



Cultural Economy

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Abstract Cultural economics deals with the application of economic analysis to performing arts, the heritage and cultural industries, in both the public and private sectors. Policies focused on the cultural economy have played a major role in the development of big cities all over the world. Governments and businesses turn toward cultural economy strategies to rejuvenate urban economies. This paper provides a brief introduction to cultural economy.

Keywords cultural economy, culture, cultural industries, urban regeneration

Introduction

The rapid advancement in technology is transforming how the public consumes and shares culture. It has caused an explosion of interest across academe on cultural matters.

New technologies have created cultural convergence where all kinds of culture can be accessed on a single device [1].

The term “cultural economy” emerged in the mid-1960s across the social sciences and humanities. Cultural economy (also known as creative economy or cultural industries) refers to all sectors in modern capitalism that cater to consumer demands for amusement, entertainment, tourist services, etc. Major portions of modern cultural economy are concentrated in big cities like New York, Los Angeles, Chicago, Paris, Tokyo, or Milan [2]. Some regard cultural economy as a different approach for categorizing all economic activities and measuring their impact on urban and regional economy. Others see it as a type of economic geography in which matters of culture are absorbed. It represents a new approach to finance and financial markets. A key distinction between cultural economics and traditional economics is how individuals arrive at their decisions.

Passions, moral sentiments, knowledge, evolution, value, and power are the key aspects of cultural economy approach. Cultural economy is redefining every aspect of the value chain, from production to consumption [3]. Research on cultural industries and the role of cities in the knowledge-based economy celebrate cultural capitals such as New York, London, Paris, and Tokyo as examples of localized production systems for cultural goods. These cities establish new trends in theatre, fashion, and other cultural industries such the arts, media, tourism, recreation, and leisure [4]. Individuals are affected by the cultural goods they create and the cultural services they consume. Cultural goods are tangible or intangible items of cultural value such as works of arts, locations, heritage buildings, sculptures, paintings, music, literature, etc. Cultural services are all cultural performances provided by the cultural industries [5].

Importance of Culture

Culture is known to generate a great deal of economic activity. It influences which factors are useful when predicting stock valuations. Culture is given more attention than never before as an important element of the



economy. In the UK, as in many other nations, the cultural economy has weathered the storm of the global recession unlike other sectors of the economy [6].

Cultural economy is used as an analytical tool for studying agro-food systems. When applied to quality food, cultural economy recognizes the complex relationship between commodities and people [7].

Cultural heritage tourism is a big business in the US. It is essentially an activity in which people tour to experience places and activities that represent the local history of a specific region. A major challenge is ensuring that visitors do not destroy the heritage that attracts them [8].

Urban policy-makers have regarded cultural economy as part of a larger creative economy. In their urban growth strategies, they use cultural economy as culture-led urban regeneration and economic development. Cultural economy serves as a catalyst for making visible the conflict, integration, and other dynamics that exist among participants with different agendas and interests. It enables different participants to negotiate in the new development [9].

Issues and Challenges

The field of the cultural economy is new and complex with several challenges. First, budgetary reductions have severely affected culture departments. Second, local and national cultural agencies' scope of action now extends outside of "culture" [6].

Third, the organization uniqueness and lack of prior experience for many policy-makers is a real challenge [10]. All cities are not created equal. Economic resources and cultural infrastructure required to diffuse new products are often found only in a few large cities. Socialization processes in diverse communities produce different narratives of identity. The socialization of risks is a major challenge for culture and its governance.

Culture has sometimes suffered from foreign influence. Globalization poses a risk to cultural diversity.

Conclusion

Cultural economy is the part of economic activity that deals with cultural products and activities such fine arts, music, film, etc. It is formed and articulated through and in its connections with people and community. Scholars from a range of disciplines including sociology, media and cultural studies, social anthropology, and geography are now thinking culture and economy together. Figure 1 shows the interaction between education, culture, and globalization [11].

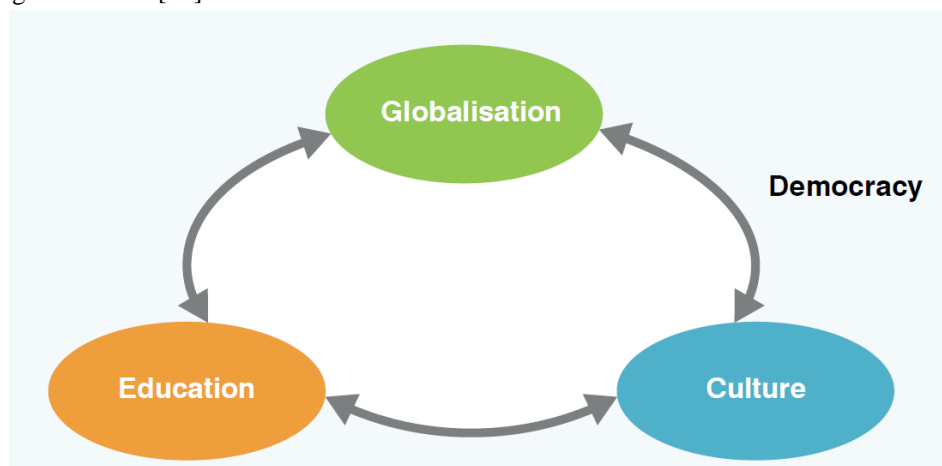


Figure 1: Model of key concepts for standard of living [11]

For more information on cultural economy, one should consult several books on the topic and related journals. There are two major journals on cultural economy. The first is the *Journal of Cultural Economics*, which is published in cooperation with the Association for Cultural Economics International (ACEI), a scientific society of around 150 members who share an interest in furthering understanding of the economic aspects of the arts and culture in their own countries and throughout the world. The second is the *Journal of Cultural Economy*, which is a unique interdisciplinary forum for work on social sciences and humanities.



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