LUMEN INTELLECTUS AND ECONOMIC BENEFIT: EXPANSION OF AND OBSTACLES TO CREATIVE INDUSTRIES IN THE BALTIC COUNTRIES

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Drawing on the concept of glocalization, the paper aims to compare experiences and achievements of three Baltic countries in the field of creative industries. It seeks to crystallize the issue of creative industries in the Baltic context, and to figure out how the new concept of the creative economy is changing the understanding of the humanities and business functions, and the dynamics of their mutual interaction. In addition to the analysis of the prospects of creative industries in the Baltic countries and the obstacles they are facing, the paper aims at identifying parallel processes (the emergence of business incubators and creative villages) and different environments of the dispersion of creative industries.

Keywords: Baltic countries, creative class, creative industries, culture, economy, glocalization, Richard Florida.

Introduction

Globalization of economy, interdisciplinarity, and shifts in the labour market (a gradual decrease in the demand for manual labour) stimulates researchers to look for new terminology and methods of analysis that would define the changed situation and shape a modern notion of culture and economy. This paper introduces the key premises of the theory behind the creative industries and continues reflections on their Lithuanian tradition. The resolve to adapt the notion of culture and creative industries and to enable it in the practice of the Baltic countries should be given a rethink by perceiving it both as a progressive change of our times and a challenge to small, economically unstable, and mostly local market-oriented Baltic countries where creative workers are not a leading layer of society either in their percentage or financially. The concept of glocalization, which was established in Japanese business terminology in the 1980s and was later integrated into sociological and linguistic theories, contributes to the examination of this issue. This term is used to describe mutual dynamism of the opposing trends of globalization and
localization: glocalization is localization of a global phenomenon in a local environment, or of a local phenomenon in the global environment. The Lithuanian translation (by Jovilė Barevičiūtė) of the work *The Rise of the Creative Class* by the famous American sociologist and researcher of regional development Richard Florida, which appeared earlier this year, served as a stimulus for this relevant discussion. In his book Florida revises the concept of creative industries by introducing a new definition of the creative class.

**The synergy of economy and creativity**

“Creation” and “industries”, which for a long time functioned in respective fields of culture and economy, merged into one terminological formation in the early 21st century. As workers were gradually moving towards qualified intellectual work and knowledge was becoming a priority labour force, such oxymoronic compounds as “creative economy”, “creative industries”, “culture industries” and the like, which fuse art and commercial market, creativity and entrepreneurship, are no longer a cause for surprise. In the times of universal interdisciplinarity, the hybridization of different spheres is a natural process and therefore the effort at the integration of two genetically unrelated fields in a consumer society is timely and ideologically grounded: it fulfils the general trends of democracy, multiculturalism, and tolerance, of ethnic and racial tolerance, gender equality, and the like. The purity of disciplines and professional essentialism are rejected by contemporary theorists as a too one-sided and conservative approach, while the redistribution of resources and cross-sector collaboration is seen as progressive practice.

Both culture and economy have for several decades been going through (r)evolution and reached a phase of a new identity. Modern industrial companies and technological corporations transform into art laboratories that generate ideas and employ creative “actors” aiming at economic realization of their creative potential. The objectives of creative industries are traditionally oriented towards economic return, but artistic capability and creative engagement of the workers is encouraged as a prerequisite to generate profit. In addition to technologies, such meta-pragmatic arguments immanent to the cultural sector as innate ingenuity, authenticity, originality of ideas etc., are assuming significance. Another important aspect of creative industries is that recently this segment has been generating numerous jobs, boosting economic indicators all over the world, thus contributing to the economic growth, competitiveness, and planning/re-planning of communities. Activities of creative industries influence the whole social spectrum from the creative worker as the smallest cell of a company to the fates of entire cities, because innovative business environment can determine the prosperity of some regions and vegetation of others. As we will see later, the societies of the Baltic countries are also adapting global trends by their active response to the changing relation between economy and creativity.

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1 The Lithuanian reader has already been introduced to the work *The Creative Economy* by John Howkins (2010), who is an expert in leading British creative industries, and to the e-book *T-Shirts and Suits* (2006) by the creative business consultant David Parrish.
The modern concept of creative industries both changes the format of the traditional understanding of economy and culture as two mutually independent spheres of opposite orientation (pragmatic versus spiritual interests, rationality versus spontaneity) and reformulates it. Interestingly, the compound “creative industries” guarantees an organic and equivalent coexistence of both components. Initially, the “culture industry”\textsuperscript{2}, from which the term of creative industries evolved, had a negative connotation and used to be criticised as production of standard commercialized cultural products that had a mind-numbing effect on society. The year 2005 should be considered the symbolic beginning of the penetration of creative industries into three Baltic countries as it was then that exhaustive research into their prospects and strategies began. In using the concept of “creative industries”, the public institutions of the Baltic countries usually refer to the British school that defines creative industries as a finite list of spheres genetically related to culture (music, cinema, performing arts), its generation, organization, and management (advertising, fashion, design etc.). Most countries use the British classification of activities, but there exist exceptions, too. For example, in China this definition includes gardening (Ozola 2013). There is also an ongoing debate whether creative industries should include non-state organizations, or whether they are reserved to commercial companies alone. This issue is resolved by attributing state-funded branches (theatre, music) to the sphere of culture industries, and reserving creative industries exclusively for creativity-based business. To avoid a terminological confusion in the context of the European Union (EU), the broader definition – “cultural and creative industries” – is often used.

Due to the pronounced connection between the word “industries” and the industrial sphere, the term that has established itself in Estonia is “creative economy” (loomemajandus), while in Latvia, just like in Lithuania, the dominating term is “creative industries” (radošās industrijas). In a very general way, culture industries and creative industries/creative economy can be described by the following conditional divide: commercialization of culture is the principle of the former (the British system), and charisma and the addition of the economic aspect to talent lie at the foundation of the latter (the American system). According to Kačerauskas, “creative industries and culture industries – independent or even opposite discourses – are still ‘awaiting’ the theorist who could and would be willing to reconcile them” (Kačerauskas 2015: XI). This paper is based on the American tradition, which Richard Florida, a social theorist and intellectual, re-conceptualized in his work The Rise of the Creative Class.

The redeeming 3Ts

The Lithuanian translation of Florida’s work is an important event to all adepts of creative industries in Lithuania. It appeared as a purposeful publication and a vade mecum in the panorama of creative industries of Lithuania. Even the critics and the

\textsuperscript{2} This term came into use in 1944 with the first publication of Dialectic of Enlightenment by German sociologists Max Horkheimer and Theodor W. Adorno (2006).
Sceptics are now bound to take Florida’s new stratification of society, which includes the principle of the “creative class”, into account. The methodological pillars of his work point to the efforts of (neo)Marxism to substantiate and originally interpret the changes of contemporary society. Florida initiates and defines a new – creative – class, which is becoming the most influential link in bringing the society of well-being about. It should be noted, though, that Florida’s notion of creativity reaches much further than creativity traditionally perceived as an innate human resource. Earlier the creative society included artistic, academic, and technological elite, while at present, its content and boundaries are significantly expanded. Conceptualised anew, creativity is not an elite quality characteristic exclusively of artists and cultural figures, but universal human potential that is expressed by the motto “Everybody is creative” in Florida’s book. This “technological creativity” is attributed to the representatives of a vast variety of disciplines: from engineers to bankers, from programmers to educational officials, from academics to people in the entertainment industry, from business and legal professionals to health care workers. Encouragement of creativity is a welcome initiative, but when this definition is expanded to such an extent, the representatives of the arts and humanities are deprived of their prerogative to creativity. Since Florida is primarily concerned with the economic foundation of creativity, as a consistent neo(Marxist) he originates his class concept from matter, economic condition, and from the level of a country’s development, and links it to economic crises, with the sphere of production, industry, and services, the entertainment sector, and so on. In this book he dissects the whole environment of the creative class: he dwells in length on the changed circumstances of work and leisure, the liberation of work schedules and dress codes, the heightened stress level and new needs of the creative class (social contacts, tolerance, diversity, style and quality of life, including substantial hedonistic expectations). In a way, it is the reiterated Marxist thesis “matter determines consciousnesses” and not the other way round, although the efforts to look for connections between the individual and the market are positive. Florida is less concerned with such inner creativity-defining qualities as individual talent, inspiration, and workaholism, and focuses on otherness – misfits, eccentrics, gays, and the like, and on pragmatic conditions for their well-being in which creativity thrives at its best.

Florida is interested in the mutual dynamism between creative work and economy: the aspect of profit in the creative process, and creativity as a significant generator of economy and innovation. He introduces creative industries as progressive economic forces of the future and an impulse for the resuscitation and renewal of creative quarters of cities and regions. Florida’s model of economic development is based on the principle of 3Ts – technology, talent, and tolerance, the so-called creativity index. Only a combination of all three components ensures stable economic growth and advantage.

The author has attracted reasonable criticism to the effect that his definition of the creative class is rather diluted, because representatives of too many disciplines, whose work is too diverse to fit one unified definition, are attributed to this class. For

the sake of a polemic, here is a rhetorical question: is there, in general, at least one sector of production, industry, research, or arts that does not require creativity? Also, Florida puts much trust in quantitative methods, in particular statistics, the data of which always contain a degree of unreliability and change rapidly. He refers to the data of numerous sociological surveys, charts, maps, and indices that reflect actual American reality and can only to some extent be relevant to the Lithuanian situation. Florida directs his thought exclusively at the case of post-industrial America where the representatives of the creative class account for about one-third of working people, where social hierarchy and the level of development are entirely different, and the salaries paid to the creative class have risen by more than a third (34.5 per cent). The question that naturally arises is to what extent the concept proposed by the American researcher is productive in Lithuanian conditions.

The Baltic countries as a creative industries lab?

It is obvious that so far creative communities have not become the core of society in the Baltic countries, because, in the opinion of the philosopher and artist Arūnas Gelūnas, our economy is not mature enough, we live in a society of want, and have not satisfied our immediate needs (Radzevičiūtė 2010: 21). According to Florida’s conception, the creativity-triggering multinational and multicultural backdrop or the environment of megalopoli and large corporations are not relevant aspects for rather homogeneous and small Baltic countries; on the other hand, the general principle of creative communities is stimulating response in our environment, too. The social trends described in The Rise of the Creative Class reflect many universal changes of modern society. The economic aspect became relevant for the Baltic countries during the second decade of independence (after 2000) when the new computer media consumer culture became established, new social identities began to take shape, the nature of labour changed, and many cultural phenomena, such as thriving book publishing and design, were commercialized.

Creative industries occupy an important place in strategic plans of the development of the EU, while in Lithuania and Latvia they play a prominent role in the context of the policy of innovation of the Baltic countries. The potential of creative industries for local-national and regional growth has been more and more often mentioned on the state level. The need for the actualisation of creative industries is also demonstrated by the National Association of Creative and Culture Industries, which for the

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3 Latvia’s National Development Programme for 2014–2020 (PKC 2012) foresees purposeful dispersion of creative industries by adopting the document “On creative industries and their policy in Latvia” (Latvijas Republikas Kultūras ministrija 2015). In Lithuania, they are legally regulated by the strategy of stimulation and expansion of creative industries adopted in 2007 (Lietuvos Respublikos Seimas 2015); regional dissemination of creative industries was triggered by the Programme of regional cultural development for 2012–2020 (Regionų kultūros plėtros 2012–2020 metų programa 2011). The Latvian creative industries communication platform FOLD (Fold.lv 2015) introduces the best Latvian and foreign practice in the field and is supported by the State Culture Capital Foundation.
time being is only partial as it unites artists and cultural workers but does not include high technology specialists.

There have been attempts to model our national creative strategies along the lines of the insights of foreign theorists of creative industries for the analysis of local processes: the idea to develop Lithuanian cities and their residential areas in the direction of “the creative city” is one of the perspectives of future academic research and one of the paradigms of new thinking (Mažeikis et al. 2005; Tūtlytė 2008; Černevičiūtė 2011; Aglinskas 2014); the search for cultural and historical attractiveness is carried out by drawing the guidelines of Lithuania’s regional tourism (Jurėnienė 2008); cultural identity of Lithuanian artists in consumer culture is analysed (Bogucevičienė, Jurgelėnas 2008), and the like.

With the forms of information transfer and presentation changing and the “information” generation appearing on the arena, design of new digital technologies and networks is becoming one of the key areas in creative industries. Recently, virtual learning/teaching environments intended for the academic community (for example, Moodle, a system of distant learning, is being increasingly introduced in universities) have been actively designed in the Baltic countries. Technological work “emigrants” are also entering the object of discussion. Such workers search for jobs globally and work locally from their home computers because in the epoch of transnational corporations communication systems make it possible to do work assignments over distance (Mažeikis et al. 2014). On the state level, the partnership between research and business is increasingly encouraged and supported. The Lithuanian Agency for Science, Innovation and Technology, which is responsible for the implementation of the innovation policy in Lithuania, has recently proposed the “E-Science Gate” (Lietuvos Respublikos Švietimo ir mokslo ministerija 2013) to research institutions and business subjects. This Internet cooperation tool creates conditions for the exchange of ideas and a more effective transformation of creative ideas into business.

An important platform that motivates start-up companies and start-ups, provides consulting and support to them, assists in consolidating their positions in the market, helps them to make necessary contacts or improve business skills of the workers of the culture sector is business/creative incubators that have recently become quite popular in the Baltic countries: “Creative Andrejsala” (2010) in Riga, “Tartu Center of Creative Industries” (2009) in Tartu, and three incubators in Tallinn the most important of which is “Tallinn Creative Incubator” (2009). In Estonia, the initiative group “Garage48” invites creative individuals to workshops where they are offered the opportunity to create a finished product and to start their own business within 48 hours without any additional resources. In Lithuania, the concept of the creative incubator has so far been used both as a consulting company and, in the narrower meaning of “incubation”, as rental of untraditional office space to creative companies. An example of this could be the “Culture Factory”, which is called a “creative incubator” and is located in the premises of Klaipėda tobacco factory (restored in 2014).

The concept of the business incubator usually includes business, research and technology parks: these are the quarters concentrating business and research com-
panies, and the best-known prototype of such a park is the Silicon Valley, the most creative and most profitable location in the United States (US). This principle was applied in an establishment of the integrated research, study, and business centre in Vilnius – the Sunrise Valley, which maintains a similar business ethos. The motto of the Sunrise Valley is “We Value Talents, Technologies and Excellence!” and it obviously correlates with the value guidelines drawn by the theorists of creative industries, except that the tolerance conceptualized by Florida is replaced here by excellence. In Estonia, a similar function of a network of ideas is served by the Tallinn science park “Tehnopol” (initiated in 2003). It is a science, technology and business campus at Tallinn University of Technology with about 200 business companies with direct links to 1,400 scientists working nearby. This synergy gave birth to a number of inventions of international prominence: the internet telephony network Skype, the smart herb garden Click and Grow, the money transfer service TransferWise, the digital identification card for foreigners digi-ID, wireless sensors Defendec, sea monitoring equipment FlyDog, and the like. Such acclaim in foreign markets can be the result both of the universal and “export” nature of IT technologies, and the strategic standpoint of Estonia to support not innovation as such but its export.

Following foreign examples, the Baltic countries are creating dynamic and creative economic environment, altering the infrastructure of their cities, and witness the rise of innovative gathering spots and exposition forms known as art incubators. There are nine art incubators in Lithuania (for more on this, see Černevičiūtė, Strazdas 2014). “Menų spaustuvė” was founded in the premises of a former printing house, and the culture factory “Loftas” in the former “Elfa” factory; the abandoned buildings of the navy port in Liepaja have been transformed into multifunctional spaces for art representation. Derelict industrial territories in Tallinn have also risen for a new life by transforming them into clusters of creative activity companies: “Rotermanni Kvartal”, a quarter of old factories, has been reconstructed as a modern and attractive environment for business and entertainment; Telliskivi creative city (Telliskivi Loomelinnak) at a railway hub includes ten industrial buildings; “Creative Hub” (Kultuuri Katel) was founded in the boiler-room of Tallinn central electricity plant the surroundings of which were chosen as a background for his cult film Stalker by Andrei Tarkovsky; the alternative culture factory “Polymer” (Kultuuritehas Polymer) is operating in the closed Tallinn toy factory. In the near future, a physical creative industries’ collaboration platform is to be founded in the former tobacco factory in Riga. Such fusion of industrial design and art is a good example of “how culture and creativity can become the driving force of a sustainable local economic development” (Santagata 2010: 53). These are interactive spaces with a new identity, which concentrate numerous physical companies and creative initiatives, and where the circulation of ideas is effortless. As can be seen, the names of these zones reflect industrial terminology: a garage, an incubator, a factory, or a lab emphasize the ideological content of creative industries – unregulated and informal nature of work and leisure. In Lithuania and Estonia, creative industries are concentrated in capitals, while Latvia’s deliberate choice was Liepaja (the creative industries magazine Creative Coast was launched in 2014, the
decision to found a centre of creative industries here was made in 2015, which was also the year of the first creative industries conference “Subject: Creativity”).

Creative industries as an academic discipline is rapidly expanding in Lithuanian universities as untraditional study programmes and new modules are being established and designed. In 2012, the Institute of Humanities of Vilnius Gediminas Technical University was restructured into the Faculty of Creative Industries. With research interests of the newly-established faculty in mind, the creative industries study programme was introduced the completion of which grants the bachelor’s degree. Specialization in creative industries is also offered at Kazimieras Simonavičius University, Vilnius College of Design, and Mykolas Romeris University. Vytautas Magnus University in Kaunas has launched two relevant programmes, music production and fashion design. In Latvia, there is Riga Tourism and Creative Industries Technical College; the Latvian Culture Academy offers master’s degree in culture management and creative industries, while Liepaja University has developed study programmes in data visualisation, social media, digital networks, culture innovation, and creative industries. Of all three Baltic countries, the theoretical and academic model of creative industries is least developed in Estonia.

Creative industries: obstacles and challenges

With Florida’s model in mind, let us now take a look at each of the 3Ts of the creativity index – talent, technology, and tolerance. The first component, talent, is probably the strongest as the Baltic countries do not experience a shortage of educated, qualified and ambitious specialists (we are EU leaders with the highest proportion of the population with tertiary education). On the other hand, unbridled creativity is as a rule suppressed at school, while the dispersion of innovation is rather slow in the countries of our region. Bureaucracy often stands in the way of successful implementation of ideas. Instead of support, it often squeezes creative initiatives into regulations and institutionally-established schemes of perception and operation. A respondent of one of Florida’s projects said: “I would go crazy if I could not contribute. I would die if I had to deal with constant bureaucracy and could not contribute directly” (Florida 2012: 71). Too instrumental and bureaucratic, the business policy of the Baltic countries leaves little space for the expression of individual creativity and authentic talent.

The expansion of the second T, technology, is often hindered by insufficient public funding and company-strangling high taxes. Recently, the development of creative industries in the Baltic countries (with the exception of Estonia) has been directed not as much towards business expansion and exports as towards (micro)markets of local production and consumption. Here the structure of creative industries is based predominantly on small companies with low numbers of employees and low results of economic activity, while their executives are lacking business skills (Klāsons 2013). Due to narrow spaces of expression, poorer technological base and insufficient funding the Baltic countries are facing increased emigration, both of people and ideas (the so-called “brain drain”), because career opportunities offered abroad are more diverse and more financially rewarding. Still, in some fields local achievements are extremely
high: Lithuanians, for example, are leaders in lasers, nanotechnologies, and cardiovascular surgery. If we treat tolerance not only as tolerance for *other* and for someone different, but also in the broad sense – as a non-standard outlook uncurbed by restrictions – we must admit we are lagging behind in this field as well, as the Baltic countries are not as open to diversity as the multicultural society of the US. Seen by Florida as “an additional source of economic advantage” (Florida 2012: 232–233), multiculturalism is becoming particularly relevant in the face of the current migrant crisis. It is not that we are critical towards the migrants alone: religious, sexual and national conservatism also has a detrimental effect on the expression of creativity. Taking these aspects into account, it is still too early to speak of “culture industrialization” and to characterise the Baltic countries as an economically progressive region based on a coherent co-existence of 3Ts.

**Conclusions**

Originating from the use of creativity and its boost in economy, theoretical ideas of the creative industries professional Florida are being gradually implemented in all three Baltic countries where progressive infrastructure of cities is being designed and concentrated business, science, and entertainment quarters, parks and incubators are formed. Such spaces not only bring creation, culture and entrepreneurship closer but also stimulate vitality of the cities and create a more attractive and more modern identity of the Baltic countries. However, in our conditions the critical mass of creative workers is still not in place for the creative class to become an influential force.

Having discussed the aspects of glocalization and compared the status of creative industries in three Baltic countries, we can speak of different environments of the foundation and development trends of creative industries in each of them. The Latvians are concentrating their efforts on the formation of the *theoretical* potential, design of development strategies, and the introduction and absorption of good foreign practice; in short, they are integrating creative industries into the local environment. They are still lacking a policy of activities because their debates and considerations often end in statistical generalizations, definitions, and delineation of activity guidelines on the armchair level. The Lithuanians are most intensively developing the *educational* aspect of creative industries: they are working on new study modules and train multifunctional creative industries specialists – future practitioners potentially capable of speeding up the symbiosis of business and creative work – at a number of Lithuanian universities. Meanwhile, the Estonians are leaders in the *practical* field of innovation. They offer original and competitive products to the production market, especially in the sphere of information technologies, which attract foreign investors. Transition from creativity towards entrepreneurship can be observed in Lithuania and Latvia, which, although they do not have large production markets and wide-ranging export strategies, do not experience a shortage of creative potential and the ardour of experimenting.
The applied nature of creative industries practised by the Estonians most of all corresponds to the genetic definition of creative industries as a business based on creative ideas and generating financial return. The conducted analysis creates the impression that of all three Baltic countries, Estonia least of all succumbs to the conjecture. It resists the localization of the global theoretical model of creative industries that is not always genetically suitable for the local situation, but is successful in offering locally-designed products to global markets.

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**LUMEN INTELLECTUS IR EKONOMINĖ NAUDA: KŪRYBINIŲ INDUSTRIJŲ PLĖTINIAI IR KLIUVINIAI BALTIJOS ŠALYSE**

Santrauka

Naudojantis glokalizacijos koncepcija, straipsnyje lyginama trijų Baltijos šalių patirtis ir pasiekimai kūrybinių industrijų srityje. Siekiama suprobleminti kūrybinių industrijų koncepciją baltiškajame kontekste ir išsiaiškinti, kaip nauja kūrybinės ekonomikos samprata keičia humanitarikos ir verslo funkcijų supratimą bei sąveikos dinamiką. Analizuojama, kokių perspektyvų teikia ir su kokiais trukdžiais kūrybinės industrijos susiduria Baltijos šalyse. Identifikuojami paraleliniai procesai (verslo inkubatorių, kūrybinių miestelių kūrimasis) ir skirtinės kūrybinių industrijų sklaidos aplinkos.

Reikšminiai žodžiai: Baltijos šalyse, kūrybinė klasė, kūrybinės industrijos, kultūra, ekonomika, glokalizacija, Richardas Florida.