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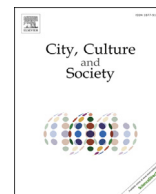
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## Resilience, locality and the cultural economy



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### ABSTRACT

The aim of this paper is to question the normative interpretations of resilience as they apply to the local cultural economy. The paper has three sections, the first sets out the received notion of resilience that is atomistic and closed (Mode A), and contrasts it with another version (Mode B) which is social and open. The second section reviews some of the important characteristics of the cultural economy and indicates why it is particularly sensitive to local embedding. The third section contrasts resilience informed policy frameworks of Mode A and Mode B. The paper concludes that a form of local capacity building applied to the particularities of the cultural economy, and place, offer a more productive strategy for resilience.

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### Introduction

The cultural economy,<sup>1</sup> that which is commonly known as the creative and cultural industries, together with the field of culture, exists in a state of considerable flux. Not only is its internal constitution being renegotiated (the relationship between the for and not-for profit; the formal and informal), it is undergoing a transformation and convergence created by the possibilities of technological changes; moreover its nature of governance is being transformed (what parts are state funded, and for which reasons). Finally, these tensions are played out under various political, cultural, social and economic conditions. Broadly the field of governance of the cultural economy is a contested and complex one.

There has been much debate about national policies, and international initiatives, as well as a contentious debate about the urban cultural economy (Hesmondhalgh & Pratt, 2005; Lange, Kalandides, Stober, & Wellmann, 2009; Oakley, 2004, 2006; Pratt, 2005). Clearly, the scale and context of governance is an important issue. Aware of these limitations this paper seeks to address one aspect of the governance of the cultural economy; that associated with resilience and local cultural policies. The notion of resilience has been a watchword of policy-making debates in the 21st century. Its dominant interpretation comes ready, packaged in an

'austerity' wrapping, one embedded in a rhetoric rooted in the Northern hemisphere and many nation states' response to recent economic conditions. This paper argues that this is but one interpretation, a limited and potentially damaging one to the cultural economy; another interpretation is available which is more suitable, and likely to be more effective, in the case of the cultural economy. The latter interpretation is particularly relevant to the cultural economy as it acknowledges the situated nature of social, economic and cultural action. The term 'local' under-specifies this concern, which is better indicated by the idea of locality (Amin & Thrift, 1992; Pratt, 1991): a unique combination of various networks that construct the 'difference' of places.

The notion of resilience is one that has gained popularity in recent times; it is becoming a hegemonic term, very much like sustainability in the 1990s, or indeed the creative industries in the early 2000s. Like these other terms, resilience has entered into the popular lexicon, especially that of policy making, as a term that appears as relevant and up-to-the-minute. As employees, organisations, and citizens we are urged to be resilient, and regularly to test, and demonstrate, our readiness to be resilient; practically an evocation of an existential state.

The usage of the term has extended from processes to organisations, states and economies and to individuals. The emergent interpretation is a state of being able to withstand external acts that will threaten the integrity of a subject (Bristow, 2010; Christopherson, Michie, & Tyler, 2010; Hudson, 2010; Peck, 2012; Pike, Dawley, & Tomaney, 2010). Such that one is considered negligent if one is not, or not in the act of preparing to be, resilient is failing (Neocleous, 2013). It is easy to imagine how such an

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<sup>1</sup> The usage of the term 'cultural economy' in this paper is indicative of a range of cultural and creative practice, and a conception of 'economy' that concerns commercial, state, formal and informal activities; this usage of economy draws upon a pre-17th century notion: the management of resources.

invocation can become a governance imperative, and a regime. An older interpretation of resilience is readily visible in the form of traditional cultural policy. Resilience here was interpreted as conservation and archiving, investment in excellent training for artists, education for audiences, and both for technicians and conservators. Is it resilience that changed, or the role that the state plays?

This paper re-examines the notion of resilience and highlights that it has at least two trajectories: the most common contemporary usage that tends to an individualist interpretation; an older usage points to a more collective interpretation. Thus, we point to the possibility that the usage of resilience is commonly deployed to legitimate a neo-liberal strategy of shrinking the state. Moreover, we explore the implications for resilience in the cultural economy; here we point to the importance of situated understandings of the operation and activities of particular actions that open resilience to various meanings. The same strategy may play out in different ways both within the cultural economy, and in other sectors of economy and society. This is the conclusion of the paper, namely, that resilience does not mean one thing for the cultural sector, and care and understanding of the sector is needed in unpicking what such a term means, let alone what action it sanctions.

This paper has three sections. The first sets out the received notion of resilience that is atomistic and closed (Mode A), and contrasts it with another version (Mode B) which is social and open. The second section reviews some of the important characteristics of the cultural economy and indicates why it is particularly sensitive to local embedding. The third section contrasts resilience informed policy frameworks of Mode A and Mode B. The paper concludes that a form of local capacity building applied to the particularities of the cultural economy, and place, offer a more productive strategy for resilience.

### Resilience: two paths

Resilience in its current usage gains its power from its vagueness of definition and its potential universal and generalised applicability, and the necessity of its application. Clearly, a particular context in which this term has gained further resonance is in the post-2010 recession, and the state imposed austerity packages enforced due to resources being re-directed to bail out failing banks. However, it is also clear, as Klein (2007) and others have noted, that neo-liberals have been keen ‘not to let a good recession go to waste’ and sought to reduce state spending on top of, and beyond, that which might have been deemed necessary to replace monies gambled away by the financial sector that brought the financial system to such a pass. The notion of resilience is open to a number of interpretations from the ability to ‘go-on’ after a threat, shock or damage to the subject; to preparations that pre-empt the possibility of threat; or the ability to quickly recover after that event. These all play into a militaristic scenario that has been common in a post-9/11 world, and one carried on in a post 2010 world.

This first modality of resilience (A) is characterised by the closed approach and has the characteristics of making do with less; to continue functioning with fewer resources. The techniques deployed relate to removing costs from the core unit, a disinvestment, tasks are outsourced and contractual conditions placed upon them to reduce costs and/or risk. Contractual and supply relationships may be minimised to reduce liabilities: just in time supplies and zero-hours employment contracts are common. The social commitments are outsourced and socialised, the costs being shifted to the state or the community: examples are training and welfare. These tactics are a mode of resilience: if the cost bases are reduced, reliance and commitment removed to a bare minimum, or to zero time-scale, the organisation could be seen as case-hardened. This is

a familiar story, and should cause us to question what type of resilience and for whom. Clearly, an apparent resilience for the core company is enforcing precarity on workers and subcontractors. Likewise, socialising risk and training places the burden on others. Moreover, such tactics assume an all-powerful contractor; in different labour market conditions, outsourcing training could be exposing the core to risk.

An alternative interpretation is an open perspective that does not resist but embraces change, and accepts it as part of existence and being. This is closer to a notion of sustainable living; a process of organisation and adaptation to work in harmony with others, the surroundings, and the wider world: one that enables adaptation and thriving. This second modality of resilience (B) is one that takes a system wide, as opposed to an atomistic, perspective. Preservation and sustainability from this logic is about managing resources within limits, but through working with and across boundaries. In contrast to the ‘hard line’ atomistic approach, it is an organic approach that bends to the ebb and flow of resource. Moreover, it is one that has a long term nurturing approach that small investments in the long term can be more resource efficient, although at some moments more (or less) expensive. Resilient here is not about growth and survival at any cost, but changing the nature of the objective and working with resources. Flexibility is the watchword, not inflexibility; openness, and not closed. Mode A perspectives view growth as a norm, and resilience a method to ensure business as usual. Mode B interpretations view growth in both economic and non-economic senses. A more appropriate aim for Mode B might be ‘thriving’ rather than growth.

Both visions of resilience suggest differing logics and modes of problem solving. Mode A seeks to deny the external; preservation is based on the ability to preserve an impermeable boundary. Moreover, in its isolationism, it seeks to insulate itself from context: time, space, and socio-economic-cultural settings. There is a search for the one right solution that will apply in all cases, at all times. Mode B offers a dualistic opposite. We will argue that open interpretations of resilience are more compatible with a thriving culture; moreover, that they are more applicable to the cultural economy. This raises two important points. First, that resilience is relative, from one organisation, group or individual to another; it is an expression of power and control, and one group is forcing the other to bear costs and risks at their expense. Second, that it is contextual; in different market conditions, under divergent macro governance arrangements, the power balance shifts and a different calculation must be made.

In recent years a logic of growth for a few, and immiseration for the many, has been achieved by the absence of social controls and a systemic toleration of injustice has been justified as cost saving, and a necessary act of reduced state expenditure (aside from positive transfers to financial services (Wilkinson & Pickett, 2010). This corresponds to Mode A; Mode B has some similarities to a state governance system wedded to a welfare model. Moreover, mode A is focused by control of outputs and inputs, mode B by management for configuration of process.

The recent economic conditions have been challenging for all sectors of the economy and society, but they have not been experienced in the same way in all places, North-South, East-West, and nationally and locally (Pratt, 2009, 2012; Pratt & Hutton, 2013). The question that this paper seeks to address is how local cultural economies are positioned in this debate, and what types of response will be most appropriate, and for which reasons. Historically, much of the discussion of resilience or otherwise of the cultural economy has been carried out in the context of state funding, where publicly supported culture must inevitably collapse and/or socialise its activities. This is rooted in an economically reductive model concerned with idealised organisations and

markets that have no social and cultural objectives. The cultural sector does have a concern for social, cultural and economic objectives in as its very life-blood. Accordingly, the operation of the cultural economy is not a simple reflection of supply and demand. The characteristics of its operation are a complex pattern of extreme resilience and sustainability. The lesson from them, and the insights on how to further support them, lie less in 'more money for success and winners', but for an expansion of the breadth and experimentation of what is done to increase risk, and then to spread it, hence generating more income overall. This will be used by growth in some cases, but it also opens an opportunity for most others to invest in diversity – a diminution of risk and broadening the pool of ideas is a key to more sustainability and viability. In contrast, gambling on a short-list of winners creates more precarity, risk, and less resilience.

As noted above, it is one thing to open up a different, mirror image of resilience; it is quite another thing to tailor and explain actions embedded in particulate practices. Here, we gain insight and learn from understanding the normal (extraordinary) modalities for the cultural economy. As has been indicated such policy formations need to be rooted in the specifics of cultural economies. The following section outlines these particularities and their diversity from the normative characterisation of economies.

### **Situating resilience: the cultural economy**

The cultural economy is formed and articulated through and in its connections with people and locality. However, normative discussion of the cultural economy often remains at an abstract level, or solely in an idealist mode. These approaches need to be challenged in order to engage with cultural practices, and to produce relevant knowledge of them. In most societies the crafts person or the artist is given a special or identifiable role. When filtered through the Western Romantic tradition the artist is elevated to a unique individual with special powers which obscures the 'supporting role' of funders, agents, audiences, training, etc. that are necessary for sustaining a cultural practice. This cultural optic has had a strong influence on cultural policy and the analysis of cultural practice in nations of the Global North. Precursors of work on the cultural economy tended to focus on 'front line' artists at the expense of the wider supporting system. Recent scholarship on the cultural economy has sought to repair this oversight (Banks, 2007; du Gay, 1997; Peterson & Anand, 2004; Pratt, 2004). Whilst acknowledging the role of the artist, this work seeks to place artistic and cultural production in context, and to more fully appreciate the 'production system'.

Such a mode of analysis is immediately familiar to those used to studying the economy where there is a strong tradition of exploring the extended process of production, as well as pricing. The notion of the cultural production system has thus been popularised; this contains five broad fields: conception, manufacture, distribution, consumption and archiving (Pratt, 1997, UNESCO Institute for Statistics, 2009). This can be conceived of as a chain of activities that all cultural goods and services progress through. It has three important points: first, it contextualises the artistic idea and its manifestation; second, it re-integrates the dualism of producer and consumer; and third, it offers the notion of an open, iterative and heuristic system rather than a closed, linear and uni-directional chain. This concept has opened up a new horizon for cultural policy, bringing into focus new potential sites of engagement.

If the cultural production system offers more 'depth' of process than previous models, it also seeks to represent difference, expressed as cultural breadth, as well. Studies of different art forms and practices have shown that whilst there are some communalities of experience and organisation across the cultural economy

field, there are also important differences characterised by particular cultural forms (even though some are being transformed – both convergence and new forms – via digitisation). Moreover, analyses of cultural production systems sensitise us to the processes, which are often obscured by analyses that focus exclusively on inputs and outputs.

Thus, the scale and scope of transformations that can occur in the cultural economy are vast, and not simply confined to art form innovation, new markets, or technology. In fact, a crucial field of transformation is the organisation of the cultural economy. The next part discusses this under the heading of mediation.

All activities involve forms of co-ordination between diverse actors. Very simply these can be managed under the umbrella of a large organisation, or as an external network. They have their own strengths and weaknesses. Sidestepping a significant library of scholarship on economic history and cultural policy, it can be stated that a dominant mode of the organisation of cultural production in the 20th c. was of the large organisation, commonly managed by the state. In the past 25 years the trend has been towards the network form. Obviously, the large umbrella organisations, especially trans-national ones, continue to play a significant role.

The basic issue is that a single cultural producer/artist requires a range of other agencies to gain access to an audience; these are not simply manufacture and transport, but they involve knowledge, usually a form of cultural educational practice. Successful cultural production, and sustainable cultural production, relies upon the establishment of resilient intermediaries to bring the necessary agents together: cultural production is an ensemble work. We can identify two aspects of this as they might impact on cultural production policy debates, in particular the challenges to the development of scale and scope in cultural production: embedded and network mediation.

Normative conceptions of culture and cultural production are divided into a concern with audiences/markets, and with artists or craftspeople. This is of course a simple social and economic form that has undergone a significant structural transformation as a result of mass production and technological change. It is not the place to discuss these issues here; however it is important to point to the increased role of mediation between producers and their audiences and the complex division of labour that exists. In particular, as large organisations have outsourced activities, a particular case being broadcasting, this has led to a shift from the public to the private sectors.

This insight has indicated the growing role of organisational, and spatial, mediators. Organisationally, specialised services such as marketing and distribution, legal services, or management all have to be provided. Such services are often beyond the scope of small-scale producers, and hence present a potential strategic weakness. Spatially, these activities are not necessarily located in the same building, thus the emergence of 'cultural clusters': grouping of similar cultural production and services around common markets (business to business markets as well as business to consumer markets). The critical mass of many similar common producers can, in exceptional cases, create the necessary market for the provision of otherwise absent specialised services.

A critical mass of cultural producers is also important for a skilled labour pool to be sustained. As much cultural work is of the project variety, with producers working on their own account, or in project based companies (which have a short life) unless there is a sufficient flow of work, it is difficult to make a living, and the incentive is to withdraw or move away. An 'audience pool' is also important to producers who are able to test and develop new work and get informed and critical feedback from audiences, and other producers; this is a necessary step to scaling up cultural production.

Cultural production can be scaled by mass reproduction, either

based upon a home market or export markets. The historic advantage of the Global North with a relatively richer consumer is that this initial stage of product development has often been well funded. It is clearly a challenge to a developing country where income levels are low. However, the emergence of a relatively high-income middle class for many countries in the Global South is changing this. Further, it is not simply consumers or audiences, it is how they are connected to producers that matters most. In the section above we have noted the functional necessities to 'complete' the production system and how these can be a challenge. Another dimension is scaling via international systems.

There is the pattern that we can observe in mainstream commodity production (agricultural and raw materials) and manufacturing with production chains that criss-cross the globe. Associated with this process has tended to be a systematic filtering of the value-added processes in most production chains. Thus, in the colonial model, extraction activities would take place in the host country and processing (the high value-added activity) in the colonial heartland. This led to an imbalance of revenues and opportunity. The recent development of global manufacturing has a similar structural pattern, albeit for different reasons. Manufacturing plants are located in low wage economies, and design in higher wage economies. This organisational pattern tends to reinforce, or create, negative or positive cycles of development. When such a pattern is reproduced for several producers, particular locales become over-represented and dominated by particular functions: manufacturing, or design, for example. Designers who grow up in manufacturing hubs are commonly faced with the choice to move away; a process that may further exacerbate uneven development. This is the challenge of 'upgrading', developing higher value added activities in country.

These are not new processes; they are familiar characteristics of the global economy. A less obvious aspect of the same system is the governance of the linkages, or chains, or part finished goods. On the one hand the common conception is of one large organisation, and transnational corporation, moving activities within its organisation (which may cross national boundaries). This process can produce difficulties with transfer pricing within transnational corporations. On the other hand production chains do not need to be owned, or be within one company. Global Production Network research has noted that strategic control can be exerted by domination of 'pinch points' within networks (Gereffi, Korzeniewicz, & Korzeniewicz, 1994). In this way retailers, or distributors, may be able to control or determine commodity pricing. Cultural production systems share characteristics of both commodity production and manufacturing systems (Pratt, 2008a). They are vulnerable to domination in various ways by larger organisations, and in particular by more established organisations.

There is a significant tension in cultural production with such a system above and beyond economic inequalities; the issue is cultural value and identity. For many cultural products the identification with place can be critical and constitutive of value. The notion of regional designation of products is a familiar one that seeks to challenge the 'placelessness' of global production. However, the rules do give considerable leeway, in clothing for example, where a little more than superficial additions in country Z, even when the garment has been 'produced' in other (low cost, and lower prestige) locations, such as countries W, X and Y, may enable it to proclaim 'Made in Z' on the label (where Z has a premium value) (Weller, 2008).

So, the current processes of global manufacture create additional challenges for cultural products and for the places identified with them, or where the particular skills developed. This presents local economies specialising in, or developing, their cultural economies with a series of opportunities and challenges.

## Policy

There are ranges of governance responses to the cultural economy, as well as a number of changes in their modes of justification (idealism, materialism, welfare economics, and free market economics). The two framing discourses that we draw on in this section rest on similar dilemmas and as we will argue they indicate a preference for Mode B policy responses.

### *Mode A responses*

The normative policy environment for trade and intellectual property shapes any local intervention. We have already pointed to the exceptional nature of the cultural economy and how generic policies for economic development can be less effective than we might otherwise expect them to be. This part points to another anomaly, namely, the unintended consequences for the cultural economy, especially for small and micro producers, empirically concentrated in the Global South.

Mode A responses are characterised by a generic cast, and an accompanying insensitivity to difference (place, industry or people). As a result policies set in this mould produce perverse outcomes (or not the intended ones). A significant dimension of this 'distortion' is produced by history and place. The utilisation of a fair system on an asymmetric market or society exaggerates inequality rather than minimizing it (Young, 1990). This can be illustrated by reference to trade policies and those of intellectual property rights which, although global, have distinct local impacts.

The various dimensions of trade policy seek to enable the operation of open markets in all goods, allowing fair pricing and exchange, and open access. What are the consequences of these rules for the cultural economy? In general they are benign or positive. However, the pre-existing asymmetry of trade and economic power in the cultural economy tends towards favouring established participants: this is often seen as a potential justification for a form of 'positive discrimination' in favour of new entrants in the cultural field (from an economic point of view). This applies to all markets, but is especially acute in cultural markets where the tendency to monopoly control is strong (associated with the basic economics of mass reproduction of cultural goods). Historically, nation states have long sought special powers to control 'natural' monopolies on the cultural economy.

A second structural problem with cultural production relates to the intrinsic nature of the rate of turnover of new products, and the uncertainty associated with them. This is summed up well in the popular film industry saying 'nobody knows anything'. The point is that a successful cultural product cannot be anticipated with certainty. Much can be done to minimise risk. This requires huge investment in both market making and market intelligence; something that it is likely larger companies will have significant advantages in. In parallel a common strategy is to adopt a portfolio approach with cultural products to 'spread the risk'. Again, such an approach only works if there is resource to support a large portfolio: the success rate is 2 on 10, at best.

Thus, in a cultural market there is likely to be an intrinsic bias against new entrants, and significant economic and perhaps cultural barriers to entry. This is an economic challenge, but it is a cultural one as well if such a market mechanism limits local cultural production. In the latter case we can note the 'cultural exception' that has been negotiated in the case of film to allow the 'non-economic' but 'culturally significant' film to be subsidised; otherwise, an anomaly with respect to trade policy (Burri, 2010). However, as will be clear, this only addresses part of the problem of smaller and non-normative cultural producers (which might mean 'non-Western') being 'crowded out' of markets.

As with trade policy the regulation of intellectual property is framed generically. The cultural economy is particularly sensitive to this field of regulation. The realm of intellectual property rights covers much of the added value of cultural products, or more particularly copyright. There are two classes of difficulty experienced here. The first is the fact that not all regions of the world are signed up to all of the IPR agreements, and even then there are local cultural interpretations of rights that do not fit easily with normative usages. Collective or community rights are an example; non-material practices are another. IPR regimes have not historically addressed this field: the case of Traditional forms of Cultural Expression (TCE),<sup>2</sup> for example. By contrast, case law for the individualised intellectual property rights is more extensive.

Perhaps as significant is not principle but implementation. Put simply there is a very high barrier to entry to cultural markets regulated by intellectual property rights. The degree of legal support for registering and prosecuting transgressions is significant and clearly biases towards those with the resources to support extensive specialised legal systems. Second, the legitimisation of property rights is based upon them being economically viable: simply is it worthwhile using them? If copyright holders cannot receive royalties, or if copyrights are not protected then they will not be supported. In parallel, without a mass education programme about cultural rights and cultural property, audiences and consumers will have little incentive to seek out copyrighted materials. Clearly, failures of this system not only have economic consequences but also significant cultural ones.

The dominant strategy thus far has been that of prosecution of offenders; however the 'carrot' of support has not always accompanied this 'stick'. It is support that is one of the objectives of local capacity building in the cultural economy.

#### *Mode B response: local capacity building*

This section has already indicated why the cultural economy is not fully served by generic policies. Clearly, there are further issues that can be explored regarding global production networks at an international level; however, the global is always local, and global networks are grounded in particular places. One part of the necessary response must also explore local capacity building. Local structures are necessarily articulated to international systems. On the one hand some of these processes are outside the control of a locality; on the other hand there are other processes that are inside the locality's control and offer the potential to leverage more economic and cultural control. This subsection addresses this latter point.

Local capacity building is about the investment in skills, training education and infrastructure such that industries are 'scalable'; that is, they can grow and operate in a wider context (Eade, 1997; Kaplan, 2000). Capacity building strategies are familiar in most industries, and in that sense generic; once again we can make the case that the cultural economy is in need of special measures. In this case the argument is on the basis that in most places the cultural economy is new, there is no pre-existing tradition of extended production to build upon, hence the project is almost to begin from scratch. In such cases it is critical to target resources where they will impact most, and in the cultural economy, as noted earlier in this paper, this requires an in-depth understanding of particular organisation forms, and economic and cultural challenges, as well as

opportunities.

Development debates have long been concerned with engaging the capacity to be self-sufficient, rather than simply receivers of aid or investment. This is a difficult problem in all economic fields, but in the cultural economy it presents some unique and specific challenges. Central to any capacity building project are the identification and development of core skills and competencies. In the case of the cultural economy we refer to artistic and creative expertise, based upon intrinsic skills and developed in training and education and may take place formally or informally. However, this is not enough. All cultural and creative activities need a means of conveying their practice to audiences and markets, either physically performing or making (and transporting) a product that can be displayed or sold. Gaining access to local markets may mean identification of local gatekeepers who control the booking of venues for example; access to markets in other regions, or internationally, requires a more sophisticated knowledge system. For musicians this might mean a tour manager, and means to perform at external venues. For artists it might mean negotiation with international galleries; for writers, access to foreign publishers and distributors. In all cultural industries finance is required, to enable access, ahead of any sales. Even in the digital age, the logistics of people and goods matter.

Business clusters, and their offspring cultural clusters, are much discussed in relation to the cultural economy. It is worth pointing out that a local capacity building approach is quite different from attempts to attract foreign direct investment (FDI). A local capacity building project may involve some FDI but the focus is on the self-sustaining potential and the breaking of a dependency relationship, and remaking it as an equal relationship. The much-discussed model of the 'creative city' may appear superficially similar to local capacity building in the cultural economy; but it couldn't be further apart (Florida, 2002, Pratt, 2008b). The creative city model is based on consumption, and on attracting foreign direct investment; it is not about self-sustaining endogenous growth. Second, the model of cultural clusters is often spoken of as a growth strategy. Here there is a cautious similarity. One aspect of cluster approaches is building a critical mass and common business services, but in other cases it is reduced to property development, or to value chains that lead out of the region.

For clustering to be meaningful it has to be more than a simple co-location of activities; rather a careful curating of inter-related activities whose sum will be more than its parts; activities that will gain from collective resources as a result of returns to scale. In one sense clusters of small enterprises are an alternative to the cluster of activities within the envelope of a large organisation (often in one building). Through clustering separate firms may be able to access certain economies of scale and scope and hence compete on a more even playing field with larger companies, whilst retaining the flexibility and speed of response that is possible in smaller organisations (Cooke & Morgan, 1998).

One aspect, a necessary, but not sufficient resource, is the availability of property for production and for exhibition. A range of sizes and affordability of premises is also important to accommodate growth and change, and to accommodate a stepladder to growth: on their own, neither is sufficient to promote a creative economy cluster. The co-location of facilities provides an anchor for audiences, markets and labour and makes possible stability of growth in scale of all. Scale and scope in all of these aspects creates positive synergies of production and consumption and a continual pressure on the quality of the cultural product. Associated with physical clustering is the development of network services and resources (that might otherwise be inaccessible to an individual firm or actor). These have been referred to as 'real services'; that is, services that are vital to the day to day functioning of small

<sup>2</sup> TCE is a new category of rights introduced to cover those that cannot be captured by normal methodologies (sometimes referred to as intangible rights, often collective celebrations of identity, or cultures not based on individualized property ownership).

enterprises, especially of skills that may not be available in them: accounting, secretarial services, tax services (Best, 1990).

These can be extended here to include IP and Copyright/Legal services, as well as specialised financial services. A common problem for cultural economy businesses is that financial institutions are insufficiently knowledgeable about their particular risk profiles and hence do not make loans or premium priced loans. A knowledgeable financial institution can make a huge difference in facilitating investment and growth. Finally, the provision of management training can be appropriate. Small and micro-enterprises suffer from a skill gap in management in general; specialised provision would be even better (Jeffcutt & Pratt, 2002).

Another class of services can be described as community services, that is, real services that are strategic in filling gaps in networks or production systems. Here the more specialised skills of creating support for the appropriate cultural intermediaries (agents and managers) that have access to international markets and knowledge of how to operate in them can be critical. In parallel is the value of identifying strategic gaps in the cluster. Finally, an underpinning service activity is the operation of a collecting society. The failure of collecting societies to efficiently gather and redistribute royalties is often the Achilles Heel of the copyright system. In particular it is this class of community 'real services' that offer the greatest potential for public sector or third sector strategic investment (Pratt, 2007).

A final group of local capacity building tools beyond the generic are perhaps the most surprising: social support mechanisms. It is a fact of life that the cultural economy has not been seen as equal to other fields of economic life, and there is less legitimacy, and until recently less real opportunity, to call the cultural economy a career choice. However, this is a transformation that is taking place. This has several consequences, and points to a number of barriers to its achievement.

In many areas of economic life there is a more or less developed form of social protection, based on pensions, employment rights, health and sickness benefits, housing, and forms of child and elder support. This is an incomplete project in many countries, but it is very unusual for workers to have any of these rights, or if they have them to make them work in their particular circumstances, even in the Global North. The consequence is that cultural work is either very badly remunerated, and/or the social conditions of work are poor, hardly the incentive to develop a potential growth area of the economy. Specific attention to the challenges of cultural workers and the operation of local welfare systems is likely to have a significant impact on the growth of the cultural economy.

It is through the establishment of such mechanisms that a more equal representation of women and ethnic minorities can be enabled; allied to positive discrimination in training and educational programmes that lead to cultural economy employment. A wider social programme is also important to make knowledge and operation of copyright systems a key part of basic education so that it is a foundation for users and producers of intellectual property.

## Conclusions

The aim of this paper was to question the normative interpretations of resilience as they apply to the local cultural economy. We have examined the notion of resilience and show that it can be interpreted in at least two ways; we characterised these as Mode A and B. The critique of Mode A was in part based upon its universalist and generic formation. The paper outlined the particularity of the organisation and practices of the cultural economy and pointed to the divergence from the characterisation of the 'normal' economy. We then highlighted the potential adverse consequences and likely perverse outcomes that would be the

outcome of adopting generic approaches to the particularity of the cultural economy. We also pointed to the concomitant lack of appreciation of spatial and temporal factors in constituting the 'local'. Accordingly, we concluded that Mode B resilience approaches would be more appropriate to the local cultural economy. We outlined the character of such approaches that draw upon debates concerning local capacity building, articulated to a particularity of history, place and the formation of the cultural economy.

The focus of any strategy for local capacity building has to be the construction of (Mode B) resilient and self-sustaining structures within which cultural practitioners can operate. In particular it is an ecosystem that is open to external flows, but able to be an equal partner in trade. It should have sufficient capacity to grow and sustain failure in what is a risky environment. By building economic, social and cultural strength such clusters of cultural economy firms can potentially act as guarantors of local cultural heritage, or at very least act as a key leverage point to deliver such aims.

The main burden of this paper has been to establish the case for, and the particularities and the form of local capacity building strategies in local cultural economies. Obviously, these strategies and policies will need to be tailored to the local needs, institutions, cultures and to particular cultural industries, as well as being cognizant of the global cultural economy. An on-going challenge will be to decide upon which is the most appropriate form of operationalizing such policies. Some areas obviously lie with the nation state (such as social and welfare policy); others may lie with the local state, or in civil society. It is not necessary that these activities are delivered in any particular sector; indeed it has been argued that third sector agencies might be able to fulfil this cultural intermediary role more successfully as they are neither bound by state or economy strictures. Moreover, if those who have been active in the cultural economy operate them they are more likely to generate the vital trust required to be successful.

The policy field of the cultural economy is a novel and complex one. First, the organisational uniqueness and lack of prior experience for many policy actors is a real challenge. Second, the dominant, normative, trade environment lends unintended advantages to larger, already established, activities that by default tends to benefit the Global North. Thus, we have argued that the development of the cultural economy, for which there is great potential, requires policy tailored to these unique challenges and in particular of small and micro enterprises, if it is to achieve such potential.

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