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CREATIVE INDUSTRIES IN WALES

Potential and Pitfalls

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CONTENTS

PREFACE	1
INTRODUCTION	3
1. THE RISE OF THE CREATIVE CLASS.....	7
2. DIFFERENT CREATIVE CLASS INDICATORS IN EUROPE	11
3. THE CREATIVE DIMENSION OF THE KNOWLEDGE ECONOMY IN WALES.....	25
4. THE MEMORY INSTITUTIONS OF WALES	28
5. DEVELOPING AND INVESTING IN THE MEDIA	33
6. PRODUCING MEDIA TALENT	35
7. GOVERNANCE OF THE ARTS IN WALES	41
8. CREATIVE INDUSTRIES STRATEGY	46
9. CONCLUSIONS AND POLICY IMPLICATIONS.....	50

Preface

Many countries and cities have a strategy for their creative industries. In our case both the Welsh Assembly Government and the Arts Council of Wales have provided a country-wide statistical picture of their extent and concentration. Most of our cities and even some villages have an awareness of the economic benefits that a distinctive arts and cultural identity can bring. For example, in bidding for Cardiff to be the cultural capital of Europe in 2008 Russell Goodway, the former Lord Mayor of Cardiff, memorably pronounced, "Culture is our core business."

An important debate is underway about the role of creative industries in the economic development of contemporary societies. To a great extent this has been prompted by Richard Florida's book *The Rise of the Creative Class*, published in 2002. Whereas in the 'Industrial Age' classical and neo-classical economic theory told us that 'people followed jobs', in the modern 'knowledge economy' Florida shows how 'jobs follow talented people'. That is to say, those places that display 'creative class' characteristics, meaning a high presence of art professionals and technologists, and what some have termed the 'bohemian class', have performed best economically in recent years.

In this paper, Phil Cooke's consideration of the evolution of creative industry in Wales is first set in the context of this 'Florida debate'. Welsh characteristics are compared with UK and some other European countries. A fairly common pattern of metropolitan domination is shown to prevail. Then the policy and institutional position and pressures in Wales are highlighted and aspects of these subjected to critique. Finally, observations are made about ways of improving policy implementation in the field. The author recommends that Wales should avoid debilitating contests to 'hype up' our creative capabilities. He concludes by suggesting how we might maximise opportunities to raise the quality of our creative industries both within Wales and globally, especially to raise the profile of our small country across the world.

In the background discussions prior to the publication of this Paper the Institute has benefited from the input of a great many people involved in the creative industries in Wales. Particular thanks are due to Gwawr Hughes, Director of Skillset Cymru; Phil Stead, Director of the Aberystwyth and Caernarfon based new media company CC4; Professor Dylan Jones Evans, of the Centre of Advanced Studies, Cardiff University; and Richie Turner, Nesta's Wales Manager. However, the views expressed are those of the author alone.

John Osmond
Director
Institute of Welsh Affairs
March 2006

Introduction

What are the creative industries? There is a broad definition, promulgated by, amongst others the European Union, and there is a narrow definition, statistically more manageable but which is actually more accurately described as encompassing the 'cultural industries'. Prosaically, the narrow definition is confined to 'Culture, Media and Sport'.

On the other hand, and more excitingly, the broad definition contains such occupations as matrons and ward sisters, legal professionals, market salespersons, even fashion models. Disappointingly, for the purposes of Table 1 to be found on page 26, the narrow definition will predominate. The broader definition will be utilised in discussing comparative statistics at a European level.

Technically-speaking, the excluded categories in Table 1 are 'professionals' in creative occupations, such as architecture, engineering science and education. By contrast, the creative core includes such 'bohemians' as authors and journalists, sculptors, painters, composers, musicians and singers, choreographers and dancers, actors and directors, designers, photographers and interior decorators. Clowns, magicians and acrobats are also included. Suitable statistical manipulation causes this to conform to the concept of the 'creative core' measured by the 'Professionals' and the 'Bohemian Index' together.

There is an important reason for starting off on the apparently arcane reasoning why fashion models and matrons belong to one part of the creative core of 'Professionals', while journalists – reporters of the dry facts of *actualité* – fall into another as 'bohemians'. This is because organisations not infrequently boost their Creative Index hit-list by including as many occupations and industries as possible. After all marketing is not to be confused with science.

The leading body responsible for Welsh Bohemians, *The Arts Council of Wales*, follows the broad definition of 'creative industries' advocated by the EU and the UK Department of Culture, Media and Sport to arrive at an 'arts and culture sector' statistic of 63,000 people in Wales, 5 per cent of the workforce.¹ A Cardiff Business School study is quoted as showing that 22,300 people, or 13 per cent of those in employment, work in Cardiff's cultural sector alone. As such it exceeds employment in Cardiff's financial services and construction sectors, as it is also said to do at the UK level. This would be great if true, but there are grounds for some degree of scepticism based on who is included and excluded, as discussed above.

Without labouring the point further, using 'Bohemian' plus 'Professionals' means international statistical comparisons can be performed, after the first, brief and mainly theoretical section that follows. In this, attention is devoted to the rationale for discussing a 'creative class'. Is it really a class, or rather a group based on income and market *status*, as Max Weber referred to such 'Yuppie' forerunners at the end of the nineteenth century? At that time he coined the term 'status group' to define persons with money, taste and even heroic consumption patterns but who were not unified by displaying a similar position in the production process as either proletarians or capitalists.

As we have seen, in the new version the creative class has a 'bohemian' and a 'professional' element. But the creative class also includes a separate category of technologist entrepreneurs and employees, who are creative in the non-artistic sense. Little will be said about this part of the spectrum of the 'creative class' in the context of this paper, which is mainly interested in cultural aspects of creativity. Consequently, the main focus is upon the bohemian and professional elements. In comparing the Welsh counties in Table 1, the creative class is condensed to workers in culture, media and sport, the last-named mainly for the sake of comparative completeness. Finally, more will be said about Wales, its creative and cultural condition, and suggested discontents. The discontents arise for two reasons:

¹ Arts Council of Wales, *The Arts Work: Facts and Figures* 2005.

- First, because sometimes good *cultural* initiatives are not translated into key *creative industry* initiatives exploiting commercial potential.
- Second, because there is insufficient recognition that realising creative industry potential is much harder and more expensive than investment in cultural inputs like new buildings and subsidised performance.

Accordingly, there is growing discontent with the state of culture and even, more generally, creativity in Wales that warrants exploration and, where appropriate, critique in the Jeffersonian sense of ‘speaking truth to power’. That is not to say that this observer has noticed that ‘the Emperor has no clothes’ rather that they are looking a bit threadbare. Thus, a recent article in *Golwg* bemoaned the likely disappearance of the Welsh film industry. It worried at the forecast demise in 2006 of the one agency *Sgrîn* that had at least some intermediary support function between certain public funding sources, notably the EU MEDIA programme, along with Wales and UK sources. And it speculated whether there would ever again be Oscar-nominated productions like S4C-commissioned *Hedd Wyn* and *Solomon a Gaenor* arising in Wales, especially given the likely financial constraints faced by S4C in the post-digital era. Some of *Sgrîn*’s functions are being absorbed into Wales’ new creative industries ‘hub’ within the Assembly Government while more ‘cultural’ functions stay – discretely rather than fully integrated - in the reconstituted body to succeed *Sgrîn*.

‘A folk museum of a country is the Wales of film’ according to John Hefin, a leading Welsh film director, quoted in the *Golwg* article. It acknowledges that there is some talent, visible in the University of Wales, Aberystwyth’s Theatre, Film and TV school, where Hefin lectures, but continues “... the talent hasn’t had publicity, perhaps because expectations of another *Hedd Wyn* being unearthed overshadow it.”² In *Sgrîn*’s final Cardiff Festival in November 2005 there were only eight Welsh films out of a total of 56 new feature films included in the programme. Of the 169 short films, 69 were from Wales.

² Williams, M., ‘Cymru’n diflannu oddi ar y *Sgrîn*’, *Golwg*, 18, 14, 2005.

The Arts Council of Wales supports the idea of the Cardiff Festival's continuation by other means. This is by way of brief illustration of the way 'culture' and 'creative industries' are continuing along divergent paths in Wales, something that better 'joined-up policy' might obviate, given the obvious interconnections of the two spheres. Other features of the strategy and funding of culture and creativity in Wales will also be explored below, including the digital archiving question, a success in media training that is neither 'state' nor 'market' in origin, the change in allocation of funds for six big spending recipients from the 'arm's-length' Arts Council of Wales into the Assembly Government's Department of Culture, Sport and Welsh Language, approaches to 'commissioning' of a kind that look innovative in Scotland but hardly broached in Wales, and the strategy for creative industries in Wales.

Immediately following, however, is a section that aims to show how important is coherent thinking about the rising importance of the connection between creative industries and economic growth in modern economies. Thereafter, and arising from this and the more Wales-focused analysis of policy needs, possible responses will be pondered upon by way of drawing conclusions.

1. The Rise of the Creative Class

The knowledge economy is reshaping economic development. Knowledge has been and continues to be a core foundation of the economic process and it has replaced natural resources and the efficiency of physical labour as the key source of wealth creation and economic growth. There is an extensive empirical and theoretical literature on which to draw regarding the knowledge economy.³ Since the term, the *knowledge-based economy*, was first coined by the OECD in 1996, researchers have increasingly sought to understand and give a fuller recognition to the role that knowledge plays in economic development and the reason for its uneven geographical distribution. The difference between 'knowledge-based economy' and 'knowledge economy' is that the former limits the definition to sectors, whereas the latter is looser, allowing distinctive types of knowledge application as well as production. However, it is far harder to measure, and impossible from official statistics.

There is a growing belief that knowledge can do more than increase economic growth; it can also lead to structural change in an economy and therefore society. Such change differs from the incremental changes to which all economies are constantly subjected. In his *The Knowledge Economy* (1998), Neef states that the new products and services resulting from technology growth may bring about profound changes in the way people live and work. He argues that this economic transition is characterised by the changing nature of work from low to high skill. This is reflected in the rapid growth in the services sector since the 1960s and in more recent changes in the goods-producing sector towards employing higher-skilled employees. Knowledge is becoming the defining characteristic of economic activities and society is increasingly structured on the basis of it being specialised and of knowledge people being specialists.

³ See OECD, *The Knowledge-Based Economy*, 1996, and *The New Economy: Beyond the Hype*, Final Report on the OECD Growth Project, 2001; Cooke P., *Knowledge Economies*, London, Routledge, 2002; and Neef, D., *The Knowledge Economy*, Boston: Butterworth-Heinemann, 1998.

The challenge in the knowledge economy becomes the combination and integration of the knowledge assets held by individuals. Increased human capital – that is, highly educated people – plays a key role in innovation and growth. Places with higher levels of human capital are more innovative and grow more rapidly and robustly over time.⁴ There has been considerable recognition of the regional embeddedness of much of knowledge-based activities, and it is most often cities and metropolitan areas that are the crucibles of knowledge-intensive activities.

A survey of knowledge economies across Europe has pointed out that they are highly uneven in their geographical incidence.⁵ On the one hand they are mainly an urban, even metropolitan or ‘primate city’ phenomenon, and on the other a regional ‘high performance engineering’ and high value-added services city phenomenon. These include leading national or international media and financial centres or major automotive or ICT engineering/manufacturing cities or regions.

The lower scoring places on the knowledge economy index are remote, often possessed of beautiful land and seascapes. They are frequently islands, and all are rural and tourism-inclined, being relatively distant from the aforementioned dynamo cities. Such low ‘knowledge economy’ regions are engaged in sectors with lower productivity, innovation and gross value added, hence GDP. Florida has argued that in the knowledge economy, regions develop advantage based on their ability to quickly mobilize the best people, resources and capabilities required to turn innovations into new business ideas and commercial products. The nexus of competitive advantage has shifted to those regions that can generate, retain and attract the best talent, creative people in arts and culture fields and diverse groups of people of different ethnic, racial and lifestyle groups.

⁴ See Glaeser, E., Kallall, H., Scheinkman, J., & Shleifer, A. ‘Growth in Cities’, *Journal of Political Economy*, 100, 1126-1152, 1992; and Florida, R., *The Rise of the Creative Class*, New York: Basic Books, 2002.

⁵ Cooke, P., and De Laurentis, C., *The Index of Knowledge Economies in the European Union: Performance Rankings of Cities and Regions*, *Regional Industrial Research Report* No. 41, Cardiff: Centre for Advanced Studies, 2002.

Such ability provides distinct advantages to regions in generating innovations, growing and attracting high-technology industries, and spurring economic growth. Regional economic outcomes are tied to the underlying conditions that facilitate creativity and diversity.⁶ The most successful city-regions are the ones that have a social environment that is open to creativity and diversity of all sorts. The ability to attract creative people in arts and culture fields and to be open to diverse groups of people of different ethnic, racial and lifestyle groups provides distinct advantages in generating innovations, growing and attracting high-technology industries, and spurring economic growth.⁷ It can be argued that it is access to common pools of labour or talent that underpins the tendency of firms to cluster together in regional agglomerations.⁸

Analysing such distributions of talent, or human capital, is increasingly becoming an important factor in economic geography. Talent is a key intermediate variable in attracting high-technology industries and generating higher regional incomes. This makes it an important research task to explore factors that attract talent and its effects on knowledge-based industry and regional incomes. In a knowledge-based economy, the ability to attract and retain highly skilled labour is therefore crucial to the current and future prosperity of city-regions as well as entire nations.

The most recent research on this question indicates unequivocally that talent is attracted to and retained by cities, but not just any cities. In their analysis of American metropolitan areas, Florida and Gates have shed new light on those characteristics of urban regions that seem to be most important in this process.⁹ The central finding of this work is that the social character of city-regions has a very large influence over their economic success and competitiveness.

⁶ Florida 2002, op. cit.

⁷ Gertler, M, Gates, G and Florida, R., *Technology, Talent & Tolerance in Toronto*, Toronto, Province of Ontario, 2002.

⁸ Glaeser, E., Kallall, H., Scheinkman, J, & Shleifer, A., 'Growth in Cities', *Journal of Political Economy*, 100, 1126-1152, 1992.

⁹ Florida, R. and Gates, G., *Technology and Tolerance: The Importance of Diversity to High-Technology Growth*. Washington, DC: Centre on Urban and Metropolitan Policy, The Brookings Institution, 2001.

In particular, Florida and his colleagues have found that those places that offer a high quality of life and best accommodate diversity enjoy the greatest success in the attraction and retention of talent and in the growth of their technology-intensive economic activities. The research demonstrates that 'quality of place' is extremely important. This is not just the attractiveness and condition of the natural and built environment. It embraces as well the presence of a rich cultural scene and a high concentration of people working in cultural occupations, the 'creative class' or the 'Bohemians'. The concentration of bohemians in an area creates a milieu that attracts other types of talented individuals. In turn, the presence of such human capital attracts and generates innovative, technology-based industries.

Diversity is a key aspect of successful places, increasing their ability to compete for talent. There are a number ways of measuring this. One is the absence of entry barriers facing newcomers so that people from different backgrounds can easily fit in. Another is the proportion of a city-region's population that is foreign-born.

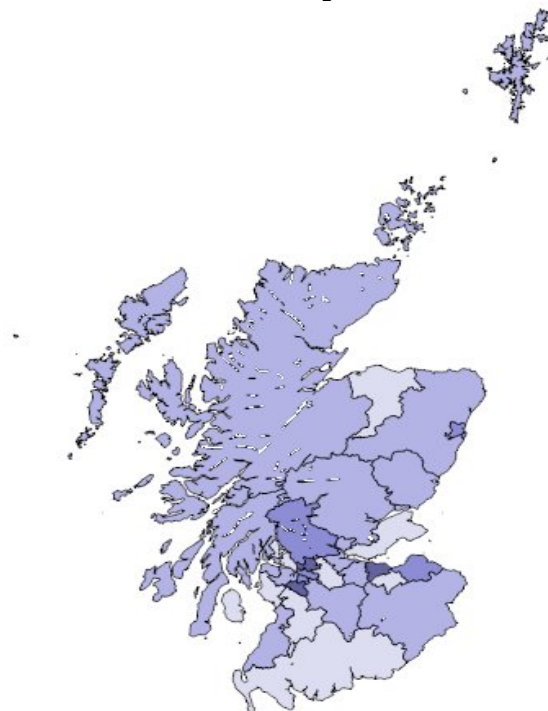
In what follows, an analysis of quality of place for cities in the UK and other countries in Northern Europe (Finland, Sweden and Netherlands), is presented to see whether the association between a significant presence of the creative class and subsequent economic growth holds as it does in the USA and Canada. The current growth asymmetry, favouring creative cities, gives rise to discontents about the nature of the modern economy, the job opportunities it offers and those it fails to offer, particularly in rural and small town vicinities. The result can be labour market distortions.

These pressures stimulate policy initiatives to enable excluded places and population groups to re-engage with modern socio-economic trends. We now turn to some empirical illustrations of the creative asymmetry tensions evident in contemporary Welsh, UK and European societies.

2. Different Creative Class Indicators in Europe

In this section we will examine and comment upon some ‘creative class’ indicators from different European countries, in particular the Nordic countries that have population sizes comparable to Wales. As might be expected, there is a pattern of dominance by the capital city as the place where the largest concentrations of creative people are found. The maps that follow are also based on Labour Force Survey data, which is EU designed. They measure the ‘broader’ creative class composed of ‘bohemians’ (culture, media, sport) and ‘professionals’ (architects, scientists, educators). Secondly, the maps show the densities of the Creative Core as a percentage of employment in each locality. In most cases localities have approximately five times more in the second category (professionals) than the first (bohemians).

Figure 1: Creative Core By Residence in Scotland



Legend					
%	6.51- 9.20	9.21- 12.00	12.01- 14.70	14.71- 17.5	17.51- 20.21

Source: Labour Force Survey (share of Creative Core – ‘bohemians’ and ‘professionals’ – in workforce by place of residence)

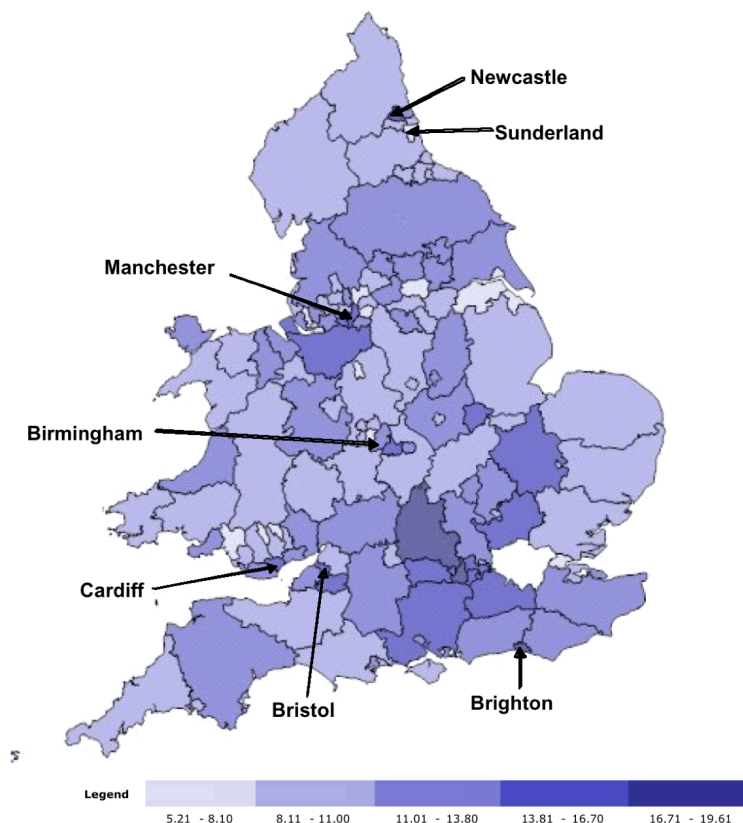
However, we begin by showing the position in Scotland, and then Wales compared with England. In Figure 1 Scotland reveals similar polarities to Wales in that it possesses some urban, formerly heavy industrial areas with effectively no resident 'creative core' of Bohemian and Professional workers. However, remote places such as the Hebrides and the other islands, if not possessing the demographic concentrations found elsewhere, show up amongst the more 'cultured' places to be found in Scotland.

Edinburgh scores highest with approximately 18-20 per cent of its residents being workers in the 'Creative Core'. There is also substantial creative 'spillover' to North Berwick. Aberdeen's creative residents are also evident at the 15-17 per cent level but their presence in Glasgow is much more fragmented. That great, former industrial city's Creative Core may work in but scarcely resides in Glasgow. Rather it is to be found impacting more upon the occupational structure of its outer periphery in Ayrshire, East Renfrewshire and East Dumbartonshire.

Hence, use of these, the only official statistics enabling comparison across the EU, reveals a 'doughnut' effect for the creative class in industrial but not commercial or administrative cities. Thus, by and large, Glasgow empties of its creative core at night, while Edinburgh and Aberdeen do not. What is the picture for the rest of Britain?

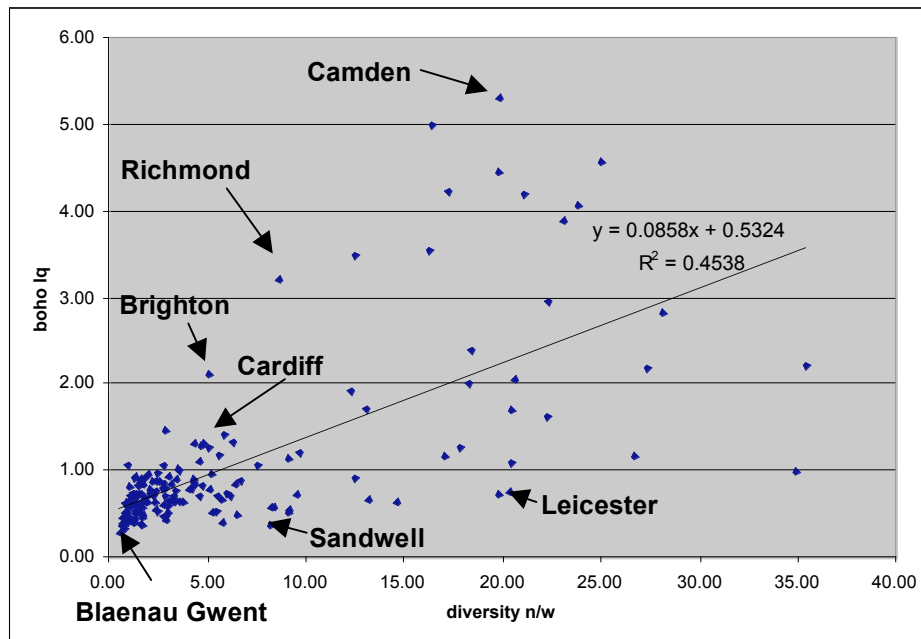
The equivalent data for Wales and England are presented in Figure 2. In Wales a relatively low impact is registered for Neath Port Talbot and the two valleys counties, Merthyr Tydfil and Blaenau Gwent on this broader Creative Core indicator, while the performance of Anglesey, Ceredigion, and Swansea is roughly equal to that of the Vale of Glamorgan and Monmouth. Newport also belongs to this 11-13 per cent creative core band, as do Denbighshire and Flintshire. Hence, including other 'creatives' along with the culture, media and sport 'bohemians', a better measure of Wales' 'creative' occupations than the latter alone reduces the rather gross geographical polarisation in culture, media and sport occupations. However, in some respects, the rather low presence of the creative class, broadly defined, in older industrial areas is an obvious similarity with Scotland and cause for policy concern there and in Wales.

Fig. 2: Creative Core By Residence in Wales and England



Source: Labour Force Survey (share of Creative Core – ‘bohemians’ and ‘professionals’ – in workforce by place of residence)

How about England? Figure 2 excludes London, the scale of which warrants separate treatment – even in a European comparison – and this is found in Figure 4. Noticeable immediately is the broad ring of higher scoring counties (of course, the ‘Home Counties’) where a great many of London’s ‘Creative Class’ resides. Oxfordshire, with its own indigenous creative activities – for example, 32,000 are employed in publishing – scores highest, in the 17-19 per cent category, of all English counties except two London boroughs (see Figure 4). In contrast, most English provincial cities are characterised by a doughnut effect with low resident creative class presence in the city itself and higher ratings in the suburbs. Newcastle is an exception to this picture, but Sunderland provides the doughnut in an otherwise universally modestly creative Northern region. Sometimes, as in the English Midlands, we see a city performing less well than its surrounding county, for example Stoke-on-Trent. Conversely a city might do better (Solihull).

Figure 3: Correlation of Bohemians and Cosmopolitans

Source: Labour Force Survey

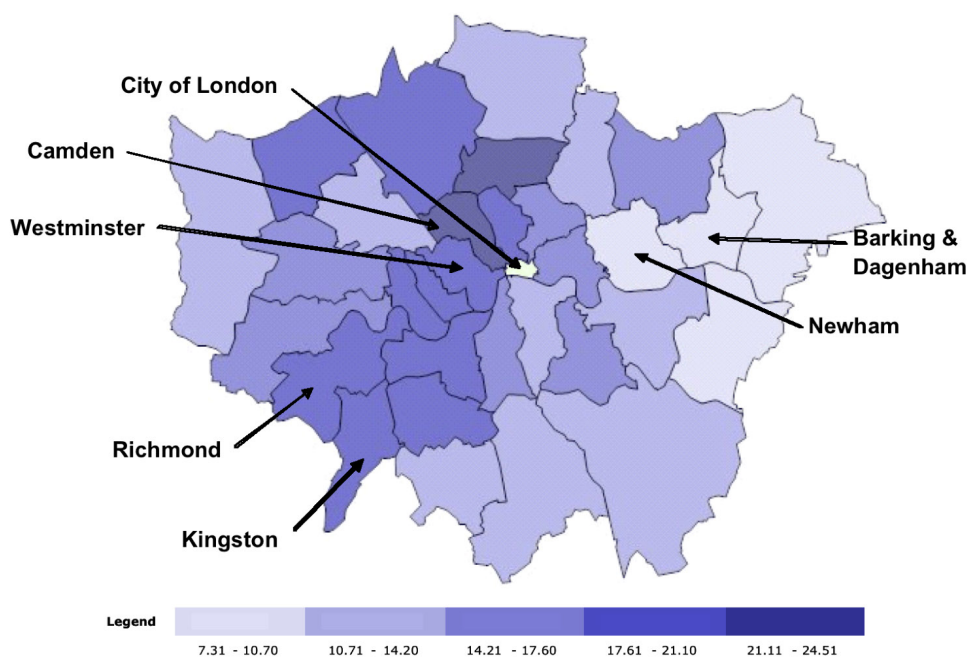
Bristol manages to do both better and worse *vis à vis* its neighbours. Brighton is interesting in performing better than Sussex more generally. It has most of the attributes of the classic 'creative city' in its two universities, strong creative class presence, reasonably strong technological performance and renowned tolerance of sexual diversity. Some of these elements are brought together in Figure 3. This uses regression analysis to correlate or associate the two characteristics (variables) of the 'Bohemian Index': (i) density of Bohemian and Professional residents (vertical axis); and (ii) diversity or 'cosmopolitanism', measured by density of Western and non-Western *foreign* residents (horizontal axis). There is obvious bunching of counties towards zero, with Blaenau Gwent the least 'Bohemian' and 'Cosmopolitan' place of all. Brighton is an outlier, high in bohemian characteristics and somewhat more cosmopolitan than most places. However, even Brighton pales into relative insignificance when set against certain London boroughs, such as Richmond, let alone trendy Camden in the Bohemian/Cosmopolitan stakes. Other London boroughs (for example, Newham) and Leicester are cosmopolitan but not 'Bohemian'. Sandwell is the heart of the Birmingham 'doughnut'.

Having mentioned London, we may now briefly observe the main features of its distribution of creative core residents. Needless to say these are concentrated (see Figure 4). A south-west/north-east axis is the most evident pattern, running from Richmond and Kingston to Islington (17.6-21 per cent creative), with Camden and Haringey (>21 per cent creative) as the two highest concentrations partly surrounding the latter. Secondly, though it is by no means totally lacking, the East End has noticeably less such activity amongst its residents. Having said this, an ‘inner-ring’ of ‘old East End’ Hackney, Tower Hamlets and Lewisham comes in at only a slightly lower magnitude than the ‘royal blue wedge’.

The two other notable features are the ‘doughnut’ or ‘bagel’ that is the City of London, not because it is necessarily uncultured but because too few creatives live there usefully to be counted. The outer north-west London suburbia of Harrow and Barnet are the chosen residential areas of the creative core at nearly 18 per cent and above.

Fig. 4. Creative Core By Residence in London

Creative Core

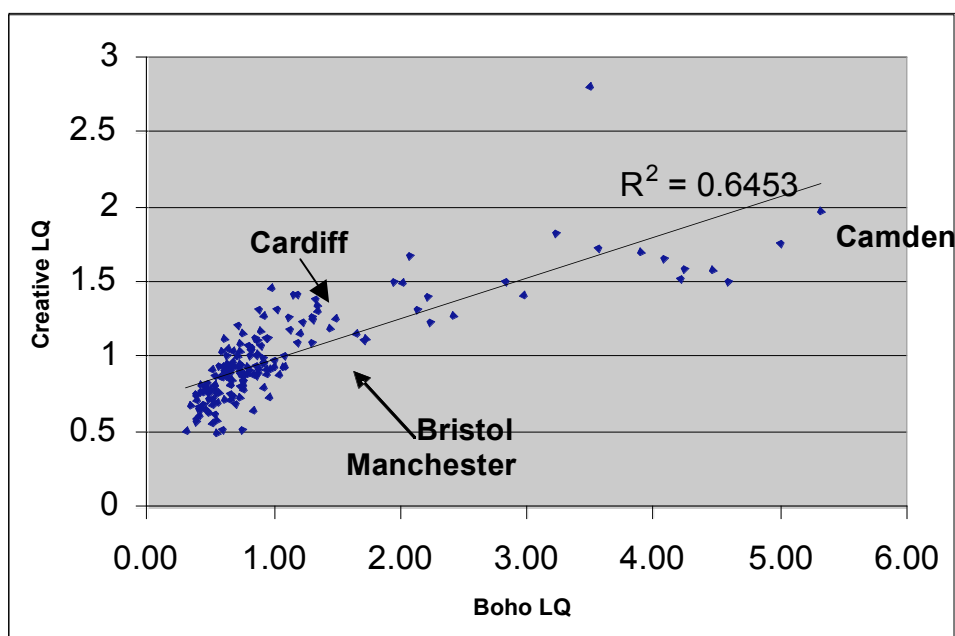


Source: Labour Force Survey (share of Creative Core – ‘bohemians’ and ‘professionals’ – in workforce by place of residence)

The combination of bohemians and professionals is thus a superb indicator of where the ‘chattering classes’ and urban élite mix residentially with the artistic, cultured creative core of British society. The capital cities of Edinburgh, Cardiff and west London constitute three points of intensity, possessing around 30 per cent of total employment in the cultural sector. Cities like Manchester and Bristol fall below Cardiff in their relative share of the creative core in relation to their ‘Bohemian’ category.

Little more can be said on this for the moment, except to show, first some more mainly Wales/England based correlations and then some European exemplars. With regard to the correlations, the data shown in Figure 5 analyses the degree of association between bohemians and the creative class as a whole. The association is positive and statistically significant. These findings are quite instructive in highlighting Cardiff’s distinctive qualities as a Boho/Creative worker city of UK *intensity* if not magnitude, given that the few of those further above the line are London boroughs, as discussed.

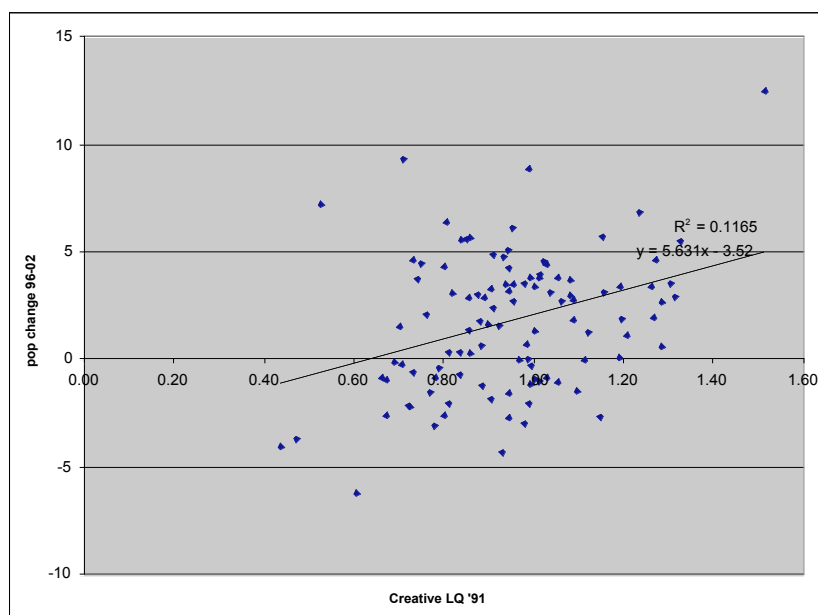
Fig. 5. The Correlation of Bohemians and Creatives



Source: Labour Force Survey

However, the most telling graphic is the one that follows (Figure 6) since this actually vindicates for the UK the somewhat controversial theory advanced by Florida in his *The Rise of the Creative Class*. This is that nowadays economic growth is no longer a matter of people pursuing jobs but rather is changing towards an arrangement whereby jobs follow talented people. For this to be true it would be necessary to show that a period of growth in creatives as a share of the resident population of a given location is nowadays *succeeded* rather than preceded by indicators of economic growth such as an increase in employment or population.

Figure 6: The Correlation Lag of Creative Intensity and Population Change



Source: Labour Force Survey

Figure 6 shows that for Wales and England the line of causality is consistent with the new theory. Thus the correlation is between the degree of creative core presence in a city or county at 1991 and subsequent growth (in this case demographic) after a lag of five years. The fact that the regression line slopes upwards from left to right means that, in general, more places with a significant cultural presence in 1991 grew in demographic terms than declined between 1996 and 2002. Moreover, those with the fastest demographic growth rate were those that in 1991 possessed the highest density of creatives (bohemians and professionals).

Finally, most of those that experienced the sharpest demographic declines had the weakest creative employment densities to begin with. Hence, for Wales and England the theory works. For Scotland we do not yet know as the necessary analysis is still in progress.

Nevertheless, as we shall see, it does not always work for our Continental comparators. This suggests there may be more of a similarity in this respect between Wales and England, and North America – the so-called ‘liberal market’ economies – than among the ‘co-ordinated market’ economies of Europe such as the Nordic countries, Germany and the Netherlands for which comparable analyses have been conducted.¹⁰ For, as Florida’s book on the creative class in the US shows, and a subsequent report on Canada confirms, the relationship holds with statistical significance in both countries.¹¹ Such differences are extremely germane to political debate in the European Union in the mid-2000s surrounding such problems as ethnic intolerance, high unemployment and slower economic growth rates in ‘co-ordinated’ compared to ‘liberal-market’ economic regimes.

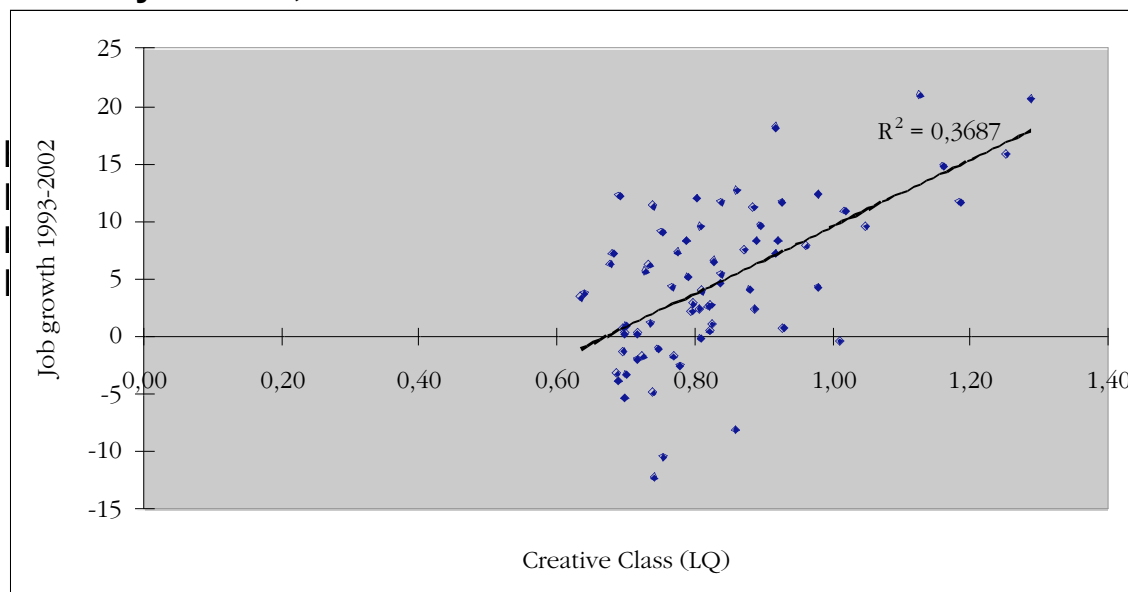
Thus Figure 7 shows the reverse association between creative class presence and, job growth (rather than population change as in Figure 6) in Sweden. That is, the job growth rose before the creative class intensity evolved. The regression line is steeper, signifying a better, although reverse, association between the two than the variables measured in the UK data. In the Netherlands, the picture is more like that of the UK and less like Sweden.

Hence, in the Netherlands the pre-existence of an evolved creative class in 1991 is positively associated with employment growth and the rate of new firm formation between 1996 and 2002. However, a distinction is made between where this positive effect worked and where it did not. It worked in related industrial sectors but did not do so randomly for all industrial sectors. Thus, if a particular labour market had a good variety of unrelated industries the existence of a creative class had no effect.

¹⁰ See Hall, P. and Soskice, D. (Eds.) *Varieties of Capitalism: the Institutional Foundations of Comparative Advantage*, Oxford, Oxford University Press, 2001.

¹¹ See Florida, M, Gates, G., and R Gertler 2002 *Technology, Talent & Tolerance in Toronto*, Toronto, Province of Ontario, 2002.

Figure 7: Job Growth 1993 Anticipating Creative Class Intensity in 2002, Sweden



Source: Labour Force Survey

However, if the labour market had connected industries, for example an information technology cluster where firms traded with each other, learnt about new software or industry standards from each other, thus benefiting from knowledge spillovers, this gave such labour markets competitive advantage.

This is interesting since it fits with the economic theory that in the knowledge economy, in which the creative class is prominent, there is an informal as well as formal utilization of different knowledges with a specific, related industry focus. In turn this gives advantages to industry specialization of an offensive, competitive advantage kind. In the latter days of the previous era of the industrial economy, it was held that industrial diversity was more desirable for defensive, 'risk-pooling' reasons. It was believed there were dangers in a region, or city's over-dependence on declining industry. This, of course, has been the classic policy assumption about the abiding problems of the Welsh economy, especially when it was built upon the coalfields. The newer argument, fitting the new knowledge economy, is that it is an economic asset to have your local or regional economy specialized in one or a few growing and related sectors of the kind usually termed 'clusters'. In clusters, knowledge flows relatively freely and a kind of knowledge surplus accrues to incumbent firms that is not available to those outside the cluster.

This section of the paper has demonstrated five important factors generic to the creative class, which are of value to policy analysis of the economies and societies of North America and north-west Europe including, of course, Wales:

1. There is a strong tendency for the creative class to live in the capital city of each country studied. Even sizeable non-capital cities such as Swansea have a negligible creative class and, indeed, the majority live outside the city rather than inside it. As shown in Table 1 (page 26), Cardiff conforms to the creative class thesis by having the overwhelming majority of its creative class residing within the capital city, with modest spillover to neighbouring residential areas that may be cheaper (Rhondda et al.) or more desirable (the Vale of Glamorgan). Edinburgh conforms almost perfectly, with its spillover residing in North Berwick. London's creative class concentrates in the Camden-Kingston west London axis and to a lesser extent the Home Counties. The exception is Oxfordshire, which combines the creative, professional and Bohemian advantages of a world-class university city with an industrial specialisation in publishing. Oxford is also near enough to London to attract residential spillovers from the UK capital.
2. Rural places may have a significant creative class where they also possess universities (Aberystwyth and Lampeter) or para-universities like NEWI in Wrexham. As elsewhere this is more pronounced regarding the presence of professionals rather than 'bohemians'. However, it unquestionably raises the bar for Ceredigion, for example. On the other hand, Anglesey performs better only when the Professional component of the creative core is brought into the picture. Large areas of west Scotland display a creative class of some 10 per cent suggesting that the creative class can flourish in rural areas.
3. Economically deprived ex-industrial zones like the Heads of the Valleys towns of former Gwent and Glamorgan and those that retained traditional industry like Neath Port Talbot are places that never had and seem unlikely to attract the creative class. This is true of Scotland, and other northern European traditional industrial communities as well.

The gastropubs, furniture distressers, homeopaths, horticulturalists, organic farm-shops and arts colonies of rural Britain are embedded in distinctive niches that are seldom found in former coalfields. As a case in point, even the social or community enterprises of Ceredigion, run largely by volunteers and overwhelmingly grant-dependent, are predominantly arts and cultural in nature while those of the Valleys are less so.

4. We can see, both scientifically and in policy terms, how the key convention of the old economy whereby labour moved to jobs, whether in coalfields or steel mills, is changing sufficiently in the opposite direction (jobs to people), to show up in statistically significant ways. That is, evidence is found, at least in the UK and the Netherlands, that the presence of a creative class composed of talent pools in the arts and other creative professions, acts as a magnet for new employment opportunities. This involves *inward investment*, which in the UK used to go to the non-creative class locations in traditional industrial areas because it sought less talented, and therefore cheap, labour for routine manufacturing assembly line work. Now, however, this floods into the London region and virtually nowhere else as investment banks and software houses seek out global talent pools. It further embraces entrepreneurship, which is also buoyant in talent hotspots but not in de-industrialised zones. This sea-change in the nature of the new knowledge economy has all but destroyed the Welsh Development Agency's core competence of 'marketing Wales', and placed an unfamiliar new imperative of 'supporting small business' at the top of its agenda. If the WDA had been able to anticipate this change, it might not have been terminated in the 'bonfire of the quangos.'
5. The crucial element of the successful 'talent attracts jobs' thesis in the new knowledge economy gives explanatory force, at least hypothetically, to the interaction between creativity, knowledge flows, knowledge spillovers, clusters and economic specialisation in growth industries.

Whereas in the ‘people go to jobs’ era economic diversity was seen as a strength, nowadays in such talent hotspots as those we have been reviewing, we see specialisation in a focused range of interdependent industries as providing comparative advantage. The creative sector itself benefits cumulatively from this evolutionary process as well as triggering new economic activity and growth. The trajectories of Cardiff, Edinburgh and London as well as other European ‘creative capitals’ all testify to this characteristic.

As we have seen in North America and northern Europe, a concentration of the creative class at time t is followed by a demographic and/or employment growth at $t + 5-10$ years later. This is extremely important for policy makers as it means they must consider the creative sector as something of a locomotive for the ‘knowledge economy’. This is confirmed in other work on this theme, which shows that in the UK and USA average annual growth rates for the creative industries have consistently been more than twice those of the economy at large.¹²

For further economic growth to follow serious cultural investments, governments have to employ subtlety, abundant resources, and a willingness to learn lessons from the setbacks inevitably arising from this wholly new kind of growth-oriented policy. A case in point contrasts Denmark and Ireland. Copenhagen’s creative industries strategy seems to accept that state institutions are more likely to stifle than encourage creativity. ‘Film City’ (*Filmbyen*), ‘North Europe’s centre for film production’ to the west of Copenhagen, has developed of its own accord over the last few years and now has more than 20 film-related firms. As a result, areas identified by the City Council as potential creative industry development sites have a pre-existing base upon which to build. Meanwhile, training and advice services and talent cultivation are intended to be as ‘non-institutional’ as possible. The city’s mooted deregulation strategy with creative incubators as free zones exempt from planning regulations is innovative. Though promising and not too ‘driving’ it remains too early to say what the results will be.

¹² See Rifkin, J., *The Age of Access*, New York, Tarcher, 2000.

The Dublin case centres upon the €250 million Digital Hub project, This is an Irish Government initiative to revitalize the historic, but physically rundown and economically disadvantaged Liberties area of Dublin's city centre as an International Digital Enterprise zone. A nine acre site was envisaged as a centre of excellence for knowledge, innovation and creativity focused on digital content and technology enterprises, with a mix of enterprise, residential, retail, learning and civic space.

Started in 2000, this was a digital Temple Bar for the knowledge economy, though lacking any pre-existing, organic creative industries base upon which to develop. With government aid of €36 million, MIT's Media Lab Europe was quickly installed as the anchor tenant around which research and development facilities, small business incubators and support services were expected to grow at the same time as the area was redeveloped.

The funding system for Media Lab was an annual grant from the government of €1.3 million per year. This was supplemented by private sector sponsorships whereby a company would pay €160,000 for access to the Lab's research (for example, electronic musical instruments played with hand gestures). Media Lab closed at the start of 2005 because of a chronic shortfall in financing: only eight corporate and public-sector partners had signed up over the past five years, whilst annual running costs for its 60 researchers and staff exceeded €8 million.

Despite this significant setback, 50 other companies were attracted and remain, employing 450 people between them. However, only two of the nine acres have been developed. Total public funding has so far been about €70 million. Suggested explanations for the project's problems range from the burst of the dot.com bubble, reduced funding, reduced political support, and an overemphasis upon development of property rather than talent. Whilst there are still high hopes for the area (250 companies employing at least 3,000 people by 2012) development has not been as rapid as intended although some considerable successes have still been achieved.

We may say as a prelude to the section that follows, that Wales has yet to engage with the creative industries with ambitions or results such as these. Perhaps this is fortuitous since sizeable sums of state and partnership funding are involved in the Irish case. On the other hand, Denmark's success with Film City seems to have been uninfluenced by direct state intervention. However, in both cases, elements of a serious creative industries cluster have been forthcoming.

Consequently, let us look at six possibly instructive episodes regarding different segments of the Welsh creative industry and its possible discontents, remembering discontents help define problems that, in turn, should invoke creative solutions. This will be by way of a prelude to concluding remarks suggesting possible policy implications.

3. The Creative Dimension of the Knowledge Economy in Wales

We begin with a simple listing, in Table 1 on the following page, of the distribution of employment in what was referred to earlier as the creative core in culture media and sports in Wales. Three things are immediately striking.

First the table shows that Cardiff dominates the cultural economy in Wales to a far greater extent than the size of its population would warrant. At 30 per cent its share of cultural employment in Wales is three times its 10 per cent population share. Of course, many would say that as the capital city it warrants the extra activities that employ so many more than might be expected. Looking at London for comparison it comes out as exactly the same. The UK capital's 176,000 culture media and sport workforce is also 30 per cent of the UK's total 576,000 workforce in the sector.

The table's second obvious feature is the relatively low shares of creative industries employment in Wales' other cities, Swansea and Newport, to which could be added the Neath Port Talbot conurbation. Their rankings are 13, 17, and 20 respectively. This signifies a number of things connected to a common history as centres of heavy industry in the metallic and oil-related sectors. But even if the cultural and media employment supply is accordingly weak, it might have been expected that sport would provide some compensation. It is likely that it does but not sufficiently so. An early and tentative conclusion to this part of the analysis is that these places may begin to demand more public investment in the arts as their old heavy industry base erodes and their leaders realise the contemporary power of the knowledge economy and the creative class.

A third salient point from the table is that counties in Wales that might be expected to have occupied relatively low positions do not do so, belying simple rich-poor, urban-rural or industrial-post-industrial dichotomies. Thus, Rhondda Cynon Taf is ranked at second place, while Gwynedd third, and Powys and Wrexham at joint fourth out-perform Monmouthshire (tenth), and the Vale of Glamorgan (sixth).

Table 1: Employment by residence in Culture, Media and Sport – Welsh Counties, 2004

County	Number	%	Rank
Cardiff	5,800	27.0	1
Rhondda Cynon Taf	1,500	7.2	2
Gwynedd	1,400	6.6	3
Powys	1,200	5.6	4
Wrexham	1,200	5.6	4
Vale of Glamorgan	1,100	5.0	6
Flintshire	1,000	4.6	7
Pembrokeshire	1,000	4.6	7
Ceredigion	900	4.3	9
Monmouthshire	800	3.9	10
Conwy	800	3.9	10
Caerphilly	800	3.9	10
Swansea	700	3.4	13
Carmarthenshire	700	3.4	13
Denbighshire	600	2.9	15
Bridgend	600	2.9	15
Newport	500	1.0	17
Anglesey	300	1.6	17
Merthyr Tydfil	200	0.9	19
Blaenau Gwent	100	0.6	20
Neath Port Talbot	100	0.6	20
Torfaen	100	0.6	20
WALES	21,600	100	X

Source: Labour Force Survey, February-March 2004

Rhondda Cynon Taf and Gwynedd have universities, something which may also assist the higher than average ranking of Ceredigion (ninth) since such places are the epitome of the creative class *habitus*. Wrexham has NEWI, and Powys and Pembrokeshire (both at seventh place) have sizeable colleges. Frequently, such characteristics attract cultural appendages like galleries, museums and theatres. Other kinds of explanation, such as income levels must also have a role to play. It is also worth pointing out that Swansea and Newport, both of which are in the bottom half of the table, also have universities and colleges.

Other factors may include civic activism. For example, Wales has around 124 Arts Council funded organisations, many more than in Scotland despite it having a population of five million compared with Wales' three million people. Of course, Wales has many small communities, but Scotland has some of this character too. Perhaps civic activism mediated through the Welsh language explains the often-higher ranking of the seaboard counties. Yet what happens, or rather doesn't happen in Anglesey? A well-taken suggestion is that Bangor-Caernarfon is the cultural hub of Anglesey with *Galeri*, *Theatr Gwynedd* and the Pritchard-Jones Hall. In a word, and the linguistic dimension apart, the explanation for these relatively well-cultured places is rather more mystifying than for the real 'cultural deserts' of Wales that characterise Neath Port Talbot, Torfaen and Blaenau Gwent (all ranked at 20), and slightly superior Merthyr Tydfil (19). These seem to have neither culture nor sport, let alone media going for them. They would all seem to warrant a 'civilising mission' on the part of the cultural and creative governance agencies. That they may have a role model in Rhondda Cynon Taf, if not post-industrial Gwynedd, gives some grounds for optimism.

Nevertheless, that still leaves the question of why Rhondda Cynon Taf has more cultural, media and sport employees than the combined totals for Swansea, Newport, Neath Port Talbot and Torfaen? The answer is that the Labour Force Survey is a quarterly sample survey of households living at private addresses. As a result Rhondda Cynon Taf benefits from Cardiff's cultural spillovers, as no doubt does the Vale of Glamorgan, in ways that Newport for one certainly doesn't. Although Rhondda Cynon Taf has a good reputation in arts support and management, including novel, combined theatrical management across the three valleys, its total cultural employment seems high. This possibly means that – at a conservative estimate – there are more than the 5,800 cultural jobs in Cardiff calculated by the February-March 2004 Labour Force Survey (Table 1). However, the same can no doubt be said for London in relation to the UK, or for Edinburgh in relation to Scotland. We may confidently conclude by saying for these three cities, culture, media and sport are capital assets.¹³

¹³ Edinburgh accounts for 26 per cent of Scotland's cultural, media and sport employment. The slightly lower than 30 per cent statistic probably arises because unlike Cardiff and London, Edinburgh is not Scotland's broadcasting centre.

4. The Memory Institutions of Wales

What is culture if not memory, visions and performance mediating collective identity? This presupposes that institutions are the means of carrying memories and visions over time. The concept of 'memory institutions' groups together organisations such as museums, galleries, libraries, archives, and other cultural repositories.¹⁴ They act as the collective memory of a nation or community, as both repositories of knowledge and resources for learning. Memory institutions have traditionally served as a bridge between the cultural resource base and would-be users. They collect material in defined areas, store it, and provide searching tools to identify and locate individual items within collections and provide varying forms of physical access.

Traditionally considered as conservative organisations designed to preserve and interpret static objects, memory institutions are facing a threefold challenge. First, traditional audiences have fragmented and new audiences are increasingly more demanding. Second, there is a growing pressure to deal with documents, publications and information in electronic form. Third, such institutions have lost their monopoly in the field of information services provision and, as the financial climate becomes more competitive and funding can no longer be taken for granted, they have to find new ways of funding themselves or more efficient ways of managing with real reductions in resources.

One way of engaging with the new environment requires them to consider the innovative use of digital communication technologies in the digitising, archiving and presentation of images, providing new user services and working on new business models. Progress on this in Wales has been catching up with, for example, Microsoft, which placed its Encarta encyclopaedia on the market in the mid-1990s. There is generally a demand for digital images in sectors such as publishing, broadcasting and advertising, and cultural organisations lag behind commercial image libraries.

¹⁴ See Burcaw, G., *Introduction to Museum Work*, Nashville TN: American Association for State and Local History, 1975.

Picture libraries and agencies represent both individual photographers and other agencies or libraries, looking after, protecting, and selling their images. Photographic agencies and commercial picture libraries exist to market images to clients to create income for their photographers. They license the images they represent for the maximum fee possible to ensure that both they and the photographers get an appropriate cut of the income. Libraries and Agencies are pro-active in selling images to end-users, who are usually (but not exclusively):

- Media - books, journals, magazines, TV.
- Advertisers - promotions, brochures, point-of-sale.
- Paper product - cards, calendars, gift items.

Aside from general administrative and business functions, the principal role within Libraries and Agencies is that of Picture Researcher. However, there are also career opportunities for Picture Researchers within broadcasting or other media companies, and as freelancers. Archive domains face a major challenge, as they need to convert retrospectively the vast mass of existing manual catalogues to electronic form and to upgrade and retro-digitise catalogue records to meet modern minimum standards.

The value associated with digitisation and retro-digitisation of archive resources can be explained with the example of archives such as those of the British Film Institute. This houses the world's largest collection of film and television programmes, including more than 275,000 films, 200,000 television programmes, about 7,000 still photographs, 15,000 film posters, 3,000 designs and 20,000 original scripts, that are still waiting to be transformed into digital format.¹⁵ A Welsh example from the same period is provided by the company Clip. This housed the rushes from the programming of Welsh broadcasters. During 2002 it tagged and logged just 1,500 tapes, which was a small portion of the 44,000 tapes in storage. The market potential for other entrepreneurial entrants was substantial but they were not forthcoming.

¹⁵ Department for Culture, Media and Sports, *Culture Online*, London, 2001.

The project 'Gathering the Jewels', which was stimulated by £50 million from the UK New Opportunities Fund, demonstrated how, with a good deal of pushing and funding, Welsh memory institutions could combine to produce a passive website of 20,000 images from Welsh cultural life.¹⁶ Undertaken by a private company Culturenet, work on the project began in 2002 and content first went on-line during 2003. During 2004 it received 600,000 'hits' a month and 220,000 page requests.¹⁷ This is not thought by the digital industry to be that high, especially as the digital archive was primarily intended as a public good. Indeed a commissioned DTZ Pida consultancy report advised that direct commercial exploitation by a local digital cluster near the National Library in Aberystwyth was unlikely to happen.

Since 2005 Culturenet has come into the ownership of the National Library of Wales. Its images come from 120 different cultural organisations in Wales each of which retains copyright protection of images in their ownership. Unlike government bodies that, as a general rule, do not take profit from services rendered, not least because they lack financial mechanisms for absorbing profit, the 120 organisations can charge for copyright clearance. The scale of charges ranges from some £25 for material reproduced for hard copy media with limited circulation, to some £150 for reproduction on national or global electronic media. The data on copyright clearance are deposited with Culturenet and run at a monthly average of only some four to five requests per month, of which one per month is from a commercial concern. These are typically advertising agencies and depending on the nature of the request a charge may be made.

The organisations most likely to charge are the National Museum of Wales and the National Library of Wales.¹⁸ In this case, and despite the 'hype' about the 'digital economy', there is massive market failure in relation to a resource of this kind, which helps explain the 'nationalisation' of Culturenet. It also perhaps helps our understanding why Clip is no longer in the telephone book.

¹⁶ New Opportunities Fund, *NoF-Digitise Programme*, 2001, available at <http://www.enrichuk.net/>

¹⁷ Andrew Green, *Wales on the Web*, Institute of Welsh Affairs, 2005.

¹⁸ I am grateful to Leith Haarhoff, Manager of Culturenet for providing this information in interview, November 2005.

Since there is a massive demand for digital images in sectors such as publishing, broadcasting and advertising, supplied by the likes of Bridgeman, Getty and Alinari we are not able to explain whether it is a problem of marketing, crowding out of private by public enterprise, or part of a larger condition whereby there is scarcely a market for public cultural imagery of a digital kind. Moreover, virtually free access to public goods may in itself kill a market since creativity thrives on difference, uniqueness even, and authenticity of a kind. While not designed for commercial utilisation, the feeling that there was a lost opportunity in exploring the archive's potential is unavoidable. But, clearly, currently there is no commercial market for the digitised images of the cultural jewels of Wales.¹⁹

Another initiative 'Cymru'n Creu' ('Creative Wales') was an advisory forum created in part to ponder integrated digital archives. Institutions involved included the National Museum, the National Library, the Wales Tourist Board, the major Welsh broadcasters, and the Welsh Assembly Government. The initiative drew upon considerable public resource and expertise but again, because it was led by the National Museum and National Library, there was a tendency for it to be seen as another service free at point of access and therefore not helping to develop a potential Wales 'Digital Value Chain'. Despite the digitisation process going ahead in Welsh memory institutions, there remains a reluctance to move beyond information storage and towards analysis, interpretation and creative reproduction of images, for example in TV content. The emphasis on service provision rather than added value activities tends to stifle the creative economy. This has resulted in organisations underestimating their potential and the impact they can have on market-oriented opportunities. What is interesting in this respect is that the partnership of Cymru'n Creu involved not merely libraries and museums, but the Wales Tourist Board, the BBC and S4C.

¹⁹ Checking with Professor Luciana Lazzeretti, University of Florence, Italy and one of Europe's leading cultural economists, this situation is not unusual in many European countries. At the same time she noted how catalogues and collection CDs sell well at the Louvre and Quai d'Orsay museums in Paris, though not in Florence. Her explanation is that it is a failure of marketing by public memory institutions in general and a case of a publishing monopoly exercised by the institutions' bookstore *Giusti* in Italy. It is thought the Netherlands and Sweden are 'better organised' at exploiting the memory institutions element of the creative economy (interview, November 2005).

In addition, the Welsh Development Agency and Sgrîn, the aforementioned Media Development Agency for Wales, were involved, two bodies which are devoted to promoting the commercial development of the content industry. It was conceivable back in 2002 that there might be moves afoot to merge the library and museum collections with the media archives. But little interest is shown in such 'public goods' evolutions any more. In finding explanations for this quietude the absence of any voice associated with the independent producers or the ICT sector is perhaps relevant. These would constitute the production end of the putative but largely non-existent Digital Value Chain in Wales.²⁰

²⁰ Williams, G., De Laurentis, C., *Technology, Economics and Diversity in the Periphery*, Technology, Economics and Diversity in the Periphery Project, EU IST-1999-20193, Final Report, 2002.

5. Developing and Investing in the Media

The initial growth of the independent media sector in Wales was largely a result of the demand for Welsh language television production and exploitation. As the main TV broadcasters are sited in Cardiff, this has partly determined the location of a large proportion of suppliers in the independent sector, who also tend to be based in and around the capital.

Apart from the main centre of activity in Cardiff, significant clusters of both traditional media and new media business can be found elsewhere, for instance around Caernarfon and to a more limited extent in west Wales. Production companies, facilities houses ranging from editing and post production to lighting and catering firms, as well as specialist insurance, accountancy and legal services, governmental institutions, and training and education providers are also found as essential parts of the media production system for those areas. In addition, institutions have been established specifically to serve the interests of the industry and the independent producers. Companies can draw upon support organisations such as Skillset, Sgrîn and TAC, which assist talent-formation, and promote and represent the television and film industry in Wales, organising seminars and workshops to enhance networking, 'knowledge spillovers' and resource building and sharing. Support programmes also involve the Welsh Development Agency, at least until April 2006 when it merges with the Welsh Assembly Government. These have ranged from mentoring services, which are available generically to small firms, and not only media businesses, to schemes supported by Sgrîn to develop and improve competitiveness.

Investment for film and media initiatives is supported by Finance Wales, the WDA's public-private equity and loans vehicle. Parts of this system are now to be managed directly through the Assembly Government Ministry of Economic Development and Transport. The WDA was also involved in two media incubators, the Media Technium, based near Carmarthen, and @Wales, based in Cardiff. As is well-known, the first of these, at Gelli Aur, failed a year after opening in 2002.

The WDA partnered an outside investor who swiftly went bankrupt. Then the WDA offered Tinopolis, the Llanelli based independent, the Media Technium 'brand' for £2-3 million if it would move it into spare space in the former Tesco supermarket building in Llanelli that serves as its headquarters. The offer was not taken up.

So the question that is commonly asked is, why put a media incubator in a media desert and have it managed by a civil servant? This gets to the heart of the institutional support problem in Wales. The institutional mind works like this. Media in Wales is a modern, lively industry with a strong Welsh language dimension at its core. Cardiff, the Anglophone capital, has a media cluster that is sustainable. But, symbolically, Welsh language media production looks highly suitable for a Cambrophone location.

Moreover, in view of the success of the media cluster in Cambrophone Caernarfon, the WDA comes under pressure from the west Wales lobby to stimulate a similar media industry presence around Carmarthen. Hence, the mental process prioritises 'development', with property as the means. This marketing approach is based on the 'Field of Dreams' assumption that 'if you build it, they will come.' Well, Telesgôp came and swiftly decamped to Swansea. Meanwhile Gelli Aur, the former Carmarthen Agricultural College, was purchased in 2005 by a private investment group aiming to turn it into a luxury Country Hotel. Had it been asked, the collective voice of Welsh media might have said that Cardiff was a good place to make Welsh programmes, for media reasons including customers on the doorstep, a creative environment, service firms locally available, technical talent available from numerous local colleges, Welsh actors in abundance, and so on. These were precisely assets that were not present in Gelli Aur.

The message is that in relation to the knowledge economy and the creative class, state institutions tend to stifle rather than stimulate cultural creativity. This conforms to the evidence from the preceding Digital Archiving illustration. In the creative sector it is better for creative people to organise their own institutional system rather than poorly informed state bodies. Of course, this does not mean the state should cease funding sustainable cultural infrastructures as demanded democratically.

6. Producing Media Talent

Let us now look at a Welsh model of the creative industries from the viewpoint of the commissioned, and of media industry self-organised institution building. The case study is Cyfle ('Opportunity'), the national training provider for the TV, film and interactive media industry in Wales. It survives after many vicissitudes, a sign of its utility in meeting industry needs. Necessarily, it interacts closely with its financial and client environment. Accordingly, it has evolved in ways that are themselves culturally interesting.

Cyfle represents an interesting case study since it displays ties between training provider, government institutions and media industry. It was set up in 1986 to meet the needs of the emerging media industry. At that time, the growing number of independent producers and the national broadcaster (S4C) found it difficult to recruit staff in technical areas, particularly Welsh-speaking staff. Cyfle was created to tackle this skills shortage. Since its formation, Cyfle has offered a variety of short courses for industry professionals and full time courses for newcomers. Table 2 shows the type and length of courses that Cyfle runs.

In addition Cyfle offers a Trainee Researchers Scheme, a six month course, which prepares new entrants for a career in television and media research. It provides the knowledge and experience required to enter employment as a professional researcher. To date, the scheme has trained over 200 staff on its one year full-time and 15 months courses. It also provides a wide range of short courses for professionals working in the media industry.

Cyfle's Caernarfon, Lampeter and Cardiff training centres host summer schools that provide an introduction for young people interested in a career in the film and television industries. All Cyfle courses are industry-led, combining tutorials with hands-on industry placements. Training programmes are planned to meet the needs of trainees, employers and awarding bodies.

Table 2: Cyfle Training Provision

Cyfle Training Courses -Provision		
TV & Film	Interactive Media	TV & Film
<i>New Entrants</i>	<i>New Media Skills</i>	<i>Producer Development Scheme</i>
12 or 15 months	6 months	12 months
The schemes vary from year to year. In the past, <i>Cyfle</i> has trained in the following areas. Research, Camera, Make-up, Production, Personnel, Animation, Sound, Wardrobe, Lighting, Scriptwriting, Editing, Production Assistants	Developing interactive media skills; Dimension 10 is the flagship course. It covers areas such as programming, design and project management The course provides two intakes per year.	A production company employs the individual and <i>Cyfle</i> provides funding assistance and training period. <i>Cyfle</i> will support the company and individual throughout the initial 12 month period.

Cyfle was recently identified as a Skillset approved training partner and provider, demonstrating that its courses match industry needs in terms of meeting skills gaps and shortages, and of quality and standards.

Trainees spend a large proportion of their time being trained as interns either in a television studio or on location and have access to a wide range of additional external courses and specialist courses by other providers, for example script writing, single use camera, etc. Cyfle takes its lead from the broadcast industry when deciding on the annual intake, taking different numbers of trainees each year, depending on supply and demand.

Cyfle works closely with the client media industry to determine the relevance of key skills. Industry partners guide the courses, setting up content, setting assignments and offering trainees professional advice and support. A Management Board, whose members represent the main media employers in Wales, provides effective management of the company. The provider receives most of its funding from S4C and the European Social Fund. It also receives funding via TAC in the form of an industry levy, which independent producers pay when commissioned by S4C.

S4C currently invests more than £300,000 a year in Cyfle requiring also that contracted programme suppliers have a training policy, which can be based on a voluntary contribution of contracted programme profits to Cyfle. It also receives funding on a competitive basis from Skillset's Freelance Training Fund. This fund represents an investment of around £1 million a year UK-wide by the major employers in television and independent production for television: the BBC, Channel 4, ITV and the Independent Production Training Fund (administered by PACT), and project funding from ELWa via Skillset Cymru. Welsh Assembly Government Funding was invested in their interactive media programme and ESF monies have been used for several training programmes.

Cyfle also receives sponsorship from media companies, such as Barcud Derwen.²¹ Latterly Cyfle has successfully absorbed ethnic minority media training at the behest of stakeholders, and also evolved principles of gender-balance and bilingualism through training in the Welsh-English domains.

Cyfle is thus a modern, stakeholder-driven governance organisation that successfully meets its developing remit. As such, Cyfle represents a stakeholder model for meeting creative industry requirements that deserves wider attention. That it has sometimes appeared vulnerable is a fact of life for such organisations but crisis sharpens survivability instincts, as Nietzsche suggested in saying "whatever does not kill us makes us stronger".

²¹ Estyn, *Quality and Standards in Training in Wales*, Inspection Report, 2003.

Cyfle and, to some extent other knowledge intermediaries that have developed around the media sector, show how increasing interaction among the three institutional governance partners - government, industry, and higher and further education institutions - is becoming systemic in facilitating knowledge creation and innovation within a specific sector. It can be argued that the media sector represents an interesting case of creative innovation within Wales. Although it experiences periodic problems, it shows true endogeneity whereby a combination of public and private governance interacts to promote systemic innovation.

The Cyfle model is endorsed by Skillset, the Sector Skills Council for the audio-visual industries. Skills councils provide employer leadership for strategic targeted action to meet their sector's skills and business requirements. In return, they receive substantial public funding and greater dialogue with government departments and their public agencies across the UK. Skillset has developed an 'approvals system' to ensure training and education provisions match industry needs. These are meeting skills gaps and shortages and ensuring quality and standards. Cyfle was recently awarded Skillset approved partner status.

Another strand to Skillset's approvals process has been the establishment of the Welsh Film Screen Academy in 2005, one of seven such academies across the UK. They have been awarded over £5 million to provide new courses (including the first ever film MBA), summer schools, work placements, master classes, bursaries, online learning resources and a talent scout programme to help develop the brightest and the best in film. The Welsh Screen Academy is a consortium of education and training institutions, providing film-related expertise. The lead partners of the consortium are the International Film School Wales at the University of Wales, Newport and The Film Academy at the University of Glamorgan. Cyfle will be the lead consultant on work-placements and some Masterclasses. The Welsh Screen Academy also brings together other key centres of excellence in film-related vocational education as partners, namely the Royal Welsh College of Music and Drama, Cardiff Business School, Glamorgan Centre for Art and Design Technology, and Swansea Institute of Higher Education.

The Welsh Screen Academy will provide Masters level and undergraduate programmes in the seven core areas of producing, directing, screenwriting, post production, animation, acting for the screen and cinematography. It will also develop expertise in the area of E-learning through the University of Glamorgan E-College to pilot on-line film business programmes to be shared with other Welsh higher education institutions as well as the UK-wide Screen Academy network.

The Screen Academy will have access to specialist practitioners, mentors and master class givers of the highest professional standing deriving from the Skillset 100, which is a database resource of 100 top industry professionals committed to sharing their knowledge and expertise through master classes, workshops and guest lectures specifically for the Network.

Diversity will overarch all activities, targeting disadvantaged neighbourhoods and socio-economic groups through developing and adapting bursaries and outreach activities to the specific needs of the sector. Skillset Cymru's Leading Media Business Scheme provided by Cardiff Business School will be adapted to provide a cross cutting creative leadership strand within the Screen Academy's provision at both BA and post-graduate levels. The Academy Network will be overseen by film industry practitioners, via Skillset throughout the UK. In Wales it will be led and overseen by an industry liaison panel and the Skillset Cymru Industry Skills Panel.

The Film Screen Academy for Wales forms a major part of Skillset's Sector Skills Agreement for Wales. The Sector Skills Agreement is an agreement made between seven key public agencies and industry in Wales via Skillset Cymru. These agencies include the WDA, ELWa, Welsh Assembly Government, the Higher Education Funding Council for Wales, Careers Wales, ACCAC and JobcentrePlus. All relevant partners have signed up to the Academy project.

The Welsh Assembly Government has match-funded Skillset's investment over two years (made up of film industry training levies, National Lottery and EU support) with more than £500,000 of support from the Higher Education Funding Council for Wales.

In the pipeline for 2006 is Skillset's proposed *TV Screen Academy network* a comparable talent-forming associative vehicle for sustaining the UK and hopefully Welsh TV industry (if a bid for a Welsh Academy is successful).

It is, of course, too early to say whether these initiatives represent an improvement on the pre-existing model or whether they are of generic applicability to other sectors. Being industry-led and financed (as in the Skillset model) is crucial to their success. However, where industry has little funding, as in other creative sectors, such as arts and crafts, a public-led training model such as that to be run by the *Creative Sector Skills Council* may be the best way forward.

7. Governance of the Arts in Wales

The main body responsible for Welsh arts governance, the Arts Council of Wales, is currently experiencing its most difficult time since the days of the Thatcher government. Then the Arts Councils across the United Kingdom, along with other arm's length bodies, were brought under serious scrutiny and had to justify their existence for the first time.

The source of anxiety today is not the UK government but the Welsh Assembly Government and specifically the Cabinet-approved policies of the Minister for Culture, Sport and the Welsh Language, Alun Pugh. Pressure has been put on the National Eisteddfod to deliver reform and widen its public appeal, by both the Welsh Assembly Government, and the Welsh Language Board, which held back an earmarked £40,000 support. This has led to suggestions that the Assembly Government and its Culture Ministry are principally interested in exerting control upon rather than encouraging innovation in the arts in Wales.²²

Having said that, the Eisteddfod, with its £2.1 million annual budget could undoubtedly benefit from some organisational and financial management reform, as it has shown willingness to do. However, exertion of financial controls to get a more 'inclusive' arts festival, with 'value for money' and 'accessibility' as guiding principles, seems questionable on at least two grounds. First, in the name of getting a more diverse output from a diminishing input, it requires a fundamentally oral linguistic music and literature cultural festival to become something it was not designed to be. Second, it runs the risk of sacrificing quality for quantity. Instead of envisioning a desired outcome and designing institutional means to achieve this, policy seems, in this instance, to take the form of a kind of 'institutional bullying'. For this, if for no other reason, Wales needs to be hawk-like in its vigilance over Ministerial influence on cultural commissioning.

²² In 2005 it was announced that local government's contribution to Eisteddfod funding was in future to be top-sliced from Welsh Local Government's annual allocation from the Welsh Assembly Government.

There needs to be a mode of commissioning in which state funding is accompanied by funding from other sources. Scotland's Cultural Commission proposed one alternative to the status quo taking the form of a Cultural Fund – stakeholder-managed and at extreme arm's length from political control.

In Wales the Culture Minister, backed by the Cabinet, is attempting to fund the largest recipients of arts subsidy in Wales directly rather than through the Arts Council. This may seem like a mere accounting reconfiguration. However, it threatens to directly *politicise* such key cultural shop windows for Wales as Welsh National Opera, the BBC Welsh Orchestra, Diversion Dance, the literature promotion agency Academi, Theatr Genedlaethol Cymru and Clwyd Theatr Cymru. A view by Theatre in Wales was that this was:

“... a terribly retrograde step ... and the affected companies will probably come to regret it in a few years when they see that the money they thought would be coming to them is absorbed by other more pressing concerns such as health and education.”

and:

“Do we really believe that a play like David Hare's *Stuff Happens* at the National Theatre in London - a scathing critique of this Government's actions - would ever get commissioned and staged here in Wales by either of our national theatre companies when they have to go cap in hand to the Assembly Government for their funding?”²³

This is of the essence, and plainly motivated the Opposition parties to combine to defeat the minority Assembly Government on the issue at the beginning of February 2006. The outcome of an ill-tempered plenary debate was to subject the decision to a public review of the Arts Council's role that would last until December 2006.²⁴

²³ *Theatre in Wales* website.

²⁴ *Assembly Record*, 1 February 2006.

The review will undoubtedly also examine the way that the Arts Council's budgetary flexibility is increasingly constrained by Ministerially driven hypothecations, sometimes to worthwhile ends such as the 'arts outside Cardiff', but sometimes to more ill considered interventions such as on chamber orchestras and mobile theatres.

Budget-tightening by the Assembly Government is blamed. To meet the crisis, new organisational thinking is perforce having to be done. This involves efforts to utilise resources more efficiently by analysing three aspects of cultural governance in Wales.

First, by comparison with, for example, Scotland, the Arts Council of Wales funds a relatively large number of client organisations (some 124), many of which have been funded in much the same way, sustaining the same staffing arrangements and personnel, in some cases for twenty years. Serving a population two-thirds larger than Wales, the Arts Council of Scotland supports just over 100 such clients. Moreover, Wales supports initiatives in two languages to an extent that is more resource absorbing than in Scotland since its minority language is some ten times smaller.

Nevertheless, the issue of the sustainability of past support trajectories under the new funding constraints impels reflection and review. Second, and germane to the problem just identified, is that subtle efforts are being made to stimulate networking among these long-standing funded initiatives. Neighbouring facilities look for ways in which they might share resources, such as shared services, joint initiatives, or even undertake mergers. Thereafter they are free to identify effective ways to utilise the money saved. The intention is that this should be targeted at better performance in the cultural as well as the organisational spheres.

Third, and fully concerned with cultural rather than administrative performance, efforts are being made to facilitate networking among artists themselves. The aim is to identify ways in which creative discourse to bring about improvements in the Welsh cultural 'offer' might be achieved. The Arts Council of Wales is seeking to re-establish its mission as a support organisation for the creative arts in the face of pressure to have that mission distorted by bureaucratic process priorities under the changing institutional regime.

So, for example, network meetings among dramatists have been held to discuss cultural deficiencies in Welsh drama. Incidentally, this was of direct relevance to the ‘threat’ implied by the siphoning off of a substantial part of the Arts Council’s budget by the Culture Minister. The subject of the dramatists’ network meeting was Welsh theatre’s level of ‘engagement with society’. This resonates strongly with the *Theatre in Wales* scepticism that theatre directly funded by the Assembly Government would commission work like David Hare’s *Stuff Happens* let alone plays about, for example, David Blunkett.

Reading the documented discourse of the Arts Council of Wales, the overwhelming impression is that it sees itself as having a fundamentally responsive-mode mission. The Council supports, responds, and facilitates but seldom, in the terms of the focus here, commissions. If commissioning can be done, and to repeat, in conjunction with the right stakeholders in relatively small but representative numbers, it could revolutionise the cultural scene in Wales in one fell swoop. If it cannot, either because of the ‘dead hand’ of political orthodoxy or regulatory constraints, we should establish an associative commissioning body for the arts in Wales. Perhaps because of weaknesses discussed it should start with theatre, then rolling out to other areas. This would be a major stimulus for Welsh creative talent, balancing up the stimulus to non-Welsh talent rewarded by the numerous Welsh cultural prizes, such as Artes Mundi, currently on offer.

As it is, the Arts Council’s ‘shotgun’ approach of funding individually, through responses to initiatives that come from the ground up, enabling ‘a thousand flowers to bloom’, looks scarcely sustainable for the foreseeable future. Alternatively, well-constructed programme commissions to agreed themes would be the vehicle with which to begin experimentation. The bulk of the Arts Council’s grant-in-aid goes to client organisations, themselves delivering on their own arts strategies. By contrast, the National Lottery arts funding is distributed against a set of published priorities, that is close to a kind of commissioning. And as we have seen, full-blooded commissioning has stomach-churning aspects for Arts Council leaders. In particular, they see great risk in commissioning political theatre, political writing or political art in Wales under present conditions.

The measure of the ‘totalising’ tendency by the Assembly Government regarding cultural production is captured in the following two facts. One of the institutions, Academi, that is to be directly funded by the Culture Ministry sent a paper to the Minister and First Minister protesting the removal of the arm’s length principle as being a threat to artistic freedom. Support was sought from the other five but none was forthcoming. A view expressed by the Chair of the Assembly culture committee was along the lines of – “why the fuss when you will get more money?”

The announcement in January 2006 that Arts Council Chairman Geraint Talfan Davies’ three year contract was not to be renewed is the clearest indication yet of the somewhat unrefined ambition in the Welsh Ministry of Culture to be rid of ‘troublesome priests’. Evidently, Mr Talfan Davies (who is also chairman of the Institute of Welsh Affairs) made too many representations arguing against the Minister’s dilution of the arm’s length principle of arts management in Wales. One of the grounds for the chairman’s dismissal was a claim by Culture Minister Alun Pugh that the Arts Council had not done enough to attract poorer members of the community to arts events. As he told the Assembly in plenary session in January 2006: “If you are in a managerial or professional occupation you are three times more likely to benefit from public money invested in the arts than if you live in a Community First area.”²⁵

However, a survey carried out by the Arts Council in 2005, compared with a similar survey carried out in 1993 did not support this claim. The surveys showed that attendance levels had increased during the 12 years by a significantly greater margin amongst C2DE groups than ABC1 groups. It seems that Alun Pugh had based his claim on audience participation rather than audience attendance, participation being those actually involved in presenting arts events, such as musicians and actors.²⁶

²⁵ Assembly *Record*, 10 January 2006.

²⁶ Arts Council of Wales Briefing Paper, quoted in the *Western Mail*, 26 January 2006. The survey questioned 7,000 people across Wales. It showed that arts attendance (once a year or more often) among the C2DE group was 43 per cent in 1993 compared with 65 per cent in 2005, an increase of 51 per cent. The 1993 survey showed that arts attendance amongst ABC1s was 66 per cent in 1993 compared with 83 per cent in 2005, an increase of just 26 per cent.

8. Creative Industries Strategy

Since devolution, and again possibly coincidentally, arts and finance have been intertwining in a different way from that just discussed. Wales risks 'Wimbledonisation' in being the generous host with wonderful venues and prizes but no winners.²⁷

Following the evidently successful Cardiff Singer of the World contest, and the International festival of Musical Theatre initiative we now have more new prizes being offered for the Arts from Wales to the world. 'Artes Mundi' is Wales' international visual arts prize. First awarded in 2004, it is becoming established as a major biennial event for lively, emerging artists throughout the world. The 2004 Artes Mundi Exhibition held at the National Museum of Wales, had eight artists shortlisted and a panel of five eminent judges to decide on the recipient of the £40,000 prize. The winner was Chinese born Xu Bing, a print maker and installation artist with a particular interest in how linguistic nuances can affect cultural differences. Alongside this visual arts prize is the Dylan Thomas Prize to reward writing in English by authors under the age of thirty from anywhere in the world. Catherine Zeta Jones will serve as the International Ambassador.

However, there is no new Cultural Strategy for Wales beyond the 2002 document *Creative Future*. This was produced under the Lib-Lab first-term Assembly Government at the behest of then Culture Minister Jenny Randerson, though a review is officially anticipated. A *Theatre in Wales* commentary on a speech about this drew attention, as did Culture Minister Alun Pugh, to Scotland's wide-ranging Cultural Commission set up under the leadership of James Boyle:

'...That commission headed its remit with the words, 'Culture defines who we are. Our innate creativity is the most potent force for individual change and social vision.' The Minister shared that vision and indicated that Wales must develop its own Welsh Cultural Strategy.

²⁷ Augar, P, *The Death of Gentlemanly Capitalism*, London, Penguin, 2001.

He didn't think a Welsh Boyle Commission was appropriate for Wales. He didn't mention that Boyle had indicated that a further £100 million per year needed to be injected into culture in Scotland. This was a wary speech from a carefully prepared brief by a Minister trying to demonstrate a commitment to cultural development that left the audience somewhat underwhelmed."²⁸

Setting the new context for the creative industries as distinct from the cultural sector in Wales is the Minister of Economic Development and Transport's 2004 document *Creative Success – a strategy for the creative industries in Wales*, launched in December 2005. On first reading, this could easily have been written by the footnoted (below) Chris Smith, since it contains so many references to policies, reports and announcements by the UK Ministry of Culture, Media and Sport.

In the document the creative industries are defined as "... businesses rooted in the exploitation of creative intellectual property (IP)". Probably not many cultural producers do that, although copyright presumably applies to formally published written text or scores. Literature and music resonate with the world of IP to some extent but not art – the most plagiarised or faked medium of all – dance, and other performance dimensions involving less written codification of content.

The strategy says "a new £7 million (over 3 years) creative IP fund is needed" plus more and better strategic investment in Wales-based creative businesses, new strategic business support for the creative industries, and re-focused training and education.

²⁸ Chris Smith, former UK Minister of Culture, Media and Sport, now Lord Smith of Finsbury, speaking at the same ACW 'World Class Wales?' (note the question mark) conference as Alun Pugh told a story of when, in his role as Minister of Culture, he had breakfasted with Peter Brook and asked the great director: what would persuade him to come back to work in England? Brook replied that once a year he met with the French Minister of Culture, the Minister handed him a brown envelope with a cheque in it, then he heard no more from the Minister until the following year.

It is unclear who are going to be the managers of the new creative IP fund that will make 'up-front' investments in creative IP in return for a share of future royalty streams. Since the private venture capital industry scarcely ventures into such high-risk territory, it is possible to assume that Cardiff Bay civil servants will take on this speculative 'picking winners' task. Certainly, it is intended there will be an inward investment strategy for creative content producers to utilise the fund. Advice, specialist advice and specialist support will address creative industries' needs (p. 5). But the main supportive vehicles are long-established UK Small Firms Loan Guarantees, Inland Revenue R&D Tax Credits, and a UK Creative Industries IP Forum. The review leading up to the strategy:

“...found a current weakness in the public sector's understanding of creative businesses ... lack of any specialist sector expertise ... unrealistic to expect WDA or Finance Wales employees to have a complete understanding ... current level of industry expertise needs to be improved...”

So perhaps not Cardiff Bay bureaucrats then, but “media specialists ... [who] operate formal and informal industry networks, so that they can further investigate opportunities...” (p. 6). The document is vague here, but it may be inferred that such media specialists will be of global rather than local status in their chosen field. Or perhaps there is still a role envisaged for the bureaucrats since the strategy foresees an internal communications programme in the Assembly Government that will “... better equip client-facing staff with information on ... creative businesses ... and enhance the capability of staff to provide credible advice...”

Finally it becomes clear it is to be in Finance Wales' remit from April 2006 leading up to December's official launch. This rather presumes Finance Wales continues in existence after April 2006. Moreover, applicants must now expect to find 60 per cent of their funding requirement before approaching Finance Wales. This body only invests in the IP element involved in the project, using familiar film funding (special purpose vehicles). Upon inquiry about the performance of the fund since establishment, it transpires that two investments had been agreed by the official announcement date.

One of these involved a TV animation project by Siroi, successful progenitors of *Superted* with a new offering, while the other is an American, David Schwimmer (*Friends*) film that as part of the deal will be shot in Wales with a Welsh crew. About 70 per cent of inquiries originated from the film sector.²⁹

As was indicated at the outset of this paper the Welsh film sector is not as buoyant as it was five years ago. Whether this new fund changes that remains to be seen. Bearing in mind this fund is meant to address the whole range of creative industries in Wales, it has to be said that the strategy is slightly reminiscent of the old WDA 'Field of Dreams' inward investment approach. It is neither uninteresting nor uninnovative in its way, but tends to reprise the old Welsh 'platform' role of 'hewers of wood and drawers of water', the old inward investment strategy often fostered (compare the Denmark 'Film City' case noted above).

²⁹ Research interview with Creative IP manager, *Finance Wales*, 21 November, 2005.

9. Conclusions and Policy Implications

It is clear that the 'system' for securing a buoyant creative sector in Wales needs change. There is little integration of vision or strategy across the ministerial divide between culture and creativity. There is worrying political interference in hitherto arm's-length cultural institutions. And there are bitty initiatives that might still be worthy of re-examination before Wales misses the boat on, for example, digital archiving and photographic agency commercialisation potential.

Five key 'policy learning' spheres can be extracted from the foregoing assessment. The first of these is the theoretical point that the creative industries are of great significance to the successful functioning of a modern economy. If an appropriate quality and authenticity attach to the offer, such capabilities swiftly find a global market, as countless examples from the Welsh music, theatre and visual arts sectors testify.

It has been shown that in the UK and the Netherlands the theory that jobs follow talent in the creative industries rather than people move to jobs, has gained statistical support. These are two of Europe's more innovative economies, in which global talent pools in creative skills are abundant. Thus it is doubly important that this is understood in Wales. Creativity and cultural activities should not simply be seen as expensive 'add-ons'.

Theoretical predictions have been fulfilled in another respect. The concentration in capital cities of up to one-third of a creative class's activities has become normal. In Wales, Assembly Ministry of Culture committee submissions showed that even in 2002 Cardiff absorbed well over 50 per cent of the key budgets in support of the arts for Wales. If, as theory suggests, Cardiff's economy has benefited from earlier rounds of creative and cultural investment, it is only fair to apply lessons with new money elsewhere in places suffering multiple economic and social deprivation. However, at present, as our data showed, the level of culture, media and sport-related economic activity is in many places extremely low, especially in former industrial cities and counties.

In reality Cardiff has an abundance of heavily subsidised arts infrastructures and, without new money, this leaves insufficient resource to attract expensive, high quality performance, such as theatre, in other, especially deprived areas. It is a weakness in Welsh institutional life that emphasis is placed on arts – and sport - floorspace at the expense of quality content. There are obvious grounds for a thorough policy re-think in relation to the creative industries in Wales given our economic and cultural futures will be so intimately inter-related.

Second, a pervasive and worrying problem is the attenuation of the arm's length principle due to the absorption of creative sector activity directly into Welsh Assembly Ministries. Examination of recent practice by the Labour Assembly Government administration shows what can only be described as a 'totalising' effect of piecemeal change, often taken without consultation or warning towards those most affected, both the intermediaries and direct and indirect clients of these. The indirect clients are the taxpayers who fund the activities of Ministers. The direct clients are those that receive allocations from the intermediaries and the intermediaries are otherwise known as the quangos, some disappearing after the Bastille Day 2004 bonfire announcement. Others, such as the Arts Council, as we have seen have lost their role allocating funding to major recipients.. Where this kind of political 'totalisation' occurs in the arts, as it now has in Wales, it sets a very undemocratic and freedom-stifling precedent.

We noted early in this paper how the prospective disappearance of the Welsh film industry and the replacement during 2006 of the one agency Sgrîn that had at least some intermediary support function between certain public external funding sources, notably the EU MEDIA programmes, is bemoaned by representatives of that industry (although not all, as the Assembly Government 2004 *Creative Success* strategy document testifies).

So far the cultural 'hub' idea and the Creative IP fund are the principal new Assembly Government-induced initiatives devised to succeed Sgrîn's role. The latter shows promise of a kind, stimulating home-grown creative and technical talent in film rather than Wales' other creative industries.

However, somewhat restrictive conditions for funding, designed principally to get a return on investment while keeping production in Wales does not seem designed to prompt a flood of indigenous investment demands. Yet, certain realities are faced in that both animation and film are highly globalised in organisation. Maybe charging market rates for such investment and requiring the market stumps up 60 per cent of the total beforehand will make less globalised creative entrepreneurs think, “why bother, where’s the gain for me?” Thus, one presumes, it is at least the safety of the fund as much as the likely outcome of the investment that will be to the forefront.

It might be imagined there would be no political interference with the content of a promising project. Thus it is imaginable that a piece of controversial political drama for a TV, animation or film audience in Wales might be commissioned under the appropriate associative régime. But the suspicion lingers that it actually might not because of self-censorship by commissioners or commissioned. This is sufficient critique of the current trend towards a politically ‘totalising’ tendency to engender a serious lack of faith in the evolving system.

How much less trustworthy is the system and its disposition towards freedom of expression when the creative talent is directly funded by the Ministry of Culture as is happening with the six big ticket items? We explored the implications of direct Ministerial funding in relation to this. The French case was also explored, in reference to Lord Finsbury’s conversation with Peter Brook.³⁰ Is Alun Pugh our Jack Lang? Is Peter Brook anyone’s David Hare? Presumably, Peter Brook is wise enough not to have given Jack Lang or his successors cause to invite him to a second annual meeting where he asks for the contents of the brown envelope to be returned.

³⁰ An innovative, unconventional, and controversial figure, Brook mounts energetic productions in which the entire stage is utilized; he often has his actors singing, playing musical instruments, and performing acrobatics. His production of *Love’s Labour’s Lost* (1946) began his long association with what became in 1961 the Royal Shakespeare Company .

Peter Brook is a particularly political drama director. Most of his best-known work is innovative, probing of institutional conventions and political power, but more Blair, Bush and Iraq à la David Hare than Blunkett-like political theatre of the kind that in London attracts huge audience and media interest. However, even Brook does not have a political drama about Greenpeace and French nuclear policy in his CV. All in all this is not a road we should want to go down for arts funding in Wales. We want more, not less, transparency in funding decisions for the artistic and hence creative freedom. Yet, it could be the end of the road as institutional arrangements in Wales currently stand.

Third, we reprise the logic of our analysis for Arts Council of Wales policy. We have seen how it has been somewhat emasculated. The Labour Assembly Government would perhaps wish to do unto it as it has done to the Welsh Development Agency, the Wales Tourist Board and ELWa. But this has proved not to be possible because of the legal status of the Arts Council, which differs from that of the other doomed Wales-only bodies. Now comes a test for the Arts Council of Wales' ambitions. Should it, either directly or indirectly, assist in an institutional innovation in the arts in Wales by commissioning artistic output which it likes and would like to see more done?

This seems highly unlikely, as the most important of those stakeholders is the Ministry of Culture, Sport and the Welsh Language. There are fears that this enhances the prospect of a "totalising" suffocation of the arts in Wales (much more so than Scotland and the rest of the UK).

If the Arts Council of Wales cannot for regulatory or political reasons commission new work, who will? Perhaps the new presence of the National Endowment for the Sciences and Arts (NESTA) in Wales could offer leadership in the evolution of a more independent process of commissioning critical art. Otherwise we may be doomed to continue with the responsive mode 'let a thousand flowers bloom' philosophy, despite evidence that it is not producing innovative work of sufficient weight aesthetically, artistically or with audiences. Something to puncture the creative suffocation brought about by the new cultural totalisation is required.

If the Arts Council of Wales cannot be seen to lead the way, an associative mechanism or trust that it co-funds or part funds is badly needed to stimulate alternative views to the dreary orthodoxy that can be foreseen.

Fourth, that there is insufficient dynamism coming from below is transparently obvious as the Joseph Rowntree Foundation's comments on the arts content of *Communities First* in Wales showed even in 2001:

“The implementation of a regeneration strategy such as *Communities First* will involve striking a creative balance between ‘top down’ and ‘bottom up’ activities. Although the consultation document does contain a section on building capacity and participation, we would argue that, here and throughout the rest of the consultation document, there is not a strong enough emphasis on building and sustaining community involvement. JRF has supported a considerable number of projects which focus attention on this theme, and a number of these are detailed below ... the five essential stages of community involvement, namely: getting started; involving communities in partnerships; creating strong local organisations with their own assets; developing an infrastructure to build and sustain community organisations; and monitoring progress. [It is] also recommended that regeneration partnerships should develop, and sign up to, comprehensive Community Involvement Strategies in advance of, and as a condition of receiving, regeneration funding...”

This was testified to in yet another instance we turned up regarding the relative absence of community or private entrepreneurial spirit in the Digital sector, probably because of the ‘public goods’ presumptions of public sector enterprise. The ‘Gathering the Jewels’ exercise could still be a valuable asset capable of being exploited commercially at remarkably low cost. However, as yet the elaboration of a digital value chain through exploitation of the graphic imagery of Wales is simply not happening, perhaps on the mis-advice of outside consultants.

In Wales, modernisation seems to require bump-starting, but when this is done at the behest of the public sector alone it seems to produce yet another 'totalising' form that overlooks entrepreneurship. Lack of marketing is blamed. Yet, at the same time Welsh imagery, and indeed Welsh heritage, is actively sought out by international film companies.

The recent case of the actor Johnny Depp's film vehicle *The Libertine* bears witness to this. Once the world's media understood that most of the film was shot in medieval Cwrt Tretwr in Powys the telephone lines to private media public relations company *Cambrensis* were blocked for a day by advertising agencies looking for stills on the mistaken assumption that the firm was acting for Cadw as it in fact does for the Countryside Commission of Wales regarding the location for filming.³¹ It is unlikely that amount of traffic diverted to the National Library of Wales on that occasion.

Wales needs a policy of stimulating entrepreneurship, not to exploit unknown cultural tacit knowledge but to exploit valuable cultural assets that already exist. A Creative IP fund alone does not seem to be the appropriate vehicle to assist fulfilment of truly innovative ambition. A clear vision, a firm joined-up strategy and recognition of the centrality to cultural production of the arm's length principle, operating as suggested here through an intermediary organisation with an associative entrepreneurial mentality might be.

Finally, this paper ends on an upbeat note about an organisational form, represented by *Cyfle*, as a non-state, non-market competitive entity, but an associative middle-way means of meeting creatively expressed demand in entrepreneurial fashion. Though not without its vicissitudes, this organisation has successfully survived by finding pools of funding, mainly from larger private enterprises that outsource talent formation. It has also been supported by accessing external and a little internal public funding and bending with the multicultural, gender-blind as well as minority and majority language breezes that flow around and sustain it.

³¹ Interview with *Cambrensis* public relations, 18 November, 2005.

This form should be an intermediary model that meets a demand for which business and public agencies are willing to pay through outsourcing. It is one of Wales' better instances of a model appropriate for exploiting creative assets. Judging by the combination of a totalising Welsh state, on the one hand, and a timid private sector, on the other, the model may well be better at embedding successfully in the new economy based on knowledge and creativity than either. Perhaps it could also be a model for the commissioning in association with the Arts Council of Wales of the innovative cultural product that Wales badly needs to become truly a 'World Class Wales' in the creative industries.