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Globalization and Cultural Economics

Ladies and gentlemen

The present time is a time of profound changes – in fact it is a time of social, economic and technological revolution. The last revolution of this magnitude occurred more than 250 years ago in the years 1775 to 1815. In only 40 years Man began to use steam power for industrial production and we have called this period the Industrial Revolution. But more happened in these 40 years. The American Revolution took place in 1776 and the French Revolution in 1789, both events that changed the world and still influence human affairs. In these 40 years we had the Napoleon era, a time that changed Europe dramatically, and this was also a time of urbanisation on a massive scale, when cities started to grow rapidly and the bourgeoisie came into power, taking over the rule of royalty and nobility.

In 1750, at the start of this 40-year period it was for the first time in the history of Mankind that energy other than the muscular energy of men and animals became a significant factor in human activity. Man has lived on Earth for 12,000 years in organized societies and for 11.750 years of that time the main task of most people was to engage in an endless struggle for food and warmth to survive. The means of fulfilling these basic needs changed 250 years ago when external energy became the ruling factor.

I believe that in the years 1985 to 2025 we are going through a similar social, economic and technological revolution as we did more than 200 years ago. In 1989 the Berlin Wall went down and the political situation in the world was totally transformed. We now have new tools, the computer and the Internet, which have become crucial for human activity in most countries. We have new fast-growing industries in biology and genetics. International terrorism after 2001 defines the framework of international politics and cooperation.

The creative industries, based on culture and artistic activities, are gradually replacing traditional service industries and the manufacturing industries as the most important economic sector of the 21st century. Today, around 25% of all labor in the developed countries is employed within the creative industries. In the 21st century it will be the task of cultural economics to develop models and methods to explain our new complex society.

In the field of economics we have spoken about three dimensions of production: primary, manufacturing and service, but now we have the fourth dimension, that is the creative industries. Please note that I spoke of the time from 1985 to 2025 as our new revolutionary period, so we still have 17 years to go. I believe we will observe changes in remaining 17 years that will be just as profound and extensive as in the time since 1985.

The second social, economic and technological revolution which is now in progress does not affect all people in the world; far from it. But it affects most of them, and the consequences of this revolution will reach everyone in a relatively short time and time passes fast.

Electricity, probably the most useful invention thought up by Man in 250 years, was distributed all over the world in an amazingly short time and now we can't imagine life without electricity, but the distribution of the new tools, the computer and the Internet, has happened much faster than in the case of electricity.

We know very well in cultural economics the effects of positive externalities, for example through increased education and cultural activities. Public initiatives in support of culture and creativity to increase positive externalities can be extremely effective, and externalities are important in connection with public goods. Cultural economics has built a bridge from the world of traditional production to the world of culture and creative industries. This bridge is getting bigger and bigger and more crowded, and due to globalization there are quite many such bridges all over the world.

In this context it is important to note that a public good like culture must be able to reach the majority of the population of the country where it is rooted, and that culture must not only meet the needs of the present generation but also future generations. This is the principle of sustainability and it is important in connection with culture, cultural economics and globalization, because this presses on us the obligation to preserve the diversity of culture, which is not an easy task. Cultural activities fit very well within this concept, because there is a growing understanding of the need to preserve cultural diversity, and globalization is often seen as a threat to this ideal.

Global culture is simply a result of the fact that through increased globalization the cultures of individual nations and ethnic groups is more influenced by other cultures than before. Multinational influence of this kind is nothing new either; it has frequently been seen in history before – what is new is that the influence now is global, that is it has origins all over the world and it spreads much faster than before. There is little time to adapt to new cultural influences and that can be problematic for smaller nations.

It can be questioned whether all cultures have the same opportunity to make their influence felt. Small areas often do not have the economic power needed to spread their influence. The issue here is whether small cultural areas are at risk owing to increased globalization. The question we need to ask is whether cultural diversity is in danger.

It has been shown that in countries with small populations there is proportionally greater public spending on cultural affairs than in countries with large populations. The emphasis of smaller nations on cultural activities is understandable because they are fighting for the survival of their cultural heritage in a world characterized by increasing globalization. Governments in less populated countries are more concerned about their domestic culture, which they feel as more vulnerable, fearing that the cultural diversity represented by their smaller communities will fall victim to the massive attack of cultural influences from larger countries, made possible by increased globalization.

Just over 2000 years ago, during the reign of Augustus, the first Emperor of Rome, there were 130 million people living on Earth. In the year 1900, that is to say 100 years ago, the world's population was 1.3 billion. Now, in the year 2007, the world's population is 6.3 billion, having increased by 5 billion in the last 100 years. It is forecast that the world's

population will be 8.3 billion in 20 years, which is another increase of 2 billion. How are we going to feed all these people, provide them with water and suitable living conditions and environment? This is not an easy question when it is kept in mind that there are already more than 2 billion people living in poverty and millions of people die of hunger every year.

What has this to do with globalization and cultural economics? Very much. Culture and cultural diversity hold the key to the problems of our times and the future. We cannot hope for a future unless we show tolerance, open-mindedness, understanding and creative thought.

It is remarkable that virtually all the major religions of the world teach charity and respect for others, although human history is far from being characterised by these qualities. It is a shocking fact of history that most technological innovations are in one way or another rooted in warfare. Now, however, we are at a turning point.

The world-famous scientist Enrico Fermi considered the interesting question why we had never been able to discover any life forms in space. We know that there are millions of stars. Fermi said simply that each community will eventually destroy itself through increased technology and that nothing could prevent this from happening. This is not a very constructive answer to the question of why we have still not seen any alien life, but there are various indications that Man will manage to make the world uninhabitable in the next 100 or 200 years, or even earlier. Whether Fermi's theory is correct, or the distances of the universe are so immense that we can never make contact with others or others with us, we cannot say here, but we can say that the role of culture in the new vision of the world is a key role.

Culture, the arts, and also religion, are by nature peaceful pursuits, and usually caring. This is the attitude that needs to overcome. Investment in the arts, culture and creative industries, which includes increased education, results in good financial returns, but also well-being and an improved community for the benefit of all.

Ladies and gentlemen

Solidarity and co-operation, however, are not only desirable at this point, but vital, especially for our children and grand-children. Here, culture can show the way, as it has so often done before in human history. The difference between then and now, is that at this point in time there is nothing that can show us the way but cultural ideology.

In earlier times, new countries, new resources and other assets of the Earth, together with increased technology, could take us forward. This is no longer the case. Now we need new thinking, fertile, creative and peaceful, to ensure our future. Culture and its important and effective tool, cultural economics, can distribute this thinking in the increasing globalization – if we are willing to listen to the message.

Thank you for your attention