Heritage as an Alternative Driver for Sustainable Development and Economic Recovery in South East Europe

Cultural determinants of economic performance in Romania

Mariana Bălan a,*, Valentina Vasile a

aInstitute of National Economy, Calea 13 Septembrie no.13, Bucharest, Romania

Abstract

Max Weber, the Austrian School, and the institutional economists described the influence of culture on the economy. Culture may be regarded as an economic asset – a type of capital cultural. It is an intangible public good, shared by the members of a social group. International experts agree that cultural action is an effective factor for social and economic integration, a genuine way of promoting territorial cohesion and engine for local development. At the EU level, the Culture Programme 2007-2013 continues the previous Culture 2000 Programme. The goal of the European Commission is to promote a new approach to cultural action focused on its socio-economic role and on the creation of a common cultural space. It promotes cultural dialogue, the creation and dissemination of culture and mobility of artists and their works, European cultural heritage, new forms of cultural expression. This paper presents a brief analysis of the impact on economic development, at the national level and for development regions, of cultural factors and creative sectors in Romania. Both the direct effects (turnover generated by the creative and cultural sectors, their contribution to Romania’s GDP, their growth rate, the number of people employed in these sectors) and indirect effects (interdependencies with the information and communication technology, attracting investment and tourism development) of culture on economic development are analyzed.

Keywords: cultural factors; creative sectors; economy of culture; socio-economic impact.

1. Introduction

The historical developments and the culture of a country have a particular impact on the country’s economy (Greif, 1994). Moreover, the culture of a country strongly defines the history of economic development. Cultural perspectives provide researchers with references which exemplify values, attitudes, and behaviours that influence economic development. In any society, culture is a combined reflection of politics and economy. Also, culture may be perceived as a type of productive force. The study of the interdependency between culture and economic development is not new. The importance of culture for the economy was described by Max Weber, the Austrian School, and up to and by the institutionalism. The phrase “culture makes the difference” gains new meanings when

* Corresponding author. Tel.: +40-746-145-305.
E-mail address: dr.mariana.balan@gmail.com
we relate to a comparative study between states. Nevertheless, very often, the role of culture for the economic development of the countries is overlooked. Culture generates assets such as skills, products, expressions and insights that contribute to the social and economic well-being of a community. The cultural factor has considerable effects on economic growth. According to Sen, the cultural values upheld by a society will affect its efforts of economic development. Also, part of the specialized literature correlates culture with economic development. For instance, Geert Hofstede regards religion as a key element in economic development, and T. Veblen argued the individual’s wish of economic progress due to reasons pertaining to instincts originating in traditions and habits. G. Myrdal, in his works, considered some cultures as incompatible with the new world. For the last decades, a massive migration of individuals was recorded towards completely new and different places as compared with the native territory. Thus, whether the origin imposes a certain rigid culture or not, the fact that the individual lives in another environment will bear certainly some changes. What makes strong a culture is the insertion of its elements in each aspect of life. The culture presupposes religion, language, habits, conventions a certain way of regarding things, morale, folklore, the sentiment of belonging to a nation with certain features, and education. Practically, the environment in which the individual acts leaves its fingerprint on his way of acting, and of thinking.

Moreover, informal institutions (culture, habits, traditions) are changing most of the times into formal institutions (written laws) taking the official form imposed by the coercive force of the state. The significant difference consists in the long period of time in which informal institutions change against laws that may emerge with astonishing frequency particularly nowadays. The paper presents a brief analysis of the impact of cultural and creative activities within the EU and Romania, as well as of culture’s influence as factor of economic development.

2. Culture and European Integration

Already in the seventies were invoked the intangible values derived from the act of culture at European Union level, and still, culture gained an official status within the European integration only in 1991. Thus, in the Article 128 of the Treaty of Maastricht, which was embedded into Article 151 of the Treaty of Amsterdam, is provided: “the Community shall contribute to the flowering of the cultures of the Member States, while respecting their national and regional diversity and at the same time bringing the common cultural heritage to the fore”.

By the Community Programme “Culture 2007-2013”, which continues the preceding framework “Culture 2000” is pursued to enforce the article mentioned from the Treaty. Also, at EU level is promoted a new approach of cultural action, focused on fostering the creation of a common cultural room by promoting cultural dialogue, by creating and disseminating culture and artists’ and their works’ mobility, the European cultural heritage and the new forms of cultural expression and its socio-economic role, as well. In the year 2006, for the first time, the Belgian consulting company KEA European Affairs analyzed the economic power of culture and of the creative sectors (design, architecture, and creation in marketing) on request of the Directorate General for Education and Culture in 30 European states. The conclusions of this report highlighted the influence factors of culture on the economic, among which:

- in the year 2003, the creative and cultural sectors generated a turnover of over 650 billion Euros (more than twice as much than the car industry);
- the largest five European countries – Great Britain, Germany, France, Italy and Spain – cumulate almost three quarters of the production of the cultural and creative sectors at European level;
- the contribution of the creative and cultural sectors to the European Union’s GDP was of 2.6% for the same year, as compared with 2.3% in the case of the chemical, rubber and plastics industry, 2.1% for the real estate sector, 1.9% in the case of the food, beverages and tobacco industry, or 0.5% in the case of the textile industry;
- the development speed of the creative and cultural sectors was almost 20% in terms of value added between 1999-2003, that is 12 times higher than the one of the entire European economy;
- 5.8 million persons were employed in 2004 in these sectors, that is 3.1% from the total active labour force active within EU-25. The data provided by the “Cultural Statistics” from 2011 yet show a diminishment in the number of persons employed in the cultural sector by 36 pp, which makes that these represent 1.7% from the total active labour force within EU-27.
To these may be added also their indirect effects such as the interdependencies with the information and communication technology sectors, and with attracting investments and developing tourism. The community budget allotted to supporting cultural actions for the next seven years is of 450 million Euros. In order for Romanian initiatives to be considered under the incidence of the European Union Programme “Culture 2007-2013”, some specific form and content conditions must be complied with, respectively:

- financing may be requested by either public or private organizations, with legal personality and having their main object of activity in the cultural area and headquarters in a country participating in the programme;
- Romanian initiatives must aim to a series of concrete objectives, for instance: promoting transnational mobility of persons active in the cultural sectors; encouraging transnational movement of works of art and of artistic and cultural products; or encouraging intercultural dialogue;
- to this programme can participate actors from the 27 Member States of the EU, next to 3 states from the European Economic Area (Iceland, Norway and Lichtenstein), but also from the candidate countries (Croatia, the former Republic of Yugoslavia, Montenegro, Serbia, including Kosovo – under the reserve of the conclusions of the relevant Memorandum of Understanding which establishes the ways of participation for each state);
- reaching the proposed objectives provides eligibility for financing some: i) specific innovative and/or experimental actions that aim to encourage the emergence and dissemination of new forms of cultural expression, improving access to culture, promoting direct transmission of cultural events by making use of the new technologies of the information society, etc.; ii) integrated actions by multiannual cultural cooperation agreements with the purpose of creating in a time interval of 3 years some structured actions; iii) special cultural events that must have substance from the viewpoint of the purpose and which must contribute to increasing the feeling of pertaining to the same community (such as is the initiative “the European Capital of Culture”);
- standard criteria for evaluating the financing demands, used by juries consisting of independent experts are the evidence for the development and implementation capacity of a quality project that provides for European value and which addresses the objectives of the programme by disseminating and promoting the initiated activities.

3. Culture and Economic Growth in Roma

In Romania, the governmental priorities for the culture sector are stated in the Government Programme 2013-2016 and the objectives assumed by the Ministry of Culture by this programme are found again, comprehensively developed in the normative deed that establishes its organization and functioning: the Governmental Resolution no. 90/2010 with subsequent additions and alterations. In establishing the general objectives adopted and assumed by the Ministry of Culture for the last years was pursued to harmonize the priorities of the cultural sector from Romania with the strategies of the European Union.

The importance of culture as backbone of sustainable development leads to including this sector in the thematic priority Promoting Balanced Territorial Development. The purpose is to diminish development disparities between Romania’s development regions, next to reducing the growth rate of gaps between them and promoting balanced regional development. The provided support pursues to strengthen the local and regional business environment and developing the natural and cultural patrimony that would lead to developing tourism and the urban environment. In the last decade, in Romania, the protection of the cultural heritage is more and more related to the one of the natural patrimony. Even though this connection was already intuited in the works of drafting the UNESCO Convention for the Protection of World Cultural and Natural Heritage of the year 1972, only after 2000 it may be said that it became obvious that there can be no actions of protecting just the cultural heritage or only the natural one, when these are into an interdependency relationship, without affecting the sustainable development of the territory in which the respective heritage elements are found.

Thus, in the public discourse was introduced the link between the tourism market and the plus-value that it can generate on one hand, and the possibility of making use of these newly created economic resources for preserving the heritage which, thereby, turned into a resource. From the perspective of Romania’s development strategy, the national cultural heritage may be the most important cultural resource that can generate sustainable economic development and can actively participate to fighting social exclusion through the prism of its cohesive valences.
Next to inducing accomplishment at personal level, creativity constitutes a primordial source for innovation which, in turn, is acknowledged as one of the key vectors of sustainable economic development. Creativity and innovation are essential for developing enterprises, and for the capacity of an economy to enter into competition at international level. Also, partnerships, between the business community and the different levels and sectors of education, vocational training and research can contribute to ensuring better concentration on necessary skills and competences on the labour market, and for encouraging innovation and entrepreneurial spirit in all forms of education.

Currently, in Romania is still found a lack of understanding at the level of the formal education sector about the development potential for the society that cultural and artistic education hold. The radiography of the system indicates the existence of certain formalism regarding the approach of artistic and cultural education, both from the perspective of curricula and, especially, with respect to used instruments. Far less are the instances in which participative methodical is used and the local artistic community is integrated into the cultural “alphabetization” process, of decrypting and understanding the various forms of artistic expression, so as to determine inquisitiveness, participation and appreciation and, consequently, the independent consumption or cultural goods and services. The various projects developed in this respect some benefiting also from a consistent know-how transfer from the partners have proved the value added of such integrated approaches.

The most important cultural supply from Romania is provided by the public system of culture, which is by the specialized means of the public cultural institutions financed directly by the Ministry of Culture or by the local authorities. Thus, we find that even after twenty years from the materialization of the legal opportunity to build up a private offer, the public cultural institutions continue to have the main position in generating and supplying cultural goods and services. The attempt of the civil society to crystallize in the last couple of decades an alternative to the institutional culture did not show but accidentally, because of the lack of coherent and constant formulas of supporting the contemporary independent creation.

With respect to the institutional system, although it underwent several changes these are still insignificant in relationship to the dynamics of the contemporary society. By effects of the special law (Governmental Ordinance no. 21/2007 with subsequent amendments and completions), in Romania there are several types of entertainment institutions: theatres (classic, children, puppets and varieties), opera and musical comedies, dance assemblies, folklore assemblies, philharmonics, chamber/folklore orchestras.

Regarding the cultural infrastructure, available at the level of Romania’s development regions, it may be said that these differ from one region to the other. The most cultural resources are found in Bucharest followed closely by the North-East region. At the opposite pole is positioned county Ilfov, considered as the area lest wealthy in this type of resources. For the sectoral policies and strategies, in their quality of cultural infrastructure users, the buyers and consumers of cultural goods and services of young age are an important group. Also, youths are an important category as well of active participants and art creators. The issues of youth are closely related to the development of the creative sector as they are important actors in creative industries such as music, film or television.

The analysis of the current situation of youths in Romania from the perspective of culture takes into account the general trends at European level. According to the data provided by the Cultural Consumption Barometer realized by the Centre for Research and Consulting in the Field of Culture from the year 2012, the youths have the highest frequency of attending cinema, variety, music and opera shows as compared with the other age categories.

Within European countries, approximately 34% of youths between the ages 15 to 24 years use internet for acquiring and listening to music. In the case of Romania the percentages are comparable, 35.1% from the young respondents stating that they use internet as main source for acquiring music, and 31.9% from them make use of internet services for downloading movies. The last decades of the last century were marked by major changes in the field of information techniques, leading to the creation and development of the information society the essence of which consists in the integrated, massive and generalized use of information and communication technology in all fields of economic, social and cultural life, including within public administration, material and artistic production, services, etc. In this context, digitalization of cultural resources is regarded both at European and national level as a key factor that can contribute to the improvement of accessibility and un-fragmented information flow to a knowledge economy. Once transposed into an electronic format, the cultural, scientific or educational heritage can turn into a resource for a wide spectrum of information goods and services, in sectors such as education or tourism. Therefore, on long term, it is considered that digitalization of cultural resources and providing for a single platform of access within a digitalized library represents an approach with a considerable economic potential that can lead to increasing competitiveness.
In analyzing the situation of Romania the diversity of the cultural services and goods which are managed by public institutions must be taken into account in relationship to their weak digitalization and technology at regional and local level. Thus, in accordance with the data provided by the National Institute of Statistics in the year 2011 the number of museums and collections exceeded 700, and the number of libraries in the country was of 11,630 from which 2,876 public libraries. At the same time, the National Archives of Romania have over 42 county services, and the de-concentrated services of the Ministry of Culture operate at the level of each county. In Romania, the information circuits are still not well-defined and the inter-operability degree thereof is low, so that several institutions in the field of culture hold and manage separately the different databanks (the National Institute of the Patrimony, the National Archives, the national and university libraries). The existing databanks have a marked redundancy character, their content overlaps partially and they are updated from different information sources and with varying frequency due to the lack of documents for formalizing the information flows.

A good indicator for the digitalization degree of Romania’s cultural resources is the contribution of our country to the European Digital Library. Currently Romania contributes with 35,852 displayed digital objects. As compared to Romania, other Member States of the EU have a much higher display of digital objects (Figure 1).

![Figure 1. Contribution of digitalized cultural resources of European countries to the European Digital Library, 2011](image)

During the last years, *creativity and creative economy* began to take an increasingly important role in stimulating innovation and in economic growth. One of the ways in which the importance of cultural and creative sectors is proved is the impact of cultural products on international trade. The international trade of cultural products is based on complex interactions between culture, economy and technology and contributes to strengthening the identity of a country. The market of cultural goods and services is one of the most internationalized, as *creativity* is not isolated at the level of a single country. The international trade of cultural products becomes more and more complex, due to globalization and liberalization of trade, but also because of the particularities of cultural and creative sectors.

The studies realized during the last years, show that the cultural and creative sectors are some of the most dynamic economic sectors, contributing decisively to sustainable development and social cohesion. The analysis of

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1 CCCDC, Contribuția industriilor bazate pe copyright la economia României 2006-2009, CCCDC, București.
trade exchanges of Romanian cultural products must take into account the international trends. The comparative analysis of the data at the level of 27 states from the European Union in the year 2009 highlights Romania’s position on the 24th place in the top of cultural goods’ exports and on the 20th with respect to the import of cultural goods. Therefore, for Romania, the cultural goods trade balance is negative as it is the sixth country from 14 countries with a level of imports higher than the export of cultural goods (Figure 2).

Fig. 2. Foreign trade balance for cultural goods, in the year 2009

The total volume of foreign trade of prints for Romania in the year 2009 increased by 16.7% against the year 2006. During this period, the export of printed material registered an increase by 30.9%, and the import an increase by 13.9%. The foreign trade of prints is on yearly increase and there is a very high probability that the positive evolution will continue even after the period of crisis. The prints’ trades balance records deficits for the entire analyzed period. In 2009, the total volume of foreign trade for musical instruments of Romania decreased by 6.6% against the year 2006. During this period the export recorded a decrease by 23.3% while import increased by 24%. Even if the trade balance for this category is positive, the value of the exports for these products is relatively low. With respect to the total volume of foreign trade in Romania in the case of CDs, DVDs and other optic supports, these decreased in the year 2009 by 48% against the year 2006. In this period the export recorded a decrease by 44% while the imports registered a decrease by 48%.

In the cinemas from Romania in the year 2009 were distributed 442 movies, from which 47 were produced in Romania (10.6% from total). Cinemas in Romania had cash-ins of about 20.51 mill. Euro. 98.2% from these cashing were realized by foreign movies (20.15 mill. Euro).
Conclusion

It may be said that there is at the level of all the components of the cultural and creative sectors an expectation horizon with respect to the future financing programming exercise 2014-2020, the anticipation being that it would solve the issues found during the current financial framework and that it would allow to cultural operators to actually contribute (with efficiency and efficacy) to achieving the objectives of the Union’s Strategy for 2020 and to build up a favourable environment to developing creativity and using the creative potential from Romania, in order to develop the cultural and creative sectors and for putting them, and culture as a resource and beneficiary at the core of the social and economic life and of the public policies.

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