

Contribution to the consultation on the future “EU 2020” Strategy
(Interest Representative Register number 9213770154-45)

Europe’s future prosperity and competitiveness will undoubtedly depend on its capacity to foster innovation and creativity.

The Lisbon Strategy has put innovation at the heart of EU policies. However, the focus has been firmly concentrated on technological innovation and support to research and development initiatives.

The belief was that growth and employment would be best achieved by investing in ICT industries - the flagship industries of the digital economy –and boosting innovation, in particular in the “knowledge economy”.

In this context, the non-technological aspects of innovation and more particularly the role of the cultural and creative sector have been largely ignored.

However, as illustrated in a study on the economy of culture in Europe carried out by KEA European Affairs¹ for the European Commission (EC) in 2006, the cultural sector itself is a dynamic trigger of economic activity and job creation throughout the EU.

The number of people working for the cultural sector in 2004 was evaluated at 5.8 million, equivalent to 3.1% of total employed population in EU-25. Moreover, the cultural sector contributed around 2.6% to the EU GDP in 2003, with growth significantly higher than that of the economy in general between 1999 and 2003².

Against this background, and given the fact that the “EU 2020” Strategy will determine the EU’s policies and investment priorities for the next decade, this contribution aims at stressing the importance of the cultural and creative sectors in the implementation of the visions spelt out by the EC in its working paper.

The EU cannot ignore the value of the cultural and creative sector when shaping its global strategy for the ten years to come. By doing this, it would prevent Europe from evolving towards a more inclusive, sustainable and competitive society. We would therefore encourage the EC to take into consideration the following comments.

¹ www.keanet.eu

² “Study on the Economy of Culture in Europe”, conducted by KEA European Affairs for the European Commission, 2006.

Assessment of the European Commission's working document

As outlined by the EC in its working document, the EU will have to adopt policies to unleash Europe's innovative and creative potential in order to deal with important environmental, economic and societal challenges.

As a strategic consultancy committed to supporting creative and knowledge-based organisations and recognised for its leading expertise on the creative industries and cultural, entertainment and media sectors, KEA European Affairs is convinced that Europe's dynamism and competitiveness can be better revealed by investing in culture, and more specifically by supporting "culture-based creativity" initiatives.

Developed in a study prepared for the EC in June 2009³, the concept of "culture-based creativity" is linked to the ability of creative people (i.e. artists, craftsmen, creators and more broadly creative professionals) to think imaginatively, to challenge the conventional, to call on aesthetic, emotions, and values. To emerge, culture-based creativity requires personal abilities (ability to be imaginative and to think "out of the box"), technical skills (often artistic skills and/or craftsmanship), as well as a conducive environment that encourages creativity, promotes investment in art and culture and fosters citizens' cultural participation.

Although the cultural and creative sectors are increasingly considered as key sectors to unlock Europe's potential, their contributions to economic and social innovation, as well as to a more competitive economy, research and better learning, are not covered in the Commission's document.

At a time when enterprises and industries are calling on artists to renew their visions and business models, designers to rethink their processes and anthropologists to understand behaviours, EU institutions and Member States should not forget to call on creative and cultural resources to get Europe on a sustainable track.

A culture-based creativity policy is indeed the opportunity to associate the irrational, imagination, poetic, with the "rational", scientific and materialist set up of today's European societies. It is about inspiring our societies with alternative values and objectives to statistical as well as productive ends and short-term benefits.

Culture-based creativity: an important tool to reach "EU 2020" strategic objectives

As underlined by the EC in its working document, we have entered a period characterised by enormous economic, social and environmental challenges. The sections below will show that the development of a genuinely ambitious global strategy associating art, culture and creativity should contribute to address many of those challenges.

By underlining that art and culture can make a vital contribution to the achievement of policy objectives that reconcile the creation of wealth with sustainability and harmonious social development, the sections below will underline how culture-based creativity can be used to reach the three main priorities defined by the EC as key drivers of Europe's 2020 strategy.

³ "The Impact of Culture on Creativity", Study conducted by KEA European Affairs for the European Commission, June 2009.

1. Creating value by basing growth on knowledge

Knowledge will definitely represent a key input in order to lift the EU out of recession and to create sustainable growth. According to the Commission, "*in a fast-changing world, what makes the difference is education and research, innovation and creativity*".

1.1 Education

While education plays a key role in fostering creativity and innovation, art and culture play a substantial role in nurturing creative and innovative minds in educational settings.

- ⇒ **Better support** should be given to **arts education** provided by schools, universities and academies that are driving imagination, divergent thinking and intuition, which are all sources of creativity and innovation.
- ⇒ **Structured exchanges between art and other disciplines in existing education and learning programmes** should be promoted since inter-sectoral and interdisciplinary learning partnerships are particularly fruitful ways of promoting creativity and innovation.

1.2 Research

In its working document, the EC acknowledges the necessity to maximise synergy between research and other policy areas such as innovation and education. We consider that the cultural and creative sector should also be involved in such efforts aimed at breaking the "policy silos".

Indeed, it is increasingly recognised that the collaboration between artists, designers, researchers and technologists opens new ways to create innovative products and services. As pointed out by the EP in its resolution on cultural industries, "*creativity is a condition for the development of innovation in Europe and European technology companies would benefit from working in symbiosis with creators within "clusters"*"⁴.

- ⇒ The EU 2020 Strategy should also aim at **encouraging and supporting creative partnerships and clusters between the research and cultural sectors** in order to promote synergies between creativity, research and innovation.

1.3 Creativity and Innovation

The role played by cultural and creative industries in fostering creativity and innovation has been increasingly recognised at EU level. One example of recent political recognition in this regard was given by the Council of the EU who adopted Conclusions on "Culture as a Catalyst for Creativity and Innovation"⁵ in which it called for a strategic investment in culture, cultural and creative industries to be part of the future Lisbon strategy beyond 2010.

⁴ European Parliament's resolution on cultural industries in Europe, 10th April 2008 (2007/2153(INI)), recital R.

⁵ "Culture as a Catalyst for Creativity and Innovation", Conclusions of the 2941th Education, Youth and Culture Council meeting of 12 May 2009.

Such a strategic goal would be facilitated by the establishment of an indicator framework aimed at measuring the environment promoting culture-based creativity. In a study conducted for the EC on the impact of culture on creativity, KEA European Affairs proposed the creation of a “European Culture-based creativity Index”⁶ aimed at highlighting the potential of culture-based indicators in existing statistical frameworks related to creativity, innovation and socio-economic development.

- ⇒ A “European Culture-based creativity Index” could be established in order to better identify the social and economic factors that influence creativity. This index could be used to ensure that a cultural dimension is taken into account when measuring Europe’s creative and innovative potential.

In its working document, the EC acknowledges that access to finance remains an important issue for the growth of knowledge-based firms and that *“new sources of growth such as the creative industries need new types of financing adapted to their business models”*.

- ⇒ In order to tackle the issue of access to funding, the “EU 2020” Strategy could propose the **establishment of a “Creative industries bank”** specialised in financing (or in supporting the financing of) projects based on investment in creative industries⁷. The EU could for example mandate the European Investment Bank (EIB) to set up this structure.
- ⇒ Moreover, **private investment in the cultural and creative sectors, especially in creative SMEs, should be encouraged by building bridges with the financial community.**
- ⇒ The **establishment of innovation vouchers** at national level to help SMEs acquire professional skills they cannot afford (in technology, marketing, advertising and design) should also be promoted.

1.4 Intellectual Property Rights

In its working document, the EC also recognises the importance of having a well-functioning system of **intellectual property rights (IPRs)**. Given the fact that intellectual property is a key tool to reward creators and investors in creation, copyright should not be considered as a bottleneck whilst patent is perceived as the unique key to the development of sustainable growth and innovation. This is even more necessary in the framework of the setting up of a European Digital Single Market.

A well-functioning IPRs framework is not only needed to effectively protect creative industries, it is an incentive for individual creativity and investment in creation.

⁶ “The Impact of Culture on Creativity”, Study conducted by KEA European Affairs for the European Commission, June 2009.

⁷ This idea is supported by the Platform on the Potential of Cultural and Creative Industries which is composed of 40 European organisations representing thousands of cultural and creative actors from different fields (see the Platform’s recommendations at: http://ec.europa.eu/culture/our-policy-development/doc/platform_CCI_paper.pdf).

Intellectual property is an integral part of value creation in non technological sectors and, as such, is a critical element in raising finance for SMEs. Without a strong IPRs system, little if any investments would be made in new or growing creative enterprises.

- ⇒ A review and modernisation of the EU's IPRs system would allow the improvement of the existing framework conditions for innovation and creativity.
- ⇒ EU institutions should value intellectual property standards as the best way to stimulate creativity and should implement adequate enforcement mechanisms that enable the digital shift.
- ⇒ The EU 2020 Strategy should recognise the importance of copyright as a tool to stimulate creativity and innovation, especially in the framework of the European Digital Agenda.

2. Empowering people in inclusive societies

In order to meet the important economic and social challenges that will affect the EU in the years to come, efforts will have to be made to enable European citizens to acquire new skills, to foster entrepreneurship and create more jobs, and to guarantee social inclusion and cohesion.

2.1 Skills

The EC stresses the fact that new jobs requiring new skills will be created in the post-crisis economy. This implies the necessity to empower EU citizens through training, guidance and lifelong learning experiences, and to support labour mobility to ensure that people are employed where their skills are needed.

- ⇒ A way of empowering EU citizens with new skills is to promote inter-disciplinary initiatives between the technological, scientific and creative sectors, for example through the establishment of creative clusters, or the promotion of exchange of good practices.

2.2 Entrepreneurship

In its working document, the EC also acknowledges the fact that *"a more entrepreneurial culture needs to take hold in Europe, with a more positive attitude towards risk-taking and a capacity to innovate"*. Entrepreneurship is indeed foremost about taking risks, ability to work on new projects and anticipating future trends.

Those requirements could be more easily met through a better support for culture-based creativity initiatives as artists and creative professionals have the capacity to think laterally, to be problem-solving, team-oriented, visionary and exercise their entrepreneurial spirit.

Businesses are more likely to succeed if they are creative. Therefore, the role of management is to enable this creativity to flourish and to translate into better products or services. Creativity thus plays an important role in human resource (HR) management.

An interesting form of interaction between art and business are the so-called “artist in residence” projects, in which companies invite artists to spend some time among their employees in order to encourage mutual exchange and dialogue. Such projects are designed to enable the discovery of different ways of thinking and producing on both sides, and to make employees think about their views on the company and their working environment.

- ⇒ A way of promoting a more entrepreneurial culture in Europe could be to **promote the integration of design thinking in businesses**. In an increased number of major companies in the high-tech sectors, designers are working closely with engineers, marketers and manufacturers. Designers are not only stylists but also contribute to innovation in the use of new materials and production processes.
- ⇒ For the reasons outlined above, EU policies and programmes should also **support SMEs implementing a design strategy and enterprises that call on design and/or art to develop a competitive edge**, for example through “artist in residence” projects.

2.3 Social cohesion

In its working document, the EC rightly acknowledges the need to ensure **social cohesion** in the post-crisis economy. However, the document fails to mention the role that culture can play to creatively meet social policy objectives by fostering innovation as a way to achieve social outcomes.

Culture and art can indeed offer new ways of tackling “social challenges”, for which current approaches are deemed inadequate. Because they can trigger behavioural changes at the individual and group level, culture and art have the power to create new social relationships and to motivate people with their ability to establish a sense of connectedness and community spirit.

- ⇒ The EU 2020 Strategy should **encourage the use of culture and art as resources for “social innovation”**, which is essential to ensure an inclusive European society.

Cultural activities can for example be used to foster social cohesion by developing intercultural understanding and building strong and positive relationships between people from different backgrounds in the workplace, in schools, and within neighbourhoods.

- ⇒ For example, **artistic and creative projects involving migrants should be promoted** as they represent useful tools to facilitate the cultural and social integration of those populations in their host countries.
- ⇒ Europe’s cultural diversity represents a major economic and competitive asset. **Making investment in culture a priority of EU regional policy instruments** should represent an important added value for Europe’s 2020 Strategy. For example, by helping European regions to develop joined innovative solutions, the INTERREG programme should be used to promote Europe’s cultural diversity and intercultural dialogue.

3. *Creating a competitive, connected and greener economy*

Today's economy is increasingly characterised by the customisation of products and services whose success goes beyond their functionality and encompasses aesthetic, social or symbolic value.

The production of "signs", which can be content and information goods or have primarily an expressive (aesthetic, symbolic or social) content, is increasingly important in today's economy as consumers are no longer looking simply for products but for a brand which is associated with a set of values. People no longer buy a service, but an experience which provides memories or sensations.

Given the fact that productivity gains at manufacturing level are no longer sufficient to establish a competitive advantage, Europe needs the creative skills and thoughts provided by the cultural and artistic sectors to go beyond a pure "mercantilist" society focusing on productive goals.

Because of their sensitivity, artists and creative people will undoubtedly contribute to change our consumption habits. Therefore, investment in and better support of cultural, artistic and creative industries appears as a necessity to make a successful exit from the crisis and deliver EU 2020 objectives.

3.1 Industrial policy and sustainability

As acknowledged by the EC, a new approach to industrial policy focusing on sustainability, innovation and human skills is crucial for Europe's future competitiveness.

Many European regions are confronted with challenges linked to the relocation of industry and the crisis of traditional industrial sectors such as car manufacturing, shipbuilding or steel for instance. Many economic sectors in the EU face increased off-shoring trends and global competition. In contrast, the cultural and creative industries are identified as a growing sector of the economy.

The move toward a post-industrial economy increasingly driven by creativity and innovation, justifies a growing investment in culture. Therefore, EU 2020 Strategy needs to foster the adoption of policies aimed at developing a conducive environment enabling European companies and citizens to use their imagination and creativity, which are both sources of innovation, and therefore of competitiveness and sustainability.

⇒ Following the Conclusions of the Council of the EU on culture as a catalyst of creativity and innovation⁸, **the role that the arts, culture and the creative industries play in fostering a more competitive and sustainable economy should be better reflected in the future "EU 2020" Strategy.**

3.2 Economic development at regional and local levels

Furthermore, cultural activities constitute an essential engine for economic development at local level. A good example is provided by the city of Bilbao where the success-story of the

⁸ "Culture as a Catalyst for Creativity and Innovation", Conclusions of the 2941th Education, Youth and Culture Council meeting of 12 May 2009.

Guggenheim museum illustrates the direct economic impacts of cultural activities on local development⁹.

- ⇒ The EU 2020 Strategy should make cultural policy a priority as a catalyst for economic development at local and regional levels.
- ⇒ The structural funds should be used to promote collaboration between cities and regions using culture and creative sectors for local development.

3.3 Sustainable development and ecology

The Commission's working document forgets to mention that cultural activities contribute to "sustainable" development - which was already a primary objective of the Lisbon Strategy - as they contribute to a vision of society in which success does not only depend on continued quantitative material advancement but a society in which "wealth" should be further measured in relation to human values, the state of the environment and social cohesion. Moreover, cultural industries are often "greener", i.e. less polluting, than industries in other sectors.

- ⇒ Initiatives aimed at mobilising creators (artists, architects, designers) and creative SMEs on the issue of environmental sustainability should be promoted.
- ⇒ EU institutions should fund research aimed at exploring the links between "Design Thinking"¹⁰ and ecological issues.

Conclusions

Culture lies on the fringe of the European project as a subsidiary competence whilst it is at the heart of innovation goals and the development of new economic and social paradigms.

As a priority, the European institutions as well Member States should review policies aimed at stimulating innovation, competitiveness and sustainability in the framework of the EU 2020 strategy to determine whether they stimulate culture-based creativity and engage the creative and cultural sectors. Ideas developed in this contribution also suggested re-directing existing financial resources or adapting existing programmes to stimulate culture-based creativity.

It is Europe's diversity and its patchwork heritage that has shaped its destiny and will determine its future. This cosmopolitanism is an extraordinary resource of creativity. The challenge for Europe will be to make the best of its cultural diversity in the context of globalization.

⁹ The case study of Bilbao was analysed in the "Study on the Economy of Culture in Europe", conducted by KEA European Affairs for the European Commission, 2006, pp.154-157.

¹⁰ "Design thinking" is a discipline that uses the designer's creativity and sensibility and methods to match people's needs with what is technologically possible and to enable a business strategy to capitalise upon market opportunities.

To a large extent, Europe's future is dependent on its ability to develop its creative ambitions which will enable it to become a significant force for the generation of innovative ideas and services which have both significant economic value and the capacity to improve the quality of life of its citizens.

In this context, EU institutions and Member States should not forget that creative people and artists can assist in thinking and implementing a different world provided their skills and expertises are duly recognised as catalysts of transformation.