

**FROM THE
INFORMATION ECONOMY TO
THE CREATIVE ECONOMY:**

*Moving Culture to the Center of
International Public Policy*

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Redefining Culture in the Global Information Economy

THE GLOBALIZATION OF THE INFORMATION ECONOMY and the internationalization of cyberspace makes it imperative that concepts of culture and creativity be reassessed and repositioned at the center of public policy. This requires a recognition that the cultural and creative challenges of the Information Economy be approached in terms of policies governing the production, distribution and exploitation of expression. Both these arguments form the basis of a set of recommendations, guidelines and principles for national and international policy.

Some have recently argued, such as Thaler (2000), for example, that the future study of economics ought to consider the flaws in economic theory of the post-war period, particularly the reliance on rational mathematical models devoid of social and psychological factors. Models that account for social factors are much harder to develop, of course, suggesting that Homo sapiens is not so rational after all. Not just economics, but notions of culture also call for some fundamental reassessments in the new century. Theories that inform much of our thinking on the information revolution and the Global Internet need to evolve beyond accounts of the uses and functions of information, and begin to integrate factors that are social, political and most of all, cultural.

Conventions of Understanding Culture

We have inherited ideas regarding the cultural dimensions of modern life from three traditions, which, taken together, shape the entirety of our approach to cultural problems and policies. The first is the aesthetic tradition which runs deep in the genesis of civilization, especially Western. It unfolds over two thousand years from, for example, Aristotle's formal taxonomies in the *Poetics*, to Heidegger's existential search for being as art in *Poetry, Language, Thought* (1971). This tradition, while still relevant to the creation, study, and contemplation of art, has long ceased to inform social debates and public policy. In the U.S. and other Anglo-Saxon legal and political systems, at least, naturalism and positivism have displaced the power of art to reveal social truth or reality, giving rise to scientific and statistical verification as the unassailable basis of collective self-determination and public policy. Yet there still persist many modern and developing societies that measure the vigor of collective identity by aesthetic productivity in the fine arts and by the historically inherited corpus of artistic achievements that define the national culture.

A second form of cultural understanding has been the legacy of the modern social sciences, more precisely, the anthropological tradition. From Frazer's *Golden Bough* (1922) with its enthralling survey of primitive life and Malinowski's study of New Guinean social organization and kinship systems in *Argonauts of the Western Pacific* (1922), the tradition spans the last century and gives rise to a symbolic approach with Geertz's pioneering mapping of the symbolic basis of culture in the *Interpretation of Culture* (1973) and Bourdieu's ethnographic dissection of modern cultural taste in *La Distinction* (1979).

Anthropology has revealed that culture is more than the general body of the arts; rather, in Raymond Williams words, it is "a whole way of life" (1958), or a complete meaning system. Nevertheless, the anthropological tradition continues to assume that culture is in the nature of artifact, a received symbolic system inherited and passed on in human societies, both modern and premodern, from one generation to the next. Cultural inquiry becomes then a task of decoding and deconstruction, unlocking the unique hidden meaning system which holds together the turbulent forces of a particular society.

The third tradition that drives our understanding of culture is industrial and commercial. This approach, as Adam Smith first suggested in *The Wealth of Nations* (1776), casts manufacturing and productive institutions as the collective basis of social life, thus recognizing modern industrial institutions as a new cultural system. At the same time, cultural products, especially popular culture, can be treated as any other category of industrial good and mass produced for ever widening consumer markets. The industrial economy is the foundation of modern culture, while culture itself becomes an industrial product. The industrial marketplace subjects all goods, whether cultural or non-cultural, to the same forces of supply, demand, and economies of scale. For these reasons, among others, the study of economics begins to assimilate the cultural to the agricultural, to commodity markets and manufactured goods sectors. No separate models are required to explain contraction or expansion in the production of different types of cultural products since they, like all other product sectors, are subservient to one single and ineluctable economic force—consumer demand (see Venturelli, 1998a). To the extent this tradition affirmed the

marketplace as the arbiter of all cultural preferences, it underscored the democratic basis of both culture and the industrial market. Using basic assumptions in industrial and classical liberal economics, the characteristics of creative ideas and cultural products prevailing at any given time in a particular market can be explained quite simply as a factor of consumer demand. Thus largely unexamined assumptions of twentieth-century economics that regarded the market for widgets identical to that for books, film, and television programs, led to poor conceptualization of creative marketplace. Policymakers have worked from industrial assumptions to decide the fate of the information and creative marketplace, with scant intellectual or empirical grounds to assess how and in what manner the production and distribution of creative ideas and intellectual/cultural products are qualitatively different from the production and consumption of widgets, automobiles, appliances and other industrial products.

Modern notions of a 'national culture' draw from the aesthetic and anthropological traditions in laying claims to a body of art, a way of life, and a symbolic meaning system. The industrial approach to culture is also useful to the policy of a national culture, allowing for widespread diffusion and standardization of language and national cultural products. Yet all three historical traditions, I argue, are inadequate to the demands and challenges of the Global Information Economy or Information Society, and have been for some time.

Culture and the New Information Space: Shifting the Debate

There are at least two reasons why our conventional understanding of culture must be revised.

The need to re-examine our approach to culture has actually been apparent for some time. Since the information revolution of more than a century ago (with the emergence of the telegraph, telephone, photography, cinematography, commercial publishing and broadcasting), we ought to have known, though would not recognize, that information and cultural products are, in fact, not like other products at all. By a few substantive oversights, industrial or rather post-war economics has been reluctant to accept that the economics of ideas and cultural expression cannot be explained by the economics of mining, metals, minerals, agricultural commodities, or manufactured consumer products. Unlike automobiles, toothpaste, appliances, or textiles, information products are not consumed one unit at a time. Rather, each product unit is designed to be utilized

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repeatedly by many, thus becoming more valuable with use. While the value of a single industrial product such as an automobile, refrigerator, or computer decreases with usage, the precisely opposite effect applies to an information or cultural product. A film, book, television program, or software product increases its value disproportionately the more it is used, viewed, or applied by increasing numbers of people. This has been the case since commercial publishing began and certainly since the age of mass distributed audio-visual products such as popular music, film, and television programs. While we have had ample evidence of this economic phenomenon from the dawn of film and broadcasting, an appreciation of the unique characteristics of cultural products went largely unacknowledged in public policy and research.

Today, that recognition is unavoidable, for the boosting of value based upon repeated usage is even further accelerated in a network environment such as the Global Internet. In fact, the rift between industrial economics and information economics has grown even wider with the introduction of infrastructure networks for facilitating distribution of ideas. The inherent tendencies of information economics to leverage the value of creative ideas with use have been steadily heightened in the deployment of networks such as theater networks, giant book store chains, and cable television. But with the Internet it is now possible to cultivate worldwide audiences in the millions with well-designed forms of intellectual and creative ideas—audio, video, text, or data—distributed digitally in cyberspace. The economic value of individual creative expression can now be augmented exponentially to a degree unknown in the economic history of nations. This is largely because, as a networked information system levitates the value of ideas and

forms of expression, it causes even further heightening of demand for the same expression, thus creating an upward spiral in the spread of a specific form.

This multiple leverage capacity of information in cyberspace casts the meaning of monopoly in an entirely different light from that conceived in conventional economics, providing far more acute evidence of the special character of information monopoly and cultural monopoly. Anti-trust or competition law whose fundamental legal and regulatory assumptions derive from industrial economics of supply, demand, and control over the factors of production, is ill-equipped to deal with the prospect of rapid acceleration in the monopolization of knowledge and ideas within very brief windows of time. As proprietary control over ideas spreads through the information network, the ability to work with existing ideas to innovate new forms becomes reduced, thus creating the economic and social irony of information scarcity coexisting within an environment of enlarged access to information technology. These processes in an Information Society simply cannot be accounted for by aesthetic, anthropological or industrial explanations of culture.

Second, the conventional, one may say, 'legacy' approaches are deficient in their tendency to confine the consideration of culture to a received, inherited, or cumulative body of art, aesthetic forms, symbolic meaning systems, practices and institutions. Yet the most significant question about any culture is not the legacy of its past, but the inventive and creative capacities of its present. The real issue is also less about the handful of giants that dominate the history of art (the aesthetic claim to culture), or the essentialist qualities of cultural practices (the anthropological claim), or the

size of markets for mass produced cultural products (the industrial claim). Instead, the most significant issue confronting us today concerns the possibilities available for most people in a society to participate in originating new cultural forms. Hence, the environmental conditions most conducive to originality and synthesis as well as the breadth of social participation in forming new ideas comprise the true tests of cultural vigor and the only valid basis of public policy.

This is not to say that the cultural legacy of the past is irrelevant; rather, that the protection of cultural traditions must not comprise the sole aim of cultural policy. In the Information Society it has become a matter of fundamental urgency to promote a climate of creative development throughout economy and society. In a "museum paradigm," of cultural policy, works of art and artistic traditions are revered and cultural traditions closely guarded and defended. But when these become the predominant measure of cultural resources and the notion of legacy occupies the sole definition of the creative spirit, ultimately the development of that spirit would be undermined. Such a recipe for creative stagnation is bequeathed us in the Mayan temples and the Parthenon whose creative societies are dead while artifacts remain. A culture persists in time only to the degree it is inventing, creating, and dynamically evolving in a way that promotes the production of ideas across all social

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Cultural Wealth of Nations: Key to the Information Economy

On this basis, culture can be seen as the key to success in the Information Economy, because for the very first time in the modern age, the ability to create new ideas and new forms of expression forms a valuable resource base of a society and not merely mineral, agricultural, and manufacturing assets. Cultural wealth can no longer be regarded in the legacy and industrial terms of our common understanding, as something fixed, inherited, and mass distributed, but as a measure of the vitality, knowledge, energy, and dynamism in the production of ideas that pervades a given community. As nations enter the Global Information Society, the greater cultural concern should be for forging the right environment (policy, legal, institutional, educational, infrastructure, access, etc.) that contributes to this dynamism and not solely for the defense of cultural legacy or an industrial base. The challenge for every nation is not how to prescribe an environment of protection for a received body of art and tradition, but how to construct one of creative explosion and innovation in all areas of the arts and sciences (see Venturelli, 2000, 1999, 1998b). Nations that fail to meet this challenge will simply become passive consumers of ideas emanating from societies that are in fact creatively dynamic and able to commercially exploit the new creative forms.

Several considerations are paramount in this cultural debate. Nation states opposed to the protection of cultural industries, whether in Europe or elsewhere, are about to discover, if they have not already, that the cultural conflict over media and audiovisual content is not a superficial, high-diplomacy power play between the U.S. and France. It is, instead, about the fate of a set of enterprises that form the core, the so-called 'gold' of the Information Economy. In a feudal agricultural and a mercantile economy, land, agricultural products, and natural resources such as tea, spices and gold formed the basis of wealth. Gold, in particular, has been the objective currency of wealth across cultures and nations since ancient times. In the industrial age, the basis of wealth shifted to other mineral resources such as oil, and to the creation of capital in plant, equipment, and mass produced products manufactured from natural raw materials such as iron, oil, and wood. Control over these resources and of the means of transforming them into mass produced products for distribution to ever wider markets has been the basis of economic power since the industrial revolution. The Information Society is now changing that equation. The source of wealth and power, the "gold" of the information economy, is found in a different type of

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capital: intellectual and creative ideas packaged and distributed in different forms over information networks. One might even say, that wealth-creation in an economy of ideas is derived far less than we imagine from the technological hardware and infrastructure, since eventually most nations, such as China, will make investments in large-scale infrastructure technologies. Rather, it is dependent upon the capacity of a nation to continually create content, or new forms of widely distributed expression, for which they will need to invest in creative human capital throughout the economy and not merely in gadgets and hardware.

For these reasons, every nation will need to have, for example, a vibrant and diverse audiovisual industry, publishing industry, intellectual industry, and a dynamic arts community if it is to 'grow' its other multimedia content and cultural sectors. In this respect, nations which attempt effectively to prevent the total erosion of content industries will have an advantage over those that simply give up the struggle to diffuse and diversify knowledge and creative enterprises to the growing consolidation of international content producers and distributors.

It is no small irony, then, that many countries impervious to the cultural protection argument are now scrambling to find schemes and mechanisms to revive their publishing, film and broadcast sectors, even as they seek ways to encourage the growth and expansion of new content sectors such as software and information services. Mechanisms of cultural revival include, for example: lottery systems to subsidize film production (UK), taxes on cinema receipts (France), differential postal rates to encourage domestic magazine content (Canada), tax levies on commercial

publishers to subsidize small-scale independent publishers (Germany), and structural funds and tax breaks to encourage private investment in content enterprises (Canada, France, Australia, India, among others). As many have yet to discover, the gap in creative productivity does not derive from lower levels of national creative talent or content quality attributes; rather, the gap lies in the power to distribute through advertising, marketing, control of multiple networks, and from horizontal and vertical concentration with other media such as broadcasting, cable, satellite, wireless, and the Internet (Venturelli, 1998a).

Undoubtedly the Global Internet is already revolutionizing how cultural forms, including audiovisual products, are distributed and consumed. Cultural enterprises and information industries have made this assumption, or they would not be actively positioning themselves for the transformation. At the same time, the new information industries are rediscovering the importance of traditional content sectors such as print publishing and film because these enterprises form the creative foundation and feeding line into all the on-line content

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In an unexpected way, this changing reality has vindicated the arguments of societies that sought to protect their content enterprises in the name of cultural survival and sovereignty. They were right, though I suggest for the wrong reasons, since it is not the cultural legacy that is at stake, but the capacity to invent and create new forms of culture. Few nations had any notion, even five years ago, that the fate of economy and society would be dependent on cultural resources and the capacity to contribute original forms of expression in the Information Society. From this standpoint, then, all nations will need to regard their content and creative enterprises, including the creative work force, with at least the same value they once ascribed to their metals, mining, minerals, agricultural and heavy manufacturing industries.

Culture Moves to the Center of Public Policy

The emergence of ideas as capital has brought culture to the center of public policy. The central economic and societal question of the Information Society will soon become how to stimulate innovation, that is to say, originality in ideas. Through careful and intelligent policy initiatives ranging throughout all social levels, governments will need to provoke a high level of dynamic innovation in the arts, sciences, and imaginative ideas and their integration into an on-line, networked world.

What does this challenge involve in terms of public policy? It means an educational system that places emphasis on creative freedom and on incentives for independent thinking, state and private sector investment in research and development of new ideas and technology, and low levels of risk and high levels of reward for creative risk-taking in the workplace and the economy. Most of all, forging an environment of creative dynamism requires regulatory stimulation of creative enterprises (those whose products are ideas).

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An effective policy framework would:

broaden access to capital from conventional and unconventional sources;

lower taxation on creative risk-taking;

remove content obligations and liabilities for entities that produce and distribute expression (such as obligations to provide, block, or prevent access to certain categories of content, with content providers forced to incur legal liabilities for violations--an insupportable burden that is becoming dangerously popular with governments worldwide);

ensure that a constant stream of new ideas and cultural forms trickle into the public domain through 'fair use' access protections;

assure reasonable, though not excessive intellectual property rights for innovation in ideas, technology, and science (see Venturelli, 2000a, 2000b).

A few of these policy challenges can be elaborated as follows:

I. THERE IS AN URGENT NEED TO REORDER OUR BASIC THINKING ON EDUCATION.

The foremost challenge of a knowledge society that places a premium on creative participation is a restructuring of the national agenda around access to knowledge. As cultural and creative resources ascend

the scale of economic importance, nations will need to turn their attention to the knowledge foundation of the educational system. Modern societies would need to educate, not for a standardized work force as they did in the industrial economy, but for a highly knowledgeable work force prepared for a Creative Economy. Basic literacy skills and imitative learning adequate for following instructions on the assembly line, the workshop, or desktop terminal are simply inadequate to the demands of a creative and innovative society. Not basic education, but advanced intellectual and creative skills that emphasize interdisciplinary and independent thinking should be required at earlier stages of the educational process, and extend from preschool to grad school.

As nations begin to grasp the critical importance of educational quality to an economy based on creative capital, there will be an international race to fortify the substance of knowledge that is taught and to re-incorporate the linkages between the arts, humanities and the sciences. These advanced skills would need to promote independent judgment, creative and imaginative engagement, scientific knowledge, technological literacy, intellectual and critical thinking, interdisciplinary knowledge of the arts and sciences, and

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experience in research activities for producing new knowledge ranging from bio-information and cultural invention to commercial ingenuity.

II. THE VALUE OF THE CREATIVE ECONOMY ENHANCES THE ASSET VALUE OF IDEAS AS WELL AS THE CRITICAL NEED FOR ACCESS TO IDEAS AND CREATIVE FORMS.

This is a delicate design challenge for public policy, since it calls for a system of property rights in information and innovation that is carefully balanced so that creators and exploiters are rewarded for the production and commercialization of ideas, but the enrichment of the public domain is continually accelerated. Without an enriched and expanding public domain, the new knowledge will not lead to more new knowledge, thus restricting social participation in the production and distribution of ideas and inexorably slowing the pace of innovation throughout the economy (see Venturelli 2000a, 1998b). This is why the nation that can accurately balance 'fair use' with property rights in expression will experience unforeseen and unpredictable spurts in growth of creative ideas, placing it at a competitive advantage in the Information Society.

III. THE FINANCIAL BASE OF CREATIVE ENTERPRISES, SUCH AS CAPITAL MARKETS, MUST ALSO BE TRANSFORMED THROUGH POLICIES FAVORING GREATER DIVERSIFICATION AND DE-INSTITUTIONALIZATION.

Micro loans made for entrepreneurial investment in ideas, for instance, carry a lower risk to lenders and borrowers and allow for experimentation as well as broad participation in a Creative Economy. While

bank loans, raising funds in the public stock markets and generous venture capital funds may only be available to a few, micro credits and loans can be made available to many, giving all a stake in producing ideas and expression in the Creative Economy.

IV. NATIONS WILL NEED TO BE ALERT TO THE MONOPOLIZATION OF IDEAS AND CONTENT, OF CULTURE AS IT WERE, SINCE THE NETWORKED SOCIETY OF THE INFORMATION ECONOMY EXPONENTIALLY BOOSTS INFORMATION POWER.

Monopolization of ideas is not the same, therefore, as the monopolization of material resources such as land, manufacturing plant and equipment. We know from the technological and political lessons of the past hundred years, but also from the history of civilization, that the most serious obstacle to development and growth is created by institutionally monopolized knowledge. This was as true of the information monopoly of the Middle Ages as it is true of state dominated information and educational systems under Communism or dictatorship. The existence of information monopolies raises the threshold for participation in the knowledge and Creative Economy to a level too high to bring about the social benefits of diversity in ideas, innovations, and creative forms. A carefully designed policy framework that discourages knowledge monopolies is indispensable to wealth creation in ideas. As explained earlier, this is particularly important for the new economy since content monopolies will arise more readily and erect bottlenecks in all categories of content because of the leveraging character of network effects. The entire socio-legal framework of competition policy will require restructuring to meet this historical need.

Despite grave inadequacies in traditional approaches to thinking about culture in the modern age, there may have been little policy incentive historically to reshape the cultural debate and account for its missing dimensions. But the information technology revolution has altered the stakes and made cultural policy the precondition of how to ensure a creative and innovative society. This leads to the next policy question: how to reformulate our approach to creativity for purposes of devising concrete initiatives. This calls for an enlargement of

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what is meant by 'culture' from a policy standpoint and how we may define the boundaries of the cultural 'problem' in the international and multilateral system. The cultural and creative problem of the Information Society should be understood in terms of policies governing the production, distribution and exploitation of expression, an approach that has significant domestic and international implications.

Culture and the Conditions of Expression: International Implications

If the cultural challenge of the Information Society is to stimulate creativity and innovation, then we need a method of addressing the creativity dilemma. It is suggested here that the time has come to see cultural and creative vibrancy in terms of social, economic, and political conditions governing the production and distribution of expression. This approach offers concrete guidelines for public policy since "the question of expression" would require us to reformulate information and cultural policy--irrespective of technology or specific policy issues--so there is greater attention to the structural conditions determining the production, ownership, access, uses and distribution of forms of expression. The cultural and economic challenges of the Global Information Society may then be articulated in terms of competing proposals for enhancing the production and distribution of expression in all areas of the arts and sciences. In an expression-centered approach, policies for the Information Society in the areas of intellectual property rights, competition policy, data protection, broadband access, content regulation, or ecommerce, for example, could be regarded as methods for privileging specific modes of expression over others; for encouraging certain structures of content production over others; for creating particular incentives and disincentives in the range and diversity of expression available in the public

sphere; for solidifying social structures that give rise to one type of expression over another; and for preferring some social and economic applications of expression at the expense of other areas of need.

If we redefine creative and innovative issues in this light, other issues regarding the fate of culture and creativity become secondary. It is far less significant to future social and democratic development

whether some cultures are under attack by others, or whether an adequate quantity of information is available on the network, or whether consumers have at their disposal multiple channels, devices, and appliances for distribution of content. In themselves, these issues are not unimportant, of course. But the truly substantive question concerns structural arrangements that govern the diversity and range of forms of creative expression that are distributed in the Information Society and the scope of social participation in the exploitation and benefits of such forms. Policies designed to advance particular models of the Information Society

are, in fact, policies designed to advance particular models of expression, which implies that careful attention must be directed not only to each component or element in the Information Society framework, but also to the larger question of the mode, diversity, and structure of creative expression we wish

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ultimately to bring about in the public space of the information age.

If every element of the Information Society either directly or indirectly can be said to play a part in determining the conditions of creative expression, we must examine and account for the technical, economic, and trade issues as much as for those explicitly political or cultural. Among the elements of the Information Society that have profound implications for the conditions of expression, the following in particular should be noted in the context of which form of expression benefits: the framework of intellectual property rights in cyberspace; content regulation of conventional and new media; the framework of free expression rights and which constitutional tradition applies; competition policy affecting forms of convergence and consolidation of information and cultural enterprises; universal service defining access to information infrastructure and information content; technology policy promoting certain forms of technological development and exploitation; and ascendance of certain traditions of law, such as contractual or private law, over other traditions, such as public and constitutional law in application to particular issues of public interest. What preferences do these policies reveal with respect to modes and forms of expression?

Supranational Regulation of the Global Information Society

To achieve the benefits of a creative and open Global Information Society, it will take more than domestic policy and disparate national approaches. The globalization of cyberspace has put this question to rest. A system open to innovation in a way that is beneficial to most societies will require a supranational regulatory framework. Yet not all international frameworks will guarantee the innovative capacities of the Information Society, as is evident in the framework recently emerging in multilateral trade agreements that are far from adequate and may even be harmful to diversity of expression. For example, the most recent modifications to international agreements on intellectual property (World Intellectual Property Organization (WIPO), 1996) create a property structure for expression that is tilted in favor of the large-scale content industry at the expense of the public domain. By undermining effectiveness of the "fair use" tradition that was designed to continually enrich the public sphere with ideas so that more new ideas may emerge, the direction of laws regulating the ownership of expression seem to privilege certain forms, such as widely distributed commercial expression, over other forms.

The long-term effect of such international agreements would be to shrink the range of creative innovation that is able to acquire a significant presence in the marketplace of ideas. Other agreements strengthen the contractual rights of content and infrastructure industries but often at the expense of promoting regulatory stimulation of access to information and the means to participate in the production and distribution of ideas, which would require increased demand-side policies. The 'World Telecoms Agreement' (World Trade Organization, 1996), for example, establishes new international principles for limiting demand-side policy options states can employ, such as universal service to diffuse the information infrastructure. Other demand-side initiatives include public promotion of intellectual enterprises in engineering, science, the creative arts, publishing, audio-visual production, and software development. Without demand-side initiatives, most nations will be unable to create adequate demand and access in order to sustain participation in an information economy. Multilateral trade restrictions on compulsory licensing will also disallow the creation of indigenous content industries in ideas and bioinformatics for the foreseeable future. (see further analysis of these issues in Venturelli, 2000a, 1999, 1998b).

The emerging supranational regulatory system refers to an international system of supranational institutions (such as the WTO, the WIPO, World Bank) which articulate principles and standards of regulation for nation states. The effect of this system is to transform most states into law takers rather than law makers, since national laws are not binding on the multilateral system, but multilateral agreements, particularly in the area of trade, are binding upon participating states. For example, the General Agreement

on Tariffs and Trade (GATT) contains principles and standards of regulation in areas as diverse as food standards, services, and intellectual property. Countries that are signatories need to make significant changes to their national regulatory and legal systems. It is important to understand the significance of the binding nature of trade agreements under supranational regulation in order to recognize the implications and complexities inherent in the radical restructuring of the conditions of expression, culture, and the public sphere. What appears as economic or trade policy for the information market has in reality profound bearing on the creative capacities of free societies.

International negotiations for a Global Information Economy have been converted to legally binding commitments under the rubric of the following categories of global policy: trade in services, global standards conferences, telecommunications liberalization, licensing rules, investment agreements, rules on foreign ownership, content liabilities, intellectual property laws, domain name registration, regulatory standards, electronic commerce, competition rules, Internet taxation exemptions, bilateral agreements on privacy standards, industry self-regulation codes. These and other crucial areas of international policy and supranational regulation are being forged in institutions such as: the WTO, ITU, WIPO, OECD, EU, ICANN, UNCTAD, the World Bank, APEC, Transatlantic Economic Partnership (TEP), Transatlantic Business Dialogue (TBD), Global Business Dialogue (GBD), and bilateral agreements in the form of joint statements, declarations, and cooperation pacts. The significance of these commitments is likely to be far-reaching for social, political, and cultural development since these policies will eventually

define the framework for all areas of the Information Society covering both infrastructure and content. Participating governments have been discouraged from setting limits on what constitutes "telecommunications" (see World Trade Organization, 1996) or from modifying the radical revisions of international intellectual property law with its inherent effects upon freedom of expression and cultural policy. As a result, every aspect of the Information Society may, in principle, fall under the jurisdiction of these agreements, standards, and rules.

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Under the emerging supranational regulatory system, there is a potential that numerous areas of national policy, regulation, or legal mechanisms carried out in the public interest may be charged by any other state as discriminatory and obstructive to world trade. In principle, anti-concentration competition policies that attempt to ensure diversity of content and expression could be invalidated as the interventionist distortions of dirigiste states (U.S. Government, 1998), and cultural policies imposing obligations of pluralism in cultural expression on information industries may be invalidated as a barrier to international trade in information services (further treatment in Venturelli, 1998b). The approach to the current world trade framework may ultimately even challenge constitutional guarantees of political rights, communication rights, and human rights as secured in a set of historically evolved information policies and laws of democratic nations, on grounds the implementation

of these rights acts to constrain international trade through a set of non-commercial public interest limits on the proprietary freedom of the communications industries. Furthermore, policies that lead democratic societies to determine a need for direct or indirect 'subsidies' because of issues concerning the common welfare or the general interest, ranging from universal service to programming requirements for educational or cultural pluralism, may be rendered illegitimate under the supranational regulatory system for the Global Information Economy.

Principal areas of international policy that have significant implications for the conditions governing the Creative Economy and conditions of expression, include, for example, intellectual property rights, universal access, competition policy, content and cultural policy, Internet governance, and free expression rights. The international policy framework will determine the mode of intellectual property laws in cyberspace; universal service and universal access to critical features of information networks in the production and distribution of expression; the number of information providers, producers and distributors favored by competition policies; governance structures for granting producers of expression preferential rights to exploit particular frequencies or domain names; and the structure of positive and negative information rights implemented through content regulation and liabilities under constitutional, statutory and regulatory obligations.

Furthering Creative Freedoms in the Information Society

For a number of geopolitical and strategic reasons related to a post Cold War international system, the international information industries, and powerful state actors who represent their interests, have shaped international legal mechanisms, and the legitimacy of international and multilateral institutions such as the WTO, the World Bank, WIPO, and ICANN, to name but a few. The political reality of the emerging Information Society requires that more careful attention be applied to the design of an open and accessible Creative Economy. Yet recent attempts to modify, for instance, the global framework for electronic commerce (see UN Commission on International Trade Law, 1996) so that educational, cultural, and political needs can be better served, have not succeeded in shifting the global debate. Similarly, efforts to insert cultural diversity and development goals into economic development initiatives for the Internet, such as initiatives undertaken by the World Bank and USAID (U.S. Government, 1998a, 1997), have also fallen short of acknowledging the central creative and innovative problem of the Information Economy, including the need to apply a sharp focus on the conditions governing the production and distribution of expression.

The chances for real cultural and creative participation and expression rights in the Global Information Economy are still far removed from the aims of international policy.

Certainly, the historical door is not bolted shut, for history, as always, is a matter of political struggle over options and strategies. Redeeming the cultural and creative promise of an information age would require major powers such as the United States and the European Union, and a critical number in the community of nations, acting in cooperation with social movements and public interest organizations to modify the entire body of international agreements and policies for the Information Society according to a set of fundamental principles required of a Creative Economy.

Principles of the Creative Economy: A Historic Challenge to Public Policy

It is important to articulate a set of guidelines for public policy that serve to affirm and secure the Information Economy as a Creative Economy. It should be an economy in which cultural inventiveness and innovation in all forms of expression emerges as one of the central objectives of domestic and international policy. To achieve the full benefits of a knowledge society, including new forms of wealth creation, widening social participation, and advancement in all categories of the arts and sciences, national governments and international policy institutions will need to measure their policy initiatives against the following principles which are provided in addition to those outlined earlier.

I. International trade rules and regulations should incorporate recognition of the right of nations to prevent public and private entities, domestic or international, from monopolizing ideas through centralized control of the content industry and of the information and media distribution systems.

II. Regulatory guarantees of information rights that broaden access to educational, political, and cultural content, and widen social participation in the production and ownership of expression, including the benefits from its exploitation, should not be treated by international agreements as violations of trade laws.

III. To enlarge the public domain, promote the public-opinion formation function of information networks, and to stimulate creative diversity in cultural expression, all nations should focus their public agenda on developing content industries, both in conventional and new media. This requires improving education to achieve high standards of knowledge and creativity, and a move away from imitative learning skills.

IV. To further the strategic aim of high levels of creative production, the public domain of ideas must be enriched and enlarged by allowing public access to expression in order that new knowledge may lead to more new knowledge. To succeed in the Creative Economy, all nations will need to affirm the right of "fair use" of privately owned intellectual property.

V. Individual human citizens ought to be granted more extensive information rights to receive and impart ideas than artificial entities can claim rights to protection from public interest obligations. In the U.S., for example, a series of judicial decisions in the nineteenth century conferred upon artificial entities the same fundamental rights that the Constitution till then only extended to individual human citizens. These decisions have made it difficult over time to require public interest obligations from information and content providers even when a few industries monopolized the structure of the public sphere and the predominant content within it (as in broadcasting). This is because the speech protection of the First Amendment now became available to the content industry as much as to individual humans. While negative content regulation (or censorship) should be condemned wherever it arises, positive regulation to require more voices, diverse expression, and access to

the proprietary portals by which expression in cyberspace is distributed can only strengthen the speech and knowledge foundations of society. Lowering the threshold to creative participation in the production and distribution of ideas will cause innovation to surge through all social classes and economic sectors. This principle is also consistent with universal human rights which obligates nation states to ensure information and knowledge access for all citizens in order to promote public-opinion formation and political and cultural participation. No multilateral rules in any sector should directly or indirectly be allowed to treat as a 'trade barrier' public initiatives to advance access, knowledge, and participation. Nations may legitimately impose positive (not negative) public interest obligations upon domestic and foreign information industries to produce more categories of information and expression that serve educational and social development needs, as well as the information needs of children and minorities.

VI. Finally, under new international rules, the principle of enriching the public sphere as a basic requirement of the creative economy should make it illegitimate for nation states to censor speech in cyberspace on any national grounds. Negative content regulation, i.e., censorship, is incalculably destructive to creative participation since it opens the door to the erection of information barriers on such a global scale as to eventually dry up the production of creative ideas throughout the global information network. The basic realities of information economics will eventually make this self-evident, but not before the ill-considered actions of both democratic and non-democratic states exact a high price in innovation and wealth-creation.

It may be fanciful at this time to expect the multi-

lateral trading regime--aimed at universalizing the industrial model of economy and society--to recognize the cultural, creative, developmental, and democratic functions of expression and information networks. But it is also inevitable that the Information Society will have to confront the social, cultural, and political effects of profound imbalances and inequalities resulting from ill-conceived policies tilted in favor of large-scale proprietary domination over the production and distribution of expression. Changes in our thinking of what is culture, creativity, innovation, and their basis in the structure of expression, may eventually be forced upon us simply from the high cost some societies will pay for stifling innovation by failing to secure by appropriate policies, the underlying conditions of a Creative Economy and a knowledge society.

As the economics of ideas and expression are recognized to play a central and strategic role in everything we do, from politics to banking, from education to consumption, from the organization of the state and the socio-legal system to organization of culture and self-identity, it will become impossible to defend the current design of an information age grounded in industrial economics and traditional concepts of culture or knowledge. Whether answering the challenge and closing the gap takes a few years or a century, the historical pressures to revise our approach to these issues is a certainty. Now or in the future, we will one day find ourselves on the threshold of an international political settlement to resolve these fundamental principles of a Creative Economy and Information Society. Which nation will transform its domestic policy first and lead the international debate, and which will be surpassed in innovative capacities, forced to spend decades catching up through costly misjudgments?

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