
The Cultural Economy of Paris*

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Economie et culture — même combat (Jack Lang, *Mexico City*, 27 July 1982).

Introduction

A perceptive nineteenth-century observer of social trends, if asked what city would dominate the cultural economy of the world at the end of the twentieth century, would almost certainly have replied 'Paris'. A hundred years and more ago, indeed, Paris had already attained to a position as the world's most exuberant center of art and fashion, the 'capital of the nineteenth century' as Walter Benjamin (1989) later called it in a celebrated phrase. As such, Paris functioned as a great center of cultural creativity and innovation, constituting an irresistible magnet for artistic talent from the rest of France as well as from other countries. It also contained major concentrations of skilled artisans whose workshops turned out an immense variety of high-quality craft, fashion and cultural products designed for a local bourgeoisie that set the tone for sophisticated consumption throughout Europe and North America. Today, many strong traces of this earlier vibrancy are still in evidence in Paris, though its reputation as the supreme cultural focus of the modern world has long since become somewhat tarnished. Our perceptive nineteenth-century observer would have been even more perplexed to learn that such unlikely places as Los Angeles, Tokyo, or even the third Italy, are now, if anything, well ahead of Paris as hubs of the global cultural economy, even though we would doubtless have had to spend much time and effort in coming to some agreement about just what the term 'cultural' might mean in this context.

In this paper, I present an empirical description of the state of the present-day cultural economy of Paris, and more broadly of France as a whole, together with an investigation of some of the reasons why that earlier promise did not quite turn out as may have been expected. I shall show that if the cultural economy of Paris has faltered somewhat in the twentieth century, and especially in the second half of the century, it still functions as a major site for many kinds of cultural production from clothing and jewelry on the one hand to cinema and sound recording on the other. Above all, its cultural economy remains endowed with rich infrastructures of specialized production networks, skilled workers, an active framework of professional and trade associations of all kinds, and other important assets, not least of which are the traditions and reputations bequeathed to it from the past. Accordingly, I shall also argue that appropriate doses of just the right kinds of policy stimuli might conceivably breathe new life into the city's cultural economy, helping it to

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meet intensifying foreign competition more aggressively, and making it once again the dynamic international force that is its historical vocation.

Between art and industry

The cultural economy

One of the more dramatic features of modern capitalism is the way in which the goods and services that it produces are increasingly infused with aesthetic and semiotic content (Lash and Urry, 1994; Scott, 1996; 1997). Equally, and to an increasing degree, more and more of modern culture is being produced in the commodity form, i.e. by decentralized profit-making institutions operating under conditions of market competition. Somewhere at the point of intersection of these complementary trends we can identify a rapidly ascending set of sectors collectively identifiable as the *cultural economy*, a concept that, as it happens, has been to a significant degree pioneered and developed by French scholars such as Bourdieu and Delsaut (1975), Bourdieu (1977), Girard (1978), Huet *et al.* (1978), Lacroix *et al.* (1979), Hennion (1981), Miège *et al.* (1986), Flichy (1991), Moulin (1993), Benghozi and Sagot-Duvaurox (1994), Farchy and Sagot-Duvaurox (1994), Benhamou (1996), Debeauvais *et al.* (1997) and Rouet (1997), among many others. The work of these scholars has ranged over a variety of research topics from the corporate organization of audiovisual industries to the social meanings of cultural commodities, but it has rarely, if ever, been much concerned with the geographic foundations, as such, of the cultural economy.

In the present study I shall take it that the cultural economy embraces the media together with a wide assortment of artisanal industries, and that the collective identity of these sectors resides in their production of what Bourdieu (1977) has called 'symbolic goods', i.e. outputs that serve, at least in part, the purposes of personal edification, entertainment, adornment and decoration, self-affirmation and so on. Accordingly, the cultural economy embraces sectors that include — in the case of contemporary Paris — clothing, fine leather goods, books and magazines, perfumes and cosmetics, furniture, jewelry, film production, music recording, theater, multimedia and tourist services, to mention only a few. The products of sectors like these are almost always infused with evocations of their places of origin (Molotch, 1996). As such, different sectors in a particular place often also draw at least some of their consumer appeal and competitive advantage from mutual overspill effects and interassociation, as well as from cultural products supplied as local public goods (architectural monuments, museums and art galleries, government-supported festivals and so on). Public goods like these are a notably important element of the fabric of modern Paris. Indeed, there are few places other than Paris where the different elements of the cultural economy, both private and public, fit together into so potent an image-generating complex. Perhaps the only equivalent is represented by Hollywood/Los Angeles, but on an altogether different set of social and psychic registers (Scott, 1996).

In spite of the many divergent characteristics of the sectors that make up the cultural economy of Paris, they are marked by several important common features besides whatever redolences of place enter into their symbolic content. They tend to be dominated in numerical terms by small firms caught up in networks of mutual interdependence, thus forming complex patterns of specialization and complementarity. These networks are selectively penetrated by large firms, many of which evince an increasing propensity to conglomerate behavior (both within and beyond the cultural economy) and to multinational expansion. In any given network or complex of interdependent firms, fields of static and dynamic increasing returns effects are frequently established (such as enhanced flexible subcontracting opportunities, learning and innovation phenomena, extended vertical and horizontal disintegration possibilities encouraging entrepreneurial

spinoffs and so on), so that significant positive externalities become available to all individual producers (Scott, 1995). These effects are simultaneously secured and intensified by reason of producers' tendencies to agglomerate together into specialized industrial districts within the urban system; and they are yet further augmented by the local labor markets that typically come into being in and around these same districts. As it moves through cycle after cycle of production, moreover, the cultural economy as a whole creates and recreates images and associations that come to have place-specific connotations, and in this manner it also amplifies recursively the social conditions of its own success (or failure). The amplification, in its most accomplished form, works through the continual expansion of the repertoire of local symbolic values transferable to final products, and through concomitant shifts in the consumer's concept of those products and their place of origin.

The industrial dynamic of modern French society

France has long been associated with a wide assortment of cultural-products industries. At the end of the nineteenth century, and down to the 1920s and 1930s, the country as a whole was marked by a patchwork of specialized industrial districts engaged in the production of goods with strong cultural connotations. Some examples of this phenomenon are silks in Lyon, lace in Calais and Valenciennes, ribbons and trimmings in St Etienne, carpets in Aubusson, hats in Troyes, perfumes in Grasse, china in Limoges, (cf. Courlet and Pecqueur, 1993), together, of course, with the fine wines and gastronomic products that abound in the traditional *pays* of France. Some of these provincial centers continue at the present time to turn out traditional products, but few are as vibrant economically as they once were, and many have disappeared entirely. Paris no doubt has remained the most dynamic center of the cultural economy of France, but even here the record is ambiguous. The contrast between the morose performance of the French cultural economy as a whole and the signal recent success of the many different fashion- and design-intensive industries of the third Italy offers a sobering lesson in the divergencies that can often occur in the industrial trajectories of places that start out with rather similar kinds of industrial endowments and aptitudes.

Some of the failings of the French cultural economy need to be accounted for on a detailed sector-by-sector basis, but some of them can to an important degree be understood in the context of the economic development of France as a whole since the second world war. This is a period in which steadily, and especially over the 1960s and 1970s, the French bureaucracy actively put into place a national system of industrial development and innovation whose logic was based on the imperatives of modernity and scale as opposed, say, to tradition and style. The principal instrument of this 'techno-industrial Colbertism' as Colletis and Levet (1997) call it, was a series of national plans orchestrated by central government agencies to promote large-scale industry and technological advance by means of policy-induced corporate restructuring and mergers, nationalization and heavy government spending (Gallois, 1983; Morvan, 1983). This approach did indeed give rise to successful results in a number of sectors such as aerospace, high-speed trains, nuclear power and telecommunications (Ganne, 1997), and for a time the French economy thrived on the remarkable productivity gains that were being generated in its national champions and their associated sectors. In both government and industry, these transformations were managed by individuals trained in an educational system (with its upper tier of *grandes écoles*) that is celebrated for its unequalled capacity to produce an elite of administrators and technocrats. As Ziegler (1997) points out, however, the same system has been deficient (compared, say, to Germany) in its concern for intermediate and elementary vocational skills, with rather negative consequences for small-firm sectors. Further, the extreme centralization of political decision-making in France left little discretion to lower levels of government in the matter of economic policy and coordination, even though administrations at these

levels are often best positioned to understand and deal with the detailed needs of local industrial systems. Instead, and in stark contrast to the case of the third Italy where local government has been a critical catalyst of regional development by means of grass-roots partnerships and initiatives, the notables who are typically at the center of local decision-making in France have always tended to rely upon and take their cues from the mandates of central government (Ganne, 1992). Even when this model of techno-industrial Colbertism came under heavy stress in the crisis years of the middle of the 1970s and after, the reaction of the French state was less to withdraw from its established strategy, than to extend its reach by means of heavy subsidization of failing national champions (Cohen, 1989; 1992).

This general climate of top-down economic and policy decision-making was not calculated, as Salais and Storper (1993) have indicated, to promote forms of industrial development sensitive to market dynamics, or to foster aggressive Schumpeterian entrepreneurialism and risk-taking. Policy-makers for the most part made no attempt over the postwar decades to remedy the increasing atrophy of the small-scale traditional craft industries of France with their highly idiosyncratic and seemingly archaic ways of operating, and these industries were not so much actively or intentionally destroyed as they were simply left to their own devices. In practice, this meant that they were subject to a rising onslaught of cheap imports from less developed parts of the world, especially from East and Southeast Asia, a problem compounded by the high (direct and indirect) cost of labor in France (Malsot and Passeron, 1996). The atrophy of many of these industries has been further accentuated by rapidly changing consumer tastes, and by the inability or unwillingness of more traditional producers to adapt appropriately. Small firms in artisanal sectors also usually face endemic difficulties in recruiting skilled craftworkers and in raising new capital — difficulties that were made all the greater by the *dirigiste* policies of the French state. In addition, the program of 'competitive disinflation' put into effect by the Mitterrand government in the early 1980s resulted in a strong national currency that exacerbated the competitive squeeze on small industry (Taddei and Coriat, 1993). Despite all these difficulties, some of France's cultural-products industries managed over the postwar period to retain something of their customary flair; others only fell deeper into crisis by pursuing sectoral strategies that pushed them yet closer to the point of extinction (see below).

Some alleviation of this general plight has been forthcoming over the course of the 1980s and 1990s, as French industrial policy came to recognize something of the commercial and technical needs of small firms. ANVAR (Agence Nationale pour la Valorisation de la Recherche) has played a leading role in this regard, though the agency's programs — as its annual reports reveal — have an overwhelming bias in favor of more technology-driven sectors. Support for selected cultural-products industries has also recently been forthcoming in the context of France's assertion of the need for a 'cultural exception' in world trade (above all, protection of domestic media industries from outside competition), a position that it successfully maintained at the Uruguay Round of GATT. Further encouragement for many of France's cultural industries is provided by the Ministry of Culture through a maze of subsidies and regulations relating to sectors such as the cinema, television, musical performance and recording, publishing and so on (cf. Rouet and Dupin, 1991; Rouet, 1992; Farchy and Sagot-Duvaurox, 1994; Kelberg, 1997; Scott, 2000). The Ministry of Culture's programs have focused on preserving, democratizing and expanding the domain of French culture (Dumazedier, 1988; Urfalino, 1996; 1997), and by and large they have been attended with some success. At the same time, the Ministry's approach has tended to be purely defensive in economic terms and, understandably perhaps, given its mandate, it has not paid much attention to the special tasks of building economic infrastructures for the cultural economy capable of endowing it with more assertive competitive muscle.

Over much of the second half of this century, then, the French national model of economic development has not been especially hospitable with regard to cultural-products industries. Even where policy has been directly concerned with these industries, it has tended to put the emphasis more on cultural protection than on building a dynamic industrial base capable not only of increasing domestic market share, but global share as well. As a result, and despite its early historical start, France squandered — for a time at least — a remarkable opportunity to parlay its rich heritage of traditional assets in the domain of the cultural economy into the kind of growth machine that has propelled the economic development of the third Italy forward over these last few decades.

The cultural-products industries of Paris: employment, location and organization

Paris has long enjoyed a well-deserved reputation as a haven of intellectual, artistic and craft activity (cf. Clark, 1986; Menger, 1993; Charle, 1998). This reputation flows not only from centuries of productive effort in philosophy, literature, music, painting and so on, but also from the city's long history of skilled artisanal labor dedicated to the fabrication of a remarkable array of fancy decorative goods, sometimes at levels of craftsmanship unmatched anywhere else in the world. In the nineteenth century, in particular, Paris was celebrated for its many small craft industries producing so-called *articles de Paris*, including fans, leather goods, umbrellas, canes, artificial flowers, household ornaments, buttons, toys and so on (Gaillard, 1977). Employment in these industries in the city in 1860 amounted to 25,748 according to Fierro (1996), but this is almost certainly an undercount given their extensive underside — then as now — of small fugitive workshops and home workers. Occasional traces of these industries can still be found in parts of Paris, but, like the craft industries of provincial France, most of them have long since succumbed to the pressures of cheap foreign imports and changing consumer tastes. Even so, some of the cultural-products sectors that flourished in nineteenth-century Paris have continued to maintain a strong presence down to the present day. These include clothing (with its prestigious *haute couture* segment established by Worth in the 1850s), leather goods, publishing, furniture, perfume and cosmetics, and jewelry.

At the present time, the main outlines of the cultural economy of Paris are made up of these latter traditional sectors together with a number of distinctly more modern industries, mainly in various branches of the media. Table 1 shows employment in a selected cross-section of the cultural economy of Paris in the period from 1992 to 1997 based on four-digit industries as defined by the French industrial classification. Note that the data in the table refer only to the city of Paris, and that suburban areas are excluded (since there is relatively little development of cultural-products industries in these areas). The industries shown in the table all have computed location quotients for Paris relative to France as a whole of 2.0 or more¹ (signifying high levels of geographic concentration), except for the two furniture sectors, which are included because they form a well-developed industrial district in and around the Faubourg St Antoine in the east of the city. It should be noted that the industries identified in Table 1 are a selection only and do not represent the totality of the cultural economy of Paris. Important sectors, as defined by the official industrial classification but not mentioned in the table, are, to name only a few, clothing industries other than 18.2D and 18.2E, newspaper publishing, advertising, architectural services, and recreational, cultural and sporting activities other than 92.1A,

1 The location quotients are calculated on the basis of number of establishments since this study is focused as much on the industrial system *qua* network of producers as it is on raw employment.

Table 1 *Permanent employment in selected cultural-products industries, city of Paris, 1992–97*

NAF*	1992	1993	1994	1995	1996	1997
18.1Z Fabrication of leather clothing	649	625	566	518	490	458
18.2D Fabrication of garments for men and boys (except underwear)	10,941	9,098	7,466	6,180	4,919	4,537
18.2E Fabrication of garments for women and girls (except underwear)	13,267	14,088	16,106	15,322	15,821	16,580
18.3Z Fur industry	886	685	626	582	550	513
19.2Z Fabrication of travel goods and fine leather	4,512	4,863	4,129	3,879	3,701	3,730
22.1A Book publishing	15,897	14,896	15,820	15,647	14,674	14,463
22.1E Publishing of magazines and periodicals	24,528	23,911	23,883	23,283	23,308	22,575
22.1G Sound recording	3,690	3,671	3,709	3,866	3,720	3,881
24.5C Fabrication of perfumes and cosmetics	18,138	17,798	17,808	17,820	17,159	16,921
36.1G Fabrication of household furniture	2,514	2,240	2,020	1,854	1,624	1,640
36.1K Industries related to furniture	1,283	1,171	1,208	1,173	1,170	1,167
36.2C Jewelry	3,833	3,559	2,787	2,814	2,959	3,003
36.6A Costume jewelry	2,822	2,398	3,002	2,768	2,359	2,143
92.1A Production of films for television	358	832	803	883	1,141	1,412
92.1C Production of films for cinema	700	1,696	2,378	2,404	2,277	2,210
92.1D Technical services for cinema and television	975	2,927	2,760	2,906	3,743	3,965
Totals:	104,993	104,458	105,071	101,899	99,615	99,198

* Nomenclature d'Activités Françaises, i.e. standard industrial classification.

Source: Groupement des ASSEDIC de la Région Parisienne.

92.1C and 92.1D. If we consider the cultural economy of Paris as a whole, the number of permanent employees is almost certainly at least twice the aggregate number shown in Table 1 (cf. Scott, 1997). To these permanent employees we should add the undoubtedly large but unknown number of temporary employees in these sectors. Rannou and Vari (1996) have suggested that in the Paris film industry, for example, the number of temporary workers (not including actors and writers) is roughly twice the number of permanent workers.

Of the sixteen sectors designated in Table 1, eleven show net declines in permanent employment over the period from 1992 to 1997, and five show net gains, though only in the women's clothing industry are these gains of any real significance. In total, employment in the sectors shown declined from 104,993 in 1992 to 99,198 in 1997. This, admittedly, has been a period of considerable hardship in the French economy as a whole, but the general trend is entirely consistent with more extended sets of time series data in these industries. Unfortunately, direct comparisons with earlier years are not possible due to major changes in the French industrial classification in 1992. If we look at six main industries with close affinities to those given in Table 1, but defined according to the old NAP² classification, we find that permanent employment in Paris between 1980 and 1991 declined by the following amounts: NAP 45.00 (leather) –23.2%; NAP 47.00 (clothing) –27.4%; NAP 49.00 (furniture) –21.2%; NAP 51.00 (printing and publishing) –5.0%;

2 NAP (Nomenclature d'Activités et de Produits) is the terminology used in the older French industrial classification to designate a standard industrial category. The data in Table 1 are defined in terms of the newer NAF (Nomenclature d'Activités Françaises).

NAP 54.04 (jewelry) –21.7%; NAP 86.02 (film production) –43.3%.³ If anything, then, the more recent period is one in which the rate of decline appears to have moderated somewhat.

A noteworthy feature that all these sectors share in common is their disposition to form dense specialized industrial districts within the wider fabric of the city. Figure 1 offers a schematic map of these districts in Paris, though it must be borne in mind that the map is extremely stylized, and the districts shown are always in practice accompanied by an admixture of dispersed locational activity in the rest of the city. The map immediately brings into focus a twofold split in the cultural economy that I have already alluded to above, namely, on the one hand a set of artisanal industries located close to the working-class and immigrant neighborhoods to the east and center-east of the city, and on the other a set of media industries located toward the more up-scale western half of the city. The apparent exception to this generalization is the perfume and cosmetics industry in the west of Paris, but this turns out on closer inspection to be composed of management, administrative and marketing functions more than it is of actual production activities. Production in the perfume and cosmetics sector is mainly to be found in the booming new ‘Cosmetics Valley’ that has emerged since the early 1970s in and around Orléans some

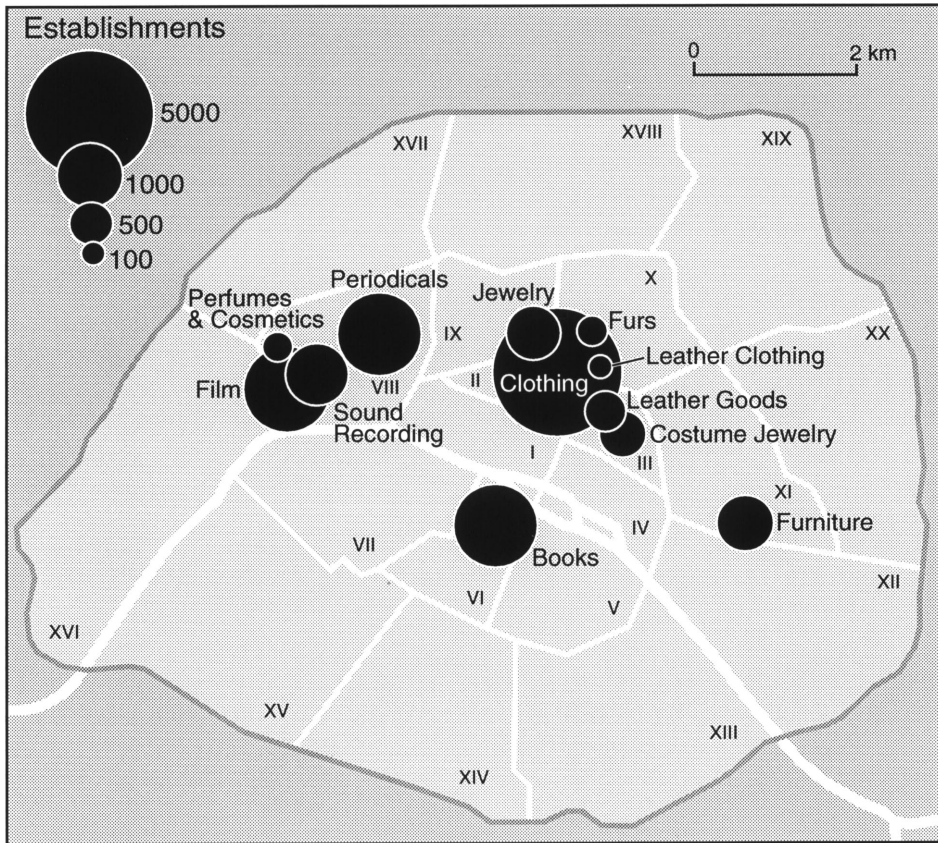


Figure 1 Main industrial districts in the cultural economy of Paris (arrondissements are numbered; circles are proportional to the logarithm of the number of establishments in each sector)

3 Calculations are based on data contained in the records of the Groupement des ASSEDIC de la Région Parisienne.

110 kilometers to the south of Paris, and where many of the classic French brands of perfume (e.g. Christian Dior, Guerlain, Shiseido, Grès, Paco Rabanne) are now actually made (Plé, 1998).

Data for each of the sectors shown in Figure 1 indicate that average establishment size is notably small, rarely, in fact, rising above ten permanent employees. In addition, as demonstrated in studies by Lacroix *et al.* (1979), Moulrier Boutang (1990), Couderc (1998), Scott (2000) and others, establishments in sectors like clothing, publishing and film production are caught up in tightly-knit production networks marked by high levels of flexible subcontracting activity. Thus, for instance, the Sentier district, the main hub of the clothing industry in Paris, constitutes a classic Marshallian industrial district forming a crowded warren of manufacturers and specialized subcontractors working in ever-shifting networks of interrelationships and employing a large number of female and immigrant, often undocumented workers (Montagné-Villete, 1990). In this spatial configuration, these industries presumably reap a harvest of positive agglomeration economies (cf. Becattini, 1992; Courlet and Pecqueur, 1993; Scott, 1995), though it is evident nonetheless that for many of them this condition has not staved off what appears to be a distinct loss of competitive advantage in recent decades. The two principal deviations from this observation are represented by the women's clothing industry, and above all the perfume and cosmetics industry, which, for France as a whole, is the third largest producer of exports after cars and car parts and food and agriculture, and ahead of aeronautic products (Lebel *et al.*, 1990; Plé, 1998).

At the same time, these sectors have always been arenas in which a small number of large firms operate and, in recent years, many of these firms have started aggressively to build multisectoral empires combining different cultural industries in Paris as well as in other parts of the world. For example, LVMH (Louis Vuitton Moët Hennessy), today the world's leading luxury goods firm, combines interests in champagne, wines and spirits, jewelry, perfume, fine leather goods, fashion (via its holdings of Christian Dior, Givenchy, Christian Lacroix, Kenzo Mode and others) and so on. L'Oréal, which is France's largest cosmetics and perfume firm, has holdings in Lancôme, Lanvin, Guy Laroche, Paloma Picasso and so on. The two main French publishing companies, the Hachette group and Havas Publication Edition, control major assets in a variety of media industries, and both own a number of established imprints (which in the case of Havas Publication Edition includes Bordas, Nathan, Dalloz, Laffont, Masson and Larousse). The TV channel, Canal+, constitutes a major presence in film and television production. Gaumont, one of the three French film majors, is not only a significant producer of films in its own right, but also owns a number of important film production and distribution subsidiaries. These and other large firms in the cultural-products sector, are usually organized as conglomerates of quasi-independent subsidiaries rather than as top-down structures of administrative authority, a strategy that is in large degree designed to preserve and enhance the individual trade marks, labels and reputations associated with their different subsidiaries (cf. MacKinsey & Co., 1990). In this way, they retain the distinctive competitive advantages of their component parts while reaping economies of scale in the domains of financing, marketing and distribution. They are also in most cases connected to even larger financial groups (such as Chargeurs, Compagnie Générale des Eaux, Havas or Lagardère) with interests that spread well beyond the cultural economy as such. As in other cultural-products agglomerations in other parts of the world (Los Angeles, New York, London etc.), there is now evident in Paris an increasing trend for foreign multinationals to enter the fray, either by purchasing local companies, by directly setting up their own production facilities, or by licensing local firms to manufacture under their labels. A few examples of foreign multinationals with active participation in the cultural economy of Paris are Bertelsmann in publishing and record production, Sony and Warner in record production, Calvin Klein in clothing and perfumes, and Procter and Gamble in cosmetics and perfumes.

These larger firms, together with an important cohort of small firms, are concerned mainly with the production of high-quality outputs and, as such, they have fared relatively well in recent years. They are, to be sure, under intense competition from other high-quality producers in Italy, Britain, Germany and the United States, but the competition is even more severe at the other end of the quality spectrum where imports from low-wage countries have had ravaging effects (Béghin, 1997). One albeit imperfect way of indicating the superior performance of the high-quality producers as a group is to look at the financial performance of firms belonging to the Comité Colbert. This is an association of 73 of some of the most prestigious luxury goods firms in France (not all of them in Paris, however), that functions as an elite marketing and export-promotion agency (cf. Bergeron, 1998; Castarède, 1992).⁴ According to the annual reports of the Committee, member firms saw their aggregate sales rise from 30.9 billion francs to 37.9 billion francs (an increase of 22.7% in current francs, or 12.2% in constant francs) from 1992 to 1997. This is perhaps not a stellar achievement, and it needs, too, to be assessed in the light of the declining world-market share of these firms (see Bergeron, 1998), but it is certainly much better than the general employment results presented in Table 1 for the same time period.

Something of the same trends can be gleaned by comparing the recent performance of the men's and boys' clothing industry, a sector where Paris has only a limited cachet, with that of women's and girls' clothing, for which Paris is unquestionably one of the world's most prestigious production centers. As Table 1 shows, employment in the former sector declined by 58.5% between 1992 and 1997, while the latter increased by 25.0%. That said, a closer examination of the clothing industry of Paris indicates that the competitive situation is actually somewhat more complicated than this generalization suggests. The industry is in practice divisible into three rather different segments, each with a distinctive market orientation. At the pinnacle of the industry are the fourteen firms currently designated by joint authority of the government and representatives of the industry as *hauts couturiers* (Balmain, Chanel, Dior, Féraud, Givenchy, Hémant, Lacroix, Lapidus, Laurent, Mori, Rabanne, Scherrer, Torrente and Ungaro). Despite the enormous prestige of this group of designers, their overall employment has shrunk considerably since the late 1960s, in part as a result of radical shifts in the structure of fashion markets (Grumbach, 1993). Beneath this upper tier lies a stratum of highly reputed fashion houses that do not, however, participate in the *haute couture* designation (e.g. Balenciaga, Courrèges, Jean-Paul Gaultier, Emmanuel Kahn, Chantal Thomass, Sonia Rykiel). Many of the firms in this sector have proven themselves to be relatively adaptable and innovative, and have been at the leading edge of the industry in recent years. In a third tier comes the mass of *prêt-à-porter* manufacturers who make up the greater part of the Sentier district (cf. Grumbach, 1993; Soares and Lerenard, 1998). Producers in this latter group are under severe stress from cheap foreign imports, though they also greatly benefit from the reputation effects that spill over from producers in the two higher tiers. Cutting through these different segments of the industry are two major trade federations, on the one side the Fédération Française de la Couture du Prêt-à-Porter des Couturiers et des Créateurs de Mode which represents *hauts couturiers* and major clothing designers, and on the other side the Fédération Française du Prêt-à-Porter Féminin which serves ready-to-wear producers in the second and third tiers. One of the current problems of the French clothing industry is that these two federations remain largely isolated from one another, thus closing off a potential avenue of information flow and mutually beneficial dialogue, interaction and cooperation.

4 Firms belonging to the Comité Colbert occupy a variety of sectors including crystal, leather, porcelain, hotels and restaurants, jewelry, fashion, perfume, and champagne and wines.

Institutions, policies, strategies

The collective order of the cultural economy

The cultural economy of Paris is dominantly composed of clusters of small independent producers and subcontractors, occasionally punctuated by large, financially established 'majors', and it is shot through with structures of formalized collective order which ramify to an extraordinary degree throughout the entire system. There is, indeed, no part of the cultural economy of Paris that is not deeply touched in one way or another by the self-regulating dispensations of civil associations and by forms of governmental authority (Rouet, 1997).

To begin with, every sector of the cultural economy noted above — and a great many specialized subdivisions of these sectors too — is interpenetrated with business organizations, syndicates and federations. Distinctive professional groups within the cultural economy are also usually represented by specialized associations, as in the specific cases of cabinet makers, writers, actors, film directors, musicians and so on. Blue- and white-collar labor unions exist in different parts of the cultural economy, though they tend to attract only small minorities of workers. Whatever their organizational form, these institutions are always first and foremost concerned with protecting the interests of their members by means of lobbying actions, contract negotiation, advice to members, the policing of unauthorized practices (such as the pirating of members' designs) and so on. Their activities also involve many different sorts of promotional efforts, e.g. specialized training for workers, the diffusion of new technologies, or the sponsoring of trade shows. Thus, industry associations play a major role in supporting professional schools like the Institut Français de la Mode, FEMIS (l'Institut de Formation de l'Image et du Son, which is the top French film school), or l'Université du Luxe which is run by the Comité Colbert. They are also occasionally active in maintaining research centers such as the Centre Technique du Bois et de l'Ameublement in the case of the furniture industry, or the Centre Technique des Industries de l'Habillement in the case of clothing. Of the many trade shows organized by private associations, the twice-yearly salons put on by the Fédération Française du Prêt-à-Porter Féminin are among the best known and the most successful, and they attract huge numbers of buyers to Paris from all over the world.

Governmental regulation of the cultural economy involves a wide panoply of measures directed to a range of economic and cultural goals, often in a highly piecemeal fashion. Such measures include, for example, support of the publishing industry via financial subsidies and the maintenance of retail book prices, or the levying of parafiscal taxes in sectors such as clothing and furniture, and the recycling of these taxes back into various industry-run services such as education and research. The protection of trade marks and the regulation of intellectual property rights are further important forms of governmental action, and authors' rights are especially strongly guarded; these rights extend also to film directors, providing them — as opposed to producers — with artistic ownership of the films they make, and hence clearly tipping the balance in any conflict over substantive content or aesthetic form in favor of directors. A special financial scheme designated IFCIC (Institut pour le Financement du Cinéma et des Industries Culturelles) has been established by the government in order to provide loan guarantees to facilitate the raising of private investment funds in the film industry and other cultural-products sectors. This scheme is complemented by a system of tax shelters, known as SOFICAs (Sociétés de Financement des Industries Cinématographiques et Audiovisuelles) designed to encourage investment in film production (CNC, 1996). Additionally, limited sums of money flow into some parts of the cultural economy (mainly the clothing, furniture and media industries) through ANVAR's support for technological upgrading within the small-firm sector at large.

Nowhere is the visible hand of the state more evident in the cultural economy of Paris than in the case of the audiovisual sector. In the film industry, in particular, a quasi-autonomous administrative body known as the CNC (Centre National de la Cinématographie), nominally under the aegis of the Ministry of Culture, intervenes with its well-oiled machinery at every juncture (CNC, 1993; 1996). The CNC supports Unifrance Film International which seeks to promote French films in foreign countries; it contributes significantly to the annual Cannes Film Festival; it regulates labor markets by managing a system of professional certification; it helps to support the FEMIS. It also has an affiliated agency, the Commission Supérieure Technique de l'Image et du Son which provides advice and guidance to the industry on questions of technology and equipment, and it runs a small program that helps to subsidize research by private firms on new technologies. Above all, the CNC operates a central support fund for the film industry by managing an extensive system of levies and subsidies across the entire audiovisual complex.

Money for the CNC's support fund is raised in two principal ways. One of these is represented by a tax of approximately 11% on all film theater tickets sold in France. Since American films now dominate the box office in France, this tax falls especially heavily on them. The other main source of income is an imposition of 5.5% on the revenues of television networks. The money raised is then redistributed through the support fund in aid of both cinema and television production activities. Most of the money is allocated through a so-called 'automatic subsidy' awarded to producers in proportion to the 11% tax raised on tickets sold for their previous films. A second major line of assistance involves a reimbursable advance on receipts; this is a selective award for which producers must compete, and which in addition offers special opportunities for directors making their first film. Further, and on top of the 5.5% tax on revenues that television networks must contribute to the CNC's support fund, they are obliged to allocate an additional 3% (and in the special case of Canal+, 9%) to the production or pre-purchase of French films. In response to this requirement, all major television networks in France have now set up subsidiaries devoted to feature film production (see Scott, 2000).

Strategic opportunities at the private-public interface

On the face of it, then, the cultural economy of Paris appears to have many of the competitive advantages that have been proclaimed in much of the recent literature on urban and regional development as being essential for economic success in a globalizing world (see, for example, Piore and Sabel, 1984; Amin and Thrift, 1992; Becattini, 1992; Salais and Storper, 1993; Scott, 1995; 1998). It is embodied within a series of flexible firm networks; it assumes the geographic form of dense industrial districts offering a wide assortment of localized externalities; it is able to draw on accessible pools of skilled and specialized workers, especially in the domains of creation and design; it is marked by many intersectoral synergies in matters of style, fashion, sensibility and reputation; and it is overlain by a notably dense framework of institutions offering a diversity of specialized services. Yet its economic performance has on the whole been laggard over the last couple of decades, and even on domestic markets (the case of the cinema being especially critical) it has suffered greatly from foreign competition. A preliminary diagnosis of the predicaments of the cultural economy has already been set out at an earlier stage in this paper, but some deeper probing of this matter is now required.

Thriving industrial agglomerations generally possess three major characteristics in addition to those noted in the previous paragraph. These are entrepreneurial risk-taking, innovativeness and adaptability, and effective distribution of final products to the wider world. Some theorists, such as Lorenz (1992), would add mutual trust and interfirm collaboration to this list. A few French cultural industries score highly on some of these characteristics, but almost all fail on at least one of them, and some on two or three (Colletis and Levet, 1997; Taddei and Coriat, 1993). Probably the most successful of all

the sectors scrutinized here is the perfume industry. In this instance, a long tradition of excellence and innovative competence has been combined with the marketing and distribution capacities of major multinationals which over the last few decades have contested global markets with great effectiveness. Women's fashions have also been relatively successful, in part no doubt because of the virtually indelible mystique that adheres to this segment of the cultural economy of Paris (cf. Bourdieu and Delsaut, 1975), and in part because the periodic industry-wide salons have functioned extremely well as an international marketing tool. Against these positive accomplishments in the clothing industry we must set the failed strategy of the *haute couture* segment, which in the postwar decades attempted to deal with international markets mainly by licensing foreign manufacturers to produce under its labels. In the end, this strategy has significantly tarnished the symbolic value of many of these labels (Bergeron, 1998; Grumbach, 1993), and it is in any case a symptom of a traditional diffidence in much of French industry in regard to the cultivation of wider markets. Information gleaned in a number of interviews suggests that this licensing strategy is now being largely abandoned, and top fashion houses and designers in Paris are evidently starting to deal directly with issues of foreign marketing and distribution.

Of all the sectors of the cultural economy that exhibit this syndrome of competitive enervation, the film industry is one of the most conspicuous. This, of course, is a particularly delicate case because it is so clearly subject to strains and stresses emanating from the dual demands of art and commerce. There is no reason in principle, however, why these demands cannot be reconciled in one way or another, or at least why a commercially viable popular cinema cannot be created — without undue sacrifice of quality — alongside the continuing French tradition of *films d'auteur*.⁵ In practice, the French film industry has been losing ground steadily for decades before the onslaught of foreign (i.e. American) competition (Scott, 2000). The response to this competition has been essentially defensive, involving heavy CNC support of domestic production (which currently stands at some 100 to 150 films per year), but at the price of dramatic reductions in levels of entrepreneurial risk and sensitivity to market dynamics. One can plausibly argue, indeed, that the policies of the CNC have helped to create a certain rentier mentality among at least some film producers and directors who seem more absorbed by the tasks of securing financial support than they are with actually attracting an audience. There can be little doubt that without the strong policy intervention of the last few decades, French cinema would have declined even more severely than it has; but what is notably lacking in current policy is a will to create new productive synergies of a type that might promote superior levels of economic performance and market penetration or to shape new and aggressive competitive strategies. Above all, the French film industry is weak in the areas of export promotion, marketing and distribution (Coulot and Téoul, 1989). In some degree, the poor performance of French films on foreign markets can be ascribed to linguistic barriers, but these are probably not the irremediable impediment to the development of non-French-speaking audiences that many individuals in the industry believe them to be (cf. Finney, 1997; Martin, 1995). In spite of the efforts of Unifrance and French consulates all over the world to advance the cause of French cinema in foreign countries, there is no adequately financed or coordinated effort at the present time to develop a global business strategy for the French film industry as a whole, whether it be in the area of market research, promotional effort or physical distribution (Scott, 2000).

To varying degrees the same sorts of problems are encountered across the gamut of French cultural-products industries (Bergeron, 1998), though as we have seen, signs of some new directions have been making their appearance over the last few years. One

⁵ In fact, from Chaplin through the French cinema of poetic realism in the 1930s and 1940s to Woody Allen today, much that is best in the cinema has always worked on multiple levels of audience appeal.

aspect of this more hopeful trend is the emergence of a number of large, well-capitalized firms in symbiotic relationship with relatively small and specialized subsidiaries in different cultural-products sectors. These firms have shown an increasing capacity to master the intricacies of large-scale international distribution networks and to exploit the marketing advantages created by their multisectoral presence. Another aspect is represented by changes in the overall industrial policy environment with its apparently rising concern for sectors other than those dominated by large-scale industry. Although few dramatically new lines of policy development have emerged as yet, there is a definite shift in the direction of a policy mix that caters more effectively to the needs of small firms, and to the tasks of shoring up their competitive capacities, while simultaneously developing programs that build imaginatively on their configuration as regionally based clusters (Ganne, 1997). This is a domain in which creative policy partnerships between the Ministry of Industry and the Ministry of Culture would be likely to pay handsome dividends (cf. Rigaud, 1996).

In fact, as the discussion in this paper makes evident, the cultural-products industries of Paris, despite much current backing and filling, are still in possession of a number of trump cards. They continue to operate on a significant scale as agglomerated networks of producers, they are supported by local labor markets comprising a diversity of finely-honed skills, and they are endowed with institutional infrastructures, which, if they are not always as effective as they might be, represent for the most part a positive culture of corporatist interaction and coordination whose full capacities might be unleashed with appropriate reform. These industries possess, as well, an unequaled accumulated symbolic capital, both sector-specific and place-specific, providing further momentum to the incipient commercial remobilization that seems to have been occurring of late years. Above all, perhaps, all of these industries share in a common aura of symbolic meanings and consumer appeal, and there are enormous latent synergies and economies of scale to be obtained by an appropriately orchestrated program of joint global marketing of their products.

Conclusion

In this paper I have tried to describe something of the cultural economy of Paris while simultaneously opening up a number of analytical questions about the cultural economy of cities in general. The preliminary nature of the research accomplished here needs to be stressed, and more detailed sectoral studies as well as much more conceptual development of the pertinent issues urgently need to be carried out. Notwithstanding the limitations of the present study, it has indicated how cultural-products industries in one major city are constructed as intricate fabrics of social, economic and geographic relationships, and it helps to bring into relief the significance of cultural-products industries in large cities generally as we enter the twenty-first century. A major question raised by these industries revolves around their status as both economic entities and as sources of cultural meanings, a status which, in some interpretations, is seen as leading necessarily to a debasement of the latter term. There can be no doubt that debasement does, in fact, frequently occur, though I would argue that it is a contingent and not a necessary outcome, and that in any case, like it or not, our culture is increasingly going to be served up in the commodity form. In this process, Paris may well come to play an important and rapidly expanding part, for it has all the necessary economic and political resources with which to assert and reassert its role as a world center of creativity within the new cultural economy. Notwithstanding the excesses of commercial entertainment at its worst, or the tirades of Fumaroli (1992) about the 'technocratic philistinism' of the French state, there is every reason to believe on the basis of past experience that this role will be exemplary and progressive.

One final general point needs to be made. In contrast to those pessimistic visions of a future in which cultural uniformity reigns supreme under the watchful eye of American media corporations, the present analysis suggests that there may be real possibilities for the construction of vigorous countervailing forms of cultural production in many different parts of the world. Those major metropolitan areas that already possess elements of a local cultural economy, in however attenuated a form, are strong potential sites of new growth in this direction. As I have claimed elsewhere (Scott, 1998), the era of globalization that appears now to be opening up offers many opportunities for precisely this kind of growth, provided that the right combination of private initiative and public policy action can be brought to bear on the problem at hand. It is just possible that France may emerge as one of the pioneers of this model, and that it will seek to redefine its status as a cultural exception not in terms of defensive gestures, but as an aggressive exporter of distinctive cultural products to the rest of the world.

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