

The Future of the arts and culture in Wales within a global context

Trends, Drivers of Change and
New Paradigms

EXECUTIVE SUMMARY

Prepared for the Arts Council of Wales

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Introduction

The Arts Council of Wales (ACW) commissioned research to identify the drivers of change that may impact upon arts and culture in Wales over the next decade or two. The purpose of the project – from which the material in this report has been drawn – is to provide a longer term futures based approach to ACW's corporate planning and strategic development work.

Futures is a multi-disciplinary field that builds perspectives and knowledge around emerging trends and drivers that may have an impact on society, the economy and the environment. Although the future is inherently uncertain, a range of research, analytical and participatory tools – that together form part of the futures field – can help in generating strategic conversations around possible changes. **The act of exploring these themes within organisations can enhance individual and collective capacities to anticipate changes and to shape the future.**

Several sections within the report contain forecast information, which is valuable in contemplating the implications of projected changes, should they occur. However, the approach taken within the report is not that of prediction. **As the future is not pre-determined, the report is intended to stimulate reflexive dialogue that is capable of challenging a range of assumptions.**

The project has a wide brief and it is clearly impossible to bring together every relevant trend and driver that may impact upon the arts and culture in Wales. Much of the material is drawn from global literature and a macro-level of understanding is provided in many cases; this is necessarily the case where the themes discussed are global or international. The authors have offered some emerging implications for economic, social, environmental and political trends and drivers. These are not prescriptive but merely an illustration of where the drivers may lead. **A key aspect of the project is for readers or users of the material to build meaning for their area of practice within the arts, culture and creative industries.**

The report has been produced to help provide fresh insights into the key trends and drivers likely to affect the cultural sector in Wales during that period. **It is intended as a point of departure for creative dialogue rather than as a static product.**

Scoping and Definitions

Without men, no culture; but equally, and more significantly, without culture, no men. We are, in sum, incomplete or unfinished animals who complete or finish ourselves through culture – and not through culture in general but through highly particular forms of it...

The Interpretation of Cultures Clifford Geertz

Culture is not unitary, it is a system of systems, it is always in motion; art keeps our culture in play.

Homo Poeticus and the Art of Culture Bill Sharpe

At the outset the project scoped key terms such as the 'cultural sector', the 'arts' and the 'creative industries' - which are often used ambiguously and interchangeably - to better understand the necessary core definitions and concepts involved.

The Arts are defined as a broad subdivision of culture, composed of many expressive disciplines. In modern usage, it is a term broader than "art", which usually means the visual arts (comprising fine art, decorative art, and crafts) and thus also encompasses performing arts, language arts, culinary arts and even physical arts. Many artistic disciplines involve or combine aspects of the various arts, so the definitions of these terms overlap to some degree. A precise consistent definition of the arts can rarely be obtained, but the following areas of activity are normally included in Wales and Britain : Architecture, Art & Visual arts, Crafts, Dance, Decorative art, Design, Drawing, Fashion, Film & Video, Literature, Music, Opera, Painting, Photography, Poetry, Sculpture and Theatre & Performing Arts.

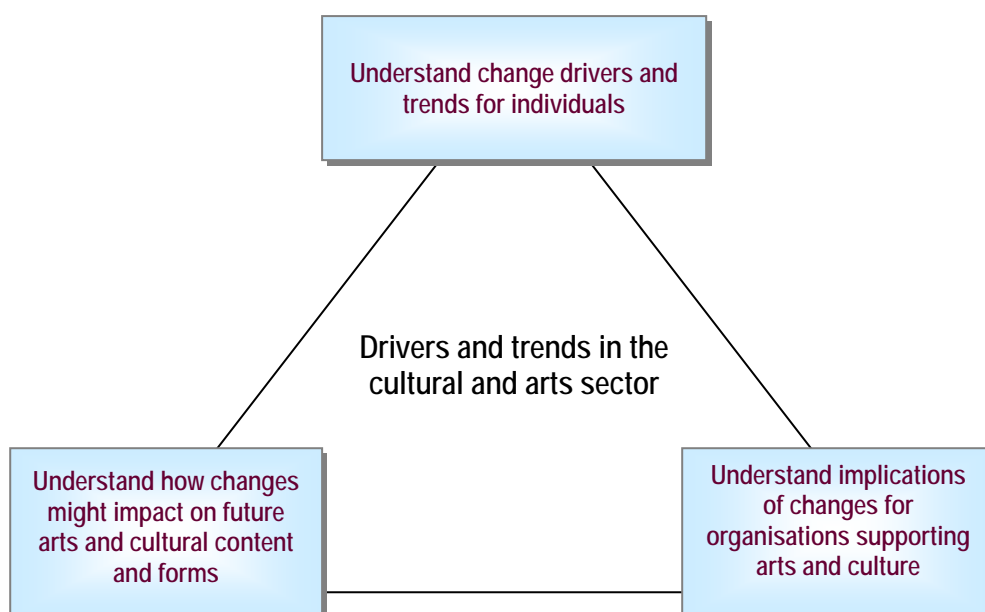
The *creative industries* include many of these in their governmental definition and more "those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property. This includes advertising, architecture, the art and antiques market, crafts, design, designer fashion, film and video, interactive leisure software, music, the performing arts, publishing, software and computer services, television and radio." (DCMS, 2002).

Conceptual Framework

The conceptual framework we used features three inter-connecting dimensions:

- Drivers and changes for individuals: how socio-economic and other potential changes might affect the context for individuals and citizens, as producers and consumers of arts and culture
- Implications of changes for organisations supporting arts and culture especially with regard to nurturing and financing the arts and cultural activities within existing organisations
- How changes might impact on and influence future artistic and cultural content or forms. Climate change and frustration with neo-liberal economics might for instance stimulate a paradigm shift to a more conscientious stewardship of society with stronger more regulated collective norms.

Conceptual Framework



Economic Trends and Drivers

Globalisation is and will be one of the fundamental drivers of change for the world and all of its citizens. In its review of global strategic trends to 2036, the MoD identifies globalisation as one of the three pervasive 'ring road' issues that will dominate and affect the lives of everybody in the world the subsequent thirty-year period. The other two pervasive ring road issues are climate change and global inequality. At a simple level, globalisation can be defined as "the world becoming more interdependent and integrated". It has been stimulated by the removal of trade and other barriers in economic terms. In social terms, it is signified by an increased mobility of people and ideas between countries and continents of the world. Liberalisation of international financial markets – enabled by advances in information and communications technologies since the 1980s – has changed the character of business and commerce. A more enabling environment for companies has led to a proliferation in trade by multi-national corporations (MNCs). Global supply chains have become the norm for this development, replacing intra-company and inter-company relationships that were largely confined to regional blocs or even individual countries. This change, amongst other impacts, has reconfigured the affiliation of individuals to place and work.

The global disruption caused by the crisis in the US sub-prime mortgage market in the middle of 2007 is a clear indicator of the scale of global financial inter-dependence. Although globalisation has signalled a growth of financial transactions around the world, the deep and enduring repercussions of the sub-prime shock is a reminder that the financial eco-system around the world can be susceptible to disruptive and cascading events. According to World Bank projections, the global economy is likely to continue to grow at 2-3% per annum till at least 2020. This consistent growth is likely to have a positive impact on the material well-being of developing countries.

Massive global changes in economic power are exemplified by the rise of China, a favourite discussion topic of trends analysts and commentators since the 1990s. The consistently high growth rates that China has achieved during the last decade has elevated it from a second tier economic player to a first tier lead position. Along with China, Brazil, Russia and India – the so-called BRIC countries – are expected to provide the major proportion of economic growth over the coming decades. By 2020, it is estimated that China will be the 2nd and India the 6th largest economy in the world.

Projections indicate that 90% of the world's labour force will live in the developing world by 2030. China and India will account for 40% of the global workforce. Although the majority of the world's workforce will remain unskilled, it is anticipated that the supply of skilled workers will grow faster than unskilled. The fastest growth in skilled workers is expected in the developing world.

The growth of both the skilled and unskilled workforce will have many implications for European and other industrialised countries. The effects of globalisation and labour force changes are evident in Wales. Manufacturing employment in Wales in the decade between 1997 and 2007 decreased by 60,000 jobs, from 210,000 to 150,000. Future challenges in the age of global competition will be sterner and even more complex. The growth of higher value economic services, especially in the BRIC countries, will challenge Europe to re-engineer its skills base for new demands.

Support for globalisation – and its effects – is however far from universal. It is possible that concerted counter-movements might break the trends and the projected increase in

globalisation. Retrenchment and protectionism – as defensive responses against some of the negative implications of globalisation – are regarded as very important risks by large businesses. Defiant responses by governments and the complex anti-globalisation movement may challenge the linearity of assumptions expressed by many commentators.

Implications > Economic Globalisation

- Internationalisation of the funding for arts and cultural outputs/forms, assisted by liberal and enabling finance and Intellectual Property regulations. There could be more opportunities for joint ventures and more international sponsorship for artistic and cultural work, although this is likely to be very competitive.
- The global diaspora and diversity of populations contribute to the transfer of exogenous artforms (e.g. the classical South Indian dance style promoted by Indian Dance Wales) and the recombination of new artforms in the Welsh context.
- Increasing globalisation may lead to swifter and deeper circulation of new artforms and skills. This may challenge the boundaries of traditional arts competences.
- Global economic interdependence leading to aggregate gains around the world but increases vulnerability to shocks originating elsewhere in the system
- Increase offshoring of cultural/artistic output, especially for certain artistic/creative forms e.g. media, music and gaming. This will mirror the general movement of tradeable services to emerging countries.
- The growth of BRIC economies could have complex and asymmetrical impacts on arts and culture. The BRI economies might have closer reference points for Western societies (USA-Europe) – especially in terms of cultural and business practices. The assertion of Chinese cultural-business norms is likely to be more ‘subversive’ for US/Western-generated cultural discourse.
- Dominance of world politics will be challenged. USA hegemony in economic terms will be undermined by China. In turn, this might threaten the political leverage that the USA has – directly and through its influence in global regulatory regimes.

Economic Waves and Paradigms

The market for dreams would gradually exceed the market for information-based reality. The market for feelings would eclipse the market for tangible products.

Rolf Jensen

The rise of the Creative Economy is drawing the spheres of innovation (technological creativity), business (economic creativity) and culture (artistic and cultural creativity) into one another, in more intimate and more powerful combinations than ever.

Richard Florida

A number of theorists have argued that the mode of economic production since the middle of the 18th century has been transformed by new technologies, accompanied by new social and

institutional arrangements. Kondratiev and Schumpeter are two of the most eminent theorists that have put forward this broad view, each offering an interpretation of economic and technical change over the long term. According to that position, each period (of 50 years) has a technological framework that dominates the economy, and typifies that particular period. Each period has particular forms and characteristics (in terms of management, work and social patterns etc.) They are described as **Kondratiev waves**. The theory proposes that economic and technological waves are superseded by a new, dominant technological paradigm. Schumpeter described a process of 'creative destruction' in which entrepreneurs challenged the traditional economic model to create new periods and models.

Some of these ideas have been reinvigorated by a new generation of theorists, whose aim is to analyse long-term economic change. They argue that there is an interactive dynamic between several sub-systems in Kondratiev waves: science, technology, economy, politics and culture. They outline five technological and socio-economic waves since the industrial revolution in Britain the most recent being the computerisation of the economy. Wales has rather obviously not been at the top of the most recent Kondratiev waves. Although work is ongoing to promote the information/digital age in Wales, that will not automatically lead to a range of new (technological) products that are competitive on the world market.

There are a number of models and theories current about the form newer economic waves take and the paradigms they bring.

Carlota Perez for example presents a **bubbles and golden ages** model of economic waves and changes. She argues that, in the development of the modern world, there has been a similar pattern of bubbles – where investments in technologies are made and expectations raised, a recession or a bursting of the bubble, followed by a golden age where real societal benefits are diffused over a 20-30 year period. According to the thesis, there is a golden age where societies see the full benefits of the new technology and paradigm. In the current context, societies are probably in the middle phase of the internet deployment period. There is inevitably considerable speculation about the deployment of the big technologies of the future. Many believe that the major technological breakthroughs – and socio-economic/environmental uses of those technologies – will emerge in the convergence of nanotechnology, biotechnology, information technology and cognitive technology.

We can also instance **Wikinomics** and the **Open Source Model of Innovation**. Wikipedia has gained almost universal recognition by Internet users over the last few years as an online reference resource authored openly by users. The staggering growth of Wikipedia is emblematic of a more general emergence of the 'wiki' paradigm, where information and communications technology enables people to produce goods, services and content in an open, collaborative mode. This paradigmatic shift re-orientates patterns of production and consumption in economic and social terms, based on the four principles of Wikinomics which are openness, sharing, peering and acting globally. The Wiki metaphor is congruent with other critical thinking on production systems, collaboration and organisational behaviour. There is a growing literature on open innovation, where companies have sought to use ideas from distributed knowledge networks from outside the company as a source of innovation and value. Open innovation at a worldwide level is heralding an age of virtual globalisation. In the virtual economy, paid-for products are created purely online, notably through virtual reality. *Second Life* is an example of new virtual economies being created globally.

Using Kondratiev's theoretical principles, and a broader socio-economic theoretical base, we are in the middle of the Information Age (1970-2020?), where the electronic storage and

processing of knowledge typify the world of work. This itself is thought to be undergoing a transformation in the eyes of some theorist, from an Information Society to the **Dream Society**. As the full effects of the Information Society permeate into working and private lives, there is an increasing reaction to its hyper-rationality and structure. As a result, people (consumers) have become weary of the dominant paradigm and yearn for an alternative that appeals to the imagination and emotions. One of the main attributes required by products in the Dream Society is the ability to tell a story, and to convey ideas and symbols. The Dream Society is based on the underlying assumption that the basic needs of people from the developed economies have been fulfilled. Indeed, consumers in the Dream Society have been satiated, to a large extent, by traditional materialism.

The creative industries certainly make a substantial contribution to the economies of the European Union and the United States of America. The **Creative Economy** has arrived, with creativity as the motor force of economic growth. A growing corpus of socio-economic literature has discussed and analysed the importance of the creative industries, and they have also been the focus of policy development. In his influential work, 'The Rise of the Creative Class', Richard Florida presents the results of his research on creative vocations and sectors in the US economy and argues that a new class is fulfilling a vital role in the new economy. The class is defined by the type of jobs that its members have: the core consists of science and engineering, architecture and design, education, the arts, music, and entertainment. Their economic role is to produce new ideas, technologies and content. There is a broad group surrounding the core, with representation from business people, finance, law and health care. Although the Creative Class is composed of quite a large group of professions, it has a core set of values: creativity, tolerance and personal expression.

According to *Wired* digital culture commentator Kevin Kelly, the modern **Attention Economy** is increasingly a place where consumer products cost nothing to reproduce and the resultant problem facing the supplier of the product consists in adding valuable intangibles that they are not able to reproduce at no cost e.g. Immediacy, Personalisation, Interpretation, Authenticity and "Findability". The central commodity in the new information age is not *stuff* but rather *style* - style is what competes for our attention amidst the noise and plenitude of new media. In this kind of world, intellectual property will become more core and crucial to the economy than real property.

Implications > Economic Waves and Paradigms

- In Wikiworld, users are likely to be authors and recombiners of new artistic/cultural forms rather than customers of existing 'products'. Existing arts companies might become less representative of stakeholders or particularities (territorially and for communities of interest). There is likely to be a persistent fuzzy area for intellectual property in open innovation economies, which applies to arts and culture.
- In the Dream Society, there will be a new generation of experiential and emotional services and artefacts that embody those values. A new cohort of arts professionals will emerge that will cater for these socially-generated artforms and types.
- If one accepts the Florida thesis of the three Ts - Tolerance, Talent and Technology – the prospects for Britain – and Wales therein – appear middling. Indeed, the latest signals indicate that the relative position of Britain is declining. To succeed in the creative economy in the future, there needs to be a radical overhaul of the British model of talent development and nurturing. Britain's general adherence to an American,

competitive model of talent attraction and retention need to be modified to engender more endogenous creativity.

Environmental Drivers and Trends: Climate Change and Sustainable Development

Climate change has become part of mainstream social vocabulary since the 1990s. The parallel discourse in sustainable development has also reconfigured political and policy priorities over the same period. Sustainable development has become an important 'storyline' for our age. The work of the Intergovernmental Panel on Climate Change (IPCC), based on the common or consensual views of 2,500 scientists from around the world, has concluded that human activity is responsible for the changes witnessed in the climate – over and above expected climatic variations. Global temperatures are expected to increase by at least 3°C by 2100 if decisive action is not taken. Climate change has been described a pervasive ring road issue by the MoD's work on strategic trends to 2036 i.e. one of the dominant issues that affects all people on the planet over the next thirty years.

The twin responses that have faced governments, businesses and individuals have been **mitigation** of climate change through reducing greenhouse gas emissions and **adaptation** to the possible new climates of the future. In his influential review for the Treasury, Sir Nicholas Stern estimated that the potential costs of climate change would be in the region of 20 per cent of global GDP per annum unless action was taken. He suggests that preventing climate change need not be costly—the financial cost of taking action to mitigate the risks could be as little as 1% of global GDP p.a.

Certainly the frequency and intensity of extreme weather events might increase – leading to loss of life, injury, mass population dislocations, and economic devastation. Considerable adverse impacts are predicted to occur on natural and human systems. These impacts will have serious implications for our lives in Wales, particularly in relation to food supply and the availability of other resources, migration, the spread of disease and conflict. Although the effects may not be as dramatic as those that may be experienced elsewhere, climate change will lead to a number of changes, and will have many implications socially and economically. The work done by the UK Climate Impacts Programme (UKCIP) in modelling high emissions and low emissions scenarios reveals that annual daily temperatures may increase by up to 3°C by 2080. An increased risk of flooding and severe heat waves is one likely impact for Wales in the next 20-30 years. Some 150,000 residential properties – together with many commercial properties, and industrial developments are on land at risk of flooding. Approximately 500,000 people live and work on land designated as flood plain in Wales.

Even within the relatively recent past (since 1970), there has been a marked decline in **biodiversity** and populations of many species around the world. Much of the biodiversity loss is attributed to changes in land use. Between 1980 and 2000, although there were some net gains in terms of forest cover (e.g in Scandinavia), there were very significant losses, notably in the Amazon. Habitat loss will lead to a sharp decline in local diversity of native species. The number of plant species, for example, could drop by 10-15% as a result of habitat lost between 1970 and 2050. The UK Climate Impacts Programme, *Socio-economic scenarios for climate change impact assessment: a guide to their use in the UK Climate Impacts Programme* Oxford (2001) attempted the first valid longer term scenario building exercise addressing the specific **socio-economic impacts of climate change** on the country. UKCIP developed four UK socio-economic scenarios set in a global context for the 2 time-frames of the 2020s and the 2050s , distinguishing drivers (Values and Policy, Economic Development, Settlement and Planning) on

the one hand and impact domains (Agriculture, Water, Ecosystems, Coastal Zones, Tourism and the Built Environment) on the other:

Scenario 1: National Enterprise

Biodiversity is under pressure from habitat fragmentation, industrial/housing development and weak environmental controls.

Scenario 2: Local Stewardship

There is both the will and the capacity to protect biodiversity from the impacts of climate change. Economic development is controlled so that fragile ecosystems are protected.

Scenario 3: World Markets

Biodiversity is vulnerable as a result of fragmented habitats, particularly under pressure from housing development, high-intensity farming and leisure industry uses of the countryside.

Scenario 4: Global Sustainability

Natural ecosystems are considerably less vulnerable than in the World Markets scenario but are less well protected than under Local Stewardship.

Implications > Climate Change and Environment

- Longer term investments and shorter-medium term disbursements will be made to address climate change impacts/mitigation. This could lead to a further finance squeeze in arts and non-functional or non-instrumental areas of policy.
- In periods of social trauma and shocks, such as climate change, the system won't permit much financial slack. It will fund bread and cabbages rather than bread and roses.
- Venues and other arts estates (buildings, infrastructure) will require costly overhauls or retrofits to conform to lower intensity energy requirements.
- There will be a growing expectation that all publicly financed bodies will become creative agents of change in the shift to low carbon living.
- A combination of punitive taxation and escalating fossil energy prices is likely to impose high costs in the staging/production of audience-based arts activities. This is particularly relevant for centres that do not serve high density populations, and that are poorly served by a public transport system (especially outside normal business hours).
- Climate change angst might become the dominant – and suffocating – subject that pervades artistic production over the next decades.
- In an increasingly instrumentalised view of the creative economy, the sub-set of the creative industries that are fit for this purpose, e.g. design, film, architecture, will thrive whilst others may be more marginalised and under-resourced.
- Popular or high culture will be instrumental in bridging the gap between the urgency of the latest scientific reports and public pressure to take action. Feature length documentaries e.g. *An Inconvenient Truth* have entered the main stream and

transformed debate. Many artists will use their talents to impress upon the public the urgency of the issues and inspire them to further action. Scientists will also collaborate more closely with artists in order to bring the latest urgent scientific understanding to the public in accessible ways.

Social and Cultural Trends and Drivers

Art and culture are only communicable as long as they are the products of living yet stable forces in which tradition is receptive, and when there is no discontinuity between past and present. In modern societies, cultures have become threatened by the loss of transmissibility and communicability.

Art articulates the gap between the thing to be transmitted and the act of transmission. Perhaps nothing is more urgent—if we really want to engage with the problem of art in our time—than a destruction of aesthetics that would, by clearing a way what is usually taken for granted, allow us to bring into question the very meaning of aesthetics as the science of the work of art

Julie Steyn

The population of the world is likely to increase to 6.9 billion by 2010, 8.4 billion by 2030 and 9.1 billion by 2050. The UK population is expected to increase to 67m by 2020. Those aged over 85 will have increased by 50 per cent (to 1.9 million) by 2020. Increases in life expectancy will mean greater numbers of people with greater health and care needs e.g. demand for informal care from family, friends and community members is projected to rise by 40% by 2022; particularly affecting those without children who are in need of care (one in five of those over 80 by 2041). Within the overall projected growth for the UK population, those age groups that will grow most are the over 85s and the over 65s. The population of Wales is likely to grow by approximately 6 per cent between 2006 and 2020. Within the UK, the nations and regions are all expected to grow significantly, with the exception of Scotland and the North East.

Working patterns and retirement ages might change significantly within an ageing society. An aging but healthier workforce will encounter economic challenges presented by living much longer than previous generations. Workers, particularly knowledge workers, will be able to make valuable contributions to business and society long after passing conventional age limits. Fertility rates in most developed countries will remain below that need to replace the population 'naturally'. Wales is and will be no exception.

International migration has increased significantly over the past 50 years. In Wales, as in many other European countries, the most significant migration patterns are between locations that are relatively near, at least in global terms. In the period between 1999 and 2004, there was a net annual inward migration to Wales from England of almost 11,000 people (i.e. over 54,000 people for the five-year period). The regional picture in Wales shows that all areas were net gainers in migration flows during the same period.

The effects of the net inward migration into Wales from England can be seen by comparing the 1991 and 2001 census returns for the percentage of the population born outside Wales. Between 1991 and 2001, the wards in which between 50 and 79.4 per cent of the population were born outside Wales increased by 14.4 per cent (from 83 to 95). There was a noticeable increase in the population born outside Wales in the electoral wards of mid-Wales and parts of South-west Wales. It is also evident that south Wales (north of the M4 corridor) and South West Wales (to Carmarthenshire) were the areas that had the lowest proportion of people born outside Wales.

After decades of decline, the 2001 Census showed that there had been an increase in the number of speakers of **the Welsh language** in Wales in the preceding 10 years. The percentage of the population (aged 3 and over) that could speak Welsh increased from 18.7 to 20.8 per cent (+2.1 per cent). Much of the rise is attributed to the use of Welsh within the education curriculum. In spatial terms, areas with the highest percentage of Welsh speakers are Gwynedd, Anglesey, Ceredigion and Carmarthenshire. However, the growth in the number of Welsh speakers in South-east Wales is challenging perceptions of the use and social context for the language. Cardiff's Welsh-speaking population increased significantly to 11% of the total in 2001.

Ageing populations, divorce rates and broader lifestyle choices are having a major impact on household trends in Wales and Britain. By 2021, the number of one-person households is expected to surpass that for married households. The rate of growth in households over the next two decades will be much higher than the rate for population growth. This overall trend is likely to reinforce concerns about housing economics and affordability. As is happening already, many individuals and couples are likely to opt for more affordable housing – particularly to purchase – in areas where prices remain relatively low. Growth in British **life satisfaction** was limited between 1973 and 2006 unlike Italy, Denmark, Spain, France and the USA. Despite increased purchasing power and opportunity of choice people have not become 'happier' since the 1960s.

With regard to **Post-materialism**, evidence suggests that there has been a shift from materialist values, where the primary concern is economic and physical security, towards post-materialist values, which emphasises goals such as freedom, self-expression, and the quality of life. The work of Inglehart and others in the World Values Survey identify two principal dimensions of cross-cultural variation:

Weak vs. Strong secular-rational values

The dimension of traditional vs. secular-rational authority reflects emphasis on obedience to traditional authority (usually religious), adherence to family and communal obligations and norms of sharing; or, on the other hand, a secular worldview in which authority is legitimated by rational-legal norms, linked with an emphasis on economic accumulation and individual achievement.

Weak vs. Strong self-expression values

The dimension of survival vs. well being values reflects the fact that in post-industrial society, historically unprecedented levels of wealth and the emergence of the welfare states have given rise to a shift from scarcity norms, emphasizing hard work and self-denial, to post-modern values emphasizing the quality of life, emancipation of women and sexual minorities and related post-materialist priorities such as self-expression.

Within this framework, there is a general polarity of constraint and choice. A combination of weak secular-rational values and weak self-expression values pursues an ideal in which individuals are restrained by chaining them to survival communities. The common element of this ideal is to stress human constraints. Conversely a combination of strong secular-rational values and strong self-expression values pursues an ideal in which individuals are free to express themselves by decoupling them from survival communities. The common element of this ideal is the stress on human choice. Those individuals, communities and nations that are positioned low in the matrix in terms of secular-rational values and self-expression values are said to be short of 'action resources'. Their lives are framed by constraints rather than choices.

Wales has become, in the main a post-material society. Arts policies may, *in grosso modo*, have more favourable conditions in such post-material societies as people strive for forms of self-expression, creativity and personal development. However, there are persistent disparities and inequalities between individuals and communities in Wales. If people feel that their lives are framed by constraint rather than choice, and that their action resources and autonomy to be self-directing are therefore reduced, the challenges for arts organisations are very different. The role of arts organisations in regeneration activities may become more focused on front-end issues around people's experiences (self-direction) as a precursor to creativity and self-expression.

There is always a broad need for a social organising principle or a general management principle. In the 20thC and earlier industrial society this principle was efficiency. With the biophysical underpinnings of human life now in jeopardy however a social organising principle attentive to excess, to risk displaced in time and place is desperately needed i.e. the **Sufficiency Principle**. This will emerge in the coming decades since it meets 3 conditions – it exists, it is terribly logical and it is commensurate with biophysical conditions and long-term security.

Contemporary theorists describe pervasive **attitudinal changes to Art and Culture** and enquire whether in a world in which political culture has surrendered to cultural politics, can art reaffirm and reconfigure itself as a site of exuberance, wonder, vitality, affect, memory and learning, and create a place of ethical and critical resistance. This reflects the increasing commodification of art objects and the experience of art. The next stage in the process is the current one of co-creation – where the individual is not the consumer but the performer. The ever-increasing specialisation of social function is compensated for by the monopolising of leisure activities and the future concentration of leisure in more homogenized forms. Modern cultures are threatened by the loss of transmissibility and communicability:

The Rich World lives in its own media cocoon of cultural references due to and part of **the Globalisation of Communications**. This cocoon is swelling and becoming more global in nature. Yet since 2/3 of the world does not have phone and 5/6 doesn't use the web it is an exaggeration that these technologies are bring the world together.

Certain trends are clearly identifiable

- The supplanting of the physical economy by the online economy: an army of new virtual products from data warehousing to Web, to music download etc. is on the way
- The transformation of the information of economy into a social economy. e.g. *Second Life*.
- Passivity being replaced by participation
- The growth in the social aspects of online communities e.g. *Facebook*

However at the same time offline concentrations of power are being replicated online:

- Hierarchies are being recreated in online communities
- Corporate super-fast tunnels give the media conglomerates priority over ordinary users. e.g. Google
- Hierarchies of skills can now be recruited online
- Chinese government censorship
- Communications technologies allow greater workplace control through surveillance
- Exact customer profiling

During the next 20 years the capacity of communications technologies will leap ahead.

4 BANG technologies will converge – bits, atoms/nanotech, neurons (AI) and genes (biotech, bio mimicry, etc) - taking advantage of organic models. Algorithms based on natural organisms will evolve new software and hardware.

Implications > Social and Cultural Trends

- Ageing populations are more likely to sustain particular art forms (rock music, classical music, opera)
- People as self-directed and adaptive beings are likely to be iconoclastic in relation to perceptions of class, age and other social characteristics, e.g. current cohort of 20-40 year olds will have higher technological adoption practices as well as adopting variety of cultural/artistic forms
- *Wabi Sabi* (asymmetry, asperity, simplicity, modesty, intimacy) and shabby chic philosophies or world views will promote new aesthetic values in troubled economic/environmental times
- More individualistic values, with increased expectations, may clash with imposed collectivism e.g. through khaki sustainability
- Wales is likely to become a more post-material society in the main. However, there will be persistent disparities between communities and even within communities. The role of the arts in regeneration is likely to face this basic cleavage in post-material Wales between those that are material and those that are post-material in values and outlook.
- Aggregate action resources of individuals in Wales are likely to be greater – leading to demand and wishes for personal expression and creativity. However, the picture will be far from uniform and there might be an 80/20 situation with a minority still lacking action resources and self-direction.

Governance and Politics

A propos of the State and decentralisation in the Global and European context, Eric Hobsbawm wrote that 'Nation-states and nations will be seen as retreating before, being absorbed or dislocated by, the new supranational restructuring of the globe'. Writers such as Kenichi Ohmae have consistently emphasised the advantage of (sub-state) regions in adapting to the challenges of a new global socio-economic system. Despite a tendency to be deterministic in signalling the end of the road for the Nation State, there have been attempts to understand the function, form and meaning of the state in historically situated contexts. There has been a change in the meaning and social constructing of the state, especially in post-industrial society. One of the important concepts underpinning political science in this area is the social contract between the individual and the state. In circumstances where the State is no longer capable – or no longer interested – in delivering goods and services traditionally associated with the social contract, how will individuals and groups respond?

With an enhanced role for regions in the European Union, there has emerged a more complicated mosaic of 'multi-level governance', where the policy space is inhabited by a collection of actors from national, supra-national and regional levels. This can be seen as a process of 'cosmopolitan localism', where actors that have local and regional impacts also play a role on the international stage. At a European level, the deconstruction of vertical

relationships of association (and control) have enabled regional development actors to form new relationships not only with peers but also with supranational actors. Territorial politics and territorial governance are still dynamic issues in the European landscape. The sovereignty of nation-states that is familiar – and assumed – is historically situated within the diminution of religious authority over political authority, affirmed by the Peace of Westphalia (1648). After over 300 years the legalistic and absolutist tenor of such resulting “Westphalian” sovereign states has recently given way to a more fluid and asymmetrical system where supranational authorities (especially the EU) and sub-state levels (e.g. regions) exercise more influence in the lives of citizens. This new paradigm is called **‘dynamic cohabitation’**.

Changes in the international economic environment and demands generated by domestic politics have posed serious questions for the state in the last 20 years. Although the legalistic integrity of the state, many would argue, remains intact, there has been an important change in its power and influence to deliver public goods. The increased regulation of societies that took place in the twentieth century occurred partly due to the adoption of new paradigms in economic management. By the 1980s, a new economic doctrine, neo-liberalism, had been adopted with varying degrees of conviction in a number of countries, the exemplars of which were taken to by the Thatcher governments in Great Britain and the Reagan administrations in the USA. Inspired by economists such as Milton Friedman, the New Right administrations revived a form of economic liberalism that promoted the methods and nomenclature of markets over public-led administration, leading to a paradigmatic shift in the business of government. The liberalisation of trade and financial markets around the globe provided further momentum to the laissez faire approach.

Over the next two decades, there is likely to be a transformation in the character and modus operandi of organisations. Likely key changes will include:

- More transparency – trust will be more and more important
- Public expectations will continue to rise: technology will make scrutiny easier.
- Organisations will be shaped by how they manage “personalised scale”: a big challenge will be combining standardisation with customisation. Customisation based on choice will become more problematic. **Co-production** as an alternative will have limited potential in a time squeezed-world. **Personalisation** is more likely to be the norm for customisation. Organisations will however adapt to the growing importance of human relationships at work, “companies thrive on good company”. The ‘Beecham’ Review of Local Service Delivery, based on developing citizen-centred public services, fits into the broader agenda for personalised services and multi-agency collaboration.
- “tacit interactions” at work are gaining ground in the more advanced economies – tasks requiring workers to deal with progressive ambiguity. As the knowledge economy matures, managing it will become a growing priority.
- An end to de-layering and growth in side-to-side management, with 3 levels:
 1. Practitioners
 2. Senior Managers
 3. Integrators i.e. replaces command-and-control with a collaborative mind set

Over the previous three decades, British governments have learned a lot about how to increase efficiency, and about how to treat customers more seriously. Now however they are required to acquire a new skillset i.e. as to how they should innovate and serve the public, not only by being competent in this present, but also by being ready for the future. Geoff Mulgan defines **public sector innovation** as being “about new ideas that work at creating public value. The ideas have to be at least in part new (rather than improvements); they have to be taken up (rather than just being good ideas); and they have to be useful. By this definition, innovation overlaps with, but is different from, creativity and entrepreneurship.”

The devolution of powers to Wales, following the referendum in 1997 and the Government of Wales Act in 1998, has had far reaching implications for governmental bodies, civil society organisations and the general population. The characterisation of devolution as a process rather than an event has certainly been justified in the scale of changes that have unfolded since the end of the 1990s. The past decade has witnessed the emergence of a young democracy, which is constituted on a Welsh basis. The Government of Wales Act 2006 is an important milestone in the devolution process, enabling the Welsh Assembly Government to initiate new (primary) laws, albeit in a complex and rather opaque fashion. The commitment to hold a referendum on a Scottish-style parliament (where powers are devolved unless expressly reserved) – contained within the One Wales coalition agreement between Labour and Plaid Cymru in 2007 – prepares the ground for another hugely significant milestone in the relatively short history of devolution.

Since 1997, there have been significant attitudinal changes amongst the people of Wales towards devolution and various constitutional preferences. The proportion of the population that expressed a preference for a full parliament doubled over the period 1997-2006, from 19.6 per cent to 40.6 per cent. During the same period, the proportion of the population that opposed an elected body halved, from 39.5 per cent to 20.8 per cent. These results are reinforced by the perceptions of people towards the political institutions that do and should influence life in Wales. Other opinion poll results support the view that there is an on-going process of 'normative migration' in the age of devolution in Wales, away from Westminster and UK Central Government to Cardiff and Wales.

Throughout the world the legislation which has been introduced because of the security agenda (the so-called **Security State**), in particular since 2001, has had the effect of curtailing the ability of activists to speak and demonstrate. The interest of the state extends beyond the security agenda. There has been a general set of trends about the increasing regulation of public organisations, often for good reasons, and civil society associations have found themselves affected by this. Many civil society associations are both small and under-funded; they can have problems complying with the bureaucratic requirements about health and safety, screening of volunteers and so on, because of the additional administrative weight that these impose.

Implications > Governance and Politics

- The growth in Welsh political influence, the diminution of the UK Government's political influence, and the gradual rise of the European dimension will force arts organisations – as other organisations – to adapt to this normative migration amongst the Welsh population. How do you service endogenous political and cultural aspirations within a globalised cultural production system?
- The personalisation agenda in public services will force arts organisations to reassess models of service delivery. How will arts organisations support individuals' personalised needs whilst being historically based on a collective and constituency/group basis? How will established collectives (e.g. community groups or artform representatives) respond to the personalisation agenda?
- The public sector innovation agenda will challenge arts organisations to re-think their business processes, new product/service development and client management. The innovation agenda will mean that sacred cows may need to be (humanely)

slaughtered. How will arts organisations engender a risk-taking framework that deals with the core innovation challenges?

- Although the arts sector is small in public finance terms, it is highly visible and the subject of national political conversation. There is an established norm of significant public subsidy for the arts, dating back to the middle of the 20th Century. Debates surrounding the arts and culture have become increasingly pitched in terms of instrumental value rather than intrinsic worth (e.g. the creative economy policy push). The signals seem to indicate that instrumentality will feature heavily on the political agenda over the coming years. How, therefore, do arts organisations promote an ethos of intrinsic value both to their funders *and* to the general public?