

Our Creative Potential

Paper on Culture and Economy

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Culture and Science.

Summary

This purpose of this paper is to establish a link between two worlds...

The goal of this paper is to intensify the economic potential of culture and creativity by boosting the creative powers of Dutch trade and industry. This works two ways... on the one hand, the business community gains more insight into the opportunities offered by the creative sector, generating a wealth of ideas for the development and utilisation of new technologies and products. On the other hand, it encourages businesses operating in the creative sector to look more closely at marketing opportunities.

... because culture and creativity are of immense importance for the Dutch economy.

The cultural facilities available in the Netherlands are enormously diverse and of a very high quality. Also by international standards is there an abundance of creativity here. This means that the Netherlands holds a significant trump card: creativity is an essential element in a forward-looking knowledge economy.

The creative sectors are flourishing...

In the Netherlands the sectors in which creativity plays a pivotal role are referred to as the creative business sectors. The common, distinctive feature in this respect is that the main value of creative products is not in the material use, but in the significance the users derive from that use. The creative business sectors encompass the arts and cultural heritage, media and entertainment, as well as creative business services: design, architecture, computer games. This archipelago of sectors is flourishing in the Netherlands. Even now some 230,000 people are employed in it. The growth of employment in these sectors is above average. There is also a substantial 'creative production' component to be found in the wider business community.

...culture also has indirect effects...

A substantial level of cultural facilities also has indirect economic effects: it helps to make our towns and cities appealing for tourists and the creative class: managers, engineers, entrepreneurs, professional people, etc. In this way, our cultural heritage, and the performing arts in particular, make their contribution towards local economic growth.

...but there are also missed opportunities.

And yet we still take too little advantage of these economic opportunities. The main reason: creativity and the economy are thought to be worlds apart. The creative sectors and the other sectors meet up too seldom. Unknown... unloved. This is one of the reasons for the inadequate level of dynamism in the chain from initial creation to

marketisation. Creative business sectors receiving subsidy are far too unilaterally dependent on the government. They have too little access to private funding from philanthropists and sponsors, and their entrepreneurship is insufficiently developed.

The Dutch Cabinet is taking action by launching the Programme for the Creative Industry:

The point of departure for policy is that the preconditions for running a business – as is the case in other sectors and branches of industry – must be in order. The government already has several measures in place which are available to entrepreneurs. These measures must also be soundly linked up with the creative sectors. The cabinet also wishes to take the following lines of action:

1. establish active links

The cabinet wishes to encourage active links between the economy and culture, among other things by launching a programme that will bring the parties together: the *Creative Challenge Call*. The cabinet will earmark eight million Euro for project proposals from the sectors concerned and will publish the programme details in the near future.

2. improve the financial conditions for creative businesses

More financing opportunities will be made available to start-ups in the creative sectors. The financing opportunities currently available to small and medium-sized enterprises will be directed more specifically toward the creative sectors. Alternative sources of financing will also be made accessible for the arts and cultural heritage: investing in culture will be better embedded and strengths will be concentrated heavily in the field of cultural philanthropy. In order to realise the latter the cabinet will invest up to an annual €600,000 in a newly established bureau for cultural philanthropy.

3. improve the conditions for intellectual property

The cabinet will support an alternative licensing system, Creative Commons, with €700,000. The position of the author in the law applicable in the Netherlands with regard to authors' contracts will be strengthened. The cabinet will take measures to better inform entrepreneurs of the possibilities offered by intellectual property rights for protecting their creative works.

4. intensify internationalisation

The existing financial resources will also be put to better use in this field too. The cabinet wishes to latch on to boosting the position of creative exports, the mobility of art collections and international promotion, including the collective marketing of Dutch design. Incidental incentives will be made available by the cabinet to this end.

5. entrepreneurship and cultural management

The cabinet will initiate three lines of action in this respect: entrepreneurship in courses in the fine and performing arts with a one-off contribution of €600,000, incorporate incentives for entrepreneurship of subsidised institutes and give the responsibility for ancillary policy to the Kunst & Zaken bureau, for which €400,000 has been earmarked.

This paper is by no means the end of the line.

This paper is the cabinet's kick-off. And yet: the Programme for the Creative Industry, for which the cabinet has earmarked 15 million Euro, is both experimental and temporary. Members of the government will continue to keep a finger on the pulse to examine the Programme's effects and the accessibility of existing provisions for creative businesses. After further examination, the cabinet will look at whether the desired link between the creative sectors and the economy is permanent, or whether additional provisions will be necessary in order to establish and maintain that link.

The Interaction Between Creativity and Prosperity

Chapter 1

On the 4th of September 1993 Queen Beatrix of the Netherlands opened the Erasmusbrug in Rotterdam; a bridge spanning the Nieuwe Maas. This bridge, designed by architect Ben van Berkel and popularly referred to as the swan, connects the Kop van Zuid district with Rotterdam centre. “A bridge resembling a bird, a swan / a messenger from North to South / a bridge bearing resemblance to a harp of the gods / that brings together the songs of the South and the North”, according to a Rotterdam poet.¹ This bridge thus not only offers a passageway to cars, trams and pedestrians, but also has another significance. It places design and aesthetics at the centre of the world’s largest port. It gives the city allure, just like Tower Bridge, Pont Neuf and Ponte Vecchio, and makes a contribution towards economic vitality. The Erasmusbrug makes rejuvenation of a part of the city that had fallen into disrepair possible: the Wilhelminapier for instance, where unoccupied warehouses are being transformed into exhibition areas, and where attractive new buildings are being erected, such as the Luxortheater and the towering residential and business development Montevideo. Daily hustle and bustle has returned to Kop van Zuid, a district suddenly located in the heart of the city.

The cabinet regards this paper as a bridge; a bridge that reinforces the link between culture and the economy. By producing this paper the cabinet has the ambition to boost the level of interaction between culture and the economy because, ultimately, culture and the economy are allied domains which in combination are of great importance for the Netherlands.

Creativity as a source of prosperity

Prosperity is more than a question of economic growth alone. Prosperity is the ability of a community to meet a wide range of material and intellectual needs. In this perspective, culture is an essential component of prosperity in the Netherlands; and the significance of that component is growing. Emotional elements are to an increasing extent determining the value of goods and services. Design, marketing and other emotional aspects are increasingly influencing the generation of value at the expense of functionality – for instance the underlying considerations when purchasing a car or a pair of jeans. Culture as symbolic value, as the production of ‘significance’, but also more down to earth as functional design that enhances user-friendliness,

¹ Marian van der A (www.nieuwrotterdamstij.nl/read/september2002/indichtenbeeld)

keeps down production costs and facilitates distribution – is something difficult to imagine being without in today's economy.

This is more evident in some sectors of our economy than in others. In the United Kingdom these sectors are called the creative industries. They encompass the arts and cultural heritage, associated sectors in the field of media, entertainment and recreation, and creative business services: design, architecture, gaming. All are experiencing a thriving period of development. Creative activities are also playing an increasing role in other sectors. From motorcycles to corkscrews, from websites to head offices: design is becoming increasingly important.

Culture and creativity

The objective of this paper is: to boost the economic utilisation of culture and creativity in the Netherlands. To this end, the cabinet is focusing on creativity as a factor of production that results in exploitable goods and services.

This paper makes no normative difference between 'creative industry', 'cultural industry', 'art' or 'entertainment': it concerns all industries in which creativity is the crucial production factor. The fact that some people attribute greater artistic merit to certain sectors is completely irrelevant when looked at from a perspective of economic utilisation. The definition used here will be discussed in more detail in Chapter two.

In this document culture is not seen as the characteristic feature of a certain community, the values thereof, or as ethnicity. Nor is creativity under discussion as a source of process innovation – management techniques, new business models, etc.

By way of this paper the cabinet is building on earlier policy intentions incorporated in the *Beleidsbrief Cultuur 2004-2007 Meer dan de Som* (Cultural Policy Letter 2004-2007 More than the sum) (November, 2003) and the *Industriebrief Hart voor de Industrie* (Industry Memorandum: Heart for Industry) (October, 2004).

Some of the subjects in which culture and economy converge are only discussed briefly or not at all in this paper. The cabinet recently made its views known on specific sectors or subjects, or will make them known in the near future, for instance film, fixed book prices and national broadcasting stations.

Similarities

There are parallels to be found between culture and the economy in many respects. The essence of artistry is: experimenting with new forms and directions, taking risks.

An enterprising disposition is essential in artistic and creative activities. This is one of the fundamental interfaces between the economy and the cultural domain. It is not without reason that the American economist, Richard Florida, places both groups in the 'creative class'.² Another similarity is that businesses and institutes operating in the creative sector also benefit from a climate of open competition which is not crippled by monopolies and market power.

Ultimately, culture and economy meet in a combination of the above. A dynamic cultural and creative climate of a high standard makes the Netherlands more appealing as a country in which to stay, to work and to establish a business. From time immemorial has the Netherlands been famed for its culture, as the breeding ground for creative talent: from Rembrandt to Tiësto, from Berlage to Bruna. And yet this reputation was not achieved without a struggle. The sheen of the polder has become dulled over the past few years and now demands upkeep in the socio-economic sense. Hence the ambitious agenda drawn up by this cabinet. Yet there is a far wider significance: the realisation of an environment in which excellence and creativity is given latitude and support. An environment in which there is appreciation and tolerance for culture and creativity which by definition are linked to diversity and innovation. An environment in which the interaction between culture and economy has full play. This paper intends to boost that environment.

The link between culture and economy we feel is beyond dispute. The interaction between the manufacturing industry and design gives rise to commercially valuable new concepts and views. The business community helps the arts, as Maecenas, as sponsor out of enlightened self-interest, as patron and as customer. Since 1993 subsidised cultural institutions have been encouraged to set themselves up as businesses. Moreover: by far the greater part of what we call culture is enacted outside the subsidised domain.

Differences

Nevertheless, there is often a difference in practice, at least in mutual perception: the principle of profit is not dominant in all creative business sectors, certainly where the government plays a significant role in safeguarding the public interest. However similar they may seem, the entrepreneur and the artist sometimes operate in separate worlds. This is quite understandable: after all, cultural policy also focuses on artistic research and experimentation, meticulous conservation, multiformity and top quality – with no profit motive. Yet quite erroneously this has led to the emergence of stereotypical images: as if the 'market' only has a negative effect on cultural quality, and as if 'culture' is concerned with subsidy addicts only. This makes it seem as if the

² Richard Florida, 2000, *The rise of the creative class*.

domain of the arts and cultural heritage are totally divorced from other sectors of the economy.

This difference is also evident within the realms of government policy. Promoting creativity as a source for creating value has not always been given the same amount of attention by economic policy-makers, and parts of the creative industry have not always found their way to the Ministry of Economic Affairs and its agencies. On the other hand, attention in national cultural policy was restricted mainly to those sectors on which the goals of the 'specific cultural policy' are focused.

Interaction

These differences in policy perspective bring us to the actual core of our views on utilising the economic potential of culture and creativity as we shall explain in this paper. Whereas the utilisation of economic potential is the goal, this paper still supports the objectives of economic policy. The goals of cultural policy are not the subject of discussion in this paper. The main element in this respect is to boost the interaction between cultural policy and economic policy in order to improve the link between culture and the economy.

Cultural policy makes a significant contribution to the quality of the Dutch community, to the prosperity referred to above. However, the cabinet also detects an increase in the significance of culture and creativity for the level of material prosperity. The attention government gives to creative sectors and activities is therefore not only justified on the basis of the public interests of cultural policy, but also on the basis of the economic value they represent.

In this paper the cabinet explains its views on culture and creativity from an economic point of view, particularly the position of the creative sectors. The generic preconditions for running a business successfully must be in order for all entrepreneurs, thus also for creative entrepreneurs. The cabinet encourages innovation both *within* the creative sectors and *through* the creative sectors. Obstacles that specifically stand in the way of creative activities will need to be removed. And in this respect, where the economic values of culture are applicable for cultural policy, cultural policy is able to create more latitude for entrepreneurship.

This paper

The cabinet will deal with the economic value of the creative industries and creative activities in the Netherlands in the next chapter of this paper. Chapter three subsequently deals with the government's role in improving utilisation of the economic

potential of culture and creativity. The cabinet then moves on to set out its policy agenda in Chapter four.

The Economic Value of Culture and Creativity

Chapter 2

Culture and creativity is a source of work and income for a substantial group of people. More and more businesses are flourishing by putting creativity to good use. Also cities, regions and nations are benefiting from the effect of culture and creativity. In short, culture and creativity are a symbol of economic value. This chapter provides the reader with an overview of that economic value on the basis of an extensive research programme that was conducted in 2005.³ The following subjects are dealt with in succession in this chapter: (1) the nature and direct economic significance of creative business sectors, (2) the direct economic contribution of creativity to the economy and (3) the indirect economic significance of culture and creativity.

Creative activities

Culture and creativity play an important role over the whole line of the economy. Creativity is the crucial production factor in certain sectors. While those sectors are referred to as the creative industry, we prefer to speak of the creative business sectors given that a considerable part of that industry is not engaged in actual industrial production.

The creative business sector relates to three sectors:

- **the arts:** the performing arts, the visual arts, cultural heritage and cultural events⁴
- **media and entertainment:** film, the audiovisual sector, language and literature and journalism
- **creative business services:** design, fashion, architecture, new media and games, advertising

Although there are major differences between (and within) creative business sectors they all have one thing in common: the main value of their products lies in the experience and significance the users derive from using them. In short, the creative industry produces experiential goods. Considering this emotional quality, intellectual property plays a central role in the creative sectors. Creative products are often initially in the form of concepts, ideas and formats, and only in the second instance in tangible

³ For this chapter use was made of Raes & Hofstede (eds.), 2005, *Creativiteit in kaart gebracht: Mapping document creatieve bedrijvigheid in Nederland*, Ministry of Education, Culture and Science and the Ministry of Economic Affairs, The Hague (www.cultuureconomie.nl).

⁴ Strictly speaking, cultural heritage relates not only to the arts but also to numerous historical subjects: a substantially wider scope. And yet the definition presented here follows the systematics of the research programme.

media (books, sound and picture recording media). In this respect digitalisation offers new possibilities – but also new dilemmas, especially in relation to the easy reproduction and high-speed distribution of creative concepts. The majority of enterprises in creative business sectors are small and medium-sized: enterprises with a workforce of at most 250. The nature of the creative process implies unpredictability and risk, certainly in those sectors where the initial creation involves high investments. Moreover, production costs are sunk costs: once they have been invested in production they can only be retrieved by exploiting the resulting creative product.

Yet there are considerable differences between the different creative business sectors. Creative products can be reproducible (CDs) and sometimes not (performances). The market for originals differs entirely from the market for replica. There is also a significant derivative market for reproductions: the reproduction of originals in the form of photographs, posters, sound recording media or merchandise. Occasionally the variable costs involved in distribution are low – partly thanks to digitalisation – and thus large-scale production is possible in these segments. Very few advantages of scale are to be gained in other creative business sectors and consequently in these sectors the businesses are only small. The role played by government can also differ enormously from one creative business to another. The government dominates parts of the market by providing the visual arts, the performing arts, film and television productions with direct financial incentives. Indirectly, the government also plays a role through regulations – for instance in architecture, the publishing trade, and for the preservation of monuments and historic buildings.

Definition

If we look at the business column of the creative business sectors we see three stages: the initial creation, tangible production, distribution and the retail trade. In creative business sectors the initial creation – the creation of significance or symbolic worth – is the actual core of the industrial process. The significance of creativity for the creation of value decreases proportionately. It can sometimes be difficult to differentiate between these various stages, and the contribution made by the aspect of creativity to the creation of value differs in each sector. In language and literature there is a clear dividing line between the author and his publisher; but in the case of a jazz concert, the initial creation and the tangible production are one and the same.

The question remains which components of the value chain are counted. For instance: should you regard only the author and the publisher as belonging to the creative business sector, or the printing firms and booksellers as well? For us to take this distinction into account we have devised both a strict definition and a more loose definition (see the table below taken from the *Mapping document*). In the branches categorised as 'creative business services', production, distribution and the retail trade

fall outside the scope of the definition of 'creative business sector' due to the much weaker link with the aspect of creativity.

The strict definition covers only those sectors in which the initial creation takes place. In 2004 a total of 150,000 people were employed in these sectors; two percent of the total number of jobs in the Netherlands. While the total number of jobs in the Netherlands increased by seventeen percent between 1996 and 2004, employment in the creative sectors grew by 34%.

The loose definition also includes several creative sectors engaged in production, distribution and retail, museums, booksellers and cinemas for instance. In 2004 there were 240,000 jobs in this segment, 3.2% of the total number of jobs, and the growth between 1996 and 2004 was 25%. This increase was apparently in the initial creation which carries more weight in the strict definition. One surprising element is that the share in employment seems to have declined slightly over the past two years. This could indicate that these sectors are more sensitive to the economic situation than the average.

Branches of the creative industry

<i>Creation</i>	<i>Tangible production</i>	<i>Distribution and the retail trade</i>
<p>The arts</p> <ul style="list-style-type: none"> • Visual arts and photography • Performing arts: music, dance, theatre • Leisure centres, organisation of cultural events 	<ul style="list-style-type: none"> • Visual arts and photography • Production of performing arts: music, dance, theatre • Reproduction and publication of CDs and DVDs • Leisure centres, multi-purpose buildings 	<ul style="list-style-type: none"> • Museums and exhibition areas, exhibitions, art auctions, art libraries, art galleries • Theatres and concert halls, multi-purpose buildings • CD and DVD stores • Leisure centres, cultural events, multi-purpose buildings
<p>Media and entertainment</p> <ul style="list-style-type: none"> • Film: Scenario, Script writing and other pre-production. • Idem for radio and television • Writing: novels, poetry, non-fiction • Journalism 	<ul style="list-style-type: none"> • Film production, incl. supporting activities • Production of radio and television programmes • Publishers and printing houses • Daily newspaper publishers and printers 	<ul style="list-style-type: none"> • Film distribution, cinemas, film theatres, video shops • Broadcasting organisations • Public libraries, booksellers • Public libraries, stores selling books, magazines and newspapers
<p>Creative business services</p> <ul style="list-style-type: none"> • Industrial design, fashion design, graphic design • Creative ICT: games, new media • Architecture, urban development design, landscape architecture • Advertising 	<ul style="list-style-type: none"> • Manufacture of furniture, clothing, spectacle frames, cars, etc., etc... • Creative ICT: games, new media • General civil and commercial and industrial building, project development 	<ul style="list-style-type: none"> • Trade in clothing, spectacles, furniture, cars, etc., etc... • Trade in computers and software • Project development, trading in real estate • Other advertising services

Explanation

Strict definition: creation

Loose definition: creation, tangible production, distribution and the retail trade

Not belonging to the creative business sector

Conclusion: while the actual size of the creative sectors in the Netherlands is limited, its importance is on the increase. To place this in perspective: the share in employment is greater than that of agriculture, chemicals, metal or the foodstuffs industry. If we look at the division of employment among the different branches, then particularly architecture, advertising, the performing arts, festivals and events, recreation and the book sector make a contribution. The fastest growing components are the performing arts and designers.

Less is known about the creative sectors' turnover and exports. Earlier studies suggest that the added value of the creative industry in 2004 was in the range of 8.4 billion Euro. The turnover for several important branches combined (architecture, advertising, film and media) was more than 1.5 percent of the total of Dutch trade and industry, plus the fact that there has been talk of a considerable increase since 1998. While exports from these business sectors are low, standing at 0.14% of total exports, it is on the increase.

Creative business sectors are no more and no less innovative than other business sectors. Twenty percent of the enterprises state that they are engaged in innovation. However, the greater part of the creative industries is engaged in non-technological innovation (more than 30%) compared with 23% of all businesses. Creative business sectors therefore make more use of copyright (17% compared with 5% of trade and industry as a whole).

Creative activities are concentrated in the northern part of the *Randstad*, in *het Gooi* and along the A2 corridor. Other conspicuous hotspots are the Arnhem/Nijmegen region, Deventer and parts of Groningen and Friesland. A number of cities stand out because of the fact that creative activity there takes up a considerable share of the total employment, especially in Hilversum.⁵ In Amsterdam, Amersfoort, Arnhem, Utrecht and 's-Hertogenbosch the creative sector grew by more than 50% between 1996 and 2004 (strict definition).

Creativity in the economy

⁵ Loon op Zand stands proudly at the top because of the Efteling (a Dutch theme park).

The economic significance of creativity is not limited to the creative sectors alone. Creativity is one of the components of the business process in other sectors too: many designers are employed in the metal industry for instance. Seven percent of all businesses state that they have innovated by making aesthetic modifications to their products. Nevertheless, it is interesting to note that this differs only slightly from the number of businesses in the creative industries that pursue such innovation (8 to 9%) Five percent of all businesses protect their products by copyright, while 4% says to make use of designs and models law. As far as is known, income from copyrights has increased since 2000.

If we look at the entire working population, we see that 0.9% are employed in 'artistic professions'. These groups consist of writers, designers and modellers, interior architects, composers and musicians, directors, painters and sculptors, photographers, dancers, performers and actors.

A great deal of attention has recently been focused on the so-called creative class, partly thanks to Richard Florida's study referred to earlier. His creative class not only comprises artists, but also managers, civil servants, engineers, medical practitioners, teachers and lawyers. The share of the creative class in employment, depending on which definition is used, is 29 to 47% in the Netherlands. This is a higher figure than in many other European countries and the United States.

The indirect economic significance of culture and creativity

The economic value of culture and creativity goes further than the number of people earning a living in the creative sector. For instance, creative business sectors have links with other sectors of the economy. They purchase articles from other businesses and they produce for other businesses. About 45% of the gross production from creative business sectors is delivered to other businesses in the Netherlands. The total effect in the case of suppliers is even higher. Each Euro of extra production in creative businesses leads to a 55 to 90 cents higher production elsewhere in the economy.

For the purpose of this paper a study was carried out into the indirect effects of culture and the economy. In the first place we looked at the effects of the presence of creative business sectors on the aspect of image, including art and cultural heritage. The underlying theory was that the creative business sector could generate knowledge spillovers or creativity spillovers, thus boosting productivity growth in other sectors. The presence of art and cultural heritage could have a pulling effect on other activities and consequently might also have an indirect effect. The results of that study suggest that there are beneficial effects on the growth of employment, but that they are all

totally accountable to Amsterdam. If Amsterdam is left out of consideration, then there are no visible effects at all. The presence of spillovers from creative innovation is neither confirmed nor contradicted in the literature.

In the second place, the study shows that the presence of the creative class does have visible economic effects. It is indeed apparent that employment growth is higher in municipalities with a relatively high population of creative individuals. The effect of the creative class is even stronger in terms of developing new business activity. It is also apparent that cultural heritage (in the sense of historical inner cities) and facilities in the field of the performing arts also contribute towards the attractiveness of these areas for this category of people to live in, and thus indirectly towards economic growth.

And last of all, culture has an effect on tourism. The import value of tourist services is considerable: six of the seven visitors to the Van Gogh Museum come from abroad – a total of 1.3 million per year. This indirect economic effect is also measurable in major festivals and historical inner cities.

Conclusion

What is the picture that emerges from the research programme? The creative industries is an archipelago of sectors, with the common characteristic that the main value of creative products is not in their material utilisation but in the significance the users derive from that utilisation. Although the share in terms of turnover and employment is only moderate, there is still an above-average growth. There are also regional peaks evident, especially in the capital. While no link was ascertained between the presence of the creative business sector and local economic growth, it is apparent that a substantial number of cultural facilities does contribute to the appeal of a city for the creative class. Cultural heritage and (particularly) the performing arts thus contribute to local economic growth.

A Role for Government

Chapter 3

Like the Innovation Platform, the cabinet is also of the opinion that the economic potential represented by culture and creativity is not utilised as well as it could be.⁶ This means that we are missing opportunities – not only for the creative business sector concerned, but also with regard to the competitive strength, the innovative capacity and the prosperity of the Netherlands.

In this chapter the cabinet sets out its views on the government's role regarding the economic utilisation of culture and creativity. Chapter 4 deals with the policy development thereof. That this role must clearly be substantiated was also evident from the note contained in the Innovation Platform's report on the creative business sector: this sector has achieved success over the past few years without specific government policy. Moreover, the government's role is not evident because other administrative layers, such as local councils, also fulfil a major task in this respect. In many cases it has been the large towns and cities that have put creative business sectors on the agenda.

Best practice: Huis van Bourgondië

The theatrical production house, Huis van Bourgondië, couples artistic achievements with cultural entrepreneurship and consequently supports artists in artistic and business matters. It is a meeting place for young theatrical talent and producers that dare take artistic risks. With its *Cultureel Ondernemen, Leren Doen* project [Cultural Entrepreneurship, Learn How] Huis van Bourgondië is providing a new sort of support for artists. Artistic ideas are supervised from a marketing line of approach. Theatre-makers and producers devise and execute, for instance under supervision, activities such as attracting sponsors or organising special evenings for theatre-lovers. Involving theatre-lovers and sponsors in production house activities offers the advantage that opportunities for new activities and alternative sources of financing can be explored and discussed. Attention is devoted actively to widening their audience. By advertising in different areas, by making maximum use of new communications technologies, such as the Internet, digital newsletters and email, and through the active participation of Huis van Bourgondië in students' events and by working closely with the Faculty of Arts and Culture of the University of Maastricht, Huis van Bourgondië is attempting to get itself known among a wider public. The project will run for a period of two years and is supported by the VandenEnde Foundation, the VSB fund and the Ministry of Education, Culture and Science. The experiences and conclusions of the project will be disseminated for the benefit of future theatre-makers, other institutes and courses in the fine and performing arts.

In the opinion of the cabinet, the supply of culture and creativity in the Netherlands is in order. Also according to international standards are creative talent and cultural facilities of a high standard and widely varied, partly thanks to an active cultural policy at both decentralised and central levels and the high standards of Dutch courses in

⁶ Innovatieplatform, *Creativiteit, de gewichtloze brandstof van de economie*, September 2005.

the fine and performing arts. The main challenges are therefore not to be found in aspects of supply. The issue is rather to eliminate the obstacles in the chain from creation to marketisation – also in the international dimension – and, where necessary, to give specific incentives. To a certain extent these obstacles are similar to those in other segments of the Dutch economy. The wider reforms launched by the cabinet in the socio-economic field are thus important for the economic utilisation of culture too. The implication of this, however, is that whereas existing provisions in the field of the economy are currently seldom used by creative industries, the cabinet wishes to facilitate accessibility to them. The cabinet also envisages a role for the government in latching on to specific challenges concerned with the characteristics of creative activities and the creative and cultural chain. The actual formulation of cultural policy also plays a role in this respect.

Knowledge of entrepreneurship in creative industries

That there is a good supply of creativity in the Netherlands does not necessarily mean that this creative talent always has sufficient baggage to market its conceptions and ideas. Entrepreneurial skills among start-ups in the creative sectors are apparently often limited. It would also appear that businesses in the creative sectors are not always aware of the opportunities they could have by working together with other businesses. This lack of knowledge is partly connected with the limited emphasis given to commercial skills in courses in the fine and performing arts. A role is also played by the relatively low level of organisation in the creative sectors.

Best practice: HEMA

The Dutch department store, HEMA, was founded in 1926 for customers with a small budget and since then has grown into a well-known chain store in the Netherlands. The specific application of creativity has always played a significant role in that growth. There is a strong element of competition among chain stores, and distinguishing your business from others is an absolute must. Since the nineteen-eighties HEMA has chosen to distinguish itself by giving its stores and products a unique image. HEMA sells only its own brand of products, and the design of those products is important. This also applies with regard to the outward appearance of the stores and their advertisements. In other words, creativity plays an important role in HEMA's business philosophy. HEMA's success with that philosophy is evident from, *inter alia*, the Sikkens Award that went to HEMA in 2004. The Sikkens Foundation presented the award to HEMA because the company is 'a shining example of a chain store which gives constant attention to colour and design of its product range'. Packaging, shop furnishings and website were also taken into consideration in the jury's evaluation. The report praised the "contemporary design" and the contribution to "the day-to-day culture in the Netherlands". HEMA shows evidence of its link with the design sector through the design competition it has organised since 1983 for young designers. The intention is to incorporate winning designs into the product range. This has meanwhile become one of the leading 'leg up' opportunities for young designers.

Knowledge of the economic potential of creativity in trade and industry

This unfamiliarity is also evident within the business community as a whole. Businesses throughout the entire breadth of the economy are still not very convinced about the possibilities offered through interaction with creative business sectors. For instance, there is sometimes little awareness of the key role that design can play. Whereas there are some successful examples of cross-overs to be seen, the potentially beneficial interaction between the creative and other sectors is still scant. Unfamiliarity also plays a role with regard to opportunities for funding; even well-established, successful creative entrepreneurs report that access to risk-bearing capital is blocked because of unfamiliarity with the creative sectors among the providers of financial services. Subsidised institutions find it even more difficult to acquire venture capital, for instance for the development of a semi-commercial sideline. Unfamiliarity, plus the mutual image, also contributes in this respect. This also plays a major role with regard to philanthropy, at the crossroads of the needs of cultural institutions, the societal involvement of wealthy citizens and businesses and the public importance of a cultural sector which is oriented to the community.

Best practice: Frequentie 1550, the city as arena

New media are used more often in today's schools. Partly thanks to the availability of good infrastructure students are now using computers both in the classroom and at home. And yet computers and new media are still regarded as an educational tool and have not yet become an integrated part of teaching methods. There is still too little use made of additional multimedia, interactive, communicative and creative possibilities offered to education by the new media. In association with the Montessori comprehensive school in Amsterdam and KPN Mobile, Waag Society has launched a mobile learning pilot: Frequentie 1550. Frequentie 1550 is an educational city game, a game in which pupils form groups to explore, conquer and map their immediate surroundings in a multimedia environment by making use of mobile telephones, GPS and online computers. The gamers collect the necessary data (sound, photos and video) and forward it to the home base by broadband wireless communications. The home base determines the strategy to be taken and knows the players' exact locations. Frequentie 1550 is an active and contemporary form of collaborative and constructive education, aided by modern media technologies which young people find appealing. The intention of this experiment is to offer a new form of education based on a quest/exploratory game in which pupils are encouraged to play an active role through arranged (virtual) encounters. The objective of the pilot is to study the possibilities for combining the shape elements of mobile gaming with educational goals. The parties involved see this pilot as a means of gaining experience with this new field of application.

Determining whether the mutual timorousness needs to be changed is the prime responsibility of the businesses and organisations concerned. But in those cases where a role is played by the aspect of unfamiliarity between worlds which are far apart, the task of initiating recognition and interaction is set aside for the government. Furthermore, the government will contribute towards the potential of creativity being given more attention in education – from ROC to university.

Familiarity with and accessibility to existing instruments

Lack of familiarity also applies with regard to the awareness of current arrangements offered by the government to support entrepreneurs. The government has 'instruments' available for various bottlenecks that affect a wider section of the economy. For instance: instruments that help to overcome problems facing small-scale business activities, that offer support to innovative start-ups, boost exports or help to advance international reputation.

Issues such as these are also evident in creative business activities. It is often small businesses that are affected in the creative sectors. The symbolic and transient characteristics of innovation in these industries make them risky. Sponsors are often baulked by what can sometimes be considerable investments required for initial creation.

Internationalisation can be a matter of economic survival for certain creative activities given that the national scale is too small to recoup the fixed costs. At the same time, the small-scale character of some businesses, the language-linked supply of products, plus the cultural differences between countries, makes it difficult for publishers and film producers, for instance, to embark upon international markets.

Best practice: export sounds promising

Together with the Dutch Embassy in Berlin, Conamus, the National Pop Institute, and the Netherlands Foreign Trade Agency joined forces for the international Popkomm exhibition. The goal: to bring Dutch groups and businesses operating in the music and entertainment industry into contact with German partners. The embassy had taken the initiative of actively bringing a niche of the Dutch export package into the limelight in Germany. Dutch groups singing English and German lyrics have become increasingly popular over the past few years partly thanks to the efforts of Conamus who, together with the National Pop Institute, launched a special project – MusicXport.nl – to help Dutch vocalists to break into the German market. MusicXport.nl is financed by Conamus and Buma and HGIS funds from the Ministry of Education, Culture and Science and the Ministry of Foreign Affairs. A selection of vocalists and groups is made on an annual basis. They are then given assistance in the form of promotional support, are given advice and efforts are being put into building up a network to generate performances and boost CD sales. One of the groups supported through MusicXport.nl is the gothic act Within Temptation. This group, last year's winner of the Export Award, has meanwhile been presented with a gold disc and pulls in capacity audiences. A report drawn up by the Dutch Embassy about the music and entertainment industry in Germany states that there are not only export opportunities for live music but also for the supply of equipment for recording studios and music DVDs.

Nevertheless, it still appears that entrepreneurs in the creative industries are slow to avail themselves of the existing instruments. The cabinet envisages reasons for change in two areas. First, the existing set of instruments – which are primarily the responsibility of the Ministry of Economic Affairs – can be better brought to the attention of the creative business sectors. Second, accessibility to and focus of the facilities available for the creative business sectors will be increased. Among other things, this is the case with regard to the facilities for start-ups and the intermediary function between businesses and knowledge institutions. Knowledge centres where creativity plays the central role will also be involved. The current goals within the

framework of international and cultural policy are inadequately coordinated. The government also has the need to unambiguously and firmly stress the distinctive features of the Netherlands in the international arena: demonstrating the creative powers of the Netherlands in foreign countries helps to strengthen the image of the Netherlands and the Dutch creative sectors.

Encouragement

Is it sufficient to simply bring knowledge up to standard? The cabinet is convinced that more and specific encouragement is required in order to provide creative business sectors with the boost both the cabinet and the Innovation Platform see as necessary. Entrepreneurs, businesses and cultural institutions must be given active encouragement to harvest the potential fruits of their creative concepts.

The most important incentive for creative achievements is that they can be protected as intellectual property – without that protection becoming a harness that frustrates other, alternative business models. A producer is sometimes more interested in achieving a wider use of his concept than in quick profits, thus gaining more awareness among users, or to establish a standard with a view to profit at a later date. Creative sectors also indicate that such protection can be problematic, partly as a result of ICT, and that the application of copyright deserves improvement.

Best practice: creative industry and industrial heritage

Old industrial buildings form the décor for new activities among businesses and institutes in the creative industries. The Van Nelle factory in Rotterdam is widely known in this respect. New businesses in the creative industries have established themselves in the *Van Nelle Ontwerpfabriek* [Van Nelle Design Factory]. Businesses operating in the fields of architecture, design, ICT, communications and graphic design are grouped together in this building, providing them with numerous opportunities to create synergy. Experience shows that the exchange of ideas and experience, drawing on one another's expertise and joint ventures are easy to realise in such a climate. This monumental building has been given a new lease of life, offering opportunities for further development of the urban environment. Another example is the *Westergasfabriek* in Amsterdam.

Cultural facilities form a significant part of the plans for developing industrial heritage. Also the establishment of small businesses is a recurring element. Especially start-ups are able to benefit from an environment in which they can draw on contact with other entrepreneurs. Initiatives of this sort are currently under development in several municipalities. Examples being the Philips complex *Strijp S* in Eindhoven, which is being developed into a completely new residential and business area, and the ENCI buildings Noord in Maastricht.

Then we have the role of subsidies in cultural policy. Unilateral dependence on subsidies has undesirable side effects. Subsidy tends to work as accreditation, and *vice versa* the absence of subsidy as a certificate of insolvency. This contributes towards the image that the utilisation of economic potential is inferior for art and culture. In this way, the focus of subsidy committees on consensus stands in the way of innovation. It is only right that creative study and experimentation is conditional

across the entire breadth of the creative business sector. Not only in the visual and performing arts is success measured in terms of sales or profit alone, but also on originality, authenticity, daring and ambition, but also in the more 'commercial' sectors such as architecture, design, film and television productions. And yet: this limited role of the market has given rise to two misunderstandings regarding entrepreneurship. Quite wrongly, it would appear as if a subsidised existence is the highest level that can be achieved. And equally wrongly, it seems as if public success is inevitably equated to low quality. These distorted views can be watered down by developing alternative forms of financing for the cultural sector.

Best practice: museums as brand

In the 1990s prices rocketed for works of art produced by Van Gogh. The Van Gogh and Kröller-Müller museums took advantage of this increased amount of attention and since then have started to market their products specifically, both regarding aspects of content and business. For instance, by way of and during major Van Gogh exhibitions held in the Netherlands as well as in the United States and Japan. This has widened the Van Gogh 'brand' in the international dimension, linking it to these two Dutch museums. These efforts have led to 'an infallible brand' with enormous tourist pulling power and increased (international) demand. Both museums are bringing in substantial income from the museum shop and by exploiting photographer's copyright. Exhibitions held in other countries also generate income. The 'Van Gogh' brand image is not only beneficial for the museum itself but also for the City of Amsterdam, the Hoge Veluwe national park and the Netherlands as a whole. One example of more recent date is an exhibition that was held in the Rijksmuseum van Oudheden where they have taken advantage of the increased level of interest in mummies. An exhibition has been unfolded for use by the museum itself as well as in the international dimension. America has shown a great deal of interest in renting this mobile exhibition. Commercial exploitation is currently under preparation, use being made of the expertise built up by the Van Gogh museum.

For this reason, it is advantageous if cultural institutions are able to generate additional income, such as public income, assignments, donations, investments and sponsorships in addition to their own income and subsidies. The importance of sound management (cultural governance), professionalisation and cultural entrepreneurship is consequently being stressed more and more in cultural policy. This benefits the societal embedment and economic utilisation of culture. Yet at the same time it also gives rise to dilemmas for some cultural institutes. On the one hand they are given support for those tasks the market itself fails to realise. On the other hand, they are encouraged to set foot in the market.

Achieving success among the public can mean less dependence on financial support from the government. Parties concerned in this respect see this as a 'punishment' for their success. It can also imply a decrease in the direct target group's appreciation of the cultural establishment concerned.

Climate for establishing a business

Entrepreneurs in creative sectors are faced with similar obstacles as those facing entrepreneurs elsewhere. For instance, the limited amount of flexibility in labour

market regulations which cause problems due to the often thematic character of activities in the creative business sectors. Recruiting people from abroad is also problematic. This relates to workers who generally earn less than the minimum income limit for knowledge workers. Creative businesses have an interest in a healthy climate for establishing a business within which the pressure of regulations and the administrative burden is no higher than strictly necessary.

Moreover, the creative business sectors are themselves responsible for contributing to the quality of the climate for establishing a business. The presence of cultural facilities, such as the performing arts and cultural heritage, has an effect on urban economic development. Such facilities make our cities attractive for the creative class in which to take up residence. This particularly justifies the active role already played by local governments.

Conclusion

The cabinet wishes to reinforce the economic utilisation of creativity and culture, the main goal being to improve the limited amount of mutual awareness. This will benefit the link between the creative industry and the rest of the business community. Of concern here is familiarity with entrepreneurship and the existing economic regulations among the creative business sectors. And, *vice versa*, familiarity with the creative business sectors among the agencies concerned. It goes without saying that the creative business sectors benefit from a sound investment climate. On balance, it is advantageous to uphold the specific incentives that guarantee, for instance, intellectual property, encourage cultural entrepreneurship, encourage the tradition of donation and improve the urban climate for establishing a business.

In the following chapter the cabinet presents a policy agenda that focuses on the foregoing: a programme for the Creative Industry.

A Programme for the Creative Industry

Chapter 4

The cabinet is introducing a set of related policy initiatives in order to realise the ambitions formulated in this paper. Jointly, these initiatives assume the character of a Programme for the Creative Industry as was presented by the Innovation Platform in its advice *Creativiteit, de gewichtloze brandstof van de economie* [Creativity, the weightless fuel for the economy].⁷ This Programme for the Creative Industry is focused on the entire breadth of the creative business sector: from creative business services, through media and entertainment, to the arts and cultural heritage. Parts of the programme also focus on the adjacent business community. The programme is in line with various other policy intentions in the fields of both industrial and cultural policy. At the end of 2004 the cabinet presented its views on industrial policy⁸ and in early autumn, 2005, its proposals for a revision of the Policy Document on Culture.

Industrial policy

The cabinet presented its views on industrial policy at the close of 2004. The object of this policy is more flexibility for the Dutch business community to adjust and innovate. The government is helping to establish an arena that offers businesses the latitude to develop themselves both in the national and the international dimension. The cabinet wishes to ensure of this latitude by taking three lines of approach:

1. The preconditions are in order. The investment climate must enable start-ups to set up a business, enable existing businesses to establish themselves in the Netherlands and develop themselves further. To this end, legislation and regulations must be designed efficiently, capital markets must operate quickly and efficiently, and businesses must have access to well-trained and productive personnel at a reasonable cost.
2. A strong innovative capacity. Innovation of products, services and processes is of immense importance for a sound (international) competitive position. To achieve this it is essential that knowledge development, a good level of collaboration and mutual communication between public and private parties is in place.
3. Giving attention to specific sectors or groups of businesses. In practice, generic applications often have a different effect in different lines of business. There are also bottlenecks that emerge only in a specific sector or group of businesses (such as start-ups, developers). The cabinet will do its utmost to solve these bottlenecks.

This industrial policy is generic: it is applicable to all sectors of the economy and thus also to the creative industry and production.

⁷ Innovation Platform, *Creativiteit, de gewichtloze brandstof van de economie*, September 2005.

⁸ Paper on Industry *Hart van de industrie*, Parliamentary Document 2004-2005, 29826 No. 1

Also included in the new museological strategy are elements that connect up with those principles that have played a central role in the re-evaluation of the Ministry of Economic Affairs' set of financial instruments.

What has the cabinet already initiated?

Some of the obstacles facing creative entrepreneurs are similar to those facing other entrepreneurs, such as throttling regulations and high administrative expenditure. The cabinet has drawn up an inventory of these problems and is indeed tackling them. Measures were announced in the policy document *In actie voor ondernemers!* [Coming into action for entrepreneurs!] to counteract contradictory regulations, to bring down the administrative burden for entrepreneurs and to facilitate the regulations governing the hiring of personnel. Since then, various activities have been undertaken to reduce the number of conflicting regulations, the *Meldpunt voorgenomen regelgeving* [the so-called Proposed Legislation Desk] has been intensified, through which the competitive position of the businesses community can be taken into consideration in political decision making, and the *Task Force Vergunningen* [Licences Task Force] has put forward detailed suggestions for improving the procedures for granting licences.

Cultural policy

Cultural policy is established in the Specific Cultural Policy Act and protects the public interest in the field of the arts and cultural heritage: the quality and diversity of the supply and the societal and geographical dissemination thereof. Market failure is also the reason here: without public efforts the market would fail to realise the goals mentioned. The main instrument is the four-yearly subsidy for operational costs for cultural institutions, established in the four-yearly Policy Document on Culture. There are also specific fiscal instruments, such as those for films (investment tax credit), literature (fixed book prices), monuments (tax relief on maintenance), the performing arts and museums (tax relief on cultural investments). Ancillary policy is also in place in several fields, such as *cultural governance*, the sound management of subsidised institutions.

The cabinet has taken initiatives to improve the preconditions for entrepreneurs in other areas too. For instance, a consistent agenda for the Netherlands over the next few years has been drawn up in *De Groeibrief* [Paper on Growth].⁹ The purpose of this agenda is to secure prosperity and essential collective amenities for the future. The measures contained in *De Groeibrief* are focused on labour costs, labour participation and productivity. To make it possible for Dutch businesses to recruit knowledge workers from abroad, in November 2004 the cabinet retracted the labour market test

⁹ *Kiezen voor Groei, Welvaart voor nu en later*, Parliamentary Document 2003-2004, 29696 No. 1

so that knowledge workers can now be admitted into the Netherlands more quickly. The cabinet also launched the *Actieprogramma Ondernemerschap en Onderwijs* (Action Programme for Entrepreneurship and Education) in order to devote more attention to entrepreneurship in education. Within this framework, the *Leren Ondernemen* Partnership was established in November 2005.

The cabinet, in collaboration with three universities of technology (Eindhoven, Delft and Twente) and local councils, is setting up *Kansenzones* [Empowerment Zones] for start-ups and fast-growing businesses. Experiments will be launched in these *Kansenzones* for the purpose of improving services available to new and growing businesses.

In its paper *Pieken in de Delta* [Peaks in the Delta] the cabinet stated that it would put a great deal of effort into boosting the competitive strength in all provinces.¹⁰ The cabinet wishes to utilise economic opportunities in all provinces by eliminating all province-specific obstacles of national importance and sets out the opportunities in all provinces which it intends to realise in alliance with other governments and businesses. Choices will be made for each province so as to prevent government funding from being squandered and to facilitate the specific use of administrative energy. These choices will be made in line with the current comparative advantages of all provinces. For instance, the creative industries have been pinpointed as the spearheads for the northern area of the Randstad, and projects at the interface of design and technology can be submitted in the south-east of the Netherlands.

Initiatives have also been developed in cultural policy to boost entrepreneurship. The paper *Een ondernemende cultuur* [An enterprising culture] placed the importance of cultural entrepreneurship on the agenda in 1999. A variety of initiatives have been taken subsequent to this paper. Cultural institutions applying for subsidy based on the Policy Document on Culture are subjected to scrutiny in terms of professionalism. An 'own income' requirement has also been introduced for organisations in the performing arts. Fifteen percent of the income must be financed by private means (including public revenues). In addition to these broad measures, several support institutions charged specifically with the professionalisation of cultural organisations, including Kunst & Zaken, Atana (cultural diversity and management professionalism) and Kunstenaars en CO, are funded via the Policy Document on Culture.

To conclude, the cabinet has also worked on the aspect of creativity from the urban perspective. Towns and cities wishing to attract creative workers will need to offer these people an attractive environment in which to live. Relevant in this context is a study on the subject of *Spannend wonen: (top-)woonmilieus voor expats* (Exciting residences: (top) residential environments for expats) conducted by the Ministry of

¹⁰ *Pieken in de Delta* (Peaks in the Delta), Parliamentary Document 2003-2004, 29697, No. 1

Housing, Spatial Planning and the Environment. This study was carried out in response to the second meeting of the so-called Randstad initiative in August 2004 which focused on reinforcing the international competitive position of the Randstad and Schiphol. The points of departure this study offers for specific measures to make the living environment more attractive will be looked into later this year. Furthermore, within the framework of the BSIK programme *Systeeminnovaties Ruimtegebruik* (System innovation and space and land use) a total of eight *Proeftuinen Creatieve Economie* (Creative Economy Experiments) will be started up.¹¹ These experiments will (re)develop creative activities on the basis of (environmental) preconditions for the creative economy and the increase in value of existing locations where creative activity is being developed. Local councils, corporate bodies and property developers are aimed at as the customers for these experiments.

Programme for the Creative Industry

When the initiatives mentioned above bear fruit the quality of the investment climate for the creative business sectors and creative production will improve. Nevertheless, this is inadequate. There are still a number of specific bottlenecks facing the creative business sectors and creative production: additional measures will be called for in several areas to be able to latch on to the available opportunities, to encourage entrepreneurship and to better utilise the economic potential. These are:

1. Active links between creative business sectors, the other sectors of the Dutch business community and knowledge institutes
 - the Creative Challenge Call

2. Improve the financial conditions for businesses operating in the creative sector
 - A fresh start: more borrowing possibilities for start-ups in the creative sector
 - Borrowing possibilities for small and medium-sized enterprises operating in the creative sector
 - Alternative financing sources for the arts and cultural heritage: improve the embedment of cultural investments
 - Alternative financing sources for the arts and cultural heritage: providing information and concentrating the strength of cultural philanthropy

3. Improve the preconditions relating to intellectual property
 - An alternative licensing system: Creative Commons

¹¹ BSIK stands for *Besluit Subsidies Investerings Kennisinfrastructuur* (Knowledge Infrastructure Investment Subsidies).

- Reinforce the position of the author in the law applicable in the Netherlands with regard to authors' contracts
- Information and advice

4. Intensify the process of internationalisation

- Make better use of existing financial sources
- Boost exports
- Improve the mobility of art collections
- Collective promotion in the international dimension
- Designed in Holland

5. Professionalise the business side and cultural management

- Entrepreneurship in education
- Incentives for subsidised institutions
- Ancillary policy

Implementation of these policy measures is in the hands of the ministries of Economic Affairs and of Education, Culture and Science, sometimes individually and sometimes jointly. Other ministries have close associations with certain themes. The ministry concerned and the instruments to which the measure applies, or is suited to, is therefore given alongside the individual measures. The policy agenda closes with a section on monitoring and follow-up actions, plus a financial section.

1. Improve links: the Creative Challenge Call

What do we wish to achieve?

The capacity of the Dutch business community to innovate can be boosted if the links between the creative business sectors, the other sectors of the Dutch business community and knowledge institutes are made stronger. There are numerous possibilities for these sectors to achieve active links with one another, giving rise to a pool of ideas for developing and using new technologies and products.

What is our plan?

The cabinet stimulates improvement in the quality of the links between the creative business sectors and the other sectors of the Dutch business community. This will result in the Dutch business community becoming more aware of the importance of creativity in terms of added value. Businesses will thus make more active use of the economic value of creativity. At the same time, the creative business sectors will be encouraged to give more thought to marketing opportunities. Collaboration among the parties is expected to lead to a stream of new ideas. To this end, long-term relationships must be developed between the business community and the creative business sectors. Knowledge institutes and local and regional governments can also play a role in this respect. The cabinet will therefore call upon the Dutch business community (businesses in both the creative and other sectors) to put forward proposals for projects in which the focus is on forming networks, knowledge transfer and collaboration. Projects with specific targets will be supported with a one-off financial contribution.

The Ministry of Economic Affairs is working in concert with the Ministry of Education, Culture and Science on the further details of this call. Projects will be eligible for financial support if they are able to meet the following criteria:

- the initiative was devised in the field, and the parties involved make a substantial (financial) contribution;
- the initiative has a platform function: it will either form new or strengthen existing networks. These networks generate interaction, knowledge transfer and collaboration between the creative industry, the manufacturing industry, knowledge institutes and/or other parties;
- the initiative guarantees cohesion and combats the fragmentation of knowledge of creativity;
- the initiative contributes to a higher level of awareness among the Dutch business community (as a purchaser of creativity) of the added value of creativity for its (international) competitiveness.

They will therefore probably concern virtual platforms, projects, conferences, exhibitions, etc.

2. Improve the financial conditions for creative businesses

The same as applies with regard to a variety of other sectors, the availability of financial means and the accessibility of instruments for entrepreneurs are often-heard bottlenecks for creative businesses and institutes. The ambitions of creative businesses are often much higher than their finances allow. On the one hand, there is a lack of risk-bearing, business investments in facilities and running costs. On the other hand, our philanthropic culture is under-developed: patronage, whereby a business, group of businesses or a private person donates money without a direct profit motive. To realise a broader financial basis the problems of linkage must be taken in hand. The sector is inadequately aware of the existing investment possibilities; financiers – both institutional and private persons – have difficulty in finding their way to the creative industries. This problem is of particular significance for the arts and cultural heritage because of the already leading role of the government as a provider of subsidy. Hence special arrangements that will widen the financial possibilities and promote entrepreneurship are being developed for these sub-sectors.

A fresh start: more financing possibilities for start-ups in the creative sectors

What do we wish to achieve?

More and better financing possibilities for start-ups in the creative business sectors. Creative start-ups are a source of innovation, and are of major importance for our future growth in terms of labour productivity and employment, but they do have difficulty in acquiring finances for starting up and expanding their business. Given that we are talking here of innovative products, it is difficult for creative start-ups to convince investors to take part. This is intensified by new international regulations that must be implemented by 1 January 2007. Especially the BAZEL II agreement has changed the guidelines for the total amount of risk capital for the financial sector. In that situation, a higher risk leads to a greater use of capital and it will therefore be less attractive for banks to lend to new businesses in the creative sector.

What is our plan?

By making use of the system of the *TechnoPartner Seed Capital* scheme a pilot tender will be invited focusing on young, small and medium-sized enterprises in the creative business sector. The TechnoPartner scheme is a scheme offered by the ministries of Economic Affairs and of Education, Culture and Science. It gives encouragement to start-ups wishing to start up business on the basis of technical inventions. Start-ups in the creative business sector are to a large extent faced with more or less the same problems as high-tech start-ups. The *seed* facility, a subsidiary

scheme of the current TechnoPartner scheme, encourages and mobilises the lower end of the Dutch risk-capital market. As a pilot, in conformity with the principles of this scheme within the European preconditions, a separate tender will be organised for creative start-ups in 2006. The objective of this tender will be to set up an investment fund for young businesses in creative sectors. This means that when market parties set up a fund for this group of start-ups the financial contribution will be matched by the seed scheme. This will meet the financial needs of creative start-ups.

The financing possibilities for small and medium-sized enterprises in the creative sector

What do we wish to achieve?

The cabinet wishes to improve access to (risk-bearing) capital, not only for start-ups but also for existing SMEs in the creative sector. Investments will be necessary, for instance to finance new business premises that become necessary due to expansion or to develop a new product, such as a game. Investments which the financial sector does not wish to facilitate without adequate security.

What is our plan?

The Ministry of Economic Affairs will inform the creative business sector of the possibilities available through the *Borgstelling MKB Kredieten* (government-guaranteed scheme for loans to small and medium-sized enterprises). This scheme is available for businesses with a maximum of 100 employees, including entrepreneurs in the liberal professions. A substantial part of the creative business sector thus falls within the scope of this scheme.

The Ministry of Economic Affairs is also working on the setting up of a growth facility. While this facility will be levelled at growing SMEs, growing businesses in the creative sector may also make use of it. This scheme, which will take effect in early 2006, aims to widen the availability of risk-bearing capital by banks and venture capital companies for growing SMEs.

As a result of simplifying the set of instruments of the Ministry of Economic Affairs, both schemes will be brought under a so-called *Kapitaalmarktpakket* [Capital market package].¹² An information programme will be launched on this subject over the next

¹² Announced in a paper to the Dutch Lower House *Sterke basis voor topprestaties* (29800 VIII No. 73)

few months. The information given will also devote attention to the suitability of this set of instruments for the creative business sector.

The cabinet also wishes to improve the informal investors' share of financing in the creative sectors. The opportunities the creative business sectors offer to private financial backers, the so-called Business Angels, will be given more publicity by the Ministry of Economic Affairs through the Business Angels Programme. This programme is currently aimed at technology-oriented businesses and enterprises in software and ICT and focuses on raising funds from the Business Angels. Stressing the distinctive features of creative business sectors at thematic gatherings could help investors to cross the threshold and start investing in creative business sectors; a new target group for them.

Alternative financing for the arts and cultural heritage: improve the embedment of investing in culture

What do we wish to achieve?

More private investment in the interests of the Dutch cultural sector. A facility has now been included in the income tax return form for such investments. Private individuals can avail themselves of this facility if they invest in a cultural fund which in turn finances cultural projects. To allow private individuals to use this tax facility, the cultural fund concerned must invest at least 70% in projects that have been issued with a *cultuurverklaring* (cultural project certificate) by the Minister of Education, Culture and Science. By issuing such a certificate, the minister declares that the project concerned is in the interests of Dutch museums or the performing arts. Elaboration of this is regulated by the *Regeling Cultuurprojecten 2004* [Cultural Projects Scheme]. Cultural investment funds can raise capital at a lower rate through the income tax facility. Cultural projects can thus also be financed at a lower rate, and consequently the effect is beneficial in this respect also. Examples of projects that can be financed with capital from a cultural investment fund are renovations of or structural alterations to museums, theatres or concert halls, the purchase of a specific instrument or painting, and theatrical productions. Although the Cultural Projects Scheme was launched more than eighteen months ago, little use has been made of it to date. The result is that no cultural investment funds have been set up and no cultural project certificates issued. The main reason being that neither the cultural nor the financial sector is familiar with the Scheme. In November 2005 the first cultural investment fund will have become a fact. The Kunsthal in Rotterdam, in association with ING, will use the tax facility to finance or pre-finance large-scale exhibitions.

What is our plan?

To make this scheme wider known in the cultural and financial sector, the Ministry of Education, Culture and Science organised a meeting with the representatives of cultural and financial institutions early this year. The participants agreed that they would take initiatives that would create a flywheel effect for the Cultural Projects Scheme. The outcome of this was the setting up of an informal study group 'investing in culture'. Under the direction of the aforementioned ministry, the participants in this group are the Nationaal Restauratiefonds, Triodos Bank, Mondriaan Foundation and the Fund for Amateur Art and the Performing Arts. The objective of this study group is to see that, in addition to the fund for the Kunsthal, at least one more cultural investment fund is set up for which approximately ten million Euros in cultural project certificates will be issued.

Alternative financing for the arts and cultural heritage: the provision of information and concentrating the power of cultural philanthropy

What do we wish to achieve?

Cultural philanthropy contributes to a broad and healthy financial basis for culture. Donations from businesses and private persons make it possible for cultural institutions to realise new, enterprising, and occasionally high-risk ambitions in relative freedom. Nevertheless, when compared with our neighbouring countries, we Dutch people are extremely reserved regarding cultural philanthropy; the reasons being both cultural and social. Although over the past few years tax facilities have made it more attractive for private persons and businesses to invest in culture, still no broad social basis has come into being for cultural philanthropy. To improve this situation a U-turn and renewed zest is required from all parties concerned: the government, the business community and cultural entrepreneurs.

What is our plan?

Joint action taken by the government, the business community and cultural entrepreneurs is called for to encourage cultural philanthropy. Among other things, this concerns the stimulation and support of new philanthropic relationships, improving the facilities for philanthropists, and professionalisation of the recipients. To achieve this, in association with stakeholders in the business community, cultural entrepreneurs, funds and existing intermediaries, the cabinet will take the lead in setting up a new organisation similar to Arts & Business in the United Kingdom.

The goals of this organisation will include:

- to increase awareness of cultural philanthropy
- to establish new relationships between businesses and cultural aspirations
- to develop practical and client-friendly measures for philanthropy
- to create a network as a meeting place for various target groups
- to conduct research into the effects and to link up new activities
- to provide information about tax facilities

The cabinet will make a long-term contribution available to this (new) organisation, commencing in 2006.

3. Improve the relevant preconditions for intellectual property

Intellectual property, and especially copyright, plays a key role in the creative industry. Copyright protects creative goods and/or services and thus they can be exploited in the economic sense. Copyright makes it possible for the entitled party to stipulate a fee from the user of certain creative goods and/or services. This can benefit the initial creator, referred to here as the author, but also other parties such as a publisher, sales agent, producer or distributor. The added value of copyright and related rights represent 5.5% of the GDP.¹³ Thus the significance of copyright for the economy is quite substantial.

The interests of several parties are served in the regulations governing copyright fees: authors, distributors, licensees, libraries, education, research institutes, the press and obviously consumers. The interests of entitled parties, and also the interests of the users of a protected good or service are governed by the Copyright Act. The main aspect is the balance between the scale of that right, the promotion of innovation, and the dissemination of copyright-protected works. Digitalisation that leads to the convergence of media, telecommunications and ITC, and to new dissemination opportunities, is currently posing new challenges for the implementation of copyright laws. Various studies conclude that, as such, copyright does not stand in the way of innovation, but it does stand in the way of how it is implemented.¹⁴

A role is set aside for government with regard to several issues:

- An alternative licensing system: Creative Commons
- Strengthening the position of the author within the law applicable in the Netherlands with regard to authors' contracts
- Information and advice

Actions relating to these issues are explained in the following.

¹³ *De economische betekenis van het auteursrecht in 1998. Rapportage 2000*, an SEO study commissioned by Stichting Auteursrechtbelangen (2000). See also the report entitled *The Contribution of Copyright and Related Rights to the European Economy – Based on Data from the Year 2000*, 20 October 2003, drawn up by the Business Research and Development Centre of the Finnish Turku School of Economics and Business Administration at the assignment of the European Commission (p. 79, table 37).

¹⁴ *Auteursrecht, economische lust of last* study conducted by SEO/Dialogic (2003), commissioned by the Dutch Ministry of Economic Affairs. *Cultuur politiek, auteursrecht en digitalisering*, study conducted by TNO STB (2003), commissioned by the Dutch Ministry of Education, Culture and Science.

An alternative licensing system: Creative Commons

What do we wish to achieve?

Authors must be able to avail themselves of a licensing system within copyright law, in which the persons entitled can state, simply and transparently, under which conditions and to what extent their work may be used or reused by others.

What is our plan?

Creative commons Nederland has drawn up a plan for the years 2005-2007. The planned activities of *Creative Commons Nederland* must result in a greater awareness of Creative Commons and more use of the licenses. The effect:

- The development of new business models, analogous to the *open source* concept
- more economic, social and cultural benefit from intellectual property, through a more intensive use thereof
- given that permission need not be requested for the reproduction and publication of a work with a Creative Commons license, other parties can use that work more freely as a source of creative inspiration and as raw material, for instance in multi-media productions.

Creative Commons Nederland will receive financial support from 2005 up to and including 2007.

Creative Commons Nederland

Creative Commons is a copyright licensing system developed in the United States. In imitation of this American initiative *DISC*¹⁵ has developed models for licenses specifically for the Netherlands that can be obtained free of charge. This means that there are now different and unique copyright licensing models which prove their worth because they are geared to the new forms of digital distribution. However, they may not be applied to non-digital works. A Creative Commons license offers a substantial license for using a protected work without the need to first apply for permission from the person entitled, but always subject to certain conditions. For instance, the person entitled only allows non-commercial use, or stipulates that the original author's name must be quoted. A so-called Public Domain Declaration has also been developed, by which the copyright owner cedes his entitlement to copyright. The main goals of *Creative Commons Nederland*, the successor to *DISC*, are (1) to provide information and support when using Creative Commons licenses, (2) to study the applications and obstacles

¹⁵ DISC stands for Domein voor Innovatieve Software en Content, a project of Stichting Nederland Kennisland and Waag Society. These organisations have devoted attention to the dissemination of innovative open source software for small-scale societal organisations with subsidy from the Ministry of Education, Culture and Science. In association with the Instituut voor Informatierecht they were also responsible for translating the Creative Commons copyright licenses to suit the Dutch situation.

standing in the way of using licenses in specific sectors and (3) to boost international collaboration and association with the iCommons network. *Creative Commons Nederland* is professionally organised and is thus able to fulfil an exemplary role, especially in Europe.

See: www.creativecommons.nl

To strengthen the position of the author within the law applicable in the Netherlands with regard to authors' contracts

What do we wish to achieve?

A better negotiating position for authors with regard to distributors. Their position at the moment is relatively weak, certainly when entering into contracts and at the start of a career, and also if the distributor is structurally the stronger party, e.g. a media conglomerate.¹⁶ Much more creativity is offered than there is capital available to exploit that creativity. This distorted ratio is an advantage for distributors and publishers. Contracts are by no means always to the advantage of the true suppliers of creative labour, especially not in the longer term. A considerable share of the proceeds from exploiting creativity does not go to the originator but to his distributor. Dutch legislation in the field of copyright and related rights devotes very little attention to the contractual relationship between authors and performers on the one hand and operators on the other.¹⁷

What is our plan?

The cabinet aims to strengthen the position of authors. Together with the Ministry of Education, Culture and Science and the Ministry of Economic Affairs, the Ministry of Justice is in discussion with various parties concerned. The Dutch Copyright Committee has been requested to advise in this matter. In autumn this year the outcome of this discussion and the advice put forward by the Committee will be used as the basis for considering whether both the discussion and the advice will lead to (and if necessary be converted into) a concrete legislative proposal.¹⁸

¹⁶ TNO*ICT: *Knelpunten in creatieve productie: creatieve industrie*.

¹⁷ *Auteurscontractenrecht: naar een wettelijke regeling?*, study commissioned by the WODC (Ministry of Justice), Instituut voor Informatierecht, Amsterdam, August 2004.

¹⁸ Progress on this project is reported on the website www.justitie.nl (click through to "Thema's", "Wetgeving" and "Dossiers").

Information and advice

What do we wish to achieve?

Entrepreneurs must be more aware of the possibilities offered by intellectual property rights for protecting their creative inventions.

What is our plan?

The cabinet will provide entrepreneurs in the creative industries with unambiguous information and advice on the subject of protection and exploitation of intellectual property rights. As of 2006, Syntens, an implementing organisation of the Dutch Ministry of Economic Affairs, will devote attention to creative entrepreneurs. Syntens' existing legal kit for start-ups will be expanded with the inclusion of a large number of parties, including *Creative Commons Nederland*, the *Octrooicentrum Nederland* and *Kunstenars en CO*. The kit for start-ups will be available in both electronic and printed form.

4. Intensify internationalisation

What do we wish to achieve?

More use of international opportunities. How? By generating more knowledge about available (financial) sources and about support for creative business sectors. Individual international successes mask the fact that opportunities are still being missed at the collective level. Nor do many creative businesses have the availability of good international distribution channels. This implies that internationalisation is incidental rather than structural in creative industries and that parts thereof respond inadequately to opportunities on foreign markets. Also with regard to the international positioning of the Netherlands is the excellent reputation of our creative business sectors used far too little.

What is our plan?

To make better use of the existing financial sources

There are numerous financial sources for the international promotion of Dutch art and the creative business sectors, for instance through the Netherlands Foreign Trade Agency (EVD) of the Ministry of Economic Affairs, the HGIS culture funds of the Ministry of Foreign Affairs, the Ministry of Education, Culture and Science, and cultural funds. Nevertheless, these funds are not used to the full extent. There are two reasons for this: in the first place, the creative business sectors are unaware of many of the financial sources. Secondly, not all sources focus adequately on international cultural practice. The Netherlands Foreign Trade Agency and Stichting Internationale Culturele Activiteiten (SICA) will compile a list of current funding possibilities and put forward suggestions for potential adjustment of the criteria. The relevant ministries (Education, Culture and Science, Economic Affairs and Foreign Affairs) will jointly be responsible for bringing the terms and conditions for funding more into line with international (cultural) practice, partly with a view to European support. SICA will also provide information about financial sources to a wider public on its website. For the purpose of opening up this information completely, and actively communicating that information to the cultural sector and the creative industries, SICA will receive a one-off investment.

To boost exports

The creative business sectors will gain more insight into potential sales opportunities abroad because the existing initiatives will be made more goal-oriented. For instance, trade missions and other activities of the Netherlands Foreign Trade Agency. Embassy cultural and commercial attachés will jointly and actively identify

opportunities for the creative industries. Awareness and synergy in the economic departments and the press and cultural affairs departments of the embassies will be boosted. Furthermore, collaboration between the diplomatic posts, the Netherlands Foreign Trade Agency, SICA and the ministries of Foreign Affairs and of Education, Culture and Science will be improved. The current export instruments will be available to the creative industries more than is the case at present. This means: inclusion of creative businesses in the relevant information channels, involvement in trade missions, publicising the various schemes, such as the *Programma Starters Buitenlandse markten* (Starter Programme for Foreign Markets), the *Programma Collectieve Promotieactiviteiten* (Collective Promotional Activities Programme) and the *Programma Samenwerking Opkomende Markten* (Programme for Cooperation with Emerging Markets) (referred to as the PSB, the CPA and the PSOM).

To improve the mobility of art collections

The Netherlands placed the mobility of art collections on the agenda during the Dutch EU presidency in 2004.¹⁹ The result was that the subject was included in a European plan of action for culture 2005-2006, and current and future presiding nations and the European Commission will now devote attention to improving the mobility of works of art. The Netherlands will continue to promote the subject of 'art collection mobility' within the European Union.²⁰ The problem is that works of art in museums are withdrawn from the market. In a museological context the cultural value of a work of art prevails. The national art collection is therefore not insured. If a work of art becomes damaged or lost, the state accepts the loss. This notion implies that works of art should not be insured when being lent out either, certainly if the conditions in the recipient museum are the same as in the donating museum: good climatic conditions and a sound security system. If all major museums subscribe to this point of departure, then a substantial reduction in insurance premiums could be achieved and the mobility of art collections would be faced with fewer problems. This applies with respect to lending out works of art both in the national and international dimension.

The mobility of art collections can be promoted in other ways too. For works of art from abroad which cannot be borrowed without insurance, the State could undertake a pledge to indemnify a part of any unforeseen damage or loss, the so-called indemnity arrangement. The Dutch indemnity arrangement was widened in 2005: the State is now prepared to indemnify a maximum of 30% of any damage to or loss incurred by a

¹⁹ On 23 May 2005 Ronald de Leeuw, General Manager of the Rijksmuseum, as the chairman of a European study group, presented the report *Lending to Europe* to the European Council of Ministers of Culture, who reacted positively to the report.

²⁰ See: *Werkplan voor cultuur 2005-2006*. In this plan of action (16 November 2004) the Member States agreed that the mobility of works of art must be given priority.

work of art borrowed from abroad. The cabinet might revise this indemnity percentage in due course after maximum efforts have been made to make uninsured works of art standard practice.

The cabinet will specifically:

- Make it possible to borrow works of art from the state art collection uninsured on the understanding that conditions such as security and climatic conditions are met.
- Draw up agreements with other governments to make uninsured lending out possible.
- Start a bilateral pilot project between the Netherlands and France in order to gain experience.

The Ministry of Education, Culture and Science will take the lead.

Collective international promotion

There are many ongoing incidental activities in the field of collective international promotion in the creative business sectors, both at home and abroad. In addition to the more regular international efforts, some remarkable successes have also been had from mainly one-off (state-organised) events, Biennales, visitors' programmes and HGIS cultural projects. These activities are good showpieces. Nevertheless, an even higher collective added value could be achieved from these activities through better coordination between the various parties concerned, and by giving more structural attention to the aspect of internationalisation – especially where state-organised events are concerned and the role of the ministries and governments involved. SICA, in close cooperation with the Netherlands Foreign Trade Agency, has set up a network to stimulate harmonisation in the field of collective international presentation.

A major cultural and tourism year of events will be held about once every two years within the framework of the 'New Tourism Agenda' of the Ministry of Economic Affairs, the objective of which is to attract more foreign visitors.²¹ The first event in this framework will be the Rembrandt year in 2006: *Rembrandt 400*. The next event will be held in 2008/2009 when the various museums will be promoted internationally under the working title *Holland Art Cities*. This international event will focus on special museums and exhibitions in the four major Dutch cities.²² *Holland Art Cities* will cover

²¹ Paper *Toerisme en Recreatie* dated 13-10 2003 [number 26419 no. 11]

²² The underlying rationale being the opening or re-opening of four famous museums in Amsterdam: the Rijksmuseum, the Stedelijk Museum, Hermitage aan de Amstel and the Scheepvaartmuseum. The programme also includes a special offering of new presentations by leading museums in Utrecht, The Hague and Rotterdam and will therefore focus on the whole of the Randstad.

a wide range and there is a possibility that the programme might be extended to include other cities and other forms of art as well.

Designed in Holland

The Netherlands has a good (international) reputation in the field of design. However, that reputation is not sufficiently taken advantage of, nor is it propagated in an organised way. There is a lack of instruments for the collective marketing of Dutch design. It would be of benefit to the design sector if it is advertised more clearly: Dutch design would then be identifiable for potential philanthropists. An identifiable effort of Dutch designers will contribute to the image of the Netherlands as a creative and innovative nation.

Premsele

The Secretary of State for Education, Culture and Science will commission the Premsele Dutch Design Foundation to develop instruments for the collective marketing of Dutch design that can be deployed in both the national and international dimension. For instance: a brand or logo, the inclusion of Dutch design in the gifts policy of our embassies and ministries. Premsele will consult with relevant parties, such as the Netherlands Foreign Trade Agency, Mondriaan Foundation and the Netherlands Foundation for Visual Arts, Design and Architecture.

Netherlands Foreign Trade Agency

The creative industries will also be given an active role to play in the *Holland Branding* project of the Netherlands Foreign Trade Agency, a project, nestling in the framework of the intensification of Dutch public diplomacy, which promotes the image of the Netherlands. This Agency, in consultation with relevant parties in the creative (and non-creative) business sectors, will also draw up a list of all the activities in this field in order to achieve better coordination.

5. Entrepreneurship and cultural management

What do we wish to achieve?

The cabinet wishes to give an extra boost to cultural institutions to make their commercial infrastructure stronger. This relates to both the entrepreneurial skills of cultural professionals and to a climate which does credit to entrepreneurship and subsidised institutes.

What is our plan?

The cabinet intends to take three lines of approach to encourage the 'economisation of culture'. In schools, more attention will be given to skills in the field of entrepreneurship. New incentives will be introduced in the funding system of subsidised institutions, whereby the unilateral dependency on subsidies based on the Policy Document on Culture will be reduced. And finally, the cabinet will allocate ancillary policy.

Entrepreneurship in education

To raise the level of professionalism among artists, Kunstenaars en CO offers courses, instruction and coaching to artists.

Kunstenaars en CO...

... in which the CO stands for *Cultuur en Ondernemerschap* (culture and enterprise), offers voluntary practical training workshops at a quarter of the institutes that offer courses in the fine and the performing arts. Kunstenaars en CO also advises local councils on applications from artists, made within the framework of the Artist Work and Income Act, for income support to help them build up an independent artistic career. Kunstenaars en CO also offers courses, instruction and coaching to artists and, if necessary, financial support to further increase their knowledge.

Kunstenaars en CO will increase the number of courses and instruction offered in the field of professional skills (including presentation, networking, entrepreneurship, book-keeping) and will also develop refresher courses and master classes. Kunstenaars en CO will also seek affiliation with the *Actieprogramma Ondernemerschap en Onderwijs* (Action Programme for Entrepreneurship and Education). The embedment of entrepreneurship in education is one of the spearheads of this action programme, devoting attention to (international) entrepreneurial skills, entrepreneurship among teachers and enterprising institutes of education that turn out fresh entrepreneurs. Through the action programme, Kunstenaars en CO will integrate its own workshops into the courses in the fine and performing arts curriculum, so that all art students are

better equipped for entrepreneurship. The organisation will also develop and offer workshops to teachers. Kunstenaars en CO will receive a one-off investment for these activities.

Incentives for subsidised institutions

In the recently published policy document, *Verschil maken (Making a difference)*, the Secretary of State for Education, Culture and Science put forward concrete proposals for a review of the Policy Document on Culture system.²³ One of the goals of this review is to provide more options for both private and state funding and intends to break through the current unilateral dependence on four-yearly government subsidy. From the perspective of the economic utilisation of culture and increased importance of the creative business sector it is essential to widen the range of dependencies: less government, more public, Maecenasses, sponsors and investors. For the sake of clarity: the intention is certainly not to limit vulnerable experimentation, fastidious conservation or the uncertainty of artistic research. The main aspect of concern here is to strengthen the commercial basis of cultural organisations. This gives rise to considerable opportunities. It also creates obligations, also on the part of government, namely to optimise the conditions for cultural entrepreneurship.

- More funding will be made available in the culture budget for programme subsidies. These programmes can be both set up and funded in association with other parties, such as other ministries, municipal and provincial authorities, but also, for instance, through private funds or businesses, and aim at specific policy goals. For example, to encourage (societal) entrepreneurship or experiments with cultural marketing or cultural education.
- It is quite feasible to set high requirements in the subsidy plan (the whole of the institutional subsidies granted by the state every four years) regarding entrepreneurship and governance.
- Opportunities also arise for experiments with 'demand-driven financing' by transferring flows of funds to professionals operating at the interface of supply and demand, such as theatre programmers, directors of presentation institutions and artistic managers of production houses. In this way, cultural institutions and artists are not dependent on the judgements of advisory committees, but on the qualitative choices of people in the field.
- Museums have the need for a different sort of entrepreneurship for the development of more market-oriented museological activities than is sometimes possible within the frameworks of a subsidised institution. This is the case, for instance, if risk-bearing capital needs to be attracted, and in addition to cultural considerations, considerations of a commercial nature must also be taken into

²³ *Verschil maken, herijking cultuurnotasytematiek*, Parliamentary Document 2004-2005, 28989, No. 22.

account. Such activities are then better carried out by a separate enterprise, while other activities belong pre-eminently in a subsidised institution. Obstacles that stand in the way of the effective collaboration between museums and private businesses will be eliminated. Partly with a view to the updating of museological policy the cabinet will conduct a study into optimising the relevant conditions in this field.

Ancillary policy

To modernise the cultural subsidy system (Policy Document on Culture) the State will allocate ancillary policy to Kunst & Zaken. A long-term assignment will make it possible for the foundation to both deepen and widen its services and products aimed at raising the professional qualities of the management and governance of cultural institutions.

Kunst & Zaken...

...is an organisation that **receives four yearly state subsidies** to reinforce the management of cultural institutions by bringing them into contact with the knowledge and expertise available within the business community. Kunst & Zaken assumes the role of intermediary in this respect. The point of departure here is that the transfer of knowledge is on a no-cost, voluntary and project basis. The activities of Kunst & Zaken provide cultural institutions with the opportunity to utilise know-how which is normally outside their field of vision and (financial) means. Kunst & Zaken also offers courses and workshops to the management of cultural institutions free of charge in businesses and training institutes. This training can be in many fields: strategic management, marketing policy, financial policy and in the field of personal skills, such as negotiating, lobbying or giving presentations. The subject of cultural governance has also been adopted by Kunst & Zaken. Kunst & Zaken develops practical instruments for cultural governance for the cultural sector and gives support in the form of implementation thereof. It also maps the state of affairs in the field of cultural governance and evaluates trends.

6. Further actions

It is anticipated that projects receiving a one-off subsidy via the Creative Challenge Call will give the initial impetus to achieve the links and dynamism the cabinet feels is essential. This also applies with regard to other actions within the programme, such as accessibility to schemes and subsidies for entrepreneurs in the creative business sectors, the initiatives to benefit philanthropy, the mobility of works of art, as well as entrepreneurship in the subsidised sectors.

It is still uncertain whether the obstacles set out in the paper will be removed permanently. This question is intensified by the advice presented by the Innovation Platform, the D66 platform for the knowledge economy, and the proposal for a Programme for the Creative Industry made by the burgomasters of Amsterdam and Eindhoven. The cabinet will therefore order a feasibility study to be carried out. Partly on the basis of the initial results of the Programme for the Creative Industry this study will look at whether it is necessary to make further structural arrangements to strengthen the links between the creative business sectors and the rest of the Dutch economy for a longer period of time.

The ministries responsible for culture and the media, economic affairs and major cities policy will hold a seat on the advisory committee. The study itself will be commissioned to an independent party and must produce the initial results in the spring of 2006. The cabinet will put forward any supplementary proposals in mid-2006 on the basis of the feasibility study and the initial results of the Creative Challenge Call.

Financial section

A sum of € 15.4 million is reserved in the period 2005-2008 for the elaboration of the Paper on Culture and Economy. These funds are from the Ministry of Economic Affairs budget (Chapter 13) and the Ministry of Education, Culture and Science budget (Chapter VII, Article 13 (culture)).²⁴ The funds made available were found partly by rearranging the existing resources of both ministries, and partly by widening the target group of the current instruments in the Ministry of Economic Affairs' budget. The most sizeable item is a sum of €8 million which is set aside for the *Creative Challenge Call*, intended as the initial impetus to achieve the links and dynamism between culture and the economy the cabinet feels are essential.

In k€	Budget	2005	2006	2007	2008	Total
<i>1. The issue of linkage</i>						
Creative Challenge Call ²⁵	EZ	0	8,000	0	0	8,000
<i>2. Financial conditions for creative businesses</i>						
TechnoPartner	EZ	0	3,200	0	0	3,200
Philanthropy	OCW	0	200	600	600	1,400
Capital market package for the SME sector		Not involving additional expenditure				0
Business Angels		Not involving additional expenditure				0
Cultural investments		Not involving additional expenditure				0
<i>3. Intellectual property</i>						
Creative Commons	OCW	80	300	320	0	700
The law applicable in the Netherlands with regard to authors' contracts		Not involving additional expenditure				0
Improve information (Syntens)		Not involving additional expenditure				0
<i>4. Internationalisation</i>						
Designed in Holland	OCW	0	100	0	0	100

²⁴ The Ministry of Economic Affairs' budget is based on obligations, that of the Ministry of Education, Culture and Science on funds.

²⁵ This relates to a sum of € 8 million from the € 20 million earmarked in Article 2 of the Ministry of Economic Affairs' budget 2006 for the innovation programme pilots (operational goal E: *Reinforcement of the knowledge base through collaboration between businesses and knowledge institutes*).

In k€	Budget	2005	2006	2007	2008	Total
Improve utilisation of financial sources	OCW	0	100	0	0	100
Boost exports		Not involving additional expenditure				0
Improve mobility of art collections		Not involving additional expenditure				0
Collective promotion		Not involving additional expenditure				0
New Tourism Agenda		Not involving additional expenditure				0
Holland branding		Not involving additional expenditure				0
<i>5. entrepreneurship and cultural management</i>						
Entrepreneurship in education	OCW	0	200	200	200	600
Professionalisation	OCW	0	400	400	400	1,200
Incentives for subsidised institutions		Not involving additional expenditure				0
<i>6. Others</i>						
Feasibility study	OCW	150	0	0	0	150
Total EZ		0	11,200	0	0	11,200
Total OCW		230	1,300	1,520	1,200	4,250
Total		230	12,500	1,520	1,200	15,450

EZ = Ministry of Economic affairs
OCW = Ministry of Education, Culture and Science

In conclusion

This paper intends to give a strong impetus to the interaction between culture and the economy. Some towns and cities have helped us on the way with innovative projects at the interface of culture and the economy. The business community is also becoming progressively more open to the opportunities offered by a better link with the creative business sectors. The ambition underlying this paper is no more than a logical development, one which is in line with the wishes of the cabinet to make the Netherlands a competitive and innovative knowledge community.

The cabinet will draw up the balance at the end of next year. After all, several of the measures contained in the Programme for the Creative Industry presented here are experimental. It is expected that projects receiving a one-off subsidy via the *Creative Challenge Call* will give the initial impetus to establish the necessary links and to increase the level of dynamism in the chain. The cabinet will share its experiences and the outcome of the feasibility study into the effects of the *Creative Challenge Call* with the House of Representatives.

This paper fulfils a number of the promises made by the cabinet to the House of Representatives: not only concerning the economic value of culture, but also investing in culture and philanthropy. This stresses, quite unnecessarily, that the cabinet wishes to deepen the interaction between culture and the economy, to establish permanent links, and consequently to strengthen the strategic partnership between the Ministry of Education, Culture and Science and the Ministry of Economic Affairs.

The Minister of Economic Affairs

The Secretary of State for Education,
Culture and Science

Laurens Jan Brinkhorst

Medy C. van der Laan

The Secretary of State for Economic Affairs

Karien van Gennip

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Appendix 2: consultation rounds

To realise this paper we, and our fellow workers, consulted with many people concerned in the field, including:

Diligentia meeting on 24 maart 2004²⁶

prof.dr. Jan van de Borg (University of Venice, Erasmus University Rotterdam)
Dingeman Kuilman (Premsula Dutch Design Foundation)
Ronald de Leeuw (Rijksmuseum)
prof.dr. Caroline Pauwels (Vrije Universiteit Brussel)
Ryclef Rienstra (VandenEnde Foundation)
prof.dr. Paul Rutten (TNO-STB, Erasmus University Rotterdam)
dr. Michiel Scheffer (d'66)
Sylvia Tóth
prof.dr. Nachoem Wijnberg (University of Groningen)
Moderator: prof.dr. Paul Schnabel (SCP)

Round table conference *Vormgeving in de creatieve economie*, 19 January 2005

prof.dr. Paul Rutten (TNO*STB, Erasmus University Rotterdam)
Mary-Ann Schreurs (alderman for Town and Country Planning, Eindhoven Council)
Rob Huisman (BNO)
John Lippinkhof (Design Platform Eindhoven)
Paul van Roon (FME-CWM)
Bertha Verhoeven (MKB Nederland)
John Lippinkhof (DPE Eindhoven)
Raymond Cloosterman (Rituals)
Theo van der Raadt (Ahrend)
René Repko (HEMA)
Jos van Tilburg (G-Star)
Joost Alferink (Waacs)
Jan Willem Dik (NPK Products)
Jeroen Verbrugge (Flex/the InnovationLab, BNO)
Marcel Vroom (Vroom Beheer bv, Dutch Arts Council)
Li Edelkoort (Design Academy Eindhoven)
Daan van Eijk (TU Delft)
Bert Mulder (Haagse Hogeschool)
Pauline Terreehorst (Amsterdam Fashion Institute)
Lucie Huiskens and Dingeman Kuilman (Premsula Dutch Design Foundation)
Moderator: prof.dr. Alexander Rinnooy Kan (ING Groep, Innovatieplatform)

²⁶ Invited guests attended this conference in a private capacity.

Creative Capital conference on 17 and 18 March 2005

Members of the government for Economic Affairs and for Education, Culture and Science participated in this conference which was organised by Stichting Nederland Kennisland with participants from the business community, the creative business sectors, government and the academic world.

Diligentia meeting on 24 May 2005²⁷

Guests: Ann Demeester (Galleries W139)
George Lawson (Stichting Internationale Culturele Activiteiten)
Hans Onno van den Berg (Vereniging van Schouwburg- en Concertgebouwdirecties)
Igor Byttebier (New Shoes Today)
Jan Tichelaar (Koninklijke Tichelaar Makkum)
Jeroen Verbrugge (Flex Innovation Lab member of the Board of BNO)
Maarten van Bremen (Groupa - Aukett)
Marianne Berendse (Stichting Kunst en Zaken)
Marika van Lier-Lels (Innovatieplatform creative industry study group)
Marius Jonkhart (NOB, Nationaal Restauratiefonds)
Paul de Man (Endemol)
Pauline Terreehorst (Centraal Museum)
Peter Smidt (Conamus)
Pierre Ballings (Paradiso)
Sjarel Ex (Boijmans-Van Beuningen)
Taco Zimmerman (Palazinna)
Moderator: prof.dr. Paul Schnabel (SCP)

TNO study – “Knelpunten in creatieve productie: creatieve industrie”

[Bottlenecks in creative industries: creative industry]

Consultations were held with experts in the field of audio-visual production, gaming, design, early music and with the Rotterdam Council within the framework of the above-mentioned study.

²⁷ Invited guests attended this conference in a private capacity.

Conference on culture and the economy on 28 June 2005

Members of the government for Economic Affairs and the Secretary of State for Education, Culture and Science also held a conference for approximately 300 delegates at which the *Mapping Document Creatieve bedrijvigheid in Nederland* was resented.

Working visit of the Secretary of State for Economic Affairs on 16 August

P.C. Engelsman (Mexx)
W. Woudenburg (Eden Design & Communication)
Ir. H. Hulst (Guerrilla Games)
E. Celikbas (KesselsKramer)
A.C. Hilgersom (Colombo Communication Design Media v.o.f.)
J. den Hollander (Mulder & Den Hollander)
Prof.ir. M.E. Zwarts (Zwarts & Jansma Architecten B.V.)
D. Spierenburg (Pakhuis Amsterdam B.V.)
Paak (Mediamatic Lab)
Mrs. drs. J. van der Veer (Bouwfonds MAB)
Ir. L.J.M.J. Melchers (Bouwfonds MAB)
Hans Hillen (Centrum voor Merk en Communicatie)
Herbert Samson (DDB Result)
Roland van der Vorst
Jacques Kuyf
Patrick Kuijsters (KPN Telecom)
Eija Ailasmaa (Sanoma Magazines)
Christina von Wackerbarth, CEO Sanoma Uitgevers
Franska Stuy, hoofdredacteur Libelle

Working visit of the Minister of Economic Affairs on 12 September

Mr. drs. B. Verhart (Media Republic)
Mrs. F. Wolting (Submarine)
Mr. L. Raaijmakers (Droog Design)
Mr. G. Schrofer (Concrete)
Mr. ir. L.A. Bruins (Red Concepts/Media Wharf)
Mr. M. Woerde (LEMZ)
Mrs. drs. L. Huyskens (Premsele)
Mr. prof.dr.ir. A.W.N. Smeulders (Universiteit van Amsterdam)

Appendix 3: actions

What	Ministry concerned	When
<i>1. Linkage issue</i>		
Creative Challenge Call	EZ, OCW	2006
<i>2. Financial conditions for creative businesses</i>		
TechoPartner	EZ	2006
Capital market package for the SME sector	EZ	structural
Business Angels	EZ	structural
Cultural investments	Financiën, OCW	structural
Philanthropy	OCW	2006-2008
<i>3. Intellectual property</i>		
Creative Commons	OCW	2005-2007
The law applicable in the Netherlands with regard to authors' contracts	EZ, Justitie, OCW	2006
Improve information through Syntens (and others)	EZ	structural
<i>4. Internationalisation</i>		
Make better use of financial sources	BuZa, EZ, OCW	2006
Promote exports	BuZa, EZ	structural
Improve mobility of art collections	Financiën, OCW	2006
Collective promotion	EZ, OCW	structural
New Tourism Agenda	EZ	structural
<i>Designed in Holland</i>	EZ, OCW	2006
<i>Holland Branding</i>	EZ, OCW	2006
<i>5. Entrepreneurship and cultural management</i>		
Entrepreneurship in education	OCW	2006-2008
Incentives for subsidised institutions	OCW	from 2009
Study market-oriented museological activities	OCW	2006
Ancillary policy	OCW	2006-2008
<i>6. Further actions</i>		
Feasibility study	BZK, EZ, OCW	2006

BuZa	= Ministry of Foreign Affairs
BZK	= Ministry of the Interior and Kingdom Relations
EZ	= Ministry of Economic Affairs
Financiën	= Ministry of Finance
Justitie	= Ministry of Justice
OCW	= Ministry of Education, Culture and Science