

Japan's Cultural Economy in a Globalizing World

By Helmut K. ANHEIER

The 'cultural economy' in a broad sense is the economic system for the production, distribution and consumption of cultural goods and services through market as well as non-market mechanisms. Geographer Allen J. Scott defined it as all forms of economic activity that produce output with significant aesthetic or semiotic content, or symbolic output, for example computer games, designer chairs, movies, theatrical works, *manga* comics or modern paintings. The notion of the 'creative' industries applies to activities that combine the creation, production and commercialization of content that is intangible and cultural in nature. These generally include printing, publishing and multimedia, audio-visual, phonographic and cinematographic productions, as well as crafts and design; in some cases also architecture, visual and performing arts, sports, manufacturing of musical instruments, advertising and cultural tourism.

How Large & Diverse Is Japan's Cultural Economy?

Japan's cultural economy has become a large and highly complex field of economic activity, with many international links. What is more, Japanese inventions such as electronic games, *manga* books, hair fashion styles and even *sushi* have become "export items" and

are being used, adopted and replicated in many countries around the world. Indeed, as the *table* below shows, Japan's cultural economy ranks among the largest in the world, and is becoming increasingly globalized.

Globalization

Although the economic importance of cultural goods and services is much greater in some countries (in Japan, for example, the United States and Western Europe) than in others, the sector is developing at various speeds and with varying degrees of intensity all over the world. This process is facilitated by the Internet and the media, cultural tourism, globalizing educational systems, etc.

Globally, the capacity to create new ideas and new forms of expression for the so-called 'knowledge economy' is well on the way to becoming a valuable resource base, one that may equal mineral, agricultural and manufacturing assets in importance. This cultural wealth of nations should not be understood principally as a legacy or just a mass-distributed industry but as the vitality, knowledge, energy and dynamism in the production of ideas and identities. This is because the creative or cultural industries do not simply generate income and

Japan's Cultural Economy in Numbers

- 38% of the creative industries work in computer software, 16% in architectural design services, and 9% in publishing
- Cultural employment accounts for 3.2% of total employment in Japan
- Recreation and culture account for 11.3% of household spending
- Japan exported cultural goods worth \$35 billion in 2004, with \$18 billion in imports

TV

- TBS, the leading exporter of TV programs and formats in Japan, has sold more than 100 program formats to more than 40 countries
- Japan is one of the top exporters of television receivers
- Prices for US-produced TV content in Japan in 2006: reality TV \$20,000, sitcoms \$30,000, dramas \$40,000, TV movies \$60,000
- Nationally produced films in Japan: 282 in 2000, 293 in 2002, 310 in 2004 and 356 in 2005
- Film production in foreign countries: 362 in 2000, 347 in 2002, 339 in 2004 and 275 in 2005

Video games

- Game console market in Japan: \$2.5 billion, with more than 50% growth over 2005
- 1% of residents in *Second Life* (massively multiplayer online game) are from Japan and 9% of *Second Life* users are from Japan

- PlayStation 2 (by Sony) had sales of \$11 billion
- Gamecube (Nintendo) had sales of \$3 billion, Gameboy Advanced had \$4 billion in sales
- Game-related revenue between 1998 and 2004 worldwide: Nintendo \$7 billion, Sony \$4.5 billion

Music

- Retail value of 2006 music sales in Japan: \$5 billion
- 53% of mobile subscribers are users of 3rd-generation technology
- Increase in digital sales in Japan between 2005 and 2007: Internet albums 306%; Internet single track 255%; mobile single track 250%; mobile ringback tones 218%; mobile ringtones 118%

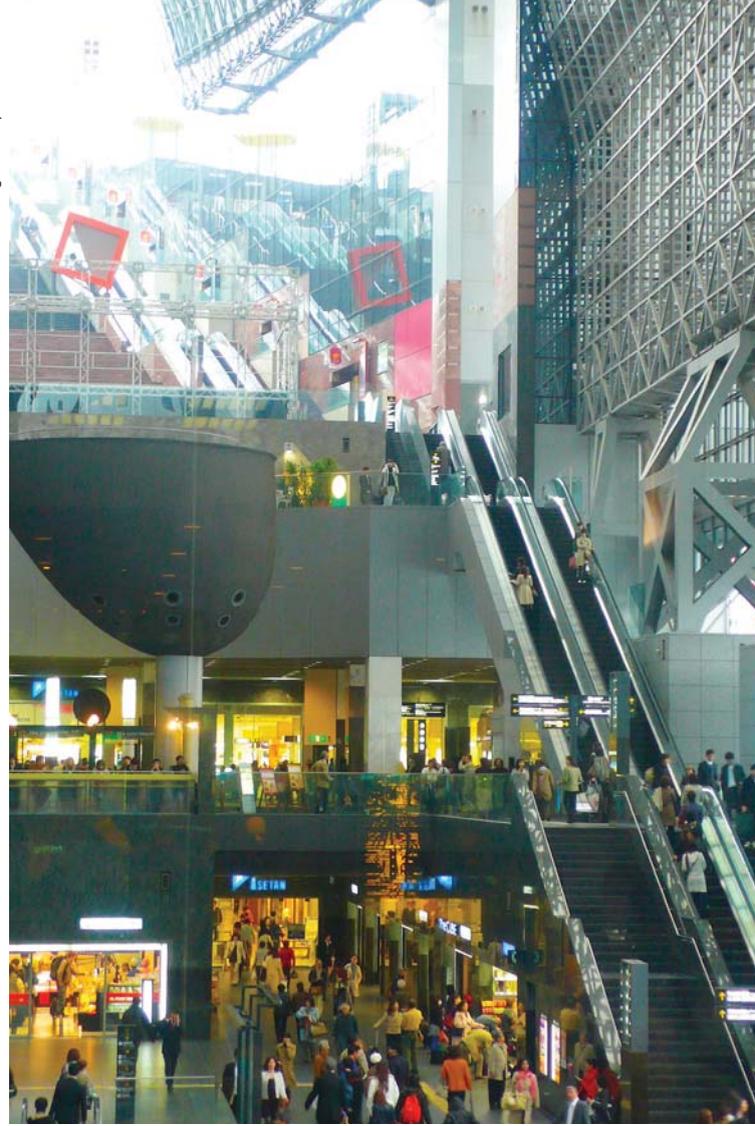
Media

- Toppan Printing (\$13 billion in sales) and Dai Nippon Printing (\$13 billion) are among the world's largest
- Sony Corp. is listed No. 4 among top 5 media companies and No. 1 in top-5 film and video companies worldwide
- Newspapers copies sold daily in 2006: 69.1 million
- 15 of the world's top 50 newspapers are from Japan
- The world's 5 largest newspapers by circulation in 2006 are from Japan: *Yomiuri Shimbun* (14,246,000), *Asahi Shimbun* (12,326,000), *Mainichi Shimbun* (5,635,000), *Nihon Keizai Shimbun* (4,737,000) and *Chunichi Shimbun* (4,571,000)
- Radio advertising expenditures in Japan: \$1.6 billion

Sources: All data from Helmut Anheier & Raj Isar (eds.) "The Cultural Economy. Part II: Cultural Indicators," *Cultures and Globalization Series Vol. 2*, October 2008, London, Sage Publications. Data

Kyoto Station is a modern railway terminal sitting in the ancient Japanese capital.

Photo: Emilia Birlo



employment: they also communicate, reflect and celebrate a diversity of cultural expressions. In an ideal world, therefore, one would expect each society to be able to elaborate goods and services that express its own cultural visions and aspirations and be able to see them compete fairly in domestic, regional and global markets. But this is far from being the case as production, distribution and trade flows are dominated by the United States, Europe, and Asian countries like Japan.

While these asymmetries obviously affect earnings, they also aggravate historic imbalances in communication exchange, in access to information and entertainment, and in civic participation. They hold back cultural development and inter-cultural dialogue. Many people simply cannot afford to pay for the products of recently reconfigured cultural and media industries and their only access to globalized culture is through free, state-run radio and television. It is in these terms that the question of cultural goods and services has become salient as an international public policy issue.

Indeed many governments have already recognized the strategic importance of the cultural economy, whether on an artisanal or industrial scale, and have given it adequate attention. Those which have not done so are often confronted with the unhappy alternative of being either overrun by foreign cultural products and content – which entails onerous royalty payments and an uneasy sense of cultural identity under threat – or taking the increasingly difficult protectionist route of closure.

The perceived threats of globalization have stimulated a whole range of strategies on the part of nations, cities and cultural organizations as they seek to cope with, counter, or facilitate culturally globalizing forces. These include strategies for preserving and protecting inherited cultural forms, for rejuvenating traditional cultures,

Internet

- Each month, people in Japan spent on average 35 hours in front of computers, visiting an average of 76 Internet domains during 25 sessions/visits; Web pages are viewed 31 seconds on average;
- Japanese has a share of 8% of all languages used on the Web, which makes it the 4th most frequently used Internet language
- Japanese, at 37%, is the most used language for blogs (4th quarter 2006)
- Japan has 86 million Internet users, which equals 67% Internet penetration for the country (Nov. 2006)

Education

- 2.3 % of household spending is on education
- Government expenditure on education is about 19% of its budget
- Japan sends 60,424 students abroad: 40,835 to the United States, 6,395 to Britain, 3,172 to Australia, 2,547 to Germany and 2,337 to France
- Japan receives 107,030 students from all over the world: 76,130 students from China, 23,280 from South Korea, 1,841 from Malaysia, 689 from Mongolia, 615 from Sri Lanka and 958 from Bangladesh

Tokyo

- Of all cultural establishments in Japan, Tokyo has: 12% (198) of broadcasting, 43% (741) of Internet-based services, 46% (6,666) of motion picture, video, sound recording, publishing and news syndicates, and 36% (3,901) of advertising

- 28% (17,410) of all people employed in broadcasting in Japan work in Tokyo, 70% (16,863) for Internet-based services, 58% (146,810) for motion picture, video, sound recording, publishing and news syndicates, and 44% (63,654) for advertising
- Number of cultural facilities in Tokyo: 4,707 *pachinko* and *mahjong* parlors, 3,628 parks, 1,208 arcades, 422 theaters, performance halls and cabarets, 394 national and public libraries, 287 cinemas, and 258 museums
- Japan Fashion Week in Tokyo featured 41 houses and 43 brands in 2007/2008
- Tokyo International Book Fair 2007: local attendance 54,370, foreign attendance 1,348; local exhibitors 558, foreign exhibitors 168 from 30 countries and regions

Some other useful figures

- Number of Japanese galleries at key international art fairs: Art Basel 2007: 4 of 241, Armory Show (NY) 2007: 5 of 123, Frieze (London) 2006: 3 of 149
- Tokyo National Museum has a collection size of 119,792 items and had 3 million visitors in 2006
- 6 of the world's 20 top ink and graphic art companies by 2006 sales are from Japan
- ISSN allocations in Japan in 2006: 34,261, 8th place among the worldwide top 10
- Japan is second in the global creativity index with a score of 0.766
- Japan is ranked 5th in Europe's summary innovation index 2006, with a score of 0.61

reported refer to the most recent year available.

for resisting cultural imposition, and for processing and packaging – maybe even altering or transforming – local and national cultures for global consumption. Efforts made by a number of Western multinationals in India, China and other parts of the world to “patent” traditional knowledge and cultural forms are part of the process as well.

Clearly, local cultures have not just been destroyed or reconfigured through globalization and regional integration – for people around the world are reacting vigorously to these processes – although most traditional forms of art and craft production continue for their part to express national cultures and to circulate mainly within their country of origin. The intellectual property industries are increasingly organized on transnational lines. Digitalization, television channels, the production of films, discs and videos, opera company tours and music and drama groups are all cases in point. International cultural exchange has seen a significant shift towards international co-productions, joint exhibitions, mutually advantageous conferences or festivals – in short professional networking – which facilitates cost-sharing, economies of scale and international marketability. The internationalized market is reflected in increasing cross-border cooperation among film distributors, broadcasting companies, publishers and the music industry.

There are powerful processes of convergence at work in the cultural economy at three levels, with Japan at the forefront in all three. First among them is the *inter-sectoral convergence* between the media/information industries and the cultural/arts sector. This is evident at all levels of activity, from the growth of new cultural entrepreneurs to mergers between giant corporations. Second, the *inter-professional convergence* that takes shape as diverse domains or forms of creative endeavor such as visual art, craft, print, video, etc. are brought together under the aegis of digital technologies. For example, the computer/video game sector has become an international export industry equal in value to that of radio and television. Finally, *trans-governmental convergence*, resulting from the need for multiple stakeholders – culture, industry, trade, education – to work together for coherent or “joined up” policy and governance of the cultural economy.

Recent studies have shown a new growth profile for cultural enterprises in many postindustrial settings, including Japan. This con-

sists of a few very large institutions and enterprises, and a huge volume of small enterprises and sole traders. Because of job mobility, discontinuous career development, part-time work, etc. there is an “hourglass effect” in the distribution of employment, with concentrations of people working in either the small number of larger companies, or the growing number of small and micro-businesses. The hourglass neck is narrowing, suggesting that employment within medium-sized enterprises is declining further. These features have implications for employment creation and business promotion policies at the local level.

The difference between the cultural sector and other industries is the result of public financial support inflating the number of larger organizations and the difficulty and lack of propensity of small-scale enterprises to grow into medium-sized ones. In the private sector there is a move towards globalization and concentration through a small number of large multinational companies. People working outside the formal economy – casual workers, volunteers or people registered as unemployed – make a very significant contribution to the volume of cultural activities, particularly within the art forms receiving public financial support.

There are thus many policy challenges: of fostering new forms of support and regulation for emerging processes and employment patterns, of putting infrastructure in place, of providing subsidies and of discovering complementarities between public and private financing, between subsidies and investment, and between cultural consumption and cultural production.

What Model for Cultural Economy?

Many cultural activities, organizations and fields at the intersection of commerce, professions, academia and the arts have yet to find adequate answers to central questions about mission and identity in a globalizing world. In reference to the Stuart Cunningham model of the relationship of the cultural economy to the rest of the economy, we can posit:

- The Welfare Model: Is culture as an industry in need of public concessions and subsidies, including the willingness of high net-worth individuals and firms to pay premiums to allow for its flourishing and creativity potential to unfold?
- The Competitive Model: Is culture “yet another industry” and being an artist “yet another profession” and as such subject to supply and demand conditions both in the market for artistic skills as well in relation to related professions?
- The Growth Model: Is culture as an industry a growth engine with the capacity to redefine and transform local economies, and is being an artist a profession of change agents for community renewal and regeneration?
- The Emergent Model: Is the cultural economy part of the innovation system of the entire economy, promoting creative disruption to established business practices, even ways of living? In other words, can culture become the vanguard of globalized diversity of styles, forms and practices?



A Shinjuku street billboard advertises an animation film.

Shibuya is a trendy Tokyo area famous for youth culture.

Photo: Emilia Birlo



Whichever model prevails in the end, be it in Japan or elsewhere, will shape the future of the cultural economy in a “globalized” world for decades to come. Yet we can already identify a number of important trends. Evidence shows that globalization is leading less and less to cultural uniformity, and that a markedly more polycentric system of cultural production seems to be emerging. In other words, the world is becoming more and more cosmopolitan and eclectic in its modes of cultural production and consumption.

A Global Cultural Commons?

The concept of the cultural commons is at the intersection of a characteristic tension in the field of cultural production between commodification and individual ownership on the one hand and collective representation on the other. With technological advances in communication, file-sharing, storage and the ongoing expansion of worldwide Internet usage, the idea of an electronic global commons for culture has quickly become both a reality and an option for significant expansion. Never before have cultural creators been able to feature such a wide range of work in a cultural commons that includes visual, written, audio, 2D and 3D – all posted in an electronic forum accessible to a potential audience of billions of people around the world. The “emancipatory effect of technology” increases access to Internet-based projects around the world, including online libraries, virtual worlds where artists and designers showcase new creations, sites for music file-sharing among millions of users, and multilingual video sites.

The “commons” is a term that has been widely used to describe everything from agricultural practices in Asia to public spaces in New England, to libraries and campus dining halls, and basically refers to space that provides unrestricted access to the public. The cultural commons exists next to the cultural economy based on property rights. With the development and greater application of copyright law, and international treaties such as the Agreement on Trade Related Aspects of Intellectual Property Rights, private ownership and access to cultural goods have become much more regulated.

By contrast, the cultural commons is less institutionalized and regulated, and remains as much aspiration as reality. The Internet-based commons is a cultural phenomenon that has developed as quickly as the technological advances that support it, encompassing a wide range of shared cultural goods and services including videos, music, books, information, ideas, virtually designed art, places, houses and objects.

The primary issue that emerges from the cultural commons is that of the private versus common ownership. At its core, the debate is about the efficient use of resources in the cultural commons (due to the free-rider problem) and the maintenance of the commons in the absence of both private ownership and governmental oversight. In the case of the cultural commons, there are several specific issues around artist compensation, market-driven cultural creations and competition-fueling creativity.

The neo-economic argument for the protection of intellectual property rights advocates paid compensation to creators of cultural goods in order to provide market-driven incentives for increased competition, thus raising the bar in terms of innovation and the qual-

ity of goods and services produced. This argument maintains that without market-driven competition, the cultural industries would stagnate. In contrast, the commons argument maintains that cultural goods are created and accessed by the public not just as paid-for commodities but as integral pieces of information and of identities, thus removing the need, in all cases, for the cultural goods to be located within the commercial economy. In fact, the commons provides a space for non-market-driven cultural goods and services which allows for increased innovation and creativity that the market would not normally support simply through demand alone.

However, allowing for unfettered access to cultural goods through the elimination of any form of compensation to artists through user fees would only serve to limit the pool of people who are able to create and provide cultural goods/services to those with substantial external resources. One possible solution to the question of culture as a public good or a commodity lies within a more flexible framework for copyright law as pertaining to intellectual property rights. This would allow cultural creators to pick and choose what level of restrictions they wanted and for what instance or population they would be using the cultural good or service. Creators could exact compensation but not charge unnecessarily in order to allow for increased public access.

The *user-generated content* movement, often referred to as the *open source movement*, is one of the primary technological underpinnings of the cultural commons. Broadly defined, *user-generated content* refers to media forms that are created by the audience/end-users. This potentially revolutionary idea came about with the development of software and media forms that were more affordable and accessible to the general public along with the boom in access to the Internet, which allowed for the general public to create media that had previously been reserved for technicians and professionals. *User-generated content* forms the basis of commons websites such as YouTube, Project Gutenberg, Myspace, or Twitter. There are many others. The virtual world’s sites, specifically, are taking the open software idea to a new level where users are literally and figuratively creating their own virtual worlds from landscapes, to interior design, to forming visual representation of themselves. **JS**

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