

# EUROPEAN CULTURAL INDUSTRIES IN THE CONTEXT OF DIGITAL GLOBALIZATION

*At the beginning of the new century, a time of profound technological change, three powers can be seen to dominate the symbolic production of culture: the US, which greatly expanded its influence during the previous century; China, which until now has kept itself out of globalisation; and multilingual Europe, which has expanded itself institutionally. At a moment when China and the US are jostling for economic primacy, the strongest global economic and commercial power – the EU – is less well placed in terms of symbolic and economic production, and across the cultural industries.*

## 1. A Europe of cultural industries: a Europe of cultures

*It is necessary first to stress that cultural industries are primarily domestic industries, most often characterized by strong linguistic and cultural factors. Intra-European exchange of cultural goods and communications is therefore structurally limited and the dimensions of the market, on a global scale, are relatively fixed (although Great Britain, Spain, France and Germany have outputs that defy this rule, due to linguistic commonalities in other territories). European cultural diversity, while undoubtedly an asset that presents a wealth of culture, is at the same time an economic weakness, especially during a digital revolution that favours the emergence of global players.*

*With this as a background, from this analysis of such industries as publishing in Italy, the audio-visual industry in Spain, recorded music in Germany, or of French cinema, a picture emerges of the structural problems of the European cultural industries.*

*Music production is often seen as the first industry affected by the digital revolution, but this neglects the effect of the revolution on that of photography, which underwent an enormous change. Peter Tschmuck (University of Vienna) analyses how this transformation in the German market has been all the more remarkable, since Germany has long been characterized by a willingness to pay high prices, and an attachment to physical media that is unusual in Europe. In recent years, however, with the rise of streaming offers it appears that the German musical cultural exception is coming to an end.*

*The dynamics of the Italian book and e-book publishing sector during the last decade is carefully scrutinized by Riccardo Fedriga (University of*

Bologna) who builds his approach by looking at the weaknesses of «traditional» reading, and how digital reading has been boosted by a digital supply. Yet even though the publishing sector in Italy has evolved slowly and invested little in research and development (R&D), it has engaged in a significant transformation that results in a renewal of forms, and above all a changing industrial structure, much closer in shape to other industries such as video games – and finds itself in favour of a common digital market in Europe.

The Spanish audio-visual sector is examined by José M. Álvarez-Monzoncillo, Antonio Baraybar-Fernández and Javier López-Villanueva (King Juan Carlos University), focussing on the «great recession», which has engendered a decline in the sector of more than 30%, involving significant cost reductions but also the creation of various programs. Despite this enormous adjustment it has not prevented a favourable restructuring and development of the audio-visual and film markets through greater competitiveness and the growth of new formats.

The cinema sector in France, described by Benoit Danard (National Centre of Cinematography and the moving image), maintains a vitality that has not seemed to suffer from the emergence of the Internet. However, its practices have changed: the challenge presented by the appearance of different screens and new entrants such as Netflix is very real. The sector relies on a fleet of owners (broadcasters, telecommunications operators, etc.) using robust practices – especially through mechanisms of deriving financing for the creatives from supply channels – which still manages to maintain an unparalleled level of national and European cinematography. Up until now, its continued success has almost certainly been due to its great adaptability, something that is needed in a time when digital threats continue to accumulate.

As much as each national industry is faced with the challenges presented by the digital revolution, we can observe that strong policies are able to bear fruit, even though the digital age tends to weaken them.

## 2. In spite of or thanks to digital strategies: Québec and China

Two sample situations, very different in nature, deserve to be examined to understand the power-plays that frame the challenges of the digital world: the cultural and audio-visual industries in Quebec, historically constituted to realize a space for diversity in contrast to the English-speaking world; and the latest cultural industries – video games – in China, the economic powerhouse of the twenty-first century.

The former is seeing its foundations weakened by regular political analysis of technological changes – primarily digital – that increasingly cause regulations in favour of diversity to be obsolete. This analysis by Sylvain Lafrance and Eloi Lafontaine (Media Chair at HEC Montréal) offers hardly any concession in this regard, even though the new digital situation has moved pu-

*blic intervention onto the side of the production system. The digital revolution provides an increasingly repeated pretext tending toward the withdrawal of regulations in favour of the production and distribution of more diverse francophone content. With this withdrawal, perhaps even retirement, the capturing of markets requires a different position: other jurisdictions, other ways of attracting audiences, other modes of intervention.*

*By contrast the second example manifests itself as a drive towards cultural power rediscovered through the most modern of cultural industries: the video game industry in China. As explained by Minyu Shi and Wenjun Deng (Shenzhen University), it was initially through protectionist policies in the games console market that the Chinese video and mobile games industry clearly positioned itself on the Internet, and an oligarchy comprising a very small number of digital actors was able to emerge and rely on the benefits of vast networks. In fact, in this industry of «digital pan-entertainment» produced by a small number of giant national digital platforms, it is the classic cultural industries (publishing and production of books, music, press, etc.) that are organising themselves. Such is the case of Tencent, which emerged from the video games industry. The challenge has become that of the journey of this rapidly developing cultural industry in the age of globalization.*

*Built on differing foundations, with different strategies, both examples yet provide keys to the understanding of cultural policies. In each case, the issue of economies of scale is central: that of cultural industries, real but limited by linguistic and cultural boundaries; and that of digital industries and their native and exponential effects on networks in a lively – and largely unregulated – competitive space. This difference is essential and illuminates the challenges facing European cultural industries in the absence of a European cultural industry.*

### **3. Transverse keys for developing European cultural industries?**

*Among key actions in favour of cultural industries or cultural policies, many are transverse, since the absence of European cultural industries is a reality that gives way to a worldwide English-speaking oligopoly: Google, Amazon, Facebook, Apple, Netflix, Twitter, et al. No doubt when faced with international competition, the valuation of intangible assets – defined as «creativity» in a loose and ideological way – will constitute a major issue facing the redeployment of European cultural industries.*

*Among the national and European levers for the development of cultural and creative industries, intellectual property is crucial. In this perspective Alain Strowell (Université Saint-Louis and UCLouvain) precisely identifies the ambiguities of a European policy attached to the defence of cultural and audio-visual industries through the specifics of European legislation, yet at the same time proactively building a harmonized common law that makes way for a single market more favourable to global players as well as transnational cultural and media exchanges.*

*From other essential levers, the field of R&D proves to be crucial in international competition. The analysis of R&D policy in the field of book publishing presented by Pierre-Jean Benghozi and Elisa Salvador (Ecole Polytechnique Paris) is, from this point of view, extremely enlightening regarding the insufficient appropriation of digital technologies by traditional actors in cultural and communication industries, despite this being a key to long-term success.*

*Other levers are certainly necessary: training, brands, technologies arising from European businesses, etc. Will all of these prove to be an entirely sufficient and effective response to the digital revolution? Probably not, but they are nonetheless necessary for the future of Europe's cultural industries, and the diversity of creative product available in Europe as a whole. This *Economia della Cultura* issue does not answer all of these questions, but it does call for the definition of a vital strategy, not just from an economic point of view, but in terms of the cultural aims it pursues.*

*(Philippe Chantepie)\**

*\* Inspecteur général, Ministère de la culture et de la communication (France), chercheur associé à la Chaire Innovation et régulation des services numériques (Ecole Polytechnique/Telecom Paris Tech/Orange).*

*The author would like to thank the Chaire Innovation et régulation des services numériques de l'Ecole Polytechnique/Telecom Paris-Tech/Orange for making the editorial outcome of this dossier easier.*