

**EUROPEAN
EXPERT
NETWORK
ON CULTURE
(EENC)**

***Culture 3.0: A new perspective for the EU
2014-2020 structural funds programming***

by Pier Luigi Sacco

EENC Paper, April 2011

This document has been prepared by Pier Luigi Sacco on behalf of the European Expert Network on Culture (EENC). Produced for the OMC working Group on Cultural and Creative Industries.

This paper reflects the views only of the EENC authors and the European Commission cannot be held responsible for any use which may be made of the information contained therein.

The EENC was set up in 2010 at the initiative of Directorate-General for Education and Culture of the European Commission (DG EAC), with the aim of contributing to the improvement of policy development in Europe. It provides advice and support to DG EAC in the analysis of cultural policies and their implications at national, regional and European levels. The EENC involves 17 independent experts and is coordinated by Interarts and Culture Action Europe.

Contents

| | |
|---|-----------|
| Preliminary remarks | 4 |
| Background concepts: from Culture 1.0 to Culture 3.0 | 5 |
| The consequences of the Culture 2.0-3.0 transition on structural funds programming | 8 |
| The strategic importance of active cultural participation | 9 |
| The power of cultural participation: An 8(+1)-tiers approach | 10 |
| Reshaping the rationale of structural funds programming For cultural and creative production | 16 |
| References | 18 |

Preliminary remarks

In spite of the multiplication of successful examples of culture-led local and regional development across Europe and elsewhere (e.g. Sacco et al., 2008, 2009), there is a widespread perception that the role and potential of culture in the overall European long-term competitiveness strategy is still seriously under-recognized (CSES, 2010). This reflects in the difficulty to bring cultural policy issues at the top ranks of the broader policy agenda, and consequently explains why the share of structural funds devoted to culture badly fails to match the share of cultural and creative sectors in total EU value added.

This situation is mainly the consequence of a persisting gap in the conceptualization of the role of culture in an advanced, knowledge based economy as it is the European one nowadays. For many decision makers and policy officers operating outside the cultural realm, the cultural sectors are at best a minor, low-productivity branch of the economy, largely living on external subsidies, and which is therefore absorbing economic resources more than actually generating them. Not surprisingly, as a coherent consequence of this wrong conceptualization, cultural activities are one of the first and easiest targets of public funding cuts during phases of economic crisis.

There has been in fact a long record of cases of successful culture-led development policies of cities and regions (and sometimes even countries) from the late 80s and early 90s onwards, which however have mainly been regarded as exceptional (or even exotic) by the common sense of policy making. The impressive figures that have emerged from first attempts at measuring the economic size of cultural and creative sectors in Europe (KEA, 2006), which are by the way likely to be underestimated (CSES, 2010), have certainly made a cases and have attracted much attention. Consequently, more and more administrations at all levels, including ones that never paid real interest to these issues, have henceforth begun to devote more energy and resources to culture-focused development policies, but the overall awareness at the European level remains scarce and scattered, so that much is left to be done. In particular, awareness and policy activism at regional and city levels is at the moment far superior than that at the country level, and thus there is the possibility that in the close future uneven culture-related development patterns may be found across the EU, and that some countries are at risk of lagging behind.

In order to prevent this from happening, in view of the next 2014-2020 round of structural funds programming, a more appropriate formulation of background principles and target objectives for cultural and creative sectors in the wider context of EU's competitiveness and cohesion policies is badly needed. The aim of this short paper is to provide some fresh inputs in this direction.

Background concepts: from Culture 1.0 to Culture 3.0

The misconceptions about the role of culture in the contemporary economic framework can be traced back to the persistence of obsolete conceptualizations of the relationship between cultural activity and the generation of economic (and social) value added. To illustrate this point, it is necessary to pin down a very basic narrative of the evolution of the relationship between the two spheres, of course keeping in mind that it is by necessity very sketchy and omits many aspects that would have primary relevance in a more comprehensive account (such as for instance the role of popular and grassroots culture, regional differences in public policies, and so on), which would however largely exceed the space limitations and scope of the present paper.

For a very long time (centuries, indeed), such relationship has been structured according to what we could call the Culture 1.0 model, which basically revolves around the concept of patronage. The Culture 1.0 model is typical of a pre-industrial economy. In this context, culture is neither a proper economic sector of the economy nor it is accessible to the majority of potential audiences. The actual provision of culture is secured by the individual initiative of patrons, namely, people with large financial possibilities and high social status, who derived their wealth and status from sources other than cultural commissioning in itself, but decided to employ some of their resources to ensure that cultural producers could make a living, thereby getting the possibility to enjoy the outcome of creative production and to share it with their acquaintances. Patronizing culture, of course, may be an effective means for further building the patron's social status and reputation. But it is clear that this is made possible by the availability of resources that are gathered outside the cultural sphere, and that cultural production here entirely lives on subsidies and could not survive otherwise. In the patronage relationship, the wage of cultural producers tends to be regarded not as part of a market transaction, but rather as a sort of symbolic, mutual exchange of gifts between the patron and the artist – a practice that still survives in some cultural realms (e.g. Velthuis, 2005), and finds intriguing applications in new, culturally-mediated social platforms (Bergquist and Ljungberg, 2001). Clearly, this model can support only a very limited number of cultural producers, who entirely live upon the discretionary power of the patron, and very limited audiences. Both the production of, and the access to, culture are therefore severely limited by economic and social barriers.

With the massive social changes produced by the industrial (economic) revolution and with the concurrent bourgeois (political) revolutions that led to the birth of the modern nation states, we witness a widening of the cultural audiences, made possible by a few concurrent circumstances. First, with the bourgeois revolutions, and thus with the questioning all sorts of privileges of the ruling classes, a new view emerges that gradually legitimizes access to culture as a universal right that is part of the very idea of citizenship (Duncan, 1991). Second, with the steady improvement of the living conditions of the working classes, there is a corresponding increase in the willingness to pay for some forms of cultural entertainment (Sassoon, 2006). Access to cultural goods and opportunities, however, remains limited until the outbreak of the 'cultural' industrial revolution occurring in the decades just before and after the turn of the XX century, which create the technological conditions for the creation of

cultural mass markets (Sassoon, 2006). Even before this crucial phase, however, with the development of the modern nation states one witnesses the emergence of forms of 'public patronage', with the state devoting public resources to the support of culture and the arts to the benefit of the society as a whole – and thus, it becomes possible to speak of cultural public policies, and of the corresponding cultural policy models (see e.g. the seminal taxonomy of Hillman-Chartrand and Mc Caughey, 1989), which articulate public initiative in the cultural field in a variety of country-specific ways: 'facilitator', 'patron', 'architect', 'engineer', 'elite nurturer', and so on (e.g. as in the adapted version of Craik, 2007), which allow for a considerable amount of local diversity in terms of mission, organization, design, effectiveness, etcetera.

It is important to stress that the notion of cultural public policy, thus, is still rooted in the Culture 1.0 model, however advanced and mature: The patronizing role is no longer exclusively in the hands of single individuals but becomes a public function. Culture, on the other hand, is still an economically un-productive activity, which absorbs resources produced in other sectors of the economy. With the 'cultural' industrial revolution that occurs around the turn of the XX century, however, the technological possibility of cultural mass markets becomes a reality, with the introduction of modern printing, photography and cinema, recorded music, radio broadcasting, and so on. This allows not only to deliver new cultural products, but also to make them available to much wider audiences, and at increasingly affordable prices: We have thus entered the Culture 2.0 phase. In Culture 2.0, audiences expand significantly, whereas cultural production is still severely controlled by entrance barriers as the access to productive technologies is difficult and financially expensive, so that would-be cultural producers are filtered by complex selection systems, that differ from one cultural sector to another. Culture 2.0 is a new form of the relationship between cultural production and the generation of economic value, that is dominated by the expansion of the cultural and creative industries. Unlike Culture 1.0, in Culture 2.0 there are actually cultural and creative activities that produce economic value and are even profitable, but they represent a specific sector of the whole economy and, at least initially, a minor one if compared to the big, leading manufacturing sectors – they are just a branch of the wider entertainment industry, a relatively small niche at the macroeconomic scale.

At first, the idea of cultural mass production is not universally welcomed, as it is regarded as a powerful tool of mass manipulation and deception (e.g. Adorno and Horkheimer, 1993 [1944]), but with time, and especially with the beginning of the so called post-industrial transition, that causes a significant increase in people's availability of leisure time as a consequence of the gradual demise of Fordist work-time organization models, cultural industries become a fully legitimized and sought after economic and social driver (Howkins, 2001; Hesmondhalgh, 2002).

The recent, already mentioned discovery of the economic potential of cultural and creative industries – with creative industries, in particular, becoming a stable part of the picture after the recognition of the functional relationships between cultural production and creativity-intensive non-cultural productions such as architectural, fashion and object design, or advertising, see e.g. Throsby, 2008a) – may be seen as a mature development of the Culture 2.0 phase. In this advanced phase, public policies are increasingly addressing not

only issues of enhancing access of audiences to cultural products and experiences, but also of enhancing productive and entrepreneurial capacities in these sectors in the light of their increasingly relevant contribution to the macroeconomic level of activity. A drawback of an excessive focusing on the economic potential of cultural and creative industries, however, is the misleading emphasis given to the profitability of the single value chains, which cause the concentration of resources toward supporting the best performing sectors at the expense of the others, with the consequence of compromising the viability of both in view of the complex inter-sector relationships that tie them together (e.g. Throsby, 2008b). Designing appropriate policies for the cultural industries is a particularly difficult task in view of the specificities of these sectors that can hardly be compared to traditional productive sectors. In particular, to understand the industrial organization logic of cultural and creative sectors one cannot rely upon familiar economizing models of profit maximizing, instrumental rationality. In the cultural and creative realms, expressive rationality, intrinsic motivation and social exchange are essential aspects, which often lead to forms of interaction which are not mediated by markets (e.g. Potts et al., 2008).

But despite the fact that the Culture 2.0 phase has not begun long ago, a new wave of technological innovation has laid down the tracks for the transition to a further phase, that we could call Culture 3.0, and which is still in its very preliminary stage, so that we could characterize the present moment as a complex, transitional situation. Such a new phase is characterized by innovations that, unlike the previous one, not only cause an expansion of the demand possibilities, but also, and mainly, an expansion of the production ones. Today, one can easily have access to production technology that allow professional treatment of text, still and moving images, sound, and multimedia with impressively quick learning curves and at very cheap prices – something that, before the explosion of the personal computing revolution, and thus no longer than a couple of decades ago, would have simply been unthinkable. Thus, if the Culture 2.0 revolution has been characterized by an explosion of the size of cultural markets, the Culture 3.0 revolution is characterized by the explosion of the pool of producers, so that it becomes increasingly difficult to distinguish between cultural producers and users: Simply, they become interchanging roles that each individual assumes. Likewise, the predominance of cultural markets is increasingly challenged by the diffusion and expansion of communities of practice where members interact on the basis of non market-mediated exchanges – a change that is made possible by the scale and speed of connectivity among players that is being made possible by online platforms.

The hallmark of the Culture 3.0 phase is thus the transformation of audiences (who are still the reference of the 'classical' phase of cultural industry) into practitioners (thereby defining a new, fuzzy and increasingly manifold notion of authorship and intellectual property) – accessing cultural experiences increasingly challenges individuals to develop their own capabilities to assimilate and manipulate in personal ways the cultural contents they are being exposed to. The passive reception patterns of the 'classical' cultural industries phase are now being substituted by active, engaging reception patterns. The other hallmark of this phase is the pervasiveness of culture, which ceases to be a specific form of entertainment to become an essential ingredient of the texture of everyday life, as it is by now particularly apparent in consumption practices (McCracken, 1986). In this phase, then, keeping on

focusing upon the cultural and creative industries as a separated, specific macro-sector of the economy may be seriously misleading. On the contrary, it becomes necessary to develop a new, system-wide representation of the structural interdependencies between the (already highly structurally independent in themselves) cultural and creative industries and the other sectors of the economy – and even of society. This change of perspective has especially important consequences for a proper and effective approach to policy design in a structural funds programming perspective.

The consequences of the Culture 2.0-3.0 transition on structural funds programming

Comparing the 2000-2006 and the 2007-2013 cycles of structural funds programming, it is relatively easy to notice a shift from a tourism-centered to a cultural industry centered perspective of the role of cultural and creative production in fostering economic development (CSES, 2010). This shift clearly reflects a parallel shift from an advanced Culture 1.0 perspective to a Culture 2.0 one. In the (advanced, public patronage) Culture 1.0 perspective, culture is not economically productive – and, according to someone, *should not* be so. Therefore, in order to generate economic effects, culture may only act as a driver for the generation of value in complementary sectors – and the typical one that can perform such a function is tourism. In particular, even if museums and cultural facilities cannot generally survive without the help of public funding, it is nevertheless the case that, by attracting large tourist flows, such activities generate an indirect impact upon the local economy in terms of tourist expenditure for local goods and services. Interestingly, although the 2000-2006 policy cycle is, from the chronological point of view, already sitting in a time range where the effects of the Culture 3.0 phase are beginning to materialize, in terms of conceptual reference it still basically relies upon the rather obsolete Culture 1.0 model – a clear example of the already mentioned conceptualization gap that afflicts analysis and policy design in the cultural and creative sector. As a consequence, most of the projects carried out attempt at implementing this tourism-focused type of local development mechanisms, and the very policy guidelines of the programming reflect this same orientation.

In the 2007-2013 cycle, however, there is a quick and spectacular takeover of the Culture 2.0 perspective. As a consequence of the publishing of the KEA (2006) study, it becomes apparent that cultural and creative production is a major economic driver per se, and consequently we witness a multiplication of projects that aim to develop specific systemic aspects of the cultural and creative industries – from entrepreneurship to employability, from skills development to technological innovation, and so on. Although this cycle is still in progress, as it is coming to a close it is becoming rather apparent that, despite their considerable potential and promise as a highly dynamic macro-sector that can contribute to pull the European economy out of the low-growth trap, cultural and creative industries need a more solid rooting within the broader economic and social context. For instance, the excessive emphasis on the market dimension that is placed once one is willing to nail down the cultural and creative industries potential in terms of economic turnover leads to neglecting or to failing to understand the role and importance of new, non-market mediated

forms of cultural and creative exchange, and to misinterpret the deep modifications that they are prompting in terms of, say, intellectual property enforcement and copyright. Also, the key role of those cultural arenas which are not (and cannot be) organized in terms of cultural industries, and that consequently still depend on external transfers but still are vital to inflate fresh cultural and creative contents into the cultural and creative industries value chains, is very likely to be disregarded if the perspective is too narrow minded. Despite all efforts, Europe's competitive advantage in this macro sector in a global perspective is far from granted today. The global competitive scenario is being redefined very quickly, and new, strong and highly dynamic players from formerly emerging countries are gaining momentum.

Thus, in the forthcoming 2014-2020 cycle, a new policy perspective is called for, and such change of perspective should keep the new Culture 3.0 framework into account, and translating it into new policy guidelines and encouraging new forms of experimentation and project design. In order to do this, we must consequently give up a notion of the cultural and creative industries as a specific macro-sector of the economy, and a notion of the demand side as a market-mediated audience. Rather, we have to reason in terms of the structural inter-dependences between the cultural and creative sectors and the other economic and social sectors, and we have to reason in terms of the demand side as a partially market-mediated pool of practitioners increasingly interested in active cultural participation and access. Effective policies, then, have to address this new scenario in order to facilitate the transition toward the new regime and to expand its social and economic impact accordingly. It is to these issues that we turn our attention now.

The strategic importance of active cultural participation

A clear signal that there is a widely felt need to overcome the traditional Culture 2.0 focus on the mere sectorial growth of cultural and creative industries is that, in making cases for the developmental role of this macro-sector, increasing attention is being paid to the effects that it may produce in terms of creative spillovers positively affecting *other* sectors (e.g. Bakhshi et al., 2008). So far, however, arguments about the spillover effects of culture and creativity have been brought rather casually, namely, without a well-defined conceptual background, and thus has not helped to capture the attention, let alone to convince, policy makers. Reasoning on the basis of the Culture 2.0-3.0 transition, it becomes easier to explain why and how culture matters for the general economy.

The key of the argument lies in moving the focus from the economic outcomes of cultural activity to the behaviors that cause them: In order to understand the effects of culture outside of the cultural realm, we have to consider how cultural access changes the behavior of individuals and groups. One of the most evident effects has to do with the cornerstone of the Culture 3.0 phase: Active cultural participation. By active cultural participation, we mean a situation in which individuals do not limit themselves to absorb passively the cultural stimuli, but are motivated to put their skills at work: Thus, not simply hearing music, but playing; not simply reading texts, but writing, and so on. By doing so, individuals challenge themselves to expand their capacity of expression, to re-negotiate their expectations and beliefs, to

reshape their own social identity. We can regard this behavioral dynamics as an advanced, post-industrial instance of the capability building process highlighted by Amartya Sen (2000) in his seminal work, suitably matched with research on the vocational socio-psychological dimension of learning (e.g. Billett, 1994). In particular, it is important to stress that capability building and skills acquisition is not merely an individual activity, but a highly social one, and crucially depends upon the social environment in which individuals are embedded (e.g. Greenfield et al., 2003), and as a consequence in social environments which are strongly positive orientated toward active cultural participation it is much more likely that individuals will be interested in active cultural participation, and vice versa.

The interesting aspect of active participation is that individuals are not simply exposed to cultural experiences, but take a dive into the rules that generate them, they have to learn to play with the 'source code' that is behind the generation of cultural meaning. Active participation, on the other hand, fosters further interest and curiosity toward exploring cultural experiences and goods produced by others: A classical positive feedback dynamics where each component reinforces the other. In the Culture 3.0 context, then, individuals structure their cultural interests as densely interwoven runs of expression and reception, i.e. micro-phases in which they are active and 'transmitting' and phases in which they are passive and 'receiving'. The acquisition of cultural skills motivates them to transmit, raises the level of attention and critical filtering toward the received contents, prompts further willingness to transmit new contents, and so on, thus paving the way for a variety of new forms of open innovation and co-creation (Tapscott and Williams, 2006), for the increasing role of social media platforms (Solis, 2011), for all forms of knowledge-intensive and experience-intensive socio-economic practices (Pine and Gilmore, 2011), etcetera – a zoology of which we are likely to witness just the very early developmental phases.

Some of the positive systemic effects of cultural access can be generated also within a traditional mode of passive reception (i.e. stably remaining within the 'audience' mode), but until we limit ourselves to this (obsolete) perspective, we are unable to appreciate the whole picture; we only grasp little details. There are at least eight different areas in which cultural participation can cause significant macroeconomic effects that have not to do with the growth of the economic turnover and of the employment level of the cultural and creative industries, although of course they present strict complementarities with the latter. We are now going to briefly present them in the next section.

The power of cultural participation: An 8(+1)-tiers approach

A detailed discussion of the theoretical foundations of the various effects that we discuss in this section is outside the scope of the present paper, which rather aims at providing a concise global picture of the system of interdependences. The reader is invited to go through the references in the literature cited to find out more materials and background research.

When reasoning about the spillover effects of culture, the first area that comes to mind, and the one upon which so far the most efforts have concentrated, is **innovation**: Not simply *within* the cultural and creative sector, but in the economy as a whole (e.g. KEA, 2009). And

in fact there is an interesting literature that is beginning to shed light upon this important functional link (Bakhshi et al., 2008). Here, the effect of active cultural participation may be especially appreciated. By learning about the rules that generate creativity, individuals learn how innovative meanings and practices can be constructed, and how they come to challenge and de-structure previous beliefs, prejudices, and attitudes (Gruenfeld, 2010). The more such activity is widespread at the social level, the more the socio-cognitive effects of cultural participation in terms of attitudes toward innovation and change become relevant and visible. And since innovativeness has not simply to do with R&D labs distilling new ideas, but with putting up effective social transmission chains that facilitate the translation and implementation of new ideas into business practices through the cooperation of a myriad of social and economic actors (one may then speak of 'innovation systems', see Carlsson et al. 2002; see also McElroy, 2001; Boschma, 2005), it is impossible to dismiss the importance of achieving and strengthening an intense societal orientation toward innovation. Likewise, the implications of successful orientations toward innovation for competitiveness are widely agreed upon. Through this effect on social orientation toward innovation, then active cultural participation may in principle bring about indirect macroeconomic consequences that are not negligible when compared with the direct economic effect of the turnover of the cultural and creative macro-sector.

We can then argue that cultural participation may act as a driver of endogenous economic growth (Sacco and Segre, 2009, Bucci and Segre, 2011) in ways that are complementary to the ones already extensively studied and documented for education. But is there any evidence that confirms these intuitions? Consider the following table, which makes a comparison between the rankings of EU15 countries in terms of their innovative capacity as measured by the Innovation Scoreboard metrics, and the rates of active cultural participation of citizens as measured by the Eurobarometer (2007) survey:

| Ranking Innovation Scoreboard 2008 (EU15 countries) | Ranking Active Artistic Participation, Eurobarometer 2007 (EU15 countries) |
|--|---|
| 1 Sweden | 1 Sweden |
| 2 Finland | 2 Luxemburg |
| 3 Denmark | 3 Finland |
| 4 Germany | 4 France |
| 5 Netherlands | 5 Denmark |
| 6 France | 6 Netherlands |
| 7 Austria | 7 Belgium |
| 8 UK | 8 Germany |
| 9 Belgium | 9 UK |
| 10 Luxemburg | 10 Austria |
| (EU27 average) | (EU27 average) |
| 11 Ireland | 11 Ireland |
| 12 Spain | 12 Italy |

| | |
|-------------|-------------|
| 13 Italy | 13 Spain |
| 14 Portugal | 14 Greece |
| 15 Greece | 15 Portugal |

Despite that the two metrics have no statistical data in common, the two rankings exhibit an interesting property: All and only the countries that are above the EU27 average on one ranking, are above the average on the other ranking, and vice versa. Data for the EU27 panel are less clear cut due to the transitional trajectories of the more recent EU members in terms of innovation processes. It is interesting to notice that the association is established between innovative capacity at the country level and *active* cultural participation at the same level. This is of course a preliminary piece of evidence, but it seems to suggest that the mechanisms discussed above seem to mirror into data more clearly than one could expect.

A second important link has to do with the politically critical notion of **welfare**. There is an impressive amount of evidence that cultural participation may have strong and significant effects on life expectation (e.g. Koonlaan et al., 2000), but more recent research seems to suggest that the impact is equally strong in terms of self-reported psychological well-being (Grossi et al., 2011a,b). In particular, it turns out that cultural participation is the second predictor of psychological well-being after (presence/absence of) major diseases, and in this respect has a significantly stronger impact than variables such as income, place of residence, age, gender, or occupation. The effect is particularly strong for the seriously ill and the elderly, where psychological well-being gaps between subjects with cultural access and subjects without cultural access is huge.

These preliminary results suggest that another hot link of positive spillovers from cultural participation might be in terms of *cultural welfare*: If cultural participation strongly affects the perception of well-being of the ill and the elderly, and provided that welfare treatment costs are one of the major sources of public finance deficits in the EU, it is possible that through a suitable culturally-oriented prevention strategy, if this causes even a small reduction of the rates of hospitalization and of the resort to treatment across these categories, there could be a huge saving of public resources that could, at the same time, finance the program itself, be partially relocated to other uses and substantially improve the level of life satisfaction of categories of citizens in critical conditions. And again, the indirect macroeconomic effects of this spillover effect are likely to be substantial.

A third important link has to do with the theme of **sustainability**. The increasing emphasis on the social dimensions of sustainability as highlighted by Agenda21 has led to reflect upon the extent to which socially transmitted behavioral patterns, habits and customs may influence the effectiveness of resource saving measures and strategies. In this respect, however, attention has been mainly devoted to traditional forms of social mobilization (e.g. Schmidt et al., 2006). But again, cultural participation may have an important indirect role in fostering social mobilization and awareness about the social consequences of individual behaviors related to environmentally critical resources. For instance, working on a large representative sample of the Italian population, Crociata et al. (2011) have demonstrated

that there is a strong association between cultural participation and effectiveness of differentiated waste recycling. Once again, the likely reason is that the acquisition of competences and skills from cultural practice may spill over significantly in terms of individual capacity of successfully classifying and stocking different types of waste, and more generally in terms of individual awareness of the social value of acting responsibly with reference to environmentally sensitive matters.

A fourth important link is with **social cohesion**. There is again an ample evidence showing how certain types of cultural projects may produce strong and significant effects in terms of juvenile crime prevention, pro-social vocational orientation, or conflict resolution (Hollinger, 2006; Washington and Beecher, 2010; Buendía, 2010). Interestingly, once again these projects are generally focused on active cultural participation, as it is made possible for instance by programs of music education. And again, more generally, the indirect effect of cultural participation on social cohesion is the overcoming of self- and others-stereotyping (e.g. Amin, 2002) as provoked by incumbent social prejudices, often linked to ethnicity factors (e.g. Madon et al. 1998). There have been strategic approaches to cultural infrastructuring that have explicitly taken into account the social cohesion dimension and have addressed it in systematic ways, as it is the case e.g. for the *Maisons Folie* system of cultural facilities realized by the Région Nord-Pas de Calais in the context of Lille 2004 European Culture Capital (Paris and Baert, 2011), which have created spaces of multi-cultural interaction and social exchange in socially critical areas, facilitating mutual knowledge and acquaintance of people becoming to different, and often mutually segregated, ethnic communities. The indirect effects of cultural participation on social cohesion are due to the fact that increased participation gives individuals and groups new skills to conceptualize and understand diversity and to reprogram their behavior from defensive hostility to communication, while at the same time uncovering new possibilities for one's personal development. Looking at the costs of social conflict across Europe, this link might well be the object of some target experimentation with possibly serious macroeconomic (and of course social) consequences.

A fifth link is with **new entrepreneurship models**. There is a clear perception that the cultural and creative field may be a powerful incubator of new forms of entrepreneurship (Scott, 2006; Eikhof and Haunschild, 2006), and the rapid growth of the online content industries, just to make a particularly evident example, is creating the stage for a new entrepreneurial cultural with a strong generational basis (Mason, 2008). At the EU level, this scenario is being taken seriously enough (CSES, 2010), but the development of creative entrepreneurship still lags behind substantially if compared to the attention and resources devoted to development and support of entrepreneurship in other sectors of the economy. Most importantly, developing a new, successful generation of creative entrepreneurs in Europe is essential to secure the future competitiveness of European cultural and creative productions, and more generally a relevant component of a possible European leadership in the emergent knowledge economy. Of special interest is also the fact that these new forms of entrepreneurship could improve significantly the employability of graduates from the humanities sectors, which are commonly considered to have a weaker employability

potential than the graduates from quantitative and technology areas in more traditional areas of innovative entrepreneurship.

A sixth link is with ***lifelong learning*** and the development of a learning society. The link between effectiveness of lifelong learning and intelligence, meant as the development of capacities allowing the successful adaptation, selection and shaping of the environmental context, has been well established (Sternberg, 1997), and again there is a clear connection between the development of this form of intelligence and acquired cultural capital (DiMaggio, 1982), an effect that may be regarded as a consequence of strong evolutionary selection pressures (Herrmann et al., 2007). The association between active cultural participation and lifelong learning is thus a pretty natural one, and unlike others is not particularly surprising. In fact, one might even think of active cultural participation as a specific form of lifelong learning. It is however an open and interesting point to check whether, and to what extent, one actually finds out a strong and stable association between breadth and effectiveness of lifelong learning programs and (active) cultural access figures, and research on this topic by the author of this paper and coworkers is actually in progress. As lifelong learning is in turn well targeted by structural funds programming and takes a central place in EU long-term strategies (e.g. Jones, 2005), it could be of interest to launch and pursue innovative programs and actions that exploit the strategic complementarities between the former and culturally and creatively based communities of practice as instances of advanced platforms of cultural and creative production.

A seventh link is with ***soft power***. Starting from the seminal work of Nye (2004), there is today a strong awareness of the fact that cultural and creative production may contribute to a great extent to increase the visibility, reputation and authoritativeness of a country at all levels of international relationships, from the political to the economic. A high level of soft power may open up new markets to national products through the identification and emulation dynamics which are typical of post-industrial consumption (Jaffe and Nebenzahl, 2006), may attract more visitors, talents and investments, may stimulate new, sophisticated strategies of value creation through branding and marketing tools. The Monocle-Institute for Government soft power index (McClory, 2010) reveals that many EU countries are world leaders in the field (they take 7 out of the top 10 ranks), though it must be noted that the scenario is rapidly evolving and many non-European new champions are breaking through and are likely to aspire to high ranks in the close future (an outstanding example in this respect being the impressive recent growth of South Korea's soft power in the Far Eastern Asian region by means of the so called 'Korean Wave'; see e.g. Dator and Seo, 2004; Huat and Iwabuchi, 2008). As with the former link, the relationship between cultural and creative production (and participation) is so strong and direct that it does not need to be overly argued. What is less mechanical, however, is finding out effective ways of mainstreaming a country's cultural and creative contents to global cultural and economic platforms. In this field, a primary role is played by national cultural outreach networks such as the British Council, the Alliance Française, the Goethe Institut, the IFA etcetera. At the EU level, however, very little has been done so far in terms of maintaining European-focused forms of soft power – an option that, in the medium-long run, could become important in view of the scale of likely future competitors like the BRICs (Brazil, Russia, China, India) and of most

further newcomers. Thus, another area where the boosting of cultural production and participation may bring about indirect effects of macroeconomic relevance is the development of new forms of cooperation among EU countries aimed at reinforcing Europe's competitive edge on goods and services markets through the global branding and co-marketing of European cultural and creative production.

Lastly, an eighth link is that with **local identity**. In recent times, considerable emphasis has been put on the role of the installment of new, spectacular cultural facilities in the catering for global visibility of one specific urban or regional milieu (e.g. Plaza, 2008), and more generally on the role of culture in re-defining the social and symbolic foundations of the place, let alone its local development model (e.g. Evans, 2009). This is probably one of the best understood indirect macroeconomic effects of cultural production and participation, but it is worth to remark how such effect has been often misread as the last version of a commodification-based economy of mass spectacle (as denounced e.g. by Gotham, 2002). Quite the contrary, the developmental potential of a culturally-rebuilt local identity lies in the capacity to stimulate new dynamics of production of cultural content and new modes of cultural access by the local community, as a consequences of the new opportunities created by the attraction of outside resources, as it has been for instance the case with the Newcastle/Gateshead urban renewal strategy (e.g. Bailey et al., 2004). Aiming to generate the basis of a new cultural governance that relies in local identity and that brings sustainable development considerations into cultural policies, the Agenda 21 for culture (<http://www.agenda21culture.net>) encourages cities to elaborate long-term cultural strategies and invites the cultural system to influence the key planning instruments of the city/region. Within the context of a more coherent and comprehensive strategy of systematic coordination of all of the indirect effects of cultural production and participation, it would be very important to orientate local projects of cultural revitalization toward a pro-active, participative approach that builds local skills and capabilities assets rather than toward mounting inauthentic, instrumental spectacles to the benefit of hit-and-run tourism.

We are thus defining a 8-tiers model of the indirect developmental effects of culture that finds its full sense within a proper Culture 3.0 framework where active cultural access and participation becomes the social norm and the natural orientation of knowledge economies and societies. This is not to say, of course, that the direct macroeconomic effect of the growth of cultural and creative industries becomes negligible or less important in this phase. Quite the contrary: As we have argued, there is a strong complementarity between the direct economic channel and the indirect ones, in that they concur to increase individual participation and access to cultural opportunities and stimulate further culturally-related capability building. Likewise, the Culture 3.0 scheme is not denying the developmental role of cultural tourism: It is simply arguing that it should not be taken as the main driver of culture-led development, as it could be done in a mature Culture 1.0 perspective, but rather as a complementary sector which generates economic value as a *consequence* of the main drivers. A culturally thriving milieu can also attract cultural tourism, but the vice versa is not true, in the sense that high tourist flows without a strong and lively base of cultural production quickly transforms the milieu in a tourist-dependent theme park (Russo, 2002; Russo and Caserta, 2002).

Reshaping the rationale of structural funds programming for cultural and creative production: From public patronage to system-wide competitiveness strategy (via strategic investment)

As the 2000-2006 cycle of structural funds programming in the cultural field was shaped by a prevailing Culture 1.0 conceptualization and the 2007-2013 one apparently feeds upon a Culture 2.0 one, the possibility arises that the future 2014-2020 cycle be shaped around a Culture 3.0 vision which integrates in a common framework both the direct and indirect effects of cultural production and participation. The shift from a (mature) Culture 1.0 to a (still emergent and tentative) Culture 3.0 perspective may be regarded as a shift from a public patronage perspective to a system-wide competitiveness strategy one, passing through a phase of strategic investment in cultural and creative tangible and intangible assets which is the hallmark of the Culture 2.0 phase, and which has still to be thoroughly deployed. This transition parallels, by structural analogy, the well-known Porterian view of the evolution of competitiveness in traditional manufacturing industries from the cost-driven to the investment-driven to the innovation-driven model (Porter, 2003). As it happened with the latter, with countries and regions lagging behind in terms of competitiveness because of their failure to understand the undergoing changes in competitive paradigms and the consequent failure to adapt, an analogous delay in response is occurring now in the cultural field, which has been, in addition, customarily overlooked by policy makers. In this perspective, the role of structural funds programming can be that of orchestrating a coherent and far reaching range of projects and initiatives that, taken together, flesh out the new paradigm, unlock its potential, and explore the opportunity landscapes that come with it.

That a substantial expansion of the scope of cultural programming is needed can be inferred, for instance, by the extremely limited space assigned to culture in the Europe 2020 strategy, as opposed e.g. to education (e.g. Roth and Thum, 2010) – a clear nonsense in the light of a mature vision of the culture-related structural interdependences between sectors and fields as it is provided by the 8-tiers model. But to what extent there is an awareness of the necessity of taking culture more seriously, and to exploit its strategic potential?

The recent 'green paper' on the regional dimension of cultural and creative industries (EU, 2010) and the massive wave and response that it has generated across the EU can be seen as a positive signal of awareness. Some of the points raised by responders are pretty coherent with some of the tiers that have been presented in the previous section. In particular, there is a general point raised by several respondents that urges to explore the boundaries of creative activities and to stimulate the role of creativity outside the specific realm of cultural and creative industries. Moreover, there is an emphasis on the role of cultural and creative industries as a platform for social cohesion and as key ingredients of 'smart specialization' strategies that may reshape local identity. From the responses, however, it is also possible to conclude that there is a basic lack of a common perspective, and the complex web of structural interdependences that links culture to other components of the social and economic systems are still largely overlooked.

On the other hand, respondents place is a strong and necessary emphasis on an upgraded engineering of development strategies in terms of designing and implementing appropriate intermediaries and transfer agents, maintaining more effective and pervasive forms of networking, improving governance and building a common, viable informational and knowledge base.

Within this encouraging framework, we can therefore attempt at evaluating what are some of the emerging issues that could be taken up by the forthcoming 2014-2020 structural programming within a Culture 3.0 perspective.

First of all, there is of course the possibility to build specific actions to explore and pursue further each one of the 8 tiers, and their relationships with strategies for improved viability and competitiveness of cultural and creative industries, both at the national and at the regional level. In some cases, it is a matter of better focusing actions and initiatives that are already in progress, as it is for tiers such as innovation, social cohesion, new entrepreneurship or local identity. In other cases, it is a matter of connecting in a more explicit and effective way strategies that have been so far pursued without taking into account actual interdependencies, as it is the case for lifelong learning and soft power. On other cases, it is rather a matter of recognizing and exploring links that have been so far missing from the global picture altogether, as it is the case for tiers such as welfare and sustainability. There is also the possibility of working on the association between combinations of tiers, such as, say, the welfare/social cohesion connection, working out a possible 'social criticality' driver addressing the various situations where culture may contrast situations of marginality and disadvantage through specific forms of capability building. Or one could develop the soft power/local identity connection, where the two tiers can be seen as the two hands of a binary system, with the soft power dimension working more at the national level and as a bridging cultural identity asset, and the local identity one working at the regional and urban level as a bonding cultural identity asset. Specific connections of particular strategic interest could be suitably explored, elaborated upon and highlighted as orientating principles for the next cycle of structural programming.

Moreover, there is the possibility to explore the new professional and entrepreneurial profiles that emerge from the more complex structural interdependence between culture and other productive sectors that is typical of the Culture 3.0 scenario. To these new profiles, there correspond of course new opportunities and challenges in terms of employability, institutional and educational mainstreaming, and reference standards and good practices. For instance, the welfare or the social cohesion tiers prospect the possibility of educating new professional figures that can act as specialized and skilled operators in the fields of culturally mediated psychophysical prevention and social animation. In fact, in practically all of the 8 tiers one can foreshadow possible emerging professional profiles and interesting opportunities for new services to be provided through market and/or non-market channels.

Furthermore, there is the possibility to further enlarge the scope of specific sectors of the cultural and creative industries by suitably internalizing some of the tiers and by building new 'hybrid' sectors. For instance, one might think of specific platforms of cultural and creative contents targeted at building new, highly coordinated communities of practice for the

achievement Agenda21 sustainability targets, where contents are not aimed at improving the communication of already defined strategies and actions, but become the layers of meaning on which to develop new models and practices of sustainability derived from massively parallel forms of collective intelligence (Kittur and kraut, 2008; Golub and Jackson, 2010).

Finally, there is the incredibly vast and simulating challenge of further integrating cultural and creative contents into the value chains of what are by now thought of as non-creative sectors. Pioneering examples of far-sighted companies experimenting in this field abound (e.g. Comunian, 2009), but they are still way too isolated to identify a trend with macroeconomic significance. On the other hand, the available figures say that, in countries such as the UK, some 35% of the creative workforce is currently employed in non-creative sectors (Higgs et al., 2008), thus suggesting that there is already an ongoing structural transformation that might make space in the close future, further complicating our understanding of the role of culture in post-industrial economies. But from a Culture 3.0 perspective, this development is not a source of confusion, but rather a natural and expected consequence of the increasing pervasiveness of cultural contents across the most diverse value chains. And the challenge of designing strategies to fully exploit this new potential is an entirely viable one. But then we have to clarify beyond doubt that culture *should* really take a central place in EU competitiveness and cohesion strategies. If one, this is the ultimate objective that must be achieved with the next 2013-2020 round of structural funds programming.

References

- Adorno T, Horkheimer M (1993 [orig. 1944]), The culture industry: Enlightenment as mass deception, in Dialectic of enlightenment, Continuum Press, New York.
- Amin A (2002), Ethnicity and the multicultural city: Living with diversity, Environment and Planning A 34, 959-980.
- Bailey C, Miles S, Stark P (2004), Culture-led urban regeneration and the revitalization of identities in Newcastle, Gateshead and the North East of England, International Journal of Cultural Policy 10, 47-65.
- Bakhshi H, McVittie E, Simmie J (2008), Creating innovation. Do the creative industries support innovation in the wider economy?, NESTA Research Report, London.
- Bergquist M, Ljungberg J (2001) The power of gifts: Organizing social relationships in open source communities, Information Systems Journal 11, 305-320.
- Billett S (1994), Searching for authenticity – a sociocultural perspective of vocational skills development, Vocational Aspects of Education 46, 3-16.
- Boschma RA (2005), Proximity and innovation: A critical assessment, Regional Studies 39, 61-74.

Bucci A, Segre G (2011), Human and cultural capital complementarities and externalities in economic growth, *Research in Economics*, in press.

Buendia FC (2010), More carrots than sticks: Antanas Mockus's civic culture policy in Bogotá, *New Directions for Youth Development* 125, 19-32.

Carlsson B, Jacobsson S, Holmén M, Rickne A (2002), Innovation systems: Analytical and methodological issues, *Research Policy* 31, 233-245.

Caserta S, Russo AP (2002), More means worse: Asymmetric information, spatial displacement and sustainable heritage tourism, *Journal of Cultural Economics* 26, 245-260.

Comunian R (2009), Toward a new conceptual framework for business investments in the arts: Some examples from Italy, *Journal of Arts Management, Law and Society* 39, 200-220.

Craik J (2007), Re-visioning arts and cultural policy. Current impasses and future directions, Australian National University e-Press, Canberra.

Crociata A, Lilla M, Sacco PL (2011), Recycling waste: Does culture matter?, mimeo, IULM University, Milan.

CSES (2010), Study on the contribution of culture to local and regional development – Evidence from the structural funds, final report, Centre for Strategy and Evaluation Services, Kent.

Dator J, Seo Y (2004), Korea as the wave of the future. The emerging dream society of icons and aesthetic experience, *Journal of Futures Studies* 9, 31-44.

DiMaggio P (1982), Cultural capital and school success: The impact of status culture participation on the grades of US high school students, *American Sociological Review* 47, 189-201.

Duncan C (1991) Art museums and the ritual of citizenship, in I Karp & SD Lavine (Eds), *Exhibiting cultures: The poetics and politics of museum display*, Smithsonian Institute, Washington DC, 88-103.

Eikhof DR, Haunschild A (2006), Lifestyle meets market: Bohemian entrepreneurs in creative industries, *Creativity and Innovation Management* 15, 234-241.

EU (2010), Green paper. Unlocking the potential of cultural and creative industries, The European Commission, Bruxelles.

Eurobarometer (2007), European cultural values, Special Eurobarometer #278, The European Commission, Bruxelles.

Evans G (2009), Creative cities, creative spaces and urban policy, *Urban Studies* 46, 1003-1040.

Golub B, Jackson MO (2010), Naïve learning in social networks and the wisdom of crowds, *American Economic Journal: Microeconomics* 2, 112-149.

Gotham KF (2002), Marketing Mardi Gras: Commodification, spectacle and the political economy of tourism in New Orleans, *Urban Studies* 39, 1735-1756.

Greenfield PM, Keller H, Fuligni A, Maynard A (2003), Cultural pathways through universal development, *Annual Review of Psychology* 54, 461-490.

Grossi E, Sacco PL, Tavano Blessi G, Cerutti R (2011a), The impact of culture on the individual subjective well-being of the Italian population: An exploratory study, *Applied Research in Quality of Life*, in press.

Grossi E, Tavano Blessi G, Sacco PL, Buscema M (2011b), The interaction between culture, health, and psychological well-being: Data mining from the Italian culture and well-being project, *Journal of Happiness Studies*, in press.

Gruenfeld E (2010), Thinking creatively is thinking critically, *New Directions for Youth Development* 125, 71-83.

Herrmann E, Call J, Hernandez-Lloreda MV, Hare B, Tomasello M (2007), Humans have evolved specialized skills of social cognition: The cultural intelligence hypothesis, *Science* 317, 1360-1366.

Hesmondhalgh D (2002), *The cultural industries*, Sage, London.

Higgs P, Cunningham S, Bakhski H (2008), *Beyond the creative industries. Mapping the creative economy in the United Kingdom*, NESTA Research Report, London.

Hillman-Chartrand H, McCaughey C (1989), The arm's length principle and the arts: An international perspective – past, present and future, in Cummings M & Schuster JMD, *Who's to pay for the arts? The international search for models of support*, American Council for the Arts Books, New York, 43-80.

Hollinger DM (2006), *Instrument of social reform: A case study of the Venezuelan system of youth orchestras*, PhD dissertation, Arizona State University.

Howkins J (2001) *The creative economy. How people make money from ideas*, Allen Lane, London.

Huat CB, Iwabuchi K (Eds) (2008), *East Asian pop culture. Analysing the Korean wave*, Hong Kong University Press, Hong Kong.

Jaffe ED, Nebenzahl ID (2006), *National image and competitive advantage*, second edition, Copenhagen Business School Press, Copenhagen.

Jones HC (2005), Lifelong learning in the European Union: Whither the Lisbon Strategy?, *European Journal of Education*, 40, 247-260.

- KEA (2006), *The economy of culture in Europe*, KEA European Affairs, Bruxelles.
- KEA (2009), *The impact of culture on creativity*, KEA European Affairs, Bruxelles.
- Kittur A, Kraut RE (2008), *Harnessing the wisdom of crowds in Wikipedia: Quality through coordination*, Proceedings of the 2008 ACM Conference on Computer Supported Cooperative Work, Carnegie Mellon University, Pittsburgh.
- Koonlaan BB, Bygren LO, Johansson SE (2000), *Visiting the cinema, concerts, museums or art exhibitions as determinant of survival: A Swedish fourteen-year cohort follow-up*, Scandinavian Journal of Public Health 28, 174-178.
- Madon S, Jussim L, Keiper S, Eccles J, Smith A, Palumbo P (1998), *The accuracy and power of sex, social class, and ethnic stereotypes: A naturalistic study in person perception*, Personality and Social Psychology Bulletin 24, 1304-1318.
- Mason M (2008), *The pirate's dilemma: How youth culture is reinventing capitalism*, The Free Press, New York.
- McClory J (2010), *The new persuaders: An international ranking of soft power*, Institute for Government, London.
- McCracken G (1986), *Culture and consumption: A theoretical account of the structure and movement of the cultural meaning of consumer goods*, Journal of Consumer Research 13, 71-84.
- McElroy MW (2001), *Social innovation capital*, Journal of Intellectual Capital 3, 30-39.
- Nye J (2004), *Soft Power. The means to success in world politics*, PublicAffairs, New York.
- Paris D, Baert T (2011), *Lille 2004 and the role of culture in the regeneration of Lille Métropole*, Town Planning Review 82, 29-44.
- Pine BJII, Gilmore JH (2011), *The experience economy, updated edition*, Harvard Business Press, Cambridge Mass.
- Plaza B (2008) *On some challenges and conditions for the Guggenheim Museum Bilbao to be an effective economic re-activator*, International Journal of Urban and Regional Research 32, 506-517.
- Porter ME (2003), *Building the microeconomic foundation of prosperity: Findings from the Microeconomic Competitiveness Index*, in Global Competitiveness Report 2002-2003, World Economic Forum, Harvard University Press, Cambridge (Mass), 29-56.
- Potts JD, Cunningham SD, Hartley J, Ormerod P (2008), *Social network markets: A new definition of the creative industries*, Journal of Cultural Economics 32, 166-185.
- Roth F, Thum AE (2010), *The key role of education in the Europe 2020 strategy*, CEPS Working Document 338, Centre for European Policy Studies, Bruxelles.

Russo AP (2002), The 'vicious circle' of tourism development in heritage cities, *Annals of Tourism Research* 29, 165-182.

Sacco PL, Ferilli G, Pedrini S (2008) System-wide cultural districts: An introduction from the Italian viewpoint, in S Kagan & V Kirchberg (Eds), *Sustainability: A new frontier for the arts and cultures*, VAS Verlag, Frankfurt a.M., 400-460.

Sacco PL, Nuccio M, Tavano Blessi G (2009), Cultural policies and local planning strategies: What is the role of culture in local sustainable development?, *Journal of Art Management, Law, and Society* 39, 45-64.

Sacco PL, Segre G (2009), Creativity, cultural investment and local development: A new theoretical framework for endogenous growth, in Fratesi U & Senn L (Eds), *Growth and innovation of competitive regions. The role of internal and external connections*, Springer, Berlin, 281-294.

Sassoon D (2006), *The culture of the Europeans. 1800 to the present*, HarperPress, London.

Schmidt L, Gil Nave J, Guerra J (2006), Who's afraid of Local Agenda 21? Top-down and bottom-up perspectives on local sustainability, *International Journal of Environment and Sustainable Development* 5, 181-198.

Scott AJ (2006), Entrepreneurship, innovation, and industrial development: Geography and the creative field revisited, *Small Business Economics* 26, 1-24.

Sen A (2000) *Development as freedom*, Anchor Books, New York.

Solis (2011), *Engage. The complete guide for brands and businesses to build, cultivate, and measure success in the new web*, revised edition, Wiley, New York.

Sternberg RJ (1997), The concept of intelligence and its role in lifelong learning and success, *American Psychologist* 52, 1030-1037.

Tapscott D, Williams AD (2006), *Wikinomics. How mass collaboration changes everything*, Portfolio, New York.

Throsby D (2008a) The concentric circles model of the cultural industries, *Cultural Trends* 17, 147-164.

Throsby D (2008b) Modelling the cultural industries, *International Journal of Cultural Policy* 14, 217-232.

Velthuis O (2005) *Talking prices. Symbolic meanings of prices on the markets for contemporary arts*. Princeton University Press, Princeton.

Washington DM, Beecher DG (2010), Music as social medicine: Two perspectives on the West-Eastern Divan Orchestra, *New Directions for Youth Development* 125, 127-140.