

## Cultural industries in public policy

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**Abstract.** This paper focuses on cultural industries. They are becoming a part of culture on the national level because they create both the symbolic and the economic capital. The research proves that investment in cultural industries is beneficial; they help to attract tourists and investors from other countries, improve the image of the country and increase awareness about it. Cultural industries are becoming a perspective area of economy.

In Europe and other countries of the world, cultural industries have appeared as a branch of private business which do not require state support; however, the subsequent development of these industries and their successful competition with international corporates of cultural industries require purposeful state policy. Recently, the notion of cultural industries has been included into the cultural policy. Political decisions determine certain changes in cultural industries and their influence on the culture in a country. Countries can shape their policy of cultural industries in different ways; they can select the means to implement the policy depending on their aims and to establish institutions to implement them. The following models of the policy of cultural industries are distinguished: paternalistic, patronal, and liberal; they indicate a state's approach towards cultural policies and help to understand and evaluate its decisions in the area of the management of cultural industries. Therefore, the aim of the article is to reveal the extent of control imposed on cultural industries in the state policy.

The first part of the article surveys the notion of cultural industries and the areas attributed to them. The second part analyses cultural industries as an area of cultural policy, and the last part describes possible models of the policy of cultural industries.

**Keywords:** cultural industries, models of the policy of cultural industries, policy of cultural industries, models of cultural policy, liberal model of cultural industries, paternalistic model of cultural industries and patronal model of cultural industries

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## INTRODUCTION

Carnes Lord (who bases his approach on Aristotle) defines policy as the art of managing the country. A politician must possess knowledge about finances, trade, laws, etc. (Lord, 2009, p. 323). Vilkončius emphasises that public policy in any area means clear assessment of the situation, expectations and needs of the society; the implementation of this policy means deliberate selection of actions to achieve these aims (cf. Vilkončius, 2007, p. 55-56). Policy means certain rules, measures and actions regulating all areas that are to be managed in the country. The task of the *actual* politician is to know the governing principles of the country both on the theoretical and practical levels. It is important to conduct the right political actions in order to improve the state of the country. Public policy is the art of governing the country in a way that the expectations of the society would be fulfilled.

*Culture* in politics can be understood in two different ways: in the broad-sociological and the narrow sense. In the broad sense, *culture* is perceived as the norms and values prevailing in the society. In the narrow sense, it is art and various activities creating it (production, storage, distribution, etc.) (Rimkutė, 2009a, p. 17-18).

Cultural policy influences the worldview of the society and its orientation of values (Rimkutė, 2009, p. 19). Certain decisions by politicians can develop or destroy the cultural life of a society. Cultural policy involves certain political actions, means and mechanisms regulating cultural areas governed by the state. However, according to Vilkončius (who bases his theory on the ideas of Dragičević-Šešić and Stoiković), it does not mean that all directions of cultural development in the state are determined by particular aims and tasks which must be implemented by employing certain means, mechanisms and actions (cf. Vilkončius, 2007, p. 56). Culture cannot exist without cultural policy in any country. However, not all areas of cultural policy (for example, cultural heritage) could survive without the help from the state. The state itself decides which area of culture needs to be regulated.

Since the end of the 20th century, cultural industries (CIs) have been receiving an increasing amount of attention as an economic and political area. They have become the subject of discussion, negotiating their value as well as their economic and social benefits for the society. It is said that cultural industries encourage interest in the country, increase awareness about it, attract qualified workers, etc. The economic potential of the sector of cultural industries increases interest in political research of these industries. At the moment, it is important to understand what the benefits of CIs to the state are and which measures should be used to implement it. Each country forms its own policies of culture and CIs. Therefore, taking into consideration certain features of CIs policy like their aims, means of implementation, etc., it is possible to discern the potential models of CIs policy and describe the connection between CIs and CIs policy implemented in the country.

## THE NOTION OF CULTURAL INDUSTRIES

The notion of *cultural industries* was first introduced by the representatives of The Frankfurt School Horkheimer and Adorno. They claim that cultural industries (CIs) are a system producing standardised cultural objects and governed by monopolies that take interest in the industrial capitalism. This means that culture is commodified, and the process of massive cultural unification takes place (Adorno, 2006, p. 159-161).

It can be said that the appearance of CIs has been influenced by the progress in the field of technologies in the cultural area. Culture has become more easily accessible to all members of the society; however, because of the influence of television, radio and other means of cultural dissemination and technologies, the forms of cultural expression have undergone changes as well. Cultural products are now mass produced;

there is no authenticity and “sanctity” of the product any longer. According to Adorno and Horkheimer, cultural products are standardised in the market; “however, one should blame for it not some technical law of development but rather its current way of functioning in society” (Adorno, 2006, p. 160-161). This method is determined by monopolies governing CIs (political authorities and capitalism) that are only concerned about increasing the capital (Adorno 2006, p. 159-160).

As representatives of Neo-Marxism claim, CIs have great influence on the society because they affect public thinking through the entertainment they offer. Therefore, CIs are a branch of business oriented towards mediocrity. People are convinced that their needs are taken into consideration but these needs are dictated by CIs themselves. Art is created on the basis of certain patterns and schemes affecting the consciousness of people. CIs become a certain style of culture, the main feature of which is the merge of culture and entertainment and spiritualisation of earthly pleasures (Adorno, 2006, p. 161-188). It can be said that CIs destroy the *real* culture. Its value is measured not only by the artistic expression but by its economic value as well. Culture is a way to gain profit from spiritually degraded society.

O'Connor who analyses the notion of CIs in the works of The Frankfurt School claims that they compare CIs to Josef Goebbels' unconditional devotion to Hitler. In the works by Neo-Marxists, CIs are the most powerful tool of the ruling class and the state to achieve their goals (O'Connor, 2007, p. 10); it is the right hand of the ruling class which unconditionally fulfils their desires.

In the works of The Frankfurt School, the notion of CIs has a negative connotation; however, the negative attitude towards it expressed by the Frankfurt School is not the only one. Another approach is represented by the sociologists of cultural production which claim that there are various CIs products expressing different values, including those of counterculture. CIs are understood as a system producing, selecting and offering products to users that perform the aesthetic function (Rimkutė, 2009b p. 63).

Bielskienė who analyses CIs in the creation and development of the capital formulates the following formulas of product-money relationship: product–money–product and money–product–money (cf. Bielskienė, 2005). The first formula shows that money takes an intermediary position between the products. The process takes place and the purpose of it is to change one product into another and one quality of consumer value into another (cf. Bielskienė, 2005). After this process, there is no money left, and a specific good is purchased. However, the second formula reveals how money turns into money. This process is meaningful if the initial amount of money increases because of the value added. In this case, money turns into the capital, and the growth of additional money (the surplus of the initial value of money) stimulates the growth of the capital (Bielskienė, 2005). Also, the capital can be divided into symbolic and the cultural. Its creation and development are similar to the discussed specifics of the capital (formulas of product-money relationship; Bielskienė, 2005).

Symbolic capital includes awarding degrees, ascribing various meanings and awarding nominations, etc. This capital is created by various institutions and organisations that can announce various nominations, etc. This creates a certain social reality where the symbolic capital is established, and the public member creates and undertakes in self-realisation (Bielskienė, 2005).

Cultural capital involves creation, production and storage of aesthetic values. The capital is produced by various cultural institutions (e.g. publishing houses). Therefore, this capital is more profit-oriented. However, if the cultural capital, producer, protection of aesthetic values, research and other institutions find the consensus, it allows creating a product of high artistic value. Sometimes, when such capital wants to attract financial capital to cultural activities, circulation of ideas and their public articulation (cf. Bielskienė, 2005) can influence their activity (Bielskienė, 2005).

According to Bielskienė, cultural and symbolic capital include ideologies, propaganda dissemination and various cultural topics that create the relationship between value and worth (Bielskienė, 2005); this

can imply a partial approval of the attitude expressed by the Frankfurt School. However, in the context of contemporary society, the existence of these capitals cannot be clear-cut (Bielskienė, 2005). This notion is against the attitude of Adorno towards the symbolic and cultural capital.

CI is the producer of financial, symbolic and cultural capital (Bielskienė, 2005). It is noteworthy that CI can be designed to create and protect the public cultural life. This evokes a positive attitude towards CI. Everything depends on how the financial, symbolic and cultural capitals will be combined with one another. Therefore, the value of CI is measured not only by economic, but by artistic and cultural criteria as well.

According to Mažeikis, CI connects art and ideology. This is reflected in his example about the funding of cultural activities: funding of cultural heritage is directly related to the requirements of national identity and its values (cf. Mažeikis, 2005, p. 69). Some cultural activities are considered to be CI irrespective of the fact whether they are profitable or not (Mažeikis, 2005, p. 69). It can be stated that it reflects the first formula of the relationship between products and money: money operates only as an intermediary. The notion of CI takes on a completely different meaning: pursuit of profit is not a dominating factor; the most important position is taken by the aesthetic (in the broad sense) value.

Hesmondhalgh calls CI products texts in the broad sense. CI conveys a specific meaning that produces its objects. These texts influence the attitude of all members of the society towards a particular situation and product. However, each member of the society has his/her different interpretation of CI. This is the hardest task for CI institutions, i.e. to make cultural products accessible to all users, because the main function of CI products ("texts") is communication with users. The symbolic capital remains important (Hesmondhalgh, 2007, p. 3-12).

Rimkutė notices that there is a difference between the singular "cultural industry" and the plural "cultural industries". The singular usage is used to reflect the conviction that CI creates a unified and monolithic cultural world (cf. Rimkutė, 2009b, p. 64) with the prevailing values of the ruling classes, whereas the notion of "cultural industries" means that there is no monolithic culture; cultural production is manifold, each method of cultural production differs in its operational principle and values conveyed by the products created by those methods (cf. Rimkutė, 2009b, p. 64). The consumer has a right to choose which cultural product to use.

Contemporary researchers of CI claim that CI creates a new relationship between economy and culture. The laws of economy are connected to culture in a way that keeps the ideals of art authentic. It enables compatibility of economy, management, art, creation high and broad culture (Bielskienė 2006). Culture can maintain its real value even if treated as the economic factor because at the moment the society lives in the age of technologies; the attitude towards culture and the channels of distribution thereof is changing. The notion of CI is becoming more appealing.

CI is based on creativity and talent. The results of their activity, namely the products accessible to the society are based on the intellectual property, i.e. various inventions, new ideas and projects (cf. Paškauskas, 2008). CI must ensure the existence of the cultural world of the society, i.e. to store and transmit various cultural traditions (Paškauskas, 2008). It can be stated that the main function of CI is to create the symbolic cultural capital rather than financial. CI is no longer the business of entertainment gaining profit from the mediocrity. They take the real cultural value, authenticity and originality into consideration. Therefore, the high culture stands out next to the entertainment business (mass culture). CI becomes the keeper and the carrier of the manifold cultural traditions. They provide the consumer with various cultural options.

In conclusion, there are two different notions of CIs. By the 1980s, the Neo-Marxist notion of cultural industries was prevailing (cf. Rimkutė, 2009b, p. 72); it reflects a critical approach towards CIs. Since the 1980s, the attitude has changed and CIs have been perceived as a certain system which connects culture with laws of economy keeping the ideals of authentic art.

### Areas attributed to cultural industries

A lot of areas can be attributed to CI.

Table 1

Areas of cultural industries

Author	Areas
Galloway and Dunlop	<ul style="list-style-type: none"> <li>– Radio industry;</li> <li>– Broadcasting (television) industry;</li> <li>– Cinema industry;</li> <li>– Publishing industry;</li> <li>– Music recording industry (Galloway, Dunlop 2007, p.18).</li> </ul>
Hesmondhalgh	<ul style="list-style-type: none"> <li>– “Broadcasting: radio and television, including cable, satellite and digital forms of broadcasting;</li> <li>– Film industry: including all formats of films (DVDs, television, etc.);</li> <li>– Aspects of the contents of the internet industry: other aspects are a part of computer and telecommunication industries;</li> <li>– Music industry: various records, performances;</li> <li>– Publishing industry of printed and e-books: including books, magazines, CD-ROMs, online databases and newspapers;</li> <li>– video and computer games;</li> <li>– Advertising and marketing: compared to other industries, they have more of the functional elements because they are designed to advertise and sell other products. For all that, they focus on the creation of texts and symbolic meanings” (Hesmondhalgh 2007, p. 12-13).</li> </ul>

Source: compiled by the author.

It is noteworthy that Galloway, Dunlop and Hesmondhalgh attribute similar areas to CIs including radio, television, cinema and publishing. Hesmondhalgh, however, attributes video and computer games and commercials to CIs which could be better attributed to creative industries. However, all of these areas are connected by the following features:

- creativity;
- intellectual property;
- symbolic meaning;
- use value;
- methods of production (Galloway, Dunlop, 2007 p. 19).

According to the UK-DCM model taken from Throsby’s system of CIs classification<sup>1</sup>, it can be stated that the notion of CIs has been merged together with creative industries. This model introduces the notion that the basis for the activities of creative industries consists of creativity, skills and talent. By employing

<sup>1</sup> Throsby, D. 2008. Modelling cultural industries. *International Journal of Cultural Policy*, [pdf] 14(3), pp. 219-222. EBSCO database.

intellectual property, they generate work positions and material prosperity (Throsby, 2008, p. 220). This model reveals that creative industries encompass classical areas of CIs as well. The notion of CIs becomes narrower than that of the creative industries. It can be said that this is the reason why these notions are frequently treated as one in cultural policy. Most of the politicians working with cultural policy see creative industries as an extension of CIs, only supplemented by new computer media and the content it creates (cf. Rimkutė, 2009b, p. 68). However, according to the researchers of cultural industries, the notion of creative industries should not concern CI. Since the products of creative industries do not have clearly positive externalities, they are not considered to be public goods that could be patented. Moreover, industries (for example, advertising or computer software) can be a private business developed successfully in market conditions (Rimkutė 2009b, p. 72-73); the same cannot be said about cultural industries. All of this reveals how problematic these notions are in the context of cultural policy. The notion of cultural industries determines the undertaken CI policy.

According to Throsby (whose approach is based on UNESCO's ideas), cultural industries must connect the creation of cultural and intangible works of art, "texts" with sales (Throsby 2008:218). It is stated that the real culture must communicate with certain principles of marketing management and take the cultural economy into consideration. It needs help in order to maintain the real cultural value in the modern world of technologies. CIs face some actual problems as any other industry:

- "risky business;
- creativity versus commerce;
- high production costs and low reproduction costs;
- semi – public goods" (Hesmondhalgh, 2007, p. 18).

In conclusion, it is possible to name the main industries attributed to CIs. Those are the industries of film, music records, publishing, television and radio. However, there might be other areas of industry attributable to CIs; it depends on the notion of CIs.

## THE AREA OF CULTURAL POLICY – CULTURAL INDUSTRIES

CIs are one of the areas of cultural policy in the country. This area emerged in politics at the end of the 20th century when governments of many countries became concerned about the threat of international cultural production companies to the national cultures (cf. Rimkutė, 2009b, p. 64). In the international UNESCO conference dedicated to CIs issues (1982, Mexico), it has been decided that international CIs corporates have great influence on the national culture of countries and impose the threat of "cultural imperialism" (UNESCO, 1982, p.11). UNESCO's concern about the influence of international CIs on national cultures gave start to the CIs research (Hesmondhalgh, Pratt 2005:3), the impeding "cultural imperialism" encourages interest in national CIs and includes them into the cultural policy of the state (Rimkutė, 2009b, p.64).

When creating the first CIs maps in various countries, CIs are defined in a way that it would be possible to support the data by statistical calculations. However, Hesmondhalgh and Pratt notice that statistics undermine the significance of CIs themselves (Hesmondhalgh, Pratt 2005, p. 6) and it does not provide an opportunity to realise the importance of CIs as a cultural area. Only their economic benefits are revealed (Rimkutė, 2009b, p. 65). Later on, it becomes clear that CIs activities have national and religious characteristics. The local lists of CIs areas are compiled. Each country has its own CIs areas because each country has its own traditions and attitude towards art and culture. Therefore, in certain countries a certain area of industry can be attributed to CIs, whereas it is not the case in other countries (Rimkutė, 2009b, p. 65). All

of this reveals that it is hard to find one uniform definition of CIs in cultural politics and determine areas of industry that would apply to all countries. Therefore, CIs are the subject to a lot of discussions between politicians and cultural researchers.

Economic research of CIs reveals that products created by these industries are marked by certain economic characteristics that enable their treatment as public and semi-public goods. The economists define public goods as goods that can be used free of charge by many users who do not diminish their benefits and do not reduce their amount (cf. Vainienė, 2005, p. 288). Another characteristic of these goods is that it is impossible to forbid the members of society to use them, even though they are not paying for them (Rimkutė 2009b, p. 71). It can be stated that public goods are inconsumable and freely accessible to all members of the society, whereas semi-public goods are inconsumable but not freely accessible. An example of such goods could be a museum: its exhibits (goods) are inconsumable, and their consumption can be limited by charging an entry fee. However, there is a problem: the maintenance of museums requires a lot of resources; should these costs be covered by the income from entry fees, people might not be able or willing to buy the tickets. However, this does not mean that museums are unnecessary to the society. Therefore, state support is needed in order to reduce the price of tickets.

When public goods exist, the relationship between the producer and the consumer cannot be fully developed because of the price mechanism (Garnham, 2005, p. 19); therefore, private business is not interested in offering the consumers public goods. In order to improve the cultural life, state must support certain areas of culture.

In her analysis of CIs in state policy, Rimkutė names two reasons why CIs must be treated as an area of cultural policy:

- Great influence on social identity and self-expression;
- Economically inefficient market of cultural products (Rimkutė, 2009b, p. 70).

As an area of cultural policy, CIs are relevant in small countries which find it hard to resist the influence of the international cultural industry (cf. Rimkutė, 2009b, p. 70). For example, national film and music industry of a small country can hardly compete with international business companies without the state support.

The market of cultural products is economically inefficient not only because they are public or semi-public goods but because of externalities as well (Rimkutė 2009b:70). Externality is the loss of benefit of participants unrelated to this action or process or arising from such action or process (cf. Vainienė 2005:118). It can be a positive or negative factor (Vainienė 2005:118). An externality is a work of art painted by an artist on the wall of a house, or a yard with a small sculpture park in it. These sculptures and paintings can be admired by all neighbours and passers-by without paying for it. This can be an additional means for the cultural tourism sector to develop tourism in that location.

Rimkutė (who bases her approach on the ideas of cultural economists) indicates positive cultural externalities that politicians frequently use to support their arguments why the state has to support CIs (Rimkutė, 2009b, p. 70).

These motives are non-negotiable. Politicians and other interested parties who want to justify their claim that the state must support CIs must base all of their arguments on research results. It is recommended to conduct a research to determine what the expectations of the society related to CIs are; it should reflect the need for funding (from the collected state taxes) for specific CIs areas. This way, it would be easier to grant funding from the budget. However, Rimkutė notices that a method or mechanism that could determine how much the society would be willing to pay for a particular public good has not been discovered yet (Rimkutė, 2009b, p. 72). Therefore, the state support for CIs usually remains subject to political will

that can be influenced by the pressure from people working in these areas. It can be stated that each country selects managerial principles of CIs policy in accordance with its economic and cultural position.

Table 2

## The motives for the state to support cultural industries

Externalities	Arguments
Heritage	Each member of the society wants to keep a certain part of its culture for future generations.
Image of the country and the national identity	The society is proud of the artists from its country that have been acknowledged internationally.
Benefit for local economy	Culture attracts tourists and guests from other locations. This means that incoming tourists and guests are beneficial for the local economy as they use the services/ products of hotels, restaurants and other areas. Also, cultural products can attract investments and stimulate the development of new companies within the region or the city.
Humanities education	Humanities education provides the society with a positive externality. Culture is a part of humanities education. Therefore, one can conclude that culture also provides the society with positive externality.
Innovations and creativity	A lot of works of art are protected and governed by copyrights. However, they do not protect against the principles of innovation. Various failures discourage artists from experimentation and looking for new forms of artistic expression because if the experiment fails, the artist must cover all the expenses related to it and take the responsibility for the failure, and if the experiment is successful, he cannot forbid the others to use his discovery.

Source: based on Rimkutė, A. 2009b. *Kultūros politika ir kultūros industrija: tradicinis santykis ir nauji iššūkiai*, pp. 70-71

Hagoort has made an observation that artists violate the main feature of the free market, i.e. the freedom of production and consumption that affects the pricing. If there is no demand for the product, the artist creates it anyway because the main goal of the artist is to encounter the world with his unique and meaningful expression (cf. Hagoort, 2005, p. 42). The artist pays more attention to the acknowledgement of his works and public attention than the economic factors (Hagoort, 2005, p. 42). This might be considered to be one more important reason why CIs should be supported by the state. However, there is a certain problem: the state that grants support for cultural products might influence certain artistic decisions. However, Hagoort claims that in modern democratic countries, cultural policy is partially responsible for cultural values, and constitution protects its freedom of expression. This freedom can be limited by the criminal law, should the public interest be violated, etc. The state funds, protects and defends culture, and at the same time it respects the freedom of artistic expression and cultural identity of the minorities (Hagoort, 2005 p. 45). It is thought that cultural policy implemented in democratic countries should not have negative influence on the artistic value of CIs products.

State support to CIs is provided via various measures of implementation of cultural policy. Rimkutė mentions several measures of implementation of cultural policy:

- financial (economic): subsidies, tax reductions, grants, etc.;
- legal: laws, decrees, orders, etc.;
- socio-psychological: recognition, awards, prizes, etc. (Rimkutė, 2009a, p.34-36).

All of these measures boost and develop CIs activities. However, there might be several factors interfering with these activities:

- various taxes;
- public condemnation;
- prohibition legislation;



- censorship;
  - various fines (Rimkutė, 2009a, p.34-36).
- Hagoort provides a slightly different classification, providing means of support:
- direct method: subsidies, education, etc.;
  - indirect method: tax policy, organisation of non-profit funds, creation of work positions, etc. (Hagoort, 2005, p. 45).

Political measures are not the only way to implement cultural policy. O'Connor (who bases his approach on the ideas of Garnham) notices that art and market can collaborate. Market "is a relatively efficient way of allocating resources and reflecting choice" (O'Connor, 2007, p.23). Cultural policy can distribute CIs products using the market. However, this must be done considering the demand in the society rather than the wishes of the producer. In this way, democratic cultural policy can be developed; it is based on the demands of educated, competent society. Its demands must be taken into consideration by both politicians and CIs producers (O'Connor, 2007, p.23). However, assessing national culture from the cultural perspective, such CIs policy is effective only in countries where the educated society that takes interest in the national culture is prevailing. Other countries should categorise the society into certain groups, conduct the research about CIs expectations in these groups and take the opinion of each group towards these CI products into consideration.

Pratt has also noticed that modern cultural policy must take into consideration the existence of the market of CIs areas and participate in forming them. It can be said that market is one of the means to implement CIs policy. In order to use the market, one must analyse the CIs market: it is important to determine "what the market is failing to do and what can be done by other means" (Pratt, 2005, p.41). It is also suggested to replace simple subsidies with "a more broadly based support for culture" (Pratt, 2005, p.41). It can be stated that simple subsidies are direct (financial) state support for CIs. Therefore, subsidies could be replaced by the support received from various companies, organisations, funds, cultural projects, etc. Society is encouraged to invest into cultural industries. Politicians should not be the only ones taking care of CIs; society should take care of it as well.

Moreover, Pratt states that traditional art policy pursued by the state might not be suitable to manage CIs (Pratt, 2005, p.41). The prevailing opinion is that the state cannot apply the same managerial measures to CIs as it applies them to professional art, for example. There must be applicable managerial models and measures of cultural industry selected and adapted to the industry. All of it depends on the competence of politicians in the cultural field and their perception of the production, organisation of reproduction of CIs products, etc. (Pratt, 2005, p.42).

CIs policy can be to an extent affected by the international policy, like, for example, the policy of the European Union. The EU encourages its members to develop national CIs by establishing various development and support programmes (Huijgh, 2007, p. 209-210). Modern CIs policy of each country must take the international CIs policy into consideration.

In conclusion, CIs policy is a difficult process which must combine the factors of the free market and state funding. The main task of CIs policy is not only to keep the cultural products in the market, but to formulate the cultural world-view of the society as well. CIs can perform this task because they provide an opportunity for many users to use some of the cultural products at home (O'Connor, 2007, p. 15); it brings the "elite" art closer to the users. For example, television industry enables the society to see a performance or a concert of classical music without leaving home and paying for it. CIs develop cultural variety and provide all members of the society with democratic conditions to access cultural products (O'Connor, 2007, p. 15). Another aspect of CIs that is important from the political perspective is that CIs contribute to the formation of a country's image and its economic welfare. It is easier to distribute products created by CIs in the world;

they attract tourists to the country (film tourism, for example), which improves the image of the country and contributes to the creation of job positions as well as the growth of GDP.

## APPLICATION OF THE MODELS OF CULTURAL POLICY IN CULTURAL INDUSTRIES

The previous chapter has revealed that CIs policy is implemented using the implementation means of cultural policy. It can be stated that the use of certain measures depends on the model of cultural policy. According to the ideas of Vilkončius, there are as many cultural models as there are countries (Vilkončius, 2007, p. 56). However, it is possible to distinguish the most typical models of cultural policy according to certain features: goals, means of funding, level of control, etc.

Hillman–Chartrand and McCaughey define models of cultural policy in accordance with the role of the state in the cultural areas (Hillman–Chartrand, McCaughe, 1989).

Table 3

### Models of cultural policy based on the role of the state

Name of the model	The role of the state in culture
Facilitator	Areas of culture are funded indirectly: by redistributing the taxes. Culture is in the hands of the private persons.
Patron	The funding of culture is based on the “arm’s length” principle through the councils of art.
Architect	Culture is funded through the department of culture (ministry).
Engineer	State is the owner of culture.

Source: based on Hillman–Chartrand, H., McCaughey, C. 1989. *The arm’s length principle and the arts: an international perspective – past, present and future*, pp. 4-7

Vilkončius (whose approach is based on the ideas of Dragičević – Šešić and B. Stoiković) introduces five main models of cultural policy (Vilkončius, 2007, p. 56) based on the goals of the state.

Table 4

### Models of cultural policy based on goals

Name of the model	Main features
Liberal model	– The national policy of culture is neutral; there are no goals.
“Arm’s length” principle	– Art councils perform the functions of cultural policy management.
State bureaucratic–educational model	– State is the owner of the culture. – Ideological control of public education and development.
State prestigious–educational model	– State protects the cultural identity.
State national–emancipational model	– The state supports and develops the national culture.

Source: based on Vilkončius, L. 2007. *Lietuvos kultūros politika ir kultūros įstaigų veiklos administravimas*, pp. 56-57

Rimkutė categorises cultural policy models according to the level of state control in the cultural sector.

Table 5

## Models of cultural policy models based on the level of state control

Name of the model	Control levels of culture
Liberal model	Culture is left to the market.
Patronal model	The state is the patron of the culture. It funds the culture but does not control its functioning.
Paternalistic model	The state actively controls the cultural sector.

Source: based on Rimkutė, A. 2009a. *Kultūra kaip politikos objektas*, pp. 26-30.

Having analysed the classifications of these cultural policy models provided by the researchers of cultural policy, one can deduct that they all reflect one main principle: a greater or smaller extent of state control. However, it is worth mentioning that there is no country where one of these models would function in its pure form (Vilkončius, 2007, p. 58). The model can reflect the characteristics and parts of other models. The model of state cultural policy can be deducted only from its prevailing characteristics (Vilkončius 2007, p. 58). It can be said that the state takes its economic situation, political agenda and other factors into consideration, and shapes its unique model of cultural policy combining other models.

It has been mentioned in the previous chapter that traditional art policy might not be suitable to manage CIs (Pratt, 2005, p. 41); therefore, each area of cultural policy can have its own separate model of policy. For example, heritage policy in almost all countries is implemented using the state model, and the model of dissemination of culture is based on the liberal model. This study will not include an attempt to define possible CIs policy models based on the classification of cultural policy models as paternalistic, patronal and liberal.

### Paternalistic model of cultural industries policy

The characteristic feature of paternalistic model of cultural policy is that the state affects (forms, controls) culture through its institutions. The state declares its goals in the cultural areas, organises and undertakes their implementation by employing legal and economic means of policy implementation (Rimkutė, 2009a, p. 36).

In the paternalistic model of cultural industries policy, the state participates actively in CIs; the most prominent expression of this participation is direct funding. This means that CIs receive direct support from the state. Funding is granted through the ministry / department of Culture. All decisions related to funding are made by the bureaucrats (Hillman–Chartrand, McCaughe, 1989). Funding is granted for cultural products that, according to politicians, are necessary and accessible to the society (Rimkutė, 2009a, p. 31). It is implemented in accordance with institutional and programmatic funding. CIs do not depend on market factors.

The motive for such CIs policy can be related to the intention to base the national image and prestige on CIs and thus to stimulate the development of national culture (Rimkutė, 2009a, p. 31). When implementing the paternalistic CIs policy, it is expected that cultural industries will foster the “real” value of the country and it will become authentic and interesting to other countries. However, the development of national CIs requires large public resources. Moreover, long-term funding might cause cultural stagnation (Rimkutė, 2009a, p. 32).

This model can impose threat to the society and CIs. In the meantime, the state is the owner and the main sponsor of CIs; therefore, it can actively participate in creating the contents of CIs. The decisions of bureaucrats can be oriented towards political and ideological education rather than artistic quality (Hill-

man–Chartrand, McCaughe, 1989). CIs can become the means to achieve political aims, which is clearly the case in totalitarian countries.

However, in many countries CIs have been developed independently as an area of cultural business; the state usually does not take active interest in it. Paternalistic model could only be popular in countries concerned about their national culture. Azerbaijan's CIs policy resembles this model the most. The data provided by the Ministry of Culture of Azerbaijan (2012) reveal that the country pays special attention to CIs. One of the most important fields of Azerbaijan's CIs is cinema. It is noteworthy that the national film history of this country reaches back to the 19th century, and this country is actively trying to revive the national film industry. The entire film industry is funded from the state budget. The industry receives various grants and support for projects. The aim involves the "restoration of film distribution and exhibition systems, preserving a state cinema network that meets modern requirements and privatisation of other movie theatres" (Huseynli, 2014, p. 27). Another aim is to have foreign films voiced-over in Azerbaijani. Moreover, national films are digitalised, stored and restored (Huseynli, 2014, p. 27). The state takes care of the films that have been produced recently as well as the ones that were created before. The films created are stored in State Film Fund. Moreover, this country encourages studies, research and development of film heritage (Huseynli, 2014, p. 27).

Azerbaijani book publishing industry is undertaken by state and private publishing houses. The activity of publishing houses is regulated by publishing and other legislation. The country encourages the development of national publishing; it aims at improving the publication of high-level scientific books. Moreover, books written in the country are translated into foreign languages, and translations of foreign literature to Azerbaijani are also funded (Huseynli, 2014, p. 28-29). It can be said that the publishing industry is employed to protect the national language. Also, the state improves libraries, book distribution systems, etc. Moreover, the state encourages participation in various book fairs (Huseynli, 2014, p. 28-29).

To conclude, in the paternalistic CIs model, the state treats CIs as a means to achieve certain goals: protection and dissemination of national culture, language, traditions both inside and outside the country. A country that has selected this CIs model regulates, supports and develops CIs through legal and economic measures.

### Patronal model of cultural industries policy

In the patronal CIs policy model, the state raises certain cultural policy goals and funds the implementation thereof, but it does not interfere with the implementation process. The main feature of such model is the funding of culture based on the arm's length principle. This principle means that funding is implemented through independent organisations or culture / art councils (Hillman–Chartrand, McCaughe, 1989). The state grants the support but it does not have the right to control who receives this support. This way, the political influence on culture is reduced (Madden 2009:12). The independent organisation (or art / culture council) that grants the support is formed by the parliament or the ministry of culture; however, political institutions do not govern anything directly; they allow making autonomous decisions during the entire term of office (cf. Rimkutė, 2009a, p. 28). These organisations make decisions on the basis of evaluation conducted by professional artists and cultural experts (Hillman–Chartrand, McCaughe, 1989).

In the patronal model of CIs policy, the state creates organisations operating on the basis of the arm's length principle that grant funding for CIs. The state does not withdraw from the CIs development but it does not control it either. It funds certain CIs development programmes, yet their implementation depends on independent institutions. This way, market pressure on the creators of cultural products is reduced; they are encouraged to create products relevant to national culture (Rimkutė, 2009a, p. 28).

This model is characteristic to the common cultural policy of the Great Britain and the Nordic countries. The most accurate example of such model would be the policy of Norwegian cultural industries. In this country, the state and state enterprise Innovation Norway provides a lot of support for book publishing, film and music industries (Mangset, Kleppe, 2011, p. 14).

Film industry is the priority sector in Norway's cultural policy. The state seeks to ensure that cinema (film and other audiovisual products) would reflect the culture, history and language of the country. This industry is funded in order to ensure the quality and distribution of products. However, all of it is done through State Film Fund. It conducts independent distribution of support to the products, production companies and organisations of film industry (Mangset, Kleppe, 2011, p. 14-15).

There are various associations in the Norwegian book publishing industry: Norwegian Booksellers Association and Norwegian Publishers Association. These associations discuss the conditions of publishing among themselves. One of the main forms of funding of this sector is indirect funding using VAT (Mangset, Kleppe, 2011, p. 15).

Norwegian music industry is supported by the state and the society. Moreover, Ministry of Culture and Ministry of Trade supports the export of music products. Musicians who organise concerts abroad are funded by the Ministry of Foreign Affairs (Mangset, 2011, p. 15).

### **Liberal model of cultural industries policy**

In the liberal model of cultural policy, the state does not interfere with the cultural sphere. It mostly encourages indirect funding of culture: adopted laws encourage private entrepreneurs to invest in culture. It can be related to tax reduction for culture sponsors, tax relief and other legislation (Vilkončius, 2007, p. 75). Culture is funded only in the indirect way, i.e. through the tax system (Rimkutė, 2009a, p. 27).

In this CI model, CIs are active and developed through market conditions; additional funding is received from the sources of private capital (Banaitis, 2010). This means that the forms of CI products, the variety and quality thereof depend on the attitude of private sponsors and consumer needs.

The main disadvantage of the liberal model of cultural policy is the following: the state cannot influence the formation of activities which are of national importance (Hillman–Chartrand, McCaughe, 1989). If this model is applied to CIs, it can be said that the state does not have any influence on its contents whatsoever and that it cannot develop national CIs. It is possible that if the liberal CI model is applied in small countries, the national CI products will be replaced by the CI products from large foreign countries.

The liberal CI policy model is frequent in countries which have a lot of globally significant cultural heritage. The main aim of state cultural policy in this case, requiring a lot of resources, is to develop and protect cultural heritage. Full focus and funding of the country is directed towards the cultural heritage since it is a good means to develop the tourism sector in the country. Egypt's CI policy resembles this model the most.

The main source of funding of the Egyptian book publishing industry is private capital. The state does not form a tax system that would be favourable towards the industry. Moreover, there are no attempts to create more human resources in the industry (Ghoneim 2002:16-17); the state does not encourage science and studies related to publishing industry. The state is also not interested in the issues of intellectual property; this means that there is no effective system to protect intellectual rights (Ghoneim, 2002, p. 28). It can be stated that there is no solid legal base that could allow development of the publishing industry. There are three large companies in the Egyptian publishing market; they add small companies to them (Ghoneim, 2002, p. 28); therefore, the competence in the market is inefficient due to monopoly.

In 1971, Egypt terminated Cinema Association, and national film companies ceased to create films. Films were undertaken by the private sector. However, the data published on the 29<sup>th</sup> September, 2011

by International Federation of Arts Councils and Culture Agencies (IFACCA) reveals that the government of Egypt funds the film industry through the tax system, namely the indirect taxes<sup>2</sup> (IFACCA 2011). Also, the industry is supervised by various institutions. For example, the Al Azhar institution assesses film material in accordance with some issues of Islam religion. There is also Censorship Board on Artistic Material which authorises, legalises and supervises various film scripts (IFACCA 2011).

## CONCLUSION

The notion of CIs has changed since the 20th century; by the 1980s, the Neo-Marxist notion of cultural industries was prevailing; the attitude towards CIs has been critical; since the 1980s, this attitude has been changing and CIs is perceived as a certain economic system connecting culture with economic laws and protecting authentic ideals of art. CIs are the producer of financial, symbolic and cultural capital. The areas attributed to CIs are classified on the basis of various systems. The following areas of CIs are included into all classification systems: film, music recording, publishing, television and radio industries.

CIs are one of the areas of cultural policy. CIs policy is a difficult process which must combine the factors of free market and state funding. The main task of CIs policy is not only to keep the cultural products in the market, but to formulate the cultural world-view of the society as well. Traditional art policy undertaken by the state is not suitable to manage CIs. There must be applicable managerial models and measures of cultural industry selected and adapted to the industry.

Based on the state control and forms of support, CIs policy models can be divided into paternalistic, patronal and liberal. The main feature of paternalist model of cultural industries is active participation of the state in CIs activities which can be expressed through the direct state funding. CIs do not depend on market factors. When implementing the paternalistic CIs policy, it is expected that cultural industries will foster the “real” value of the country, and it will become authentic and interesting to other countries. However, the development of national CIs requires great national resources, and long-term funding causes creative stagnation. In the patronal CIs policy model, the state raises certain cultural policy goals and funds the implementation thereof, but it does not interfere with the implementation process. In this model, the funding of culture is based on the arm’s length principle. In the liberal model of cultural industries, the state does not interfere with the CIs activities and stimulate indirect CIs funding through the tax system.

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<sup>2</sup> Indirect taxes are income taxes paid by the tax payer, when he spends rather than receives income, i.e. purchasing goods and services. Also known as consumption taxes. (cf. Vainienė 2005:188). There can also be a selling tax, VAT, etc. (Vainienė 2005:188).

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