

# THE ECONOMIC DIMENSIONS OF CULTURE AND THE CULTURAL CONTEXT OF ECONOMICS IN THE PROCESS OF EUROPEAN INTEGRATION

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1. In an increasingly globalised world, economic and cultural imperatives can be seen as two of the most powerful forces shaping human behaviour. Cultural economics can be defined as the study of the evolutionary influence of cultural differences on economic thought and behaviour. The impact of the Institutionalist tradition has contributed to a contemporary split between what can be called cultural economics and the economics of culture. Both are necessary for a complete economic appreciation of reality. Cultural economics is the study of the evolutionary influence of cultural differences on economic thought and behaviour. Accordingly, cultural economics assumes economic behaviour varies according to cultural context. The economics of culture, on the other hand, is the study of the allocation of scarce resources within the cultural sector. It assumes objective laws apply to economic behaviour without regard to cultural differences. It places emphasis on the "scientific" or absolute nature of economics and application of abstract mathematical technique. The European integration is built on a foundation of value theory, developing the twin notions of economic and cultural value as underlying principles for integrating the two fields. Ideas of cultural capital and sustainability are discussed, especially as means of analyzing the particular problems of cultural heritage, drawing parallels with the treatment of natural capital in ecological economics. We can see the relationship between economic materialism and cultural identity in a globalised world.

2. In social evolution, economics, as a discipline of thought, emerged in the late 18th century (Smith 1776). The founding father of economics, Adam Smith, had a strong sense of the cultural matrix of economic phenomena. By the mid- to late 19th century, however, economics had split into two opposing camps based, at least in part, on conflicting views of the impact of culture, or stage of cultural development, on economic behaviour. The intensity of this schism between the reformed church of "the science of political economy" called Marxism, and the orthodox church of "Market Economics" is potentially as apocalyptic as the Religious Wars of 15th and 16th century Europe which gave birth to the "secular" sciences, including economics. The schism also caused political economics to fission into sociology, political science and what can be called Market Economics. This partially contributed to mainstream economics in the West losing its original sense of culture and becoming an abstract discipline pretending to be unaffected by culture. Not all schools of Western economic thought lost sight of the role of culture.

3. Europe is a political project and not simply an economic market. Culture is ideally positioned on the cusp between the economy and the political sphere. Compared to other sectors of the economy, culture has an additional dimension – it not only creates wealth but it also contributes to social inclusion, better education, self-confidence and the pride of belonging to an historic community. Culture is also a powerful tool to communicate values and to promote objectives of public interest that are broader than wealth creation. Culture has traditionally been considered from the point of view of "enlightenment". Culture performs multiple social and political functions. These have often served as justifications for cultural policies at national levels which have gained an increased relevance in a globalised and multicultural world. Indeed, culture can be regarded as an "ambassador" and as a vehicle for European "values" (tolerance, democracy, diversity and pluralism, etc.) and its "way-of-life". Europe has succeeded in establishing the principle of cultural diversity as a tenet of international law and in establishing that cultural products are not mere merchandises, but deserve specific treatment. But culture is more than a banner for European "values". It acts as a catalyst for intercultural dialogue within Europe, as well as with the rest of the world. Distributors of films, books or sound recordings give citizens the opportunity to experience the culture of others. Great artists are best positioned to deliver powerful messages. Culture is also a lever for territorial and social integration. Culture is powerful tool to re-integrating the socially excluded, providing them with the opportunity to set up and fulfil their own project, acquire new skills that can be transferred into other sectors of activities and recover self-confidence .

4. The European Union has historically been built through market forces and the economy. This has enabled Europe to create minimal economic solidarity amongst the European nations upon which they could build. The market prism remains prevalent in the valuation of activities and the attribution of EU competences. In this context it is particularly important to assess the value of culture and creative industries to Europe's economy. The only pan-European source, Eurostat, relies on data provided by national States. Apart from the fact that the majority of the latter have an insufficient system to monitor the cultural sector and do not collect comprehensive data, they use different statistical systems, resulting in a lack of data harmonisation in this field. In addition, the statistical frameworks used at European and national levels are not tailored for the cultural sector. Relevant sub-sectors are scattered around within different categories, or they find themselves lost within categories that are too broad to permit the cultural dimension to be assessed. As a result Europe knows how much it invests in science and innovation, but it is unable to figure out the economic value of art and creation. Cultural organisations are sometimes reluctant to participate in an exercise aimed at giving an economic value to the world of art and culture. For these organisations, art has no price and investment in art does not require economic justification. A cultural activity should be disconnected from market reality so as to avoid economic pollution on the artistic minds. The act of creation should be independent from any lucrative thoughts. Moreover, the market may reject some artistic activities on the grounds that they are unprofitable – hence the need for public support to redress market inefficiencies in the world of art. Some trade organisations express reluctance in being considered as part of the cultural sector, preferring to be granted the status of industry. This is also driven by a fear of

not being taken seriously by decision makers and of being excluded from EU programmes not focused on culture (the fear of the “cultural ghetto”). The contribution of culture to the economy has gradually been acknowledged, in particular with the development of the cultural industries. Culture contributes directly to the economy as it provides products for consumption, namely the cultural goods and services embodied in books, films, music sound recordings, concerts, etc. In addition, long-term structural changes in our societies give more importance to culture as a product of consumption. Some EU member States have been looking into ways of analysing the commercial value of creative industries without necessarily attempting to capture their cultural and social values. Those countries are developing programmes to turn creativity into industrial successes.

5. The European Union is actively committed to enhancing the cultural landscape of the continent. The EU annually designates a “European City of Culture” not only to showcase a city’s heritage, but also to encourage innovation in all disciplines of culture. Starting in 2005, the program changed directions and was renamed the European Capital of Culture. In the new version, each member state nominates a city to exemplify its contributions to local or regional culture, with Cork in Ireland being the first city selected. (The 2006 European Capital of Culture is Patras, Greece.) This initiative is an effort to embrace Europe’s cultural heritage as well as address the diversification in cultural values that is taking place. Intergovernmental cultural cooperation should be understood not so much as what governments do amongst themselves, but as a sum of joint policies they articulate in order to ensure the best dynamics of European cultural diversity and its cultural resources. It should shift from the event-oriented, bilateral practice to a more strategic and multilateral level. Cultural diplomacy within Europe should become obsolete, as the logic of a common European cultural space increasingly prevails and cultural organisations integrate their international engagement, at least within Europe, in their daily work. The enhancement of European cultural diversity should be at the heart of cooperation initiatives, stressing the overall common context in which cultures are developing, their shared challenges and opportunities.

6. In the context of globalisation a link between economics and culture can be established through the concept of “culturally sustainable development”, definable in terms of a set of criteria relating to advancement of material and nonmaterial wellbeing, inter-and intra-generational equity, and recognition of interdependence. Conceptualising the interaction between the cultural and economic systems in these terms might provide a workable model for policy analysis. Culture is the total and distinctive way of life of a people in which the economy is also embedded. However, we know that in practice, and in terms of policies pursued by many governments and world financial institutions, it has often been assumed that they are distinct and separate. Culture changes, grows and develops. It is in a constant state of flux, influencing and being influenced by other cultures, either through voluntary exchange or through conflict, force and oppression. A country’s culture therefore reflects its history and attitudes, its conflicts and struggles, and its power relations, internally and in the world at large. Culture is dynamic and continually evolving. It is not a museum piece, and should not be given an excessively conservationist meaning. Culture is the fountain of our progress and creativity. It is not a means to material progress: it is the end aim of ‘development’ seen as the flourishing of human existence in all its forms and as a whole.

