or museums, as in the case of Bilbao in Spain, or Mardi Gras in New Orleans, and you can fill in the blanks yourself. There are so many of these we can scarcely keep count of them.

Of course, the peculiarity of this form of development, this first generation model, is that consumers have to go to those places in order to consume the products.

Now, most of my talk is going to be focused on what I think of as a second generation model of cultural and economic development. That involves what -- it is a related -- but what I think is a more powerful approach which is actually building a cultural economy that produces goods and services that get exported from particular places, goods and services like television programmes, films, fashion, design, jewellery, furniture, you name it.

This involves now considering the cultural economy as a production system, producing not only economic products but also cultural artifacts of all sorts. So the first question we need to ask is how do these economic systems work. Well, there is a long, long and convoluted story and series of debates about that. But basically we can think of these economies as having three distinctive layers all of which contribute to the development of competitive advantage in particular places.

One is that they are marked by networks of specialised but complimentary producers who work in partnership with one another, in various kinds of partnerships. Think of the clothing industry, the fashion industry; think of film production, for example -- these are typically products that are created in these kinds of networks of specialised and complimentary producers.

In the context -- this is the second point -- of local labour markets, which in the case of cultural products industries are especially complex and have very subtle processes of social reproduction, of training, of education, and formation of sensibilities and know-how that are peculiar to particular places, I think one of the points that I need to keep emphasising is how this form of economic and cultural production is routed in particular places and actually makes places over and over again.

Then the third characteristic of these places as cultural and economic centres of production is that they have become foci of creativity and innovation. The very fact that they work in these complex ways with many, many interactions and transactions, many different kinds of skills and people and experiences, brought together in this one place creates an environment, very often but not always, in which creativity and innovation tend to proceed at high rates.

This is all the more emphasised because these places become centres of -- in migration, they become what one analyst called -- there is a process of what one analyst called "artistic gravitation" where people from other parts of the country, and indeed other parts of the world, move into these centres because they recognise that it is above all in these kinds of centres, that their talents and their ambitions can be most effectively mobilised.

So the characteristic of these industries is that they form clusters in particular places and that these places become made over by these kinds of clusters. And indeed there is a sort of further characteristic of them, that is to say the continuity -- which is somewhat new in urban systems -- the continuity between the economy, between the social life of the city and the culture of the city and the architecture of the city. The whole city now becomes a sort of theatricalised environment within which these industries flourish and within which the labour working in these industries is nourished intellectually and culturally in terms of sensitivities and so on.

What are the kinds of clusters that currently exist? This diagram is a sort of attempt to classify different kinds of cultural and economic clusters. It is a genetic taxonomy in the sense that we have a series of generations of concepts, of nested concepts that flow out of one another. But all you need to know for now is that at the end what we get are a whole series of possibilities for cultural product industries at places and agglomerations from, on the one hand, the first generation set where the products are immobile. So you have centres that have assets like theme parks, natural attractions, heritage industries, museum districts, upscale shopping districts, entertainment districts, festivals, conventions, sports events and so on. These are all part of the cultural economy.

Then down here there are the second generation type of industries where the products are mobile and where we have a whole series of possibilities. This is not an exhaustive list, by the way. It is just an indicative list from clothing, furniture, jewellery, leather goods, toys, ceramics, cosmetics, gastronomic products, graphic

design, industrial design, web design, architecture, which in its own right has become a major design industry located in these kinds of clusters -- motion pictures, TV, publishing and so on.

Actually, if you read the Central Policy Unit report you will see that actually most of these industries are listed in that report and you can find further details in regard to Hong Kong in that particular report.

These clusters not only exist as foci, agglomerated foci, in particular places where because of the way they work they produce competitive advantages -- competitive advantages which reinforce and consolidate their functions as economic and cultural centres, and giving them a competitive advantage which enables them to contest wider and wider markets. And indeed, and this is the state of affairs today, these clusters, when the most successful of these clusters are also simultaneously globalised, they simultaneously reach out to global markets and contest global markets with their particular products that come from that place, are highly identifiable as coming from that place and where the image and the nature of the place endows these kinds of products with monopoly advantages of various kinds, quasi monopoly advantages in world markets.

At the same time that means then that these clusters' policy makers not only have to be attentive to these clusters as working complexes of economic and cultural production, they also need to be attentive to the problem of distribution, how to get the products out to the rest of the world, and how to market the products in the rest of the world. That is where most of these centres fail, or not so much fail but where they have been less successful hitherto.

Perhaps the most successful example of what I am talking about is Hollywood which from a very early period, from the 1930s, perfected a system of distribution and marketing which projected Hollywood movies right into the rest of the world, unfortunately for you.

But this is what is at stake in the development of these centres and where so much of the policy effort, it seems to me, needs to be invested in addition to thinking about the actual agglomeration itself.

As I said, these kinds of industries are growing at a rapid pace all over the world. To take one example -- this is the film industry by country, and it shows the

number of films made in different countries, actually different centres because films also are a very agglomerated production system. It is a number of films, not the market value. If we were looking at the market value, Hollywood, which is represented by this circle, would be an enormous circle like this. You see, this is number of films.

This is a rather remarkable map when you look at it because it shows, contrary to what I think many of us presume at the outset, that there are very big movie industries in many different parts of the world both in the more advanced economies and in the less advanced economies with India of course, Bollywood here, being the largest, making close to 1,000 films a year; Philippines here -- nobody has ever heard of the Philippine movie industry but it is there as a major producer; Hong Kong of course, the Asian production system is extremely well developed and developing, growing; and similarly with Europe whose aggregate production is bigger than the whole of Hollywood.

These industries are all agglomerated in particular places. They work in exactly the way I describe. They have been hard hit of course over the last few decades by intensifying competition from Hollywood but to an increasing degree we see the possibility and the reality of these centres coming back, coming back as centres of production and as centres able once more to contest international markets. Even the Indian movie industry is increasingly internationalising its production.

Indeed, this is one of the characteristics of these industries, I think, that they are becoming more and more and more highly developed in many, many different places and that their ability to contest global markets is becoming greater. So there are enormous opportunities from policy makers, it seems to me, just at this particular moment in time to exploit the potential which is offered by these cultural products industries.

Now, what can policy makers in fact do? I obviously do not have time to proscribe a whole list of possible lines of action, but let me suggest some ideas that flow from what I have said.

The first and obvious point is that we need to understand how these systems work as localised complexes of economic activity. That means that policy makers need to pay attention to such things like the networks of production and the institutional mechanisms that enable them to work; for example, the role of

collaboration and trust that make these systems work more effectively as opposed to cut-throat competition, which tends to undermine their capacity to work, especially in cultural centres -- as effectively as they might. Labour training of course is extremely important. Technological investment because many of these industries are increasingly dependent on digital technology of various kinds.

Local government and civil associations have a role to play in developing these technologies and in transferring these technologies to producers, infrastructures of all kinds, training institutions, including the very tissue of the urban environment which now becomes part and parcel of the whole production, of the whole social and economic system within which these kinds of industries have their life.

This means of course that policy has to focus above all bottom up, as opposed to indicative centralised sort of hard-edged top down approaches. It has to focus very intensely on the subtleties of institution building and on the incorporation of all of the players into the system of production and the construction of a continuing dialogue about: What is at stake? What are we doing? How are we doing it? What are the problems? How do we need to solve the problems?

This takes an extraordinarily created kind -- a new kind, really -- of local economic development policy compared to the sorts of policies we are used to in the past. And above all, I think at the centre of all of this, we have to think about the possibility of forums of public discussion and organisation that are focused on how to steer and coordinate these kinds of systems through time.

There are already a number of successes of local economic development on these bases. Even in places that at first glance seem to be absolutely hostile to this kind of possibility -- I am thinking here of old industrial areas in Europe that have been remade actually using the old industrial infrastructure to remake the landscape as a cultural landscape and as a new system of production.

Think of the Ruhr, for example, and the whole transformation of the Ruhr into a new cultural economy. Or Manchester in England, or Sheffield -- old industrial towns that 50 years ago we would have said about these towns that there is no possibility of anything of any cultural significance happening in these places. Yet now they are becoming centres of all kinds of cultural economic development of the kind that I am talking about.

To conclude, as globalisation proceeds and as new centres of these kinds come on line, it seems to me that the world we are moving into is increasingly a world, of cultural standardisation and uniformity. I think there was a certain plausibility to that kind of argument 20 or 25 years ago.

I think the arguments I am putting forward now would point rather to a world which is becoming more polyphonic and more polycentric in terms of its culture, and a world in which increasingly, as we see in our own habits of consumption today -- think of an ordinary day in our lives where we, some of us anyway, watch Latin American tele-novellas on television or the Japanese comic books and animated films, movies from Hong Kong, music from West Africa, tourism in Bali and the West Indies, wine from unlikely places like Australia and Chile, cuisine from Mexico and so on.

This is the kind of new palette of consumption, in the new economy, the new cultural economy, that is moving ahead and which is the opposite of standardisation and uniformity, which is rather focused on niche markets, globalised markets, but with the production systems rooted in place.

Policy makers at this point in time have enormous challenges in beginning to understand and to plan for this kind of new development and a city like Hong Kong, it seems to me, has tremendous challenges but also opportunities before it, and I think that the Central Policy Unit report is really a very dramatic first step in what I think is an exciting set of developments for Hong Kong.