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# Welsh Economic Review

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# Welsh Economic Review



# WERU Conference 2000

In May 2000 the Welsh Economy Research Unit hosted its 8<sup>th</sup> Annual Conference. This year the conference focused on *The Economics of Cultural Enterprise*. Following the conference, speakers were asked to provide a brief summary of their presentations for this Review. Those received are set out below, broadly in order of presentation. A wide range of views were debated, and WERU is grateful to all concerned for their participation, particularly to Miles Fletcher, BBC Wales Industry Correspondent, who was Chairperson for the day.

## Keynote Speech

**Chris Smith**, Secretary of State, Department of Culture, Media and Sport

The National Assembly for Wales indicated very early that it wished to undertake its own wide-ranging review of arts and cultural policy. The role of the creative industries and the effect on economic issues as well as social issues is increasingly being recognised and forms one of the key themes of the arts and culture review. I am delighted that the Assembly has acknowledged the importance of arts and culture to the Nation.

In Wales, the arts and cultural industries provide employment for around 29,000 people or 2.6% of the working population. The sector has a turnover of £1.2 billion and an annual contribution of £314 million to Welsh GDP.

I am confident that the Report, expected in September, will wish to build on the lessons already learned, and develop strategies best suited to the creative industries in Wales.

The Government's policy objective for regional development is to enhance economic development and social cohesion through effective regional action and integrated local regeneration programmes.

In pursuit of this objective we have established the Regional Development Agencies. Each of the RDAs has developed regional strategies for economic development which take into account local circumstances. The Department of Culture Media and Sport (DCMS) has sought to ensure that the arts, the creative industries and other areas for which we have responsibility are given proper attention in those strategies. I am sure that the Assembly's review will consider carefully the regional and local requirements of a strategy or plan of action.

The Creative Industries Task Force (CITF) is a concrete example of how effective joined-up Government can be. Representatives from ten Government Departments (including the Welsh and Northern Ireland Assemblies and the Scottish Executive), together with experienced individuals from the private sector, have worked together to develop

proposals for assisting the growth of the creative industries.

The creative industries – including sectors such as the arts, design, music, media and publishing – account for nearly £60 billion of our national economy, with some £8 billion generated from exports. They employ over 1.4 million people both directly and indirectly and are growing at a rate of around 5% a year – generating new jobs and wealth twice as fast as the economy as a whole.

The Mapping Document – which set out the extent of the creative industries – has been extremely useful in persuading doubters of the importance of these industries to the national economy. As we move further towards a knowledge-based economy, the potential of those industries, which have original creativity at their core, to create jobs and to support economic regeneration will become even more important. Moreover the arts and cultural industries also have a key role to play in social regeneration.

The Creative Task Force is pursuing a programme of work which addresses some of the generic issues highlighted in the Mapping Document.

**Export Promotion** – the Creative Industries Export Promotion Advisory Group, a sub-group of the CITF, launched its Strategy Document *Exports: Our Hidden Potential* in November 1999. Four of its sixteen key recommendations have been actioned and the remaining 12 will follow this year ensuring that the support available to creative businesses is effectively targeted.

**Education and Training** – creative industries need to be able to employ people with the right skills. We are encouraging better communication between higher and further education and the creative industries; and launched on 3 April, in co-operation with the Design Council and the Arts Council of England, a careers guidance booklet on the creative industries.

**Finance for Creative Ventures** – we will shortly be publishing the report of the national conference – *Connecting Creativity with Capital* – held on 29 November 1999 to examine the nature of financial problems for new creative

businesses and identify possible solutions and examples of good practice. I have also agreed to chair a meeting with venture capitalists to explore how they can become more active in supporting creative businesses.

**Intellectual Property** – a report outlining findings and recommendations was published on 31 March 2000. Recommendations include making the language of IP more accessible, benchmarking of current levels of awareness with a possible awareness campaign to follow, long term improvements in general knowledge of IP by including appropriate material in school curriculum and higher and further education courses.

The Task Force has also been seeking to develop its regional agenda. Some people have made the mistake of thinking that the creative industries agenda is something for London and the South East. But creativity is not confined within the M25 – it is evident across the country.

The Regional Issues Working Group – chaired by Hilary Armstrong, and before her Richard Caborn – was therefore set up to look at the issues for the creative industries in the regions, the contribution they can make to regional economic development and identify ways to promote further growth.

As the first step, each Government Office undertook an audit of the contribution made by creative industries to their regional economy. These audits were then used to inform a series of three regional workshops (for the Midlands, the South and the North of England) aimed at identifying actions or policies to enable creative industries in the regions to realise their full potential and contribute fully to the regions' economic prosperity and quality of life.

The report was launched in March 2000 and examines the contribution creative industries can make to regional regeneration and employment, identifies some of the key issues, and suggests ways to promote further growth. It makes a number of recommendations which can be taken forward by Government, regional partners and, perhaps most importantly, the creative industries themselves.

The main recommendations identify the



need for a strategic approach in policy making at regional and local level, better information, more tailored business support, better access to appropriate education and training and measures to help retain creative talent in the regions. We will be considering over the coming months how best to progress these recommendations and help ensure that they lead to real and lasting change.

The Creative Industries Task Force has played an important part in developing government policy and I am confident that this work, as well as the work undertaken as part of the Assembly's review, will ensure that the creative industries in Wales achieve their potential.

## Cultural Enterprise in Wales – The S4C Experience

**Huw Jones**, Chief Executive S4C

What we have in Wales is a cultural 'sandwich' consisting of three layers. First, there is a layer of grass roots cultural activity which depends in the main on voluntary or locally financed initiatives. The survival of the language and its use as a medium for the rich expression of a distinctive cultural tradition, whether poetry, religion or popular music, has been dependent until the second half of the twentieth century on such activities, and they have played a crucial role in giving the nation the cultural base on which it has been able to build in more recent times.

The second layer of the 'sandwich' consists of culture supported by public funding of different kinds. Such funding has very great significance not least in ensuring the continued presence of professional theatre, music and art in Wales.

The third layer, like the first, comes about as a result of pressures and initiatives not controlled by the public sector in Wales, but which are nevertheless enjoyed and consumed, to a greater or lesser extent, by the Welsh public. These are primarily the commercial artefacts of international popular culture. They include films, pop music and all the television, radio and videotape content which is available for domestic consumption in Wales, but which is generated outside Wales.

For the consumer there is no contradiction in the wish to ensure that all three layers are available to speak at different times to different parts of his or her identity. The totality of that individual's identity, and its richness, lies

in a selected, as well as an inherited, mix.

In looking at the Welsh cultural sandwich, the most striking features are firstly the extreme sparseness of content from Wales in the international layer and secondly the precariousness of the tradition of locally, self generated culture.

A culturally confident and successful nation will seek to ensure that its artists and institutions, its distinctive stories and songs are well represented in all three, for both cultural and economic reasons.

There is no doubt that publicly funded support, including that invested in S4C, has enabled a level of economic activity in the field of culture which has helped make this nation culturally vibrant. S4C spends over 95% of its programme budget (currently £64 million per annum) in Wales and a high proportion of the rest of its income. Well over 40% of this budget is spent within the Objective 1 area.

But the Welsh cultural market is minute compared with that of the UK and even more so compared with the international market. The UK television programme makers market is worth about £6 billion. It should be a priority to ensure that Welsh producers and Welsh talent are securing their fair share of both the UK market and the international commercial market. However, there are no quotas in the international commercial market place. Success will be based on a genuine understanding of that wider audience and a skilful ability to use those ingredients ready to hand, in the form of Welsh talent, Welsh locations, Welsh technical expertise and the Welsh view of life and history, often in partnership with other countries, to create programmes, films, plays and songs which speak to a wider audience. There is no contradiction between being Welsh and being a player in the world at large.

Animation has offered S4C a particular way of giving the culture mediated through the Welsh language, a wide range of expression, both traditional and new. The cultural enterprise entailed in these projects exists at many levels. Most of all, each production has to have a relevance to all the financial backers, each of whom has a different agenda. At S4C, we had to be convinced that these programmes would make challenging and valuable Welsh language television.

I genuinely believe that in the process, a cultural catalogue of animated classics has been created which will be available

for showing to our own audience in Wales for many years to come. Furthermore, the willingness to enter the international market on its own terms has made it possible for us to offer before too long a supremely Welsh creation, *The Tales of the Mabinogion*, to that same international audience, as well as making it available, at the highest level of international quality, to a new generation of Welsh viewers. It is also hugely satisfying to be able to report that the cultural and entrepreneurial peak of that policy, *The Miracle Maker*, was seen on the ABC Network in the USA in prime time Easter Sunday by 15 million people, the first British film to get a peak-time network showing in the USA for many years.

Funding constraints give us an incentive to look to partners outside the UK and to identify projects in which we might have a common cultural as well as commercial interest.

We divide the responsibility for seeking out co-production projects between, on the one hand, our commercial division whose sole remit is to try and achieve a return on its investment and on the other hand, our commissioning editors whose sole responsibility is to ensure the provision of programmes for S4C's viewers. The essence of a deal is ensuring there is a clear understanding of the needs of all parties and making sure that the appropriate provision is made to cater for those priorities in the production. Successful outcomes of this policy have included a documentary series on ancient Egypt created in partnership with Discovery USA and La Cinquieme, an educational channel from France. This has been sold to 20 countries including Japan where it achieved the best rating for a documentary series for several years. We have acted as co-ordinators and producers of a 26 country project to create and exchange Animated children's tales of the World – probably the biggest ever international television co-production, and at the same time we have managed to animate the 50 year old Welsh toddler's classic *Sali Mali*, and have already secured sales to a number of countries.

The main thrust of our international policy for drama has been to adopt a highly selective theatre policy in order to build on the Oscar nomination success of *Hedd Wyn*. The aim is to allow suitable films to be shown in cinemas for eighteen months or two years before they are shown on television. This too has been a form of cultural enterprise and paid off for us most recently with the nomination of *Solomon and Gaenor* for an Oscar. The policy involves trying to identify what it is which makes a film



universal in its appeal. *Hedd Wyn's* theme is the universal one of ambition being thwarted by fate; set against a very particular Welsh background. Such films provide a very important validation for us of our own unique culture and history.

*Solomon & Gaenor*, our second feature film Oscar nomination, was shot in two different language versions with a view to reaching as wide an audience as possible.

One of the features of a system of commissioning programmes from the independent sector, is that this enables independent companies to leverage additional funding, particularly capital funding for the development of facilities, from other sources. This in turn provides them with incentives to address new markets and brings into being an entrepreneurial culture based on the platform provided by working for S4C. In recent years, a clearer understanding of the need not to be totally dependent on one customer has led to an increase in independent suppliers' efforts to understand other markets.

The final level of cultural enterprise is the concept of a public service broadcaster acting entrepreneurially. One question posed is "How can you possibly be devoted both to high quality public service and to the pursuit of commercial goals?". The answer for me lies in motivation. There is a deeply felt wish to see the Channel and everything related to it succeed at every possible level. Programmes, of course, but also every activity with which we are involved. That's why, when the last Broadcasting Act spelt out that the only place that we could turn to for revenue growth was through our own commercial efforts, we decided that we would try and meet that challenge and create a commercial division whose sole objective is to make profit from television related activities so that these profits can be returned, not to individuals or to shareholders, but to the parent organisation, the public broadcasting service, so that the public service that we provide for the people of Wales can be enhanced, improved and expanded. This commercial division is now well established, building on the base of selling advertising; expanding its activities in international programme sales and creating new commercial ventures. The most substantial of these enterprises is our equal one-third partnership with United News & Media and NTL in a company called SDN which holds digital terrestrial multiplex license A for the whole of the UK. Our hope is that in the years to come the new ventures which will come about as a

result of the enterprise of our commercial division will contribute to creating a multi-media cultural infrastructure not wholly dependent on the public sector, but linked to it and linked also to the motivation of serving society which is inherent in it. This hybrid model is one which may be of value in other areas.

To end, I return to the challenge posed by our viewers tastes. International mass popular culture is a fact. Its creation attracts some of the world's most talented people as well as massive investment from the world's capital markets. It is a cultural elephant which is not just sitting on our doorstep but is in our front rooms, lying on the sofa. Those involved in other cultural activities ignore this monster at their peril. It is a threat, certainly, in the sense that it creates a fantasy world and a set of cultural values, primarily American, which can cut across the natural evolution of an indigenous culture, on its own terms, into the modern era. But it also represents an opportunity.

Hollywood films prioritise the universal at the expense of the local. The stories they tell have mass appeal across state lines and national borders. But we have shown many many times that the universal can also be found in the local. This year's Oscar ceremony not only fêted foreign language films from Spain, Wales and Tibet; it also recognised the universal relevance over a lifetime of the work of the Polish filmmaker Andrzej Wajda, whose films portrayed the crisis of individual lives in communist Poland. The international distributors presented Wajda's work to film go-ers throughout the world enriching their understanding of human life, while the success of the films at home contributed to a better understanding by the Poles of their own condition, and played an important part in the rise of Solidarity and the process of change which eventually came about in that country. Wajda is talented and he is Polish. His films are Polish films and they are great films. I sense that the world will not be content with a situation where the only thing which distributors are offering them is a recycling of the American dream. It will want more; it will demand diversity, not least from the American public themselves. This international market can be the friend of cultural diversity as well as its enemy. We must ensure a Welsh ingredient in this and every layer of the cultural sandwich.

## Creative Commerce

**Nigel Roberts**, Managing Director, Imaginet Ltd.

Imaginet has faced two challenges in the five years that it has been established. The first was setting up and developing its own new media business in Wales. The second challenge was the development of the skills and expertise required to assist companies in Wales to adopt creative approaches to the integration of e-commerce within their marketing strategies and customer fulfilment processes.

Imaginet was established in 1995 by three individuals with a strong track record in e-commerce and graphic design. In the first two years the need to design top quality web sites dominated the business, since most customers were just putting marketing materials on the Internet. In the last two years the whole nature of the business has changed dramatically. As a result Imaginet has evolved into an organisation which specialises in 'total internet solutions'. We not only design and develop web sites with a high degree of technical functionality but also provide online e-marketing and e-commerce expertise.

In essence the Internet has matured to become a fully fledged business medium and Imaginet has to deliver web sites which meet the business and marketing objectives of the organisations with whom we deal. We now employ 30 people with a broad range of skills, and expect to turnover in excess of £1 million in 2000.

Developing the business to this point has not been easy. Finance and cash flow is an ongoing challenge for an organisation experiencing rapid growth. Banks in Britain today are very conservative and risk averse. Sadly we lack the financial culture of the USA and this is a major inhibitor to the development of business. Public Sector support is also too thinly spread. Grants are available but often for relatively small amounts and the application process can be time consuming. As a result, it is better to focus on managing customer relationships and capturing new business than to divert too much time into trying to secure grants. In addition, particularly in a new industry, we are faced with a lack of skills. Therefore, we have had to invest heavily in training staff, which has placed a significant overhead on the business.

However, assisted by an increasingly buoyant and maturing market, we have come through and succeeded in creating



a new media company of which we and Wales can be proud. We do see ourselves very strongly as a Welsh company and are personally motivated to contribute to the future prosperity of Wales. Based in Cardiff Bay, we integrate the Welsh language into our business and ensure that we can support all aspects of the business in our clients' chosen language. We have been successful in providing services to a large portfolio of clients in Wales including The National Assembly for Wales, The Wales Tourist Board, The WDA, Bwrdd yr Iath Cymraeg, First Plus, Terram and others.

We have also been successful in capturing business in the Republic of Ireland for organisations such as Concern, Eircom and the Dublin Theatre Festival. Our next major challenge is to increase the volume of business we do in England and to enhance our image and profile throughout the UK.

In addition to this we are developing our own e-commerce initiatives so that we can have first hand experience of online sales and marketing. *Wales Direct* is our online shop, from which we ship Welsh goods all over the world. Laverbread is a best seller! With *Wales Direct* we are continually monitoring web site traffic, sales performance, and the effectiveness of e-marketing. By doing this ourselves we can develop valuable expertise which we can share with our clients. This then helps us to refine the approach that we have developed for all e-commerce and web developments.

Before commissioning a web site we recommend that companies take time to define their business objectives for the site. With clear objectives it is easier to identify the target audience, e-marketing activities and the criteria which will influence web site design and structure, functionality and content.

We strongly recommend that customers invest in marketing and promotion of their web sites. It is not sufficient these days just to have one! There are so many being launched every day it is vital to consider how to improve the prospects of someone finding a site through the vast global network of the Internet.

Once someone has visited a site it is vital to consider why they are there and what do they want? They probably are not interested in the fascinating facts about a company and its directors. Rather, they want to know what the site can offer them, and whether they can buy some of it! Too often web site content is structured incorrectly and therefore the site does not support the online objectives of the organisation.

It is now vitally important to include more technical functionality e.g. databases. Databases are an excellent way of getting useful content to the web site faster. For example, if a firm has agents in different countries, you can retrieve their contact data for a chosen country instantly. If the objective is to sell, then the site should bring the user to the point of purchase as quickly as possible. An online products database linked to shopping basket and checkout functions, complete with secure payment facilities ensures that the complete transaction can be handled quickly and effectively when the customer has made the decision to purchase.

With a fully functional web site in place, ongoing monitoring of performance is vital. Site statistics are required to provide basic information, which can be analysed to produce a variety of site monitoring reports. However this can be enhanced with more sophisticated devices designed to engage the customer and capture valuable marketing data.

Finally, it is important to organise the 'back end' resourcing of a site. If the site invites the world to communicate, even if only via e-mail, then resources must be in place to provide a prompt response. At the other end of the scale, integration is essential with in-house systems to ensure that the web site is constantly up to date with current information.

This article highlights some of the key criteria to be considered in commissioning and developing a web site. Imaginet, and other companies like it can play a key role in developing and implementing online business. However to be successful, web sites must be integrated into both the strategic plans and the day to day operations of a business. Companies that have done this e.g. Wales Holidays - [www.wales-holidays.co.uk](http://www.wales-holidays.co.uk) find that the Internet has become a major part of their business and has helped to secure sales from new customers and markets, directly as a result of the fact that the Internet reaches a global audience.

Wales, as a nation, will benefit greatly from the Internet and e-commerce. It provides a significant opportunity to develop new businesses, like Imaginet in Wales. It also creates the potential for existing enterprises to enhance their global trading position through the use of the Internet and e-commerce.

## The Economic Impact of One-Off Events: The 1999 Rugby World Cup

Calvin Jones, Welsh Economy Research Unit

### Introduction

The attraction and hosting of mega sporting events has been increasingly viewed by cities in the UK as a potential tool for economic and physical development. The marketing of such events as of economic benefit for host regions may have only started with the 1984 Los Angeles Olympics, but has gained pace in parallel with more general commercialisation of sport. In many cases, the attraction of such major events has been seen as a shortcut for "second-tier" cities toward a level of global recognition and media coverage which would be otherwise unobtainable. The bidding process for such events usually has an economic rationale, and, in the UK in particular, emphasises the physical development benefits of associated sports infrastructure.

However, the economic case is by no means clear-cut. For example, a study of the 1994 Winter Olympics in Lillehammer found most benefits accrued in the short term, and only 400-500 long term jobs could be attributed to the event, in return for a national outlay by Norway of almost US\$1bn.

### Impacts on the Host Economy

The host economy can gather benefit from mega events via a number of channels:

- Expenditure [short term]
  - Return visitation [medium term]
  - Media exposure [medium]
  - Infrastructure legacy [long term]
  - 'Institutional capacity' [long term]
- **Expenditure:** In the case of the Rugby World Cup in 1999 (RWC 99), expenditure impacts on Wales were constrained by several factors. Firstly, around two thirds of all visitors were Welsh residents, limiting "net additional" spend. Secondly, the geographic and temporal spread of the event, over five countries and five weeks, did not encourage international visitors to stay in Cardiff for an extended period. The event, however, did take place out of season in terms of Wales' tourism in general, so there was unlikely to be a significant "negative switching" effect whereby tourists who would otherwise have visited a destination are dissuaded because of the event.
- **Return Visitation:** It is probably



as yet too early to judge the medium term effects of RWC99 on tourism to Wales. However, international visitors generally organised tour travel through overseas operators in conjunction with Rugby World Cup Ltd. The opportunity for such visitors to be exposed to Wales' wider tourism product was limited. Similarly, whilst media reports about RWC99 may have extolled the virtues of Wales as a hospitable nation, it is unclear whether such coverage actually leads to changes in behaviour.

- **Media Exposure:** Coverage by the global media is often cited by event supporters as a major benefit for host cities and regions. Aside from the potential for increasing visitation, such coverage can display the capabilities, dynamism and intent of a region with a hitherto low global profile. It is, therefore, unfortunate that much of the reporting on non-playing matters during RWC99 was mixed, in both the regional press and more widely. It is to be hoped that the organisational inadequacies that dogged the tournament, both perceived and real, do not reflect badly upon Wales as a destination for either tourism or investment.
- **The Infrastructure Legacy:** Partially as a result of RWC99, Cardiff and Wales have been left with an infrastructure legacy, in terms of the Stadium and associated development, which matches the needs of the city and region. This is often not the case for other events, where it can be difficult to encourage sustained use of large-scale facilities by the community after an event has ended. The development of the new stadium however, brings new opportunities and problems. Although the potential for attracting more events of global significance is far higher, it should be remembered that existing businesses, particularly in Cardiff City Centre may face a much changed business environment as a result of the development.
- **Institutional Capacity:** In helping organise such large events, local businesses, politicians and public servants embark upon a steep learning curve. In the case of RWC99, new communication paths and planning processes were instigated within the public sector, and 'cutting edge' marketing and IT techniques were used to facilitate the event. It is to be hoped that

such new skills do not atrophy, and that the region is better placed to host the next mega event. The extent to which local business was involved in the "higher order" organisation of RWC99 was limited, and the extent to which the private sector locally benefits from mega events, outside of expenditure impacts is worthy of discussion.

### Conclusions

The lessons of Rugby World Cup 1999 are there to be learned. To benefit fully from hosting major events, regions must attempt to improve consumption by visitors of the local tourism product. Local business, staff and the public sector should be involved as far as possible in the "higher order" functions of management. In short, local bodies must attempt to exercise as much control as is possible over event organisation, limiting the role of event organisers whose primary responsibilities are to sports governing bodies, corporate sponsors and athletes, rather than to the host region.

### Aspects of Live and Recorded Art in Wales

**Steve Blandford**, University of Glamorgan

Since writing a chapter on the role of the arts in creating 'Wales Today' and being invited to address similar themes at the WERU conference, the Welsh arts scene has been making news for mostly negative reasons. These have centred principally on decisions made by the beleaguered Welsh Arts Council first on young people's theatre in Wales and then on the funding of new dramatic writing both in Welsh and English.

It would be naïve to expect large numbers of people to be passionately involved in such debates, but it remains a startling statistic that over 150 Westminster MP's were prepared to sign a House of Commons early-day motion condemning the Arts Council's decision to close Gwent Theatre, contributing to public pressure of such ferocity that the decision has been put on hold for at least a year. This follows an earlier stay of execution for the pioneering Hi-Jinx theatre, following more local pressure, and who is to say that the current uproar on the closure of Made in Wales and the slashing of the budget earmarked for new writing will not result in a similar U-turn?

What are we to make of all this? It is lamentable that policy and not production is making the news, but is it entirely bad news for a Welsh culture

that is very much in the process of re-inventing itself? From one point of view we are presenting to the wider world, or at least that section of it that reads the opinion-shaping broad-sheets, a culture that passionately cares about itself and the role of the arts in finding a new future. Through demonstrations of independence from the mythical metropolitan centre that the Assembly would be proud of, Welsh arts practitioners have shown a commitment not to an out-dated ossified culture, but to some of the things that have given Welsh culture distinctiveness in the last twenty years - small companies in touch with communities, theatre that takes place anywhere except in theatres and theatre that really tries to reach new audiences beyond the platitudes of mission statements.

None of this is meant to be complacent, but what have been presented sometimes as public relations disasters for the Welsh arts scene can, if lessons are learnt, be interpreted as optimistic signs of a culture that actually cares about the new directions in which it is heading.

This slightly perverse good news is followed by much more straightforward reasons for cheer in our re-invented Wales. For example, even those ignorant of the more subtle nuances of contemporary music fashion cannot fail to be impressed by the sheer breadth of the recent Welsh contribution to British pop and rock and its international image.

Who would have thought, ten years ago, that we would see a Welsh band enter the album chart with a song title taken from a speech by Aneurin Bevan, *This is My Truth Tell Me Yours* and enter the single chart at number one using lyrics that draw on experience of the Spanish civil war. In the context of the 1998 pop scene, nobody really batted an eye-lid. The Manic Street Preachers were big enough for an entry at number one to be wholly unsurprising, but consider it instead against the backdrop of the barely disguised racism unleashed on Neil Kinnock climaxing in the Press's notorious denigration of him at the point when he might just become Prime Minister in 1992. What we have now is a radical shift in the parameters of what is possible if you are Welsh, particularly outside Wales. Not only have the Manics made an enormous contribution to this but also Catatonia, The Stereophonics, The Super Furry Animals and Gorky's Zygotic Mynci. One of the great strengths of the rock and pop contribution to a new national identity has been its sheer diversity. They proclaim to a generation in Wales, the wider UK and internationally, that it is



possible to be Welsh in a very wide variety of ways.

Rock and Pop also seems capable of embracing the language divide without the desperate soul-searching that is involved in other art forms. The Super Furry Animals have a clause in their contract that allows them to record a percentage of their material in Welsh and Gorky's Zygotic Mynchi have recorded extensively in both languages. The mix works - there is no elitist sense of a purist position. Instead, it bestows a layer of complexity in a culture, to be embraced as richness with a genuine life in contemporary art forms, much as it is all over Europe.

What is finally intriguing about the Welsh rock and pop phenomenon is that it is particularly difficult to explain in any terms that relate to a planned cultural renaissance linked to a new politics and national identity. S4C certainly played some part in encouraging a Welsh music scene, but it would not claim to be responsible for success on the scale that was witnessed in the 1990's. There is an appetite for what Welsh popular music has had to offer, both here in Wales and beyond. A youth audience so often written off as passive consumers of anodyne junk have shown a willingness to embrace songs that refer to Spanish history, to the police's role in the Hillsborough tragedy, to the plight of refugees, as well as to witty and dense poetry that interweaves folk lore with contemporary popular culture. As Peter Morgan has said: *'Political shifts have cultural roots: the role of Scottish bands in helping to define a modern Scots identity has often been mentioned...For the moment, it seems as if that energy and confidence is working through Welsh music. Goodness me, perhaps it's finally cool to be Welsh...'*

Meanwhile, theatre, film and television drama in Wales are the media through which we tell ourselves stories about what we are, and by extension, one of the many ways in which we explain ourselves to a wider world. In comparison to popular music the profile of Welsh drama in any media is very low both within and outside Wales. In television the work originating in Wales still has the lowest profile of any of the BBC regions.

After a long period of inactivity HTV has had a small renaissance, and the Merthyr set soap opera, *Nut and Bolts* is perhaps the highest profile offering to have emerged from Welsh TV drama in the past year. HTV are also again involved in feature film production, which is a healthy sign. Generally though the profile of Welsh TV Drama outside Wales could scarcely be lower.

Admittedly this comes at a time when the quality, status and influence of television drama images is generally in decline, though in the usual comparisons with Scotland and Northern Ireland, Wales suffers very badly indeed.

There is more hope perhaps for feature film production. The nomination of *Solomon and Gaenor* for the best foreign language Oscar is the highest profile event in recent Welsh film history. There is no doubt that this is important, and well-deserved and when put alongside *Hedd Wynn's* nomination in 1994 represents an important achievement and an assertion of the feasibility of an international audience for Welsh language feature film production. There are few cultural obstacles for Welsh film makers.

While the number of feature films remains low, it does appear that many more recent productions have ceased their preoccupation with representation and instead, demonstrate film makers (who are Welsh) that are concerned with the same range of things as film makers are elsewhere. *Human Traffic* directed by Newport graduate Justin Kerrigan has had the most telling impact. Its Welsh location is clear for all to see, including memorable swirling helicopter shots of Cardiff civic centre. Yet several of the leading characters have no Welsh accents. Moreover, they are pre-occupied with the same club and e-orientated pleasures as 'twenty-something's' across Britain and Europe and their problems are, in no sense, uniquely Welsh. We have a vision of popular culture in the Welsh capital that connects it to the rest of Britain, Europe and beyond. For possibly the first time on feature film a younger generation in Wales sees itself represented. In achieving this Kerrigan advances at a stroke the range of possibilities inherent in being a young Welsh filmmaker, or any kind of Welsh artist. In the popular imagination *Human Traffic* connects Welsh film making and story telling with Welsh bands to produce a picture that is about young energetic possibilities. While not altogether to the liking of professional image makers, PR consultants and tourist boards, it provides the encouragement needed for the next generation of musicians, film school graduates and visual artists.

Artists do not materialise from nowhere as fully formed 'geniuses'. Rather, the way for Justin Kerrigan and others like him such as Eric Styles and Sara Sugarman has been paved by a slightly older generation of film makers and producers best epitomised by Ed Thomas. Ed worked in film television and theatre and collaborated a number

of times with Welsh bands. His *House of America*, both as a stage play and feature film, has been central to debates about the idea of Wales re-inventing itself, particularly through the art forms under discussion here. The film is concerned with a Welsh identity in a much more overt way than *Human Traffic*, but it is, in a sense, about breaking free of identities that have dogged Wales for so long. Above all it is about the capacity to dream and to invent new ways of being. With Dutch co-producers, French cinematographers and ironic use of the dominance of American culture it is the epitome of new Welsh cultural alliances and reference points.

I began by being optimistic, not about the level of production or the quality of the work, but about a theatre community alert and committed enough to protest long and hard at decisions and structures that they felt to be wrong and with some tangible results (though the Arts Council has claimed that its climbdown had little to do with public protest). But out there among practitioners the situation is undoubtedly desperate. In an Institute of Welsh Affairs publication in 1998 David Clarke said: *'One of the concerns that a smaller country must have about its cultural life is that it is possible to allow practice to decline beyond the minimum level of sustainability...I'm afraid to say that Welsh theatre is close to this line.'*

Some may argue whether this matters but for international ambitions and for a culture asserting its independence and identity, it seems lamentable that Wales cannot sustain a level of distinctive activity in the performing arts. The South Wales conurbation is the largest in the UK not served by a regularly producing theatre and the small-scale experimental scene that was a powerful combination for this gap is slowly being strangled by changes in funding arrangements.

The following outlines what has been lost in the various shifts in funding over the last decade. This centres on what can be described as smaller-scale experimental theatre; at the forefront of work not only in the UK but also in a wider European context. Companies and organisations prominent at different times have included Cardiff Laboratory, Moving Being, The Magdalena Project, Man Act, and Brith Gof.

This type of theatre has meant difference, risk and daring, pushing back not only the boundaries of what theatre says, but the places it goes to say it and the relationship between theatre and its audiences. It would be



wrong to suggest that this was not happening in all cultures to some extent, but what was most interesting in Wales was that this was the centre of theatre activity, the very thing that a wider world new of Welsh theatre. In addition, such experimental practices were being rooted in contemporary Welsh contexts which often made startling links with the past. Here one thinks of huge scale theatre events staged in the old Iron Foundry in Tredegar, or the disused Rover car plant, where an audience was forced to confront in a quite literal way the consequences of the decline in Welsh manufacturing industry.

Like so much Welsh experimental work Brith Gof's focus was often on the physical and visual reflecting a theatre born out of a bi-lingual culture. One of the few Welsh small-scale companies to have actually survived into the 21<sup>st</sup> century, Volcano Theatre also emphasise the physical, but have generally steered clear of specific reference to Welsh cultural identity. They have been very little concerned with Welshness and that makes them absolutely crucial to an emerging Welsh culture. Their work is daring and sometimes controversial, they combine an uncompromising interest in cultural and political history with uses of music and movement that engage new young audiences and they contribute to an enhanced sense of the range of possibilities in being Welsh.

It would be unfair to leave examples of a vibrant, but endangered Welsh theatre before once again mentioning the work of Ed Thomas and his cross-media production company, Fiction Factory. For many the play that epitomises the best of new writing for the theatre in Wales, at least in the English language, is still *House of America* of which David Adams has said: '*House of America was a metaphor for Wales' reliance on myth and tradition, its low self-esteem, its apparent need to tell lies about itself, its dependence on American culture. It's an amazing piece of theatre, possibly the best play to have come out of Wales.....*'

Thomas, in this play and in his subsequent work leading up to the Royal Court commissioned *Gas Station Angel* has concerned himself with cultural identity, but in ways that explicitly reject old sterile debates. His is a theatre of language and poetry that is firmly connected to the lived conditions of contemporary Wales. The difference between Thomas and a tradition of what he has often called 'British miserabilism' is his lack of interest in documenting the difficulties of post-industrial Wales, but rather the power of the capacity to dream beyond this imprisonment. One

of his characters in *Gas Station Angel* says: '*To be Welsh at the end of the twentieth century you have got to have imagination*'. It is perhaps the potential of all art to spark imagination that is Thomas' most important recurrent idea.

Welsh theatre is currently relatively big news for all the wrong reasons. Official arts policy is close to being entirely discredited and the Assembly has a difficult task in its review and subsequent attempts to re-build trust between artists and official distributors of public money. But we have to cling to the fact that people both care enough to mount campaigns and protests and carry on making work regardless. As David Clarke said: '*Look at the work of many artists working and showing their work all over Wales and it is easy to have one's faith refreshed. Let us carry it through to action.*'

It has to be said that mid-term progress is mixed, with theatre the most problematic of the lot and the art form with popular music faring best, by some way. Most precious and potentially fragile about a contemporary Welsh culture is a willingness to take risks. This is perhaps at odds with many of the more obvious accounts of the relationship between culture and a thriving economic nation which dwell mainly on tourism, job creation and the consumption of the products of this branch of the 'leisure industry'. Nevertheless, a genuinely prosperous nation would be one that had belief and confidence in itself, and a major contributor to this, especially for an emerging nation like Wales is the way that people see themselves reflected by their storytellers, artists and musicians.

## Creative Regions-a Positive Culture

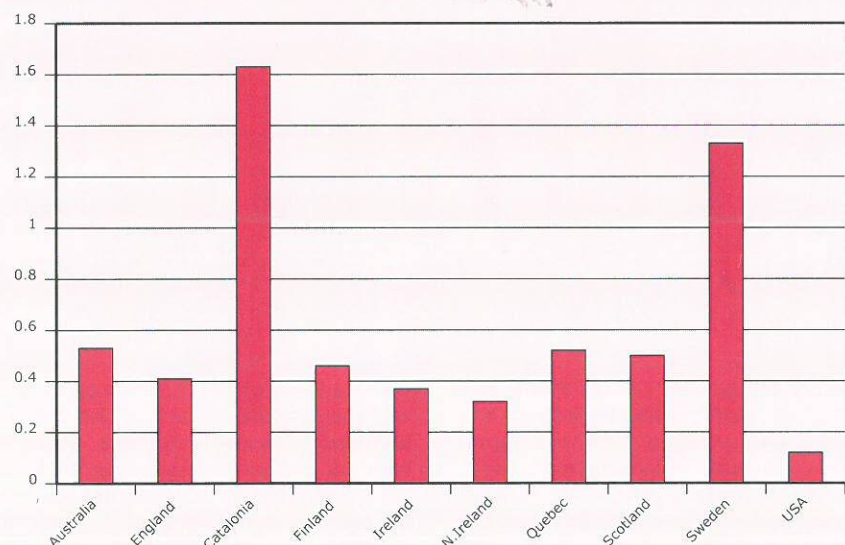
**Yvette Vaughan Jones**, Wales European Centre, Brussels

'Intelligent regions', 'creative regions', 'the Europe of the Regions' and 'the Europe of Cultures' are all phrases aimed at pushing regions into a contemporary significant zone. The attempt is laudable; regions should not aim to create "nation states in little" or whip up an ersatz nationalism. New regionalism takes a leaf from the new industries book and its exemplification is light, flexible and well networked. What all these titles have in common, though, is the desire to change the culture within regions and to instil a sense of confidence and dynamism that acknowledges the individuality and creativity of regional cultures, rooted in traditions but looking forward.

Culture, as Raymond Williams said is "one of the two or three most complicated words in the English Language" and yet, creating a positive culture is probably the single most important challenge to Wales over the next few years. Without the culture of creativity and confidence the EU Structural Funds will be no more than an injection of money - a shot in the arm of a body unable to assimilate or synthesise it.

Creating a positive culture is not easy and it is not a simple matter to understand the link between successful regions and culture. Epithets such as 'intelligent', 'learning', 'innovative', 'highly skilled', 'high added value', 'flexible', 'dynamic', 'outward looking' all

**% of Government Expenditure on Creative Industries**



Source: Creative Industries – Report of the Regional Issues Working Group



characterise the kind of region that has a successful economy. Is it the mind-set that created the economy or is it that the successful economy provides a greater disposable income that can then be spent on cultural products? Or is it more that the relationship between culture and creativity is one of mutual values – valuing culture for its intrinsic enrichment – rather than commodification or commercial investment and seeking new solutions to emerging problems. The causal link, though, is not proven and more work on the subject would be extremely useful.

The figure overleaf shows that high investment by governments in cultural industries appears to be associated with strong economies and that Catalonia, as an autonomous regional government, and presumably with a vested interest in promoting its distinctiveness, is in the forefront of this. But there are anomalies. For example, although investment by government is tiny in the US, the ethos of corporate giving to the arts and culture is far more advanced than elsewhere and the support for the industry is much disguised.

The key problem is that there are no reliable statistics. Until the cultural industries are disaggregated from "leisure, tourism and other", it will be impossible to make useful comparisons. The Right Honourable Chris Smith MP,

any influence on data collection and presentation and, hence little use can be made of the findings apart from saying that the sector is significant. The report was supposed to be a policy tool rather than an advocacy tool but without the ability to integrate the results into other statistical data, it is only the headline figures that are used – 29,000 people employed in the sector, a contribution of £1.2bn per annum to GDP etc.

Using the statistics produced by Chris Smith's own 'Creative Industries Task Force Mapping Document', we see that the total employment in the creative industries is highest in London and the South East and lowest in Wales and the North West and North East – a position that reflects economic performance in the UK.

However, given the existence of the national cultural institutions, the broadcasters and two languages, one would expect the percentage of employment in the creative industries to be higher in Wales than elsewhere, and yet it is still comparatively low<sup>1</sup>.

The creative industries, and cultural entrepreneurs have had a good press recently both in Wales and UK wide – they are growth industries and they hit all the right political and economic buttons; good on social inclusion; high

Wales is in danger of believing its own hype – will we be living on thin air, or are we skating on thin ice?

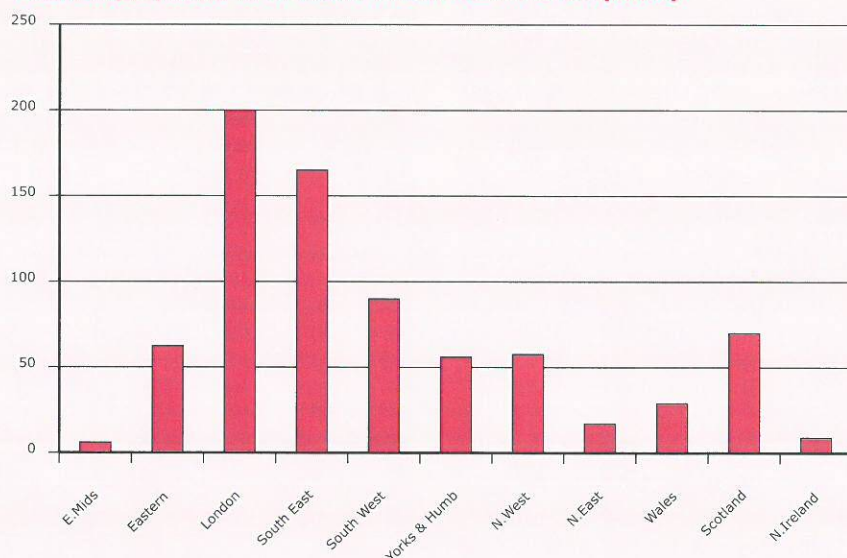
How can Wales develop its cultural industries and ensure that creativity gets a higher profile in all sectors of the Welsh economy? Wales needs to invest in the raw materials of culture, the R&D elements, to ensure a positive future because these will be helpful in stimulating creativity as well as jobs. It also needs to look differently at the resource of the arts and culture itself. Creators are vital for future economic success – and a re-positioning of artists is necessary. As information becomes the domain of the many, not the few, it is no longer a dominant currency – Artists are compilers, positioners, interpreters and communicators. In the world of information it is not just content providers that are needed (and there is much content that needs to be provided) but content communicators are also vital.

Artists as communicators can start to build new alliances – with technicians to mediate messages and arrangement of content on line; with architects to mediate public space and behaviour; with educators; policy makers; in all fields they will need to help push the boundaries and communicate.

These alliances offer new emphases for cultural players. Translation of these roles into a new kind of regeneration, for example, – whereas land reclamation in the past has been about papering over the cracks – "paint it green and plant some trees", some bold projects in Tampere and in North Rhine Westfalia have been about understanding the importance of the post-industrial buildings – acknowledging the symbolic landscapes converting oil refineries into theatre and leisure spaces and manufacturing plant into studios.

Exploring the links between disciplines also characterises the new generation of regeneration. Creative exchanges – learning from the fusion of arts, science and technology to attempt to put into practice the notion that creativity is non-denominational. Some schemes in Finland where Centres of Expertise include creators from all fields would be worth duplicating in Wales not only for the hoped-for synergies and innovations that can emerge but because inclusivity can be an important civilizing force enabling all players. New regeneration schemes need to look beyond infrastructure and look to an intellectual infrastructure paving pathways from ideas to icons – the weightless economy needs new support structures that stimulate the realisation of fairly amorphous ideas whether it is an

**Total Employment in Creative industries in 1998 (000s)**



Secretary of State for Culture Media and Sport has earlier acknowledged the problem and pledged to make some moves towards influencing data collection from the forthcoming census. It is depressing, though, to find that the 'Economic Impact of the Arts and Cultural Industries In Wales' report, commissioned in 1998 still has not had

value-added; global markets expanding; and they should be part of the clutch of knowledge-based industries that will have us, in Charles Leadbeater's phrase: 'Living on Thin Air'. Wales has its share of cultural entrepreneurs – they are mentioned in the Demos book 'The Independents' and the Cardiff media makers are there with the rest. But



internet solution or servicing new needs that are yet to emerge.

Public policy is key in developing cultural policy but it is fraught with complex decisions. What is the ambition? Is it to promote cultural democracy, bringing more culture to more people or democratisation of culture, changing perceptions of what constitutes culture? Should there be an emphasis on creation of art for its own sake or recognising arts as an instrument for development? Is there consensus that all art is good for you? Or are there times when it is important to define the terms of engagement. There are also issues about the spread of resources. Should the balance be towards infrastructure or activity – the art or the artist? Should public intervention be towards consumption or production – audience or creator? Equally problematic is the decision on whose culture it is anyway. Is there a priority for the external image or internal reality – is it for visitors or residents? And linked to this is the question of the relative weighting towards heritage or contemporary culture. What needs to be done to promote real cultural diversity?

Wales is not unique in having many cultural interests to be met – but some

interesting characteristics have emerged. Public policy has been more reflective of the history of participation and community involvement than other parts of the UK. Eisteddfodau have meant that a far greater number of young people have been involved in creative pursuits as part of their school life. Rural networks feature in the way that the arts has organised itself in Wales, theatre in education, community dance projects, touring theatre networks etc. It has been said that it was the advent of television that created professional theatre in Wales (Wil Roberts). The model of funding for culture in Wales does not follow the received UK model. There is no reason why the future cannot also bring a fresh and unconventional approach to the role of arts and culture in Wales. But we are in danger of spending more time clutching at phantoms than translating ideas into action. What is needed to make the difference is hard-nosed reality matched with the big ideas. To believe that anything is possible is the right starting point for the six years of Structural Funding to come, but coupled with this there needs to be a solid understanding of what the new industries will need to survive – skills, investment, market development etc. and what steps are needed to reach that point. We all know that the Euro-

funding tap will be turned off post 2006 so what really will be sustainable in the next decades and what do we need to get there?

The Assembly offers opportunities for Wales to move quickly into a creative society. Wales has already a cultural distinctiveness and vitality – a history of strong internal partnerships strengthened by the Assembly's requirements to work with the private sector, with local government and the voluntary sector. The arts communities in Wales have, for some time worked with many partners. The National Assembly's Arts and Culture Review report makes bold recommendations that offer a framework that builds on this plurality and show a way forward that could transform aspiration into action. How far the recommendations can be translated into reality is a major challenge for the administrations in Wales. For once, it is not cash that will determine the direction of arts and culture but intellectual courage.

<sup>1</sup> Some variation may be accounted for the different definitions for arts and culture used by the respective studies from which the data has been drawn.