

CULTURAL-PRODUCTS INDUSTRIES AND URBAN ECONOMIC DEVELOPMENT

Prospects for Growth and Market Contestation in Global Context

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The article begins with a brief definition of the cultural economy. A first generation of local economic development policy approaches based on place marketing and associated initiatives is described. The possibilities of a more powerful second-generation approach are then sketched out with special emphasis on localized complexes of cultural-products industries. An extensive review and classification of these complexes is laid out, and their inward and outward relations to global markets are considered. On this basis, a critical discussion of local economic policy options focused on cultural-products industries is offered. Contrasting examples of development initiatives in major global cities, in selected old manufacturing towns, and in the Multimedia Super Corridor of Malaysia are briefly presented. It is suggested that the growth and spread of localized production agglomerations based on cultural-products industries are leading not to cultural uniformity but to greatly increased diversity at the global level.

Keywords: *agglomeration; cultural economy; globalization; industrial districts; local economic development; place marketing*

Over the past decade or so, the industrial profile of many countries has tilted perceptibly in the direction of a new creative or cultural economy. In some countries, indeed, the cultural economy is now one of the major frontiers of expansion of output and employment. This turn of events is actually one facet of the wider resurgence of a so-called new economy generally in

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contemporary capitalism, where by the term “new economy,” I mean a collection of manufacturing and service sectors whose operating features involve a high level of organizational and technological flexibility, transactions-intensive interfirm relations, and the production of design-intensive outputs. Significant segments of high-technology manufacturing, business and financial services, and, most pertinently for present purposes, the cultural economy fit this description (Lash and Urry 1994; Scott 2000a; Healy 2002), and all of them are the objects of intense scrutiny at the present time for their local economic development and growth potentials.

The modern cultural economy can be broadly represented by sectors (equivalently, cultural-products industries) that produce goods and services whose subjective meaning, or, more narrowly, sign-value to the consumer, is high in comparison with their utilitarian purpose. Bourdieu (1971) refers to the outputs of sectors like these as having socially symbolic connotations. Cultural-products industries can thus be identified in concrete terms as an ensemble of sectors offering (1) service outputs that focus on entertainment, edification, and information (e.g., motion pictures, recorded music, print media, or museums) and (2) manufactured products through which consumers construct distinctive forms of individuality, self-affirmation, and social display (e.g., fashion clothing or jewelry). The cultural economy, then, constitutes a rather incoherent collection of industries, though for our purposes, these are bound together as an object of study by three important common features. First, they are all concerned in one way or another with the creation of aesthetic and semiotic content. Second, they are generally subject to the effects of Engels’ Law, meaning that as disposable income expands, consumption of these outputs rises at a disproportionately higher rate (Beyers 2002). Third, they are frequently subject to competitive pressures that encourage individual firms to agglomerate together in dense specialized clusters or industrial districts, while at the same time their products circulate with increasing ease on global markets.

It must be stressed at once that there can be no hard and fast line separating industries that specialize in purely cultural products from those whose outputs are purely utilitarian. On the contrary, there is a more or less unbroken continuum of sectors ranging from, say, motion pictures or recorded music at the one extreme, through an intermediate series of sectors whose outputs are varying composites of the cultural and the utilitarian (such as office buildings, cars, or kitchen utensils), to, say, iron ore and wheat at the other extreme. One of the peculiarities of modern capitalism is that the cultural economy continues to expand at a rapid pace not only as a function of the growth of discretionary income but also as an expression of the incursions of sign-value into ever widening spheres of productive activity as firms seek to

intensify the design content and styling of their outputs in the endless search for competitive advantage (Lawrence and Phillips 2002).

Cultural-products industries are therefore significantly on the rise of late, and they are notably visible as drivers of local economic development at selected locations, above all in large cosmopolitan cities but also in many other kinds of geographical contexts. Even such unlikely places as certain old manufacturing towns in the Midlands and north of England (Wynne 1992a), or the German Ruhr-Gebiet (Gnad 2000), once widely thought of as representing quite inimical milieux for this type of enterprise, are now selectively blooming as sites of cultural production. Authors such as Bassett (1993), Bianchini (1993), Bryan et al. (2000), Dziembowska-Kowalska and Funck (1999), Fuchs (2002), Heilbrun and Gray (1993), Hudson (1995), Landry (2000), Lorente (2002), Myerscough (1988), O'Connor (1998), Throsby (2001), Weinstein and Clower (2000), and Whitt (1987), among others, have all commented on the potentialities of the cultural economy for job creation and urban regeneration in stagnating areas. So forceful is the rising tide of optimism in this matter that the same kind of overhasty faith that was so frequently placed in high-technology industry as a universal local economic developmental panacea in the 1980s and 1990s may well be on the point of reemerging today under the mantle of the cultural economy. The present article is an attempt to assess the real possibilities of cultural-products industries as instruments of urban and regional growth while simultaneously maintaining a judicious eye on the limitations and pitfalls that are likely to be attendant on any major policy thrusts in this direction.

FIRST-GENERATION CONCEPTS AND PRACTICES

Some time in the early 1980s, a rising awareness of a connection between aspects of the urban cultural environment and local economic development began to make its appearance. This was not a completely novel perception, but it assumed new plausibility in the light of multiplying practical achievements in the domain of place marketing and the exploitation of heritage for economic gains. Hitherto, local economic development programs had been greatly influenced by economic-base and growth-pole theories, which were seen as offering the most potent guidelines for salvation (cf. Perroux 1961). From this perspective, moreover, cultural-products industries were taken to be almost entirely irrelevant. The one possible exception to the latter remark was the tourist industry, which, from an early stage, was sporadically extolled for its developmental possibilities in areas otherwise devoid of exploitable economic resources (see, e.g., Wolfson 1967).

The emergence of place marketing and associated heritage-industry programs for local economic development represents a significant shift in emphasis by comparison with these earlier formulae. These programs have been much in favor with entrepreneurial municipal governments over the past couple of decades (cf. Harvey 1989), and many localities have established different sorts of agit-prop agencies directed to improving their public image. The same programs can be represented as a sort of first-generation attempt to manipulate symbolic assets in pursuit of local economic growth. Since the 1980s, programs such as these have grown apace, and they have been particularly concerned with upgrading and redeveloping local cultural resources, including historical and artistic attractions of all varieties (Philo and Kearns 1993; Graham, Ashworth, and Tunbridge 2000, 657). Arts funding schemes often play a role as adjuncts to these programs (Williams 1997; Kong 2000a, 2000b). One objective is to attract increased numbers of visitors from other areas. Another, and possibly more important goal, is to enhance the image and prestige of particular places so as to draw in upscale investors and the skilled high-wage workers who follow in their train. These types of programs are also much in vogue as ways of encouraging urban regeneration, a feature that is exemplified in especially dramatic terms by numerous old industrial cities and regions that have recycled deteriorated commercial and manufacturing properties as tourist and entertainment facilities (Bianchini 1993).

Additional methods of advancing local visibility and generating added income revolve around the promotion of festivals, carnivals, sports events, and similar mass spectacles (Gratton, Dobson, and Shibli 2001; Ingerson 2001). Local traditions and cultural idiosyncrasies offer a mine of useful resource possibilities here, as exemplified by the Bayreuth Wagner Festival, the International Festival of Geography at St. Dié-des-Vosges,¹ or New Orleans's Mardi Gras (Gotham 2002). In the same way, the small Welsh market town of Hay-on-Wye has parlayed its annual literary festival and its profusion of second-hand bookstores into a worldwide tourist attraction. The success of Hay-on-Wye has encouraged numerous imitators in various parts of the world to follow its example (Seaton 1996). Another illustration of the conversion of local cultural peculiarities into visitor attractions is provided by Kinmen, Taiwan, where a long-standing arts and crafts tradition has been turned into a magnet for tourists (Yang and Hsing 2001). Nel and Birns (2002) describe an analogous case in Still Bay, South Africa, where the municipality has used place marketing of its coastal location and climatic advantages to overcome a long history of economic stagnation. One of the most remarkable instances of the remaking and marketing of place in recent years is furnished by the Guggenheim Museum in Bilbao, an initiative that

has turned an old and stagnant industrial area into a world-renowned tourist center (Lorente 2002).

Examples like these might be multiplied over and over again. The important point is that although these first-generation lines of attack have achieved some notable successes, they are nonetheless greatly constrained as to both their range of applications and their likely economic results. Place-marketing strategies and allied methods of local economic development continue to be useful elements of the policy maker's toolkit, but they need to be put in due perspective, especially by comparison with an alternative (or, rather, complementary) set of approaches that has more recently started to come into focus. This remark points directly to a second-generation policy vision directed less to the selling of places in the narrow sense than to the physical export of local cultural products to markets all over the world.

THE CULTURAL ECONOMY AND LOCAL ECONOMIC DEVELOPMENT

THE RISE AND INCIDENCE OF CULTURAL-PRODUCTS INDUSTRIES

Several efforts have been made of late to assess the quantitative importance of cultural-products industries as a whole in different countries. Needless to say, such efforts are fraught with severe definitional problems. Even if a common definition of the cultural economy could be agreed upon, the disparate official industrial and occupational codes currently in use across the world would still make it impossible to establish fully comparable sets of accounts. All that being said, the published evidence, such as it is, suggests that cultural-products industries constitute an important and growing element of modern economic systems. Pratt (1997), for example, has shown that for the case of Britain in 1991, a little less than 1 million workers (4.5% of the total labor force) were employed in what he calls "cultural industries," which he defines by reference to four groups of sectors: original production, infrastructure, reproduction, and exchange.² In another study, using a definition based on standard industrial categories, Scott (2000a) has indicated that cultural-products industries in the United States accounted for just more than 3 million workers (2.4% of the total labor force) in 1992. Florida (2002) suggests that many more U.S. workers can actually be classified as being engaged in creative labor, but his definition is based on a rather generous interpretation of occupational rather than more narrowly circumscribed sectoral categories. At the same time, employment in cultural-products industries

appears to be overwhelmingly located in large cities (cf. Hall 1998). Thus, Pratt's data show that London accounts for 26.9% of employment in British cultural-products industries. Scott's analysis indicates that in the United States, more than 50% of all workers in cultural-products industries were concentrated in metropolitan areas with populations of 1 million or more, and of this percentage, the majority was actually to be found in just two centers, namely, New York and Los Angeles. Power (2002), following Pratt's definitional lead, finds that most workers in the Swedish cultural economy (which accounts for 9% of the country's total employment) are located in Stockholm. García, Fernández, and Zoffo (2003) estimate that 4.5% of Spain's total gross domestic product is generated by the cultural economy, with Madrid being by far the dominant geographic center.

This brief empirical testimony suggests that although cultural-products industries still constitute only a modest proportional element of national economic systems, they do generate sizable contributions to absolute employment and income. In many metropolitan areas, cultural-products industries are a principal element of the economy, and they are typically growing with great rapidity in these same areas. Accordingly, large metropolitan areas offer what is probably the most auspicious environment for developmental initiatives based on the cultural economy. Even so, some major cities, such as Singapore, Hong Kong, or Sydney, are relatively deficient in cultural-products industries, and in each of these instances, local policy makers are girding up for concerted attacks on this problem (Kong 2000a; Gibson, Murphy, and Freestone 2002; Central Policy Unit 2003). It must be added that numerous small and medium-sized towns are also flourishing sites of cultural economic development, and notwithstanding the quantitative importance that I have ascribed to large metropolitan areas, one must not lose sight of this other dimension of the issue.

THE FUNCTIONAL CHARACTERISTICS OF CULTURAL-PRODUCTS INDUSTRIES

From the perspective of the local economic development policy maker, many of the most relevant aspects of the cultural economy revolve around questions of industrial organization and location. Because there is already a large literature pertinent to these questions, I shall here simply highlight a few of the more outstanding points.

Like most other sectors that make up the new economy, cultural-products industries are composed of swarms of small producers complemented by many fewer numbers of large establishments. Small producers in the cultural economy are much given to flexible specialization (Shapiro et al. 1992), or, in

a more or less equivalent phrase, to neo-artisanal forms of production (Eberts and Norcliffe 1998; Norcliffe and Eberts 1999). Large firms in the cultural economy occasionally tend toward mass production (which would generally signify a diminution of symbolic function in final outputs) but are increasingly prone to organization along the lines of “systems houses,” a term used in the world of high-technology industry to signify an establishment whose products are relatively small in number over any given period of time but where each individual unit of output represents huge inputs of capital and/or labor (Scott 2002b). The major Hollywood movie studios are classic cases of systems houses; other examples of the same phenomenon—or close relatives—are magazine publishers (but not printers), electronic games producers, television network operators, and, possibly, leading fashion houses. Intermittent festivals or mass spectacles might be classified under the same rubric. Systems houses are of particular importance in the cultural economy because they so frequently act as the hubs of wider production networks incorporating many smaller firms. Equally, and nowhere more than in the entertainment industry, they play a critical part in the financing and distribution of much independent production. In addition, large producers right across the cultural economy are increasingly subject to incorporation into the organizational structures of giant multinational conglomerates.

Production activities in the cultural economy are typically carried out within shifting networks of specialized but complementary firms. Such networks assume different forms, ranging from heterarchic webs of small establishments to more hierarchical structures in which the work of groups of establishments is coordinated by a dominating central unit, with every possible variation between these two extreme cases. As analysts such as Caves (2000), Grabher (2002), Krätke (2002), Pratt (2000), Storper and Christopherson (1987), and others have repeatedly observed, much of the cultural economy can be described as conforming to a contractual and transactional model of production. The same model extends to the employment relation, with part-time, temporary, and freelance work being particularly prevalent. The instabilities associated with this state of affairs often lead to intensive social networking activities among skilled creative workers, especially those employed in new media industries, as a means of keeping abreast of current labor-market trends and opportunities (Scott 1998b; Batt et al. 2001; Christopherson 2002). Within the firm, these same workers are often incorporated into project-oriented teams, a mode of work organization that is rapidly becoming the preferred means of managing internal divisions of labor in the more innovative segments of the modern cultural economy (Grabher 2001; Ekinsmyth 2002; Girard and Stark 2002; Heydebrand and Mirón 2002; Sydow and Staber 2002). In sectors such as clothing or

furniture, where low-wage manual operators account for a high proportion of total employment, piecework and sweatshop conditions are more apt to be the prevailing modes of managing the labor force, though these sectors also have high-wage, high-skill segments.

PLACE AND PRODUCTION

Cultural-products industries with transactional and labor-market conditions like these almost always operate most effectively when the individual establishments that make them up exhibit at least some degree of locational agglomeration (Storper and Scott 1995; Scott 2000a). This proposition refers not only to economic efficiency as such but also to the innovative energies that are unleashed from time to time in industrial clusters as information, opinions, cultural sensibilities, and so on are transmitted through them (Scott 1999a; Rantisi 2002a). Molotch (1996, 2002) has argued that agglomerations of design-intensive industries acquire place-specific competitive advantages by reason of local cultural symbologies that become congealed in their products and that imbue them with authentic character. This kind of advantage, of course, is exactly what Chamberlin (1933) had in mind in his theory of monopolistic competition, just as Ricardo ([1817] 1971) referred to the associated surplus profits as monopoly rent. Successful cultural-products agglomerations, too, are irresistible to talented individuals who flock in from every distant corner in pursuit of professional fulfillment (Blau 1989; Menger 1993; Montgomery and Robinson 1993). These are habitats par excellence of what Florida (2002) has called the "creative class," though I would argue that Florida's euphoric analysis ascribes altogether too much social autonomy to the rise of this fraction of the workforce and pays far too little attention to the concrete technological, organizational, and geographic conditions that underlie the actual formation of labor markets.

All of this suggests that a tight interweaving of place and production system is one of the essential features of the new cultural economy of capitalism (Scott 2001a). In cultural-products industries, as never before, the wider urban and social environment and the apparatus of production merge together in potent synergistic combinations. Some of the most advanced expressions of this propensity can be observed in great world cities such as New York, Los Angeles, Paris, London, or Tokyo. Certain districts in these cities are typified by a more or less organic continuity between their place-specific settings (as expressed in streetscapes, shopping and entertainment facilities, and architectural patrimony), their social and cultural infrastructures (museums, art galleries, theaters, and so on), and their industrial vocations (advertising, graphic design, audiovisual services, publishing, or

fashion clothing, to mention only a few). Indeed, such cities often seek to promote this continuity by consciously reorganizing critical sections of their internal spaces to mimic theme parks and movie sets, as exemplified by Times Square in New York, the Grove in Los Angeles, or the Potsdamer Platz in Berlin (Zukin 1991; Roost 1998). Soja (2000) has described projects like these under the rubric of “simcities,” signifying the theatricalization of the built environment as a setting for everyday urban life and work. Hannigan (1998) uses the term “fantasy city” to allude to much the same phenomenon. In a city such as Las Vegas, the urban environment, the production system, and the world of the consumer are all so tightly interwoven as to form an indivisible unity (cf. Gottdiener, Collins, and Dickens 1999; Lloyd and Clark 2001). The city of work and the city of leisure increasingly interpenetrate one another in today’s world.

THE LOCAL-GLOBAL GEOGRAPHY OF CULTURAL-PRODUCTS INDUSTRIES

CULTURAL-PRODUCTS INDUSTRIAL DISTRICTS

The mutually beneficial effects of proximity, as noted, frequently induce groups of establishments in cultural-products industries to converge together around their mutual center of gravity, thus forming specialized industrial districts. The number and variety of such districts in the contemporary world are increasing apace, as suggested by the following specific empirical types that have recently received attention in the literature:

- clothing (Pietrobelli and Barrera 2002; Rantisi 2002b; Scott 2002a);
- jewelry (Scott 1994);
- furniture (Scott 1996; Lorenzen 1998; Harner 2002);
- fashion retailing (Crewe 1996; Crewe and Beaverstock 1998);
- film and television program production (Storper and Christopherson 1987; Cornford and Robins 1992; Henriques and Thiel 2000; Bassett, Griffiths, and Smith 2002; Krätke 2002; Scott 2002b);
- music (Hudson 1995; Leyshon, Matlers, and Reville 1998; Scott 1999b; Brown, O’Connor, and Cohen 2000; Leyshon 2001; Calenge 2002; Gibson 2002; Power and Hallencreutz 2002);
- publishing of books, magazines, newspapers, comic books, and so on (Driver and Gillespie 1993a, 1993b; Norcliffe and Rendace 2003);
- new media (Scott 1998a; Brail and Gertler 1999; Cooke and Hughes 1999; Egan 1999; Pavlik 1999; Sandeberg 1999; Yun 1999; Indergaard 2001);

- design services (Molotch 1996; Hutton 2000; Molotch 2002; Rantisi 2002b; Vervaeke and Lefebvre 2002); and
- advertising (O'Connor 1991; Leslie 1997; Newman and Smith 2000; Grabher 2001).

The list can be further extended by reference to urban entertainment districts (Zukin 1995; Roost 1998; Sassen and Roost 1999; Lloyd and Clark 2001) as well as cultural districts comprising museums, art galleries, and performing arts complexes (Frost-Kumpf 1998; Brooks and Kushner 2001; Lorente 2002; Santagata 2002; Van Aalst and Boogaarts 2002). A useful preliminary classification of these districts has been drawn up by Santagata (2002). In this section, I propose to develop a more extended genetic taxonomy that will help to shed additional light on the general problem at hand.

The suggested taxonomy is laid out in Figure 1. The details presented in the figure are not meant to be exhaustive but only to suggest some of the more indicative features of cultural-products industrial districts. Note that the categories given in any vertical slice of the diagram are far from always being mutually exclusive, and much overlap between them exists in reality. In Figure 1, an initial division of cultural-products industrial districts is made into those whose outputs are immobile and must therefore be consumed at the point of production, such as tourist services, and those whose outputs are mobile and can be sold anywhere. In a very rough sort of way, these two divisions can be identified respectively with generation 1 and generation 2 policy approaches as discussed above. The first division is decomposed into resort complexes, central-city cultural precincts, and temporary or cyclical cultural agglomerations. The second division is broken down into consumer-oriented craft and artisanal products (themselves classified according to whether they are made under assembly or process conditions of production), specialized design services, and media and related industries. These various branches of the taxonomy then lead into a wide assortment of specific instances of cultural-products industries/districts, ranging from types based on theme parks and natural attractions, through clothing, furniture, and jewelry, to agglomerations of public relations and advertising firms. Finally, in the far left-hand vertical slice of Figure 1, I have indicated that even these detailed categories can be further unpacked, taking as examples (1) eno-gastronomic products, which are in turn divided into wines, spirits, and *spécialités du pays* (these being rare instances of cultural outputs with a strong agricultural connection), and (2) publishing, which is represented by books, magazines, and newspapers. The types of industrial district shown in Figure 1 are all manifest in reality in the guise of clusters of producers and associated local labor markets tied together in functional relations that generate complex economies of

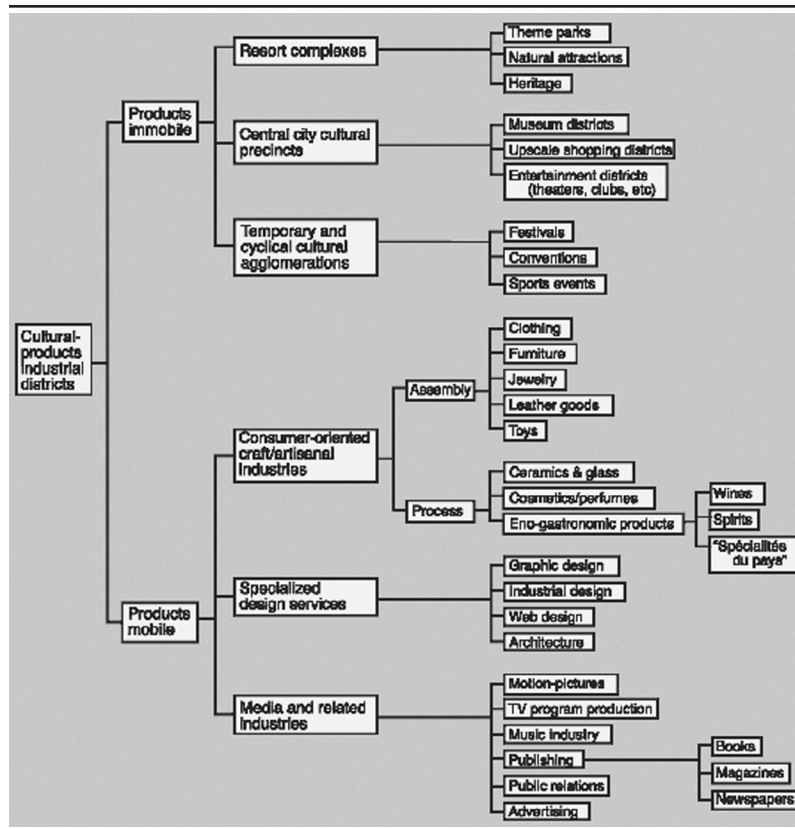


Figure 1: Taxonomy of Cultural-Products Industrial Districts

agglomeration. Even in the case of temporary and cyclical agglomerations in which a single central facility may dominate the entire supply system, a dependent nexus of business activities and supporting services almost always develops in adjacent areas.

Individual metropolitan areas, of course, are commonly endowed with many different classes of cultural-products districts. Los Angeles is a dramatic illustration of this point, with its numerous clusters based on industries such as clothing, furniture, jewelry, motion pictures, television-program production, music recording, publishing, and advertising, as well as its array of theme parks, convention centers, and sports facilities and its upscale shopping and entertainment districts (Jencks 1993; Molotch 1996; Scott 2000a; Molotch 2002). The Los Angeles metropolitan area also contains a cluster of highly reputed architectural firms and is the site of what is probably the

world's largest collection of automobile design studios. In 1996, total employment in the cultural-products industries of Los Angeles stood at 412,392 workers, representing 11.9% of the total labor force, which makes this the largest group of sectors in the local economy, far ahead even of the formerly dominant aerospace industry (Scott 2000a). Moreover, the Los Angeles example drives home the point that positive spillover effects frequently diffuse across the entire urban area from their more narrowly confined district of origin. Thus, design practices or fashion innovations that appear in one district are often imitated in others; a particular district in the city may generate specific kinds of worker skills and sensibilities that are then found to have critical applications in other parts of the same city; and reputation effects that accrue to a particular industry (e.g., motion pictures) in a particular place are sometimes appropriatable by other industries (e.g., fashion clothing) in adjacent locations.

THE GLOBAL CONNECTION

Despite the predisposition of firms in cultural-products industries to locate in close mutual proximity, their outputs flow with relative ease across national borders and are a steadily rising component of international trade. As new Web-based distribution technologies are perfected, this process of globalization will assuredly accelerate, at least for cases in which digitization of final products is feasible (Currah 2003).

Observe that globalization in the sense indicated does not necessarily lead to the locational dispersal of production itself. On the contrary, globalization qua spatial fluidity of final products helps to accentuate agglomeration because it leads to rising exports combined with expansion of localized production. Concomitant widening and deepening of the social division of labor at the point of production then intensifies agglomeration, especially where intraagglomeration transactions costs remain high. Locational agglomeration and globalization, in short, are often complementary processes under specifiable social and economic circumstances (cf. Driver and Gillespie 1993a; Storper 1997; Leyshon 2001; Fuchs 2002). That said, the falling external transaction costs associated with globalization will sometimes undermine agglomeration from the other end, as it were, by making it feasible for some kinds of production to move to alternative locations. It is now increasingly possible for given activities that could not previously escape the centripetal force of agglomeration to decentralize to cheap labor sites. This may result in a wide dispersal of production units, such as plants processing CD-ROMS for the recording industry, or teams of motion picture workers engaged in location shooting. In other instances, it is expressed in the

formation of alternative clusters or satellite production locations, as illustrated by the sound stages and associated facilities that have come into existence in Toronto, Vancouver, and Sydney to serve film production companies in Hollywood (Coe 2000, 2001).

The overall outcome of these competing spatial tensions in the modern cultural economy is a widening global constellation of production centers. The logic of agglomeration and increasing returns effects suggests that one globally dominant center will often emerge in any given sector, but even in the case of the motion picture industry, which is currently overridden worldwide by Hollywood, it can be plausibly argued (above all in a world of monopolistic competition) that multiple production centers will continue to exist if not flourish (see below). Large multinational corporations play a decisive role across this entire functional and spatial field of economic activity, both in coordinating local production networks and in operating worldwide distribution and marketing systems (Hoskins, McFadyen, and Finn 1997; Nachum and Keeble 2000). This remark, by the way, should not induce us to neglect the fact—as Aksoy and Robins (1992) do in their discussion of the Hollywood motion picture industry—that small independent firms continue to occupy an important place in almost all cultural-products agglomerations. In the past, multinationals based in the United States have led the race to command global markets for cultural products of all categories, but firms from other countries are now entering the fray in increasing numbers, even in the media sectors that have hitherto been considered the privileged preserve of North American firms (Herman and McChesney 1997; Krätke and Taylor 2002). In the same way, different cultural-products industrial agglomerations around the world are increasingly caught up with one another in global webs of coproductions, joint ventures, creative partnerships, and so on. In this manner, far-flung productive combinations are surging to the fore, drawing on the specific competitive advantages of diverse clusters without necessarily compromising the underlying force of agglomeration itself. Thus, many new media firms in San Francisco have been observed to work in partnership with book publishers in New York and London (Scott 1998a). Many film stars from Hong Kong sell their place- and culture-specific human capital to Hollywood production companies, a practice that in turn enhances the market power of the films they make when they return to their home base (Yau 2001). Pathania-Jain (2001) has shown that multinational media corporations such as BMG, Disney, EMI, News Corp., Polygram, and Sony are currently building collaborative alliances with Indian firms not only to penetrate Indian markets with their own products but also to tap into the productive capacities of Mumbai's Bollywood.

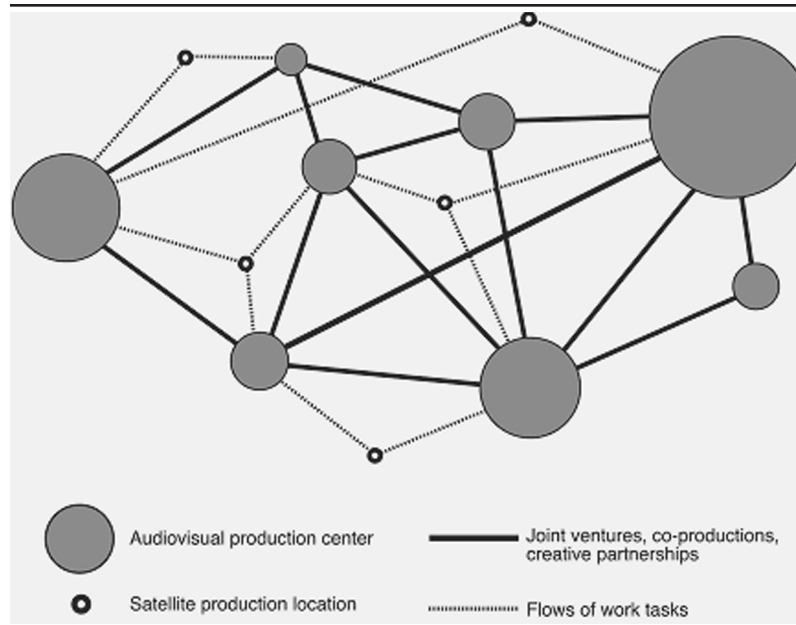


Figure 2: Schematic Representation of a Hypothesized Global Production Landscape in the Audiovisual Industries

LOCAL-GLOBAL SYNTHESIS

A good deal of this discussion can be summarized by reference to Figure 2, which is meant to represent a hypothetical landscape of the audiovisual industries at some time in the not-too-distant future. This is in essence a landscape of global extent punctuated by occasional dense production agglomerations. I have chosen the audiovisual industries to motivate this discussion because they have hitherto been so strongly subject to the global competitive thrust of Hollywood. This example is especially provocative because I use it, contrary to much received opinion, to suggest not only that a multiplicity of production centers will continue to function in the future but also that numbers of them may be expected to flourish and grow.

I advance this hypothesis precisely because the steady opening up of global trade in cultural products is now making it possible for various audiovisual production centers around the world to establish durable competitive advantages and to attack new markets. To begin with, there is something like an irreducible corpus of television program production activities in the majority of countries around the world, if only because of the persistent preferences that most societies display for local content in top-rated programs.

This means that a basic domestic production capacity will continue to flourish at least in larger countries, thus providing a foundation for competitive forays into new markets and products. Several countries, too, especially in Asia and Western Europe, retain sizable motion picture industries, and in some cases, these are showing new signs of life (see Figure 3). Certain national production centers such as Bangkok, Beijing, Bombay, Hong Kong, Manila, Seoul, Tokyo, Cairo, Teheran, Berlin, London, Madrid, Paris, and Rome, have never fully capitulated to Hollywood, even though most of them have suffered severe competitive depredations at various times in the past. Several of these centers have produced films that have performed very successfully in selected markets in recent years, and a number of them today are clearly girding up for a new round of market contestation with Hollywood. Although Hollywood's supremacy is unlikely to be broken at any time in the foreseeable future, at least some of these other centers will conceivably carve out stable niches for themselves in world markets, and all the more so as they develop more effective marketing and distribution capacities and as home-grown media corporations acquire increasing global muscle. Bollywood's recent attempts at outreach to world markets are a symptom of this trend. The international successes of Hong Kong action films, anime cartoons made in Tokyo, wide-canvas dramatic features from Beijing, or Latin American telenovelas all suggest a similar conclusion. This argument, if correct, points toward a much more polycentric and polyphonic global audiovisual production system in the future than has been the case in the recent past (cf. Sinclair 1996).

Figure 2 throws into relief another claim made earlier, namely, that different centers in different countries will probably not remain hermetically sealed off from one another but rather will tend progressively to become enmeshed in global networks of commercial and creative interactions. In addition, Figure 2 suggests that a greatly expanded system of satellite production locations may come into being in the future on the basis of widening flows of work decentralizing from major creative agglomerations. Some of these satellite locations may even develop in the course of time to the point where they, too, become full-blown creative centers in their own right.

It need scarcely be pointed out that this scenario is highly speculative, and things may well fall out otherwise, depending on a hundred different unforeseen contingencies. Despite this warning, it would appear that several other kinds of cultural-products industries (music, architectural services, or publishing, for example) are also poised at the brink of analogous developments. In all cases, the likely evolutionary trend forward points to multiple production agglomerations spatially distributed around the world, each commanding distinctive market niches, even where one particular center

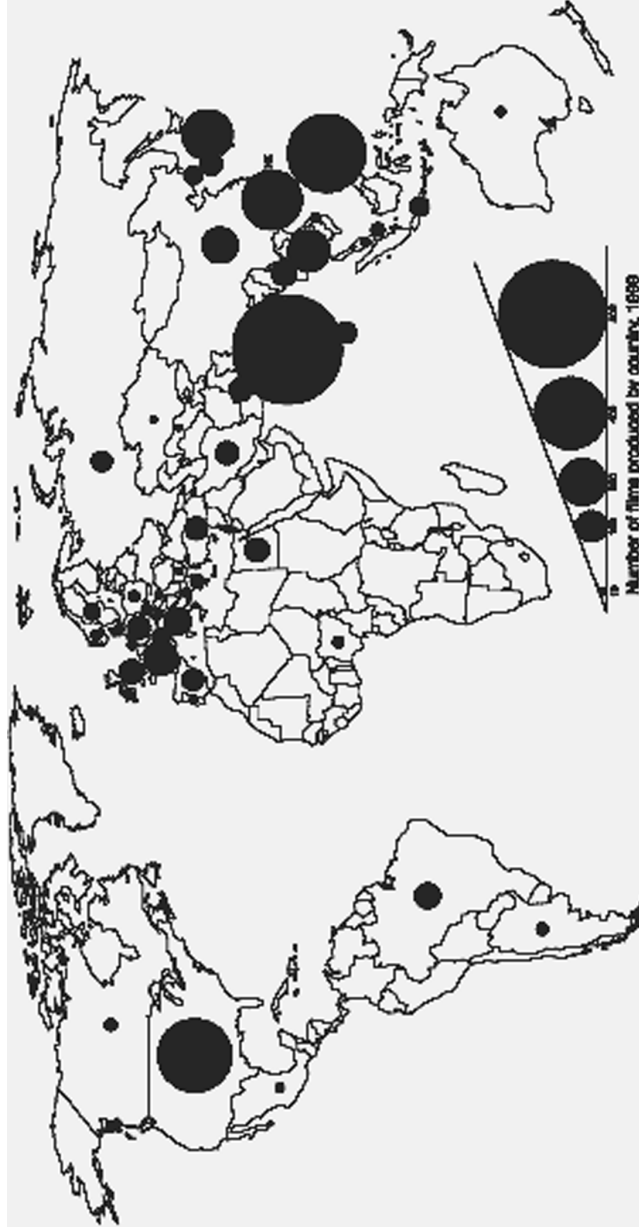


Figure 3: Number of Feature Films Produced by Country

SOURCE: United Nations Educational, Scientific and Cultural Organization, *Statistical Yearbook*, 1999.

NOTE: Data are shown only for countries producing more than 10 films a year.

dominates overall. Besides the arguments already marshaled in favor of this point, monopolistic competition, which is especially strong in cultural-products industries, is a factor that plays to the advantage of subdominant agglomerations. Where appropriate local assets are available and effectively mobilized, even quite small centers can maintain a lasting presence in the global cultural economy.

LOCAL ECONOMIC DEVELOPMENT POLICY ISSUES

PRESCRIPTIONS AND CAVEATS

The burning question at this point is in what ways, if at all, can urban and regional policy makers take advantage of these complex trends for the purposes of local economic development? There are good reasons, of course, for presuming that cultural-products industries are, or ought to be, of compelling interest to policy makers. As has been seen, these industries are growing rapidly; they tend (though not always) to be environmentally friendly, and they frequently (though again not always) employ high-skill, high-wage, creative workers. At the same time, cultural-products industries generate positive externalities insofar as they contribute to the quality of life in the places where they congregate and enhance the image and prestige of the local area. But they cannot be conjured into existence by simple acts of political will or fiscal prodigality. Just as local governmental authorities all over the United States threw huge sums of money out of the window in the 1980s and 1990s in the quest to build “the next Silicon Valley” (Miller and Côté 1987), so one can predict parallel miscarriages of policy in years to come as efforts to build the next Silicon Alley or various new Hollywoods materialize. Careful and theoretically informed assessments of available opportunities and inherent constraints are essential if such miscarriages are to be avoided, and one must always be prepared for the possible conclusion that the best course of action is in fact to do nothing (cf. Cornford and Robins 1992).

Developmental agendas focused on new-economy sectors at large need to be especially clear about the character of the dense agglomerations that are one of the primary expressions of these sectors’ geographic logic. For any given agglomeration, the essential first task that policy makers face is to map out the collective order of the local economy along with the multiple sources of the increasing-returns effects that invariably crisscross through it. It is this collective order more than anything else that presents possibilities for meaningful and effective policy intervention. Blunt top-down approaches focused

on directive planning are unlikely in and of themselves to accomplish much at the local scale, except in special circumstances. In terms of cost-benefit ratios and general workability, the most successful types of policies will as a general rule be those that focus on the character of external economies of scale and scope as public or quasi-public goods. The point here is both to stimulate the formation of useful agglomeration effects that would otherwise be undersupplied or dissipated in the local economy and to ensure that existing external economies are not subject to severe misallocation. Finely tuned bottom-up measures are essential in situations like this.

The earlier discussion of the underlying dynamics of industrial agglomerations provides important clues about possible domains of intervention in which policy can have a positive impact. Policy makers need to pay special attention to promoting (1) high-trust interfirm relations to mobilize latent synergies; (2) efficient, high-skill local labor markets; and (3) local industrial creativity and innovation. The means by which these objectives might be achieved are many and various depending on circumstances, but basic institution building to promote collaborative behavior between different groups of local actors is likely to be of major prominence. Complementary lines of attack involve approaches such as the initiation of labor-training programs, setting up centers for the encouragement of technological upgrading or design excellence, organizing exhibitions and export drives, and so on, as well as sociojuridical interventions such as dealing with threats to the reputation of local product quality due to free rider problems or helping to protect communal intellectual property. In addition, an appropriately structured regional joint private-public partnership could conceivably function as a vehicle for generating early warning signals as and when the local economy appears to be in danger of locking into low-level equilibrium due to adverse path-dependent selection dynamics (Storper and Scott 1995; Cooke and Morgan 1998; Scott 2001b). The latter problem is especially apt to make its appearance in localized production systems in which complex, structured interdependencies typically create long-run developmental rigidities.

In practice and notwithstanding these broad illustrative guidelines, there can be no standardized or boilerplate approach to the problem of local economic development. Each case needs to be treated on its own merits, paying full attention to the unique historical and geographical conditions that are found at each individual place. This admonition is doubly emphatic in the case of the cultural economy, marked as it is by enormous heterogeneity of production activities and sensitivity to subtle place-specific forces. A simple but sound precept guiding any plan of action in regard to regional economic development based on cultural-products industries is to start off with what

already exists and to build future expectations around whatever latent opportunities this initial position may make available.

DEVELOPMENTAL INITIATIVES FOR THE CULTURAL ECONOMY

I suggested above that the most highly developed and dynamic cultural-products agglomerations today occur for the most part in large metropolitan areas, though not all metropolitan areas are necessarily important centers of cultural production. The great global city-regions of the advanced capitalist countries represent in practice the high-water marks of the modern cultural economy. This proposition refers not only to the many and diverse individual sectors of cultural production that are usually located in these cities but also to their wider environmental characteristics and global connections. Some sections of great city-regions today display a remarkable systemic unity running from the physical urban tissue, through the cultural production system as such, to the very texture of local social life. These features, indeed, are mutually constitutive elements of much of the contemporary urbanization process. One small but telling illustration of this point is the recent transformation of the central garment manufacturing area in Los Angeles from a dispiriting collection of decaying factory buildings into a “fashion district” that is now a locus of upscale production and showroom activities; and these core commercial functions are complemented by a surrounding street scene with a variegated bazaar-like atmosphere that attracts crowds of tourists. Central Paris, with its monumental architectural set pieces, its intimate forms of street life, and its traditional artisanal and fashion-oriented industries, represents a similar symbiotic convergence of built form, economy, and culture but on a far grander scale (Scott 2000b). In cases like these, the role of policy is not so much to stimulate development *ab initio* but to intervene at critical junctures in the production system and the urban milieu to release synergies leading to superior levels of product appeal, innovativeness, and competitiveness.

Cities or regions that lack any preexisting base of cultural production face a more refractory policy problem. Yet even where no obvious prior resources are available, it has occasionally been feasible to initiate new pathways of development based on cultural-products industries. Recall the examples of the old industrial areas cited earlier. Much new development in these areas has focused on building a new cultural economy by means of a conscious effort to use the relics of the industrial past as core elements of a reprogrammed landscape of production and consumption. The specific cases of Manchester and Sheffield in Britain may be usefully invoked here. In the

former city, an area of recycled factories and warehouses on the fringe of the central business district has come to function as a magnet for diverse cultural and economic activities. This Northern Quarter, as it is called, is now the main focus of Manchester's new cultural economy, with its lively club scene, a music industry, and a nascent group of Web site designers (O'Connor and Wynne 1996; de Berranger and Meldrum 2000). A very similar urban enclave, known as the Cultural Industries Quarter, has emerged in Sheffield. The Quarter is anchored by the Red Tape Recording Studios established by the local municipality in 1986, and a burgeoning array of clubs, restaurants, theaters, educational institutions, and other cultural activities has developed around this point of origin (Wynne 1992a, 1992b; Brown, O'Connor, and Cohen 2000). Neither of these experiments can be said as yet to be much more than provisionally and partially successful, though there is every likelihood that they will continue to evolve further along their current trajectory, especially if they can develop more fully as nuclei of dynamic, conjoint networks of producers. Local authorities right across Europe and North America are striving to revalorize inner-city areas on the basis of experiments like these, often in concert with local real estate interests. The waves of property conversion (or gentrification) unleashed by this process, however, often arouse strong political opposition from those who are displaced or in other ways disadvantaged by this process (Indergaard 2001; Lloyd 2002).

The Multimedia Super Corridor project in Malaysia stands in stark contrast to schemes such as the Northern Quarter and the Cultural Industries Quarter in the reach of its ambitions and the faith that it manifests in large-scale top-down planning (Bunnell 2002a, 2002b; Indergaard 2003). The project was initiated in 1996 and was immediately put in jeopardy by the Asian fiscal crisis of 1997-1998, but it remains a priority of the Malaysian government, and work on it continues to move forward. The Multimedia Super Corridor project is at the outset a massive infrastructure and urbanization effort stretching 30 miles southward from Kuala Lumpur to the new international airport. When completed, it will contain two main functional centers, Putrajaya, where governmental activities will be concentrated, and Cyberjaya, which is planned to develop as a major cluster of software, information, and new media producers. The project is being designed in large degree as a pivot of new economic and cultural growth in Malaysia, taking particular advantage of the country's strategic location at the center of an immense potential market of Chinese, Arabic, and Indian consumers. The Malaysian workforce, moreover, embodies all the necessary linguistic skills and cultural sensibilities to deal with this market on its own terms. Needless to say, the Multimedia Super Corridor project is fraught with severe risks. It has the benefit of an early start, and it will eventually bear fruit of some sort, but

whether the long-term benefits will outweigh the enormous costs remains very much an open question at this stage.

Finally, policy makers have to keep a clear eye on the fact that any industrial agglomeration is dependent not only on the proper functioning of its complex internal relationships but also on its ability to reach out to consumers in the wider world. Successful agglomerations, in short, must always be possessed of adequate systems for marketing and distributing their outputs. This matter is of special importance in regard to cultural products because they are subject above all to symbolic rather than utilitarian criteria of consumer evaluation and in many cases are dependent on peculiar kinds of infrastructures and organizations for their transmission. In a situation of intensifying global competition, effective distribution is critical to survival and indispensable for growth (Grefe 2002). It might be contended, for example, that the poor commercial performance of French films in export markets is not so much due to linguistic barriers—and certainly not to a lack of talent—as it is to the competitive deficiencies of French film marketing and distribution systems outside of France. I have argued elsewhere (Scott 2000b) that partial redress of these deficiencies might be secured through a shift in policy by the Centre National de la Cinématographie (the central government-industry body responsible for oversight of the French cinema) toward lower levels of subsidized production and higher levels of subsidized distribution. A clear recognition of the general importance of distribution is expressed in the European Union's Media Plus Program initiated in January 2001 in succession to the earlier Media I and Media II programs. A principal objective of the program is to build up international distribution systems for European audiovisual products. A concerted effort by cultural-products agglomerations all over the world to upgrade their associated marketing and distribution systems is surely one of the fundamental keys to the realization of the hypothetical global production landscape as projected in Figure 2.

CONCLUDING COMMENTS

The advent of a new cultural economy and the flow of its outputs through circuits of international commerce have not always been attended by benign results. This situation has in fact led to numerous political collisions over issues of trade and culture. One of the more outstanding instances of this propensity is the clash that occurred between the United States and Europe over trade in audiovisual products at the time of the General Agreement on Tariffs and Trade (now the World Trade Organization) negotiations in 1993. Notwithstanding such notes of dissonance, we seem to be moving steadily into a

world that is becoming more and more cosmopolitan and eclectic in its modes of cultural consumption. Certainly for consumers in the more economically advanced parts of the world, the standard American staples are now but one element of an ever widening palette of cultural offerings comprising Latin American telenovelas, Japanese comic books, Hong Kong kung fu movies, West African music, London fashions, Balinese tourist resorts, Australian wines, Mexican cuisine, and untold other exotic fare. This trend is in significant degree both an outcome of and a contributing factor to the recent, if still incipient, advent of an extensive global system of cultural-products agglomerations. In view of these comments, and despite continuing political clashes over international flows of cultural products, globalization does not appear to be leading to cultural uniformity so much as it is to increasing variety of options.

The cultural economy now accounts for substantial shares of income and employment in a wide range of countries. By the same token, it offers important opportunities to policy makers in regard to local economic development. Although most development based on cultural-products industries will in all likelihood continue to occur in the world's richest countries, a number of low- and middle-income countries are finding that they too are able to participate in various ways in the new cultural economy. As has been seen, even old and economically depressed industrial areas can occasionally turn their fortunes around by means of well-planned cultural initiatives. To be sure, the notion of the cultural economy as a source of economic development is still something of a novelty, and much further reflection is required if one is to understand and exploit its full potential while simultaneously maintaining a clear grasp of its practical limitations. In any case, an accelerating convergence between the economic and the cultural is currently occurring in modern life and is bringing in its train new kinds of urban and regional outcomes and opening up new opportunities for policy makers to raise local levels of income, employment, and social well-being.

In this article, I have concentrated almost entirely on the economic side of this equation, but the observations offered here now raise an equally important set of issues concerning cultural politics, not only in regard to trade but also, and more significantly, in regard to matters of human growth and development generally. As cryptic as this remark may be, it opens up a vast terrain of debate about the qualitative meaning of the overarching system of cultural consumption that is being ushered into existence by the trends and processes discussed above. The goods and services that sustain this system are to ever increasing degrees fabricated within production networks organized according to the logic of capitalist enterprise and concentrated within far-flung industrial clusters. One important effect of this condition is the increasing

diversity of cultural products across the world; another is their pervasive ephemerality and waning symbolic intensity. A vibrant cultural politics attuned to these issues will no doubt attempt to intensify the push to diversity while seeking to mobilize opinion in favor of a global cultural economy that promotes intelligence and sensibility rather than their opposites.

NOTES

1. St. Dié-des-Vosges is the town in eastern France where the early sixteenth-century cartographer Vautrin Lud carried out his work.
2. Much useful empirical information on the diversity and extent of cultural products industries in the United Kingdom can also be found in British Department of Culture, Media and Sport (2001).

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