



INTERNATIONAL CONFERENCE

NOTION OF CULTURE AS A FORCE FOR  
ECONOMIC GROWTH

NEW APPROACH FOR SOUTH CAUCASUS

September 26-28, 2013, Tbilisi Georgia



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PROCEEDINGS

TBILISI 2013

**PUBLISHED BY:**

Georgian Arts and Culture Center  
in the framework of EU Eastern Partnership Culture Program

7 Niko Nikoladze str, Tbilisi, 0108, Georgia  
E-mail: [gacc@gaccgeorgia.org](mailto:gacc@gaccgeorgia.org)  
[www.gaccgeorgia.org](http://www.gaccgeorgia.org)

**With the Financial Support of:**

Shota Rustaveli National Science Foundation

**Project Leader:**

Maka Dvalishvili, Georgian Arts and Culture Center

**Catalogue coordination:**

Ana Shanshiashvili, Irina Mania, Tamar Kiknadze, Georgian Arts and Culture Center

**Editor:** Simon Ellis

**Design and Typesetting:** Molly Topuridze

**PUBLISHING HOUSE:** Euromark

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ISBN 978-9941-0-6378-7

უკუ (UDC) 330.35+008

N-86



Publication has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of Georgian Arts and Culture Center & Authors and can in no way be taken to reflect the views of the European Union.



The Proceedings of the International Conference “Notion of Culture as a Force for Economic Growth, New Approach for South Caucasus” are dedicated with great respect to the memory conference’s confirmed key note speaker, noted Culture Economist - Professor Walter Santagata, whose unexpected death was an immeasurable loss for the conference.

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## THE CONFERENCE BODIES

The conference was organised by Georgian Arts and Culture Centre in the Frames of the European Union Eastern Partnership Culture Program's project "Strengthening Creative Industries in Armenia, Azerbaijan and Georgia, Heritage Crafts - Common Platform for Development".

**Project Leading Partner:** Georgian Arts and Culture Centre (GACC);

**Project Partners:** Economic Affairs Office Tbilisi City Hall, Georgian National Tourism Administration, Europe House (Georgia), Arkanel (Armenia), Ekosfera (Azerbaijan)

**Supporters:** Ministry of Culture and Monuments Protection of Georgia, Ministry of Economy and Sustainable Development of Georgia.

**Conference Co-organizers:** Tbilisi State Academy of Arts

## ACKNOWLEDGMENTS

The organisers of the conference owe a special thanks to the funders of the conference - European Union Eastern Partnership Culture Program, Shota Rustaveli National Science Foundation and Economic Affairs Office of Tbilisi City Hall for the generous support of this event;

We would like to acknowledge the role of the Delegation of the European Union to Georgia and Ministry of Culture and Monuments Protection of Georgia as supporters to this important meeting.

Our special appreciation and thanks goes to the supporters and co-funders - British Council Georgia, Embassy of United States to Georgia, Embassy of the Kingdom of the Netherlands to Georgia and Tbilisi State Academy of Arts.

Special appreciation to Simon Ellis for his enormous editorial work on the proceedings.

Particular gratitude to project's regional partners and team members - "Arkanel", Armenia and "Ekosfera", Azerbaijan

And finally deepest gratitude to the project's local partners and team members - Europe House, National Tourism administration, GACC and conference volunteers from Tbilisi State Academy and Ilia State University.

**Dear readers,**

The international conference “Notion of Culture as a Force for Economic Growth” that took place on 26-27 September 2013 represented a very important event for assessing culture as a factor for economic development in the region. It coincides with the growing importance of culture for the EU. In May 2007, the European Commission proposed an “Agenda for Culture”<sup>1</sup> that is founded on three interrelated sets of objectives: Firstly Cultural diversity and intercultural dialogue, secondly Culture as a catalyst for creativity and thirdly culture as a key component in international relations. Under the first set of objectives, the EU is cooperating with all stakeholders to foster intercultural dialogue and that the EU’s cultural diversity is understood, respected and promoted in its member states and abroad. The second set of objectives focuses on the promotion of culture as a catalyst for creativity in the framework of the Lisbon Strategy for growth and jobs and its follow-up “EU 2020”. Cultural, creative industries represent an asset for the economy and increase global competitiveness. Creativity generates both social and technological innovation and stimulates growth and jobs in the EU and elsewhere. Culture is being turned more and more into a motor for human and economic development in Georgia, Armenia and Azerbaijan as well. The conference was very timely in addressing this crucial question: how can culture in a global environment play a greater and beneficial role for the economies and societies of the Southern Caucasus especially in the creative industries?

The third set of objectives identifies the promotion of culture as a vital element in the EU’s international relations. The EU is committed to develop a new and more active cultural role for Europe in integrating the cultural dimension as a vital element in Europe’s cooperation with its partner countries.

At the first Eastern Partnership ministerial dedicated to culture that convened on 28 June 2013 in Tbilisi EU Commissioner for Education, Audiovision and Culture, Ms. Vassilou, jointly with the ministers of culture from the EaP countries adopted the “Tbilisi Declaration”. There the EU and the EaP declared that they would 1. Pursue its support for the modernization of cultural policies in the EaP countries, in particular by ensuring a continuation of the capacity building component of the EaP Culture Programme and 2. Facilitate and, if necessary, co-finance the participation of the EaP countries in the Creative Europe Programme by ensuring the necessary information and communication about the requirements for participation and 3. Look at ways of enhancing cultural cooperation in the EaP framework.<sup>2</sup>

The Eastern Partnership Culture Programme has, over the last few years, become the most visible expression of our commitment to support the role of culture in the region’s sustainable development and to promote regional cooperation among public institutions, civil society cultural organizations and academic institutions in the region and with the EU. The conference proceedings perfectly contribute to this objective in providing a broad array of expertise for a fruitful policy dialogue on the “Notion of Culture as a Force for Economic Growth”. It covers such important sectors for the Southern Caucasus as cultural heritage, cultural strategy and cultural policy. All three participating countries, share a rich and diverse cultural legacy. This regional dimension is crucial for the Eastern Partnership Regional Culture programme within which “Strengthening Creative Industries in Armenia, Azerbaijan, Georgia: Heritage Crafts - Common Platform for Development” is one of fifteen projects.

I hope that the publication of the conference proceedings will secure and further disseminate your experience, discussions and best practices of culture as an economic factor with stakeholders from public and private sectors, national authorities, civil society and cultural industries from Armenia, Azerbaijan, Georgia as well as the European Union and all over the globe. I would like to wish you an enjoyable read!

Philip Dimitrov  
Ambassador of the Delegation of the European Union to Georgia

<sup>1</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0242:FIN:EN:PDF>

<sup>2</sup> [http://ec.europa.eu/culture/news/documents/tbilisi-declaration\\_en.pdf](http://ec.europa.eu/culture/news/documents/tbilisi-declaration_en.pdf)

I am pleased and honoured to welcome the participants, guests and partner organizations of this extremely interesting conference. I would like to express my special respect for the Delegation of the European Union to Georgia that makes a vital contribution to Georgia's efficient integration with European institutions and among various activities provides intensive support for institutional development and cultural collaboration. This support has been strengthened by the Eastern Partnership Program initiated by EU in May 2009. The program expands Georgia's Action Plan for the EU Neighbourhood Policy adopted in November 2006 that aims to share EU's stability, security and prosperity with neighbours and propose tight political, economic and cultural collaboration as well as in the field of security. This conference, organised by the Georgian Arts and Culture Centre and international partners under the European Union Eastern Partnership Culture Program, represents a good example of our close cultural cooperation.

The topic of the conference 'Notion of Culture as a Force for Economic Growth, New Approach for South Caucasus' is highly relevant and particularly significant for Georgia and South Caucasian countries in general, as we are in the transitional phase to a market economy. Although the economic potential of the cultural sphere has long been widely recognized at the international level, the meaning of "culture economics" is not yet properly acknowledged in South Caucasian Countries. Unfortunately, this prevents the rich cultural resources of the region from being used effectively for job creation and economic growth.

It is obvious for us that the resolution of these issues requires close intergovernmental collaboration. Above all this requires the cooperation of the Ministry of Culture and Monument Protection of Georgia with the Ministry of Economy and Sustainable Development of Georgia, other ministries and governmental institutions, to develop a shared understanding and strategy.

The role of creative and innovative approaches to national development through cultural industries; cultural policy for sectoral models and governmental strategies to strengthen the economic role of the culture; the use of cultural heritage for economic growth and the sustainable development of the region; opportunities to turn traditional crafts into a vibrant industry - these are the key issues that require modern innovative approaches while developing policy and re-evaluating the cultural sector based on international standards.

Therefore, I welcome the idea of culture in the economic context and hope that this conference will make an important contribution to our understanding, will lay the foundation for long-term regional cooperation and will provide an opportunity for comprehensive study of the international experience in this field. This will help us to consider culture as a necessary resource for sustainable development of the country and in the long-term will strengthen the economic role of culture and its realisation in practice.

Miriane (Guram) Odisharia  
Minister of Culture and Monuments Protection of Georgia

### CULTURAL POLICY IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT

On behalf of the Republic of Armenia, I would like to welcome all the participants of the EU financed ‘Heritage Crafts – Common Platform for Development’ regional project, implemented under the Eastern Partnership Culture Programme. We attach major importance to the implementation of all and every project, meant to enhance creative industries in our countries, in particular, to create a favourable environment for the further sustainable development of inheritable crafts, as well as to promote cooperation between EU and the countries in the region.

Today, mankind faces new goals and challenges, created by the transition to a new phase of civilization; hence, the progress and continuity of culture, as well as the preservation of cultural diversity have become important issues. The sustainable development of the world community is nowadays directly connected with culture. In almost all international instruments and resolutions, the importance of interrelations between communities and cultures is underscored, and involve all branches of cultural activities, thus requiring the reform of sustainable development strategies for twenty first century societies.

The policies of the Republic of Armenia during the last decade tend to consider culture as a means to estimate and evaluate the resources for sustainable development. State cultural policy follows the principles of preserving the national traditional system of values, the cultural environment, the nature of the inherited space, historical and cultural monuments. The instruments adopted enable us to ensure efficient fusion of the ideology of sustainable development and the priorities of national culture.

Some global developments may have an adverse effect on traditional cultural expressions. Most importantly modernization accelerates the side-lining of many traditional and national values to be replaced with more dynamic innovations. In the Soviet period and during the first decade of Armenia’s independence, the continuity of many forms of traditional cultural expressions was self-regulated, and the introduction of new values, whether imported or transformed under political, ideological or other views, diminished the feelings of respect and pride at their significance and originality. As a result, a considerable segment of national traditional cultural elements advanced passively, which is why the latter suffered major losses during their development, and now appear as values of secondary importance. Similar events have taken place in all the post-Soviet states.

This regional project supports the hereditary transition of skills and habits from generation to generation, promoting tourism, invigorating economic growth, and creating favourable conditions for craftspeople to use their knowledge and realize their talents. The development of manual crafts will address economic and social problems, ensure maximum employment, full use of the creative potential of those with imagination, physical skill and professional aspirations.

In conclusion, I would like to express my sincere hope that EU’s initiatives like this will continue to grow, ensuring cultural exchange and encouraging cultural dialogue across the region.

Arev Samuelyan,  
Deputy Minister, Ministry of Culture Republic of Armenia

## PREFACE

The proceedings of the International Conference “Notion of Culture as a Force for Economic Growth; New Approach for South Caucasus” presents the studies and speeches of various scholars and investigators of the creative economy at the conference organized in the framework of EU Eastern Partnership Culture Program’s project in Tbilisi, Georgia September 26-28, 2013..

Culture is widely recognized as a source for economic development in international studies and practice. The cross-sectoral nature of culture, its close connection to social and economic issues and its role in stimulation of social, human and economic development is broadly reflected in international agendas, documents and regulations. In this regard the role of creative/cultural industries as a source for job creation and economic growth acquires the growing importance.

Although the concept of culture for economic development has been internationally accepted, it is still relatively new approach for the South Caucasus Countries, though the potential of the field is promising. The international conference “Notion of Culture as a Force for Economic Growth; New Approach for South Caucasus”, aims to introduce the notion of “culture economics” for South Caucasus Countries, to share Western professional experience and to raise public awareness on the perspectives of culture-economy integrated approach.

The proceedings topics concern and are not limited to such issues as:

How culture and creative assets can be transformed into the source for South Caucasus Region’s development? What are the ways to encourage creativity and innovation? How heritage resources can be utilized to enhance growth and secure regional livelihood? How and to what extent governmental strategies and cultural policy can be modified to support culture for economy? Which industries could be potential driving force for South Caucasus Countries? Where do we see the role of Cultural entrepreneurs? What is, or could be the role of crafts in creative economy? What do we need to make crafts a vibrant industry?

The upcoming proceedings is one of the outcomes of the leading Georgian and International scholars studies and practices on cultural resources for economic growth; the proceedings enclose the papers of up to 50 scholars from Georgia, UK, other European countries, Australia and the United States, thematically it covers such topics as Creative/Cultural Industries and their Economic Potential, Creative/Cultural Industries and their Economic Potential, Traditions and Cultural Heritage as a source for development, Creativity, Entrepreneurship and Innovation as an Impetus for Development , The Role of Crafts in Creative Economy.

I am especially pleased to note how many scholars expressed interest in presenting their works, which speaks to the growing international importance of the subject of Georgian cultural studies. I would like to thank our many esteemed colleagues who have contributed their time and scholarly efforts.

Maka Dvalishvili  
Conference and EU EPCP Heritage Crafts Project Leader

**CULTURAL POLICIES  
TOWARDS ECONOMIC DEVELOPMENT**

*CULTURAL  
POLICIES  
TOWARDS  
ECONOMIC  
DEVELOPMENT*

## Edna dos Santos-Duisenberg

*Founder and Former Chief, Creative Economy Programme of the United Nations Conference on Trade and Development (UNCTAD). At present, Special Advisor to the United Nations Institute for Training and Research (UNITAR) and Vice-President, International Federation of Multimedia Associations (CH)*

### CREATIVE ECONOMY: FOSTERING GROWTH, TRADE AND INNOVATION FOR SOUTH CAUCASUS

We are living in a period of far-reaching economic, technological, social and cultural transformation and the world economy has been through turbulent times. In this context, this first conference with focus on culture as a source for economic development, was timely in bringing a new approach which hopefully is likely to pave the way for future policy-making in the three countries of the South Caucasus region, namely Armenia, Azerbaijan and Georgia. My keynote speech was structured around four main areas:

#### **Crisis, growth and policy challenges**

Five years of global recession undermined jobs, growth and social well-being. Economic inequality is re-emerging as a key policy concern. In Europe, due to the escalating unemployment, it is crucial to restore global growth, create job opportunities and ensure social stability. Worldwide, the need to change for better economically, socially, culturally and environmentally has been widely recognized. Recent trends in the world economy shows that GDP growth was 2.5% in 2012 but the so expected economic recovery remains fragile. In the United States the economy is gradually resurging and in Europe the worst seems behind. However, in emerging countries growth is slowing down and currency depreciation and inflation became a concern. Against this gloomy scenario the world has been witnessing a wave of protests, social unrest and political pressure in Africa, Asia, Middle East, Europe and Latin America.

In Europe, a new fiscal architecture is needed in order to balance national budgets. The recession caused a sharp fall in domestic consumption and investments. But the most serious problem for the European Union has been the drop in wages and the escalating unemployment, particularly among the youth. In the countries in transition, including those in the South Caucasus, structural economic reforms and gains from trade and remittances from the diasporas helped to maintain reasonable growth rates and the Caucasian economies are more ser-

vices-oriented. On the other hand, inequality is increasing in the region.

In critical times, governments have to deal with big policy challenges. It is imperative to bring back ethics into economics. Global governance should be improved and global economic growth restored. Governments have to redress employment and social stability. Paradoxically, times of crisis offer opportunities to look at new options, approaches and strategic directions. The financial crisis pointed to the limitations of mainstream economic strategies and the need to a more holistic approach to promote sustainable and inclusive development. (Dos Santos, 2009). Against this scenario, the debate about the growing importance of the creative economy as a development strategy, gained momentum.

#### **The global market for the creative economy**

Creativity, knowledge, culture and technology are drivers of jobs, innovation and social cohesion. The creative economy potentially can contribute to growth and prosperity, if appropriated public policies are in place to attract investments, technology and creative business. Despite the crisis, the creative economy has been providing quality jobs to nearly 6 million people across the European Union. Moreover, new products, new art forms, new business models, collaborative creations and networking are shaping new lifestyle. People are eager for culture, leisure and entertainment, and the digital revolution is helping to unlock the trade potential of creative products (UN Creative Economy Report, 2010).

At the heart of the creative economy are the creative industries that deals with the interplay of various sectors. Starting from those embedded on traditional knowledge such as art crafts, cuisine, folklore, and cultural festivities up to heritage like archaeological sites, as well as all kinds of visual and performing arts. According to UNCTAD's classification, the creative industries also cover some technology-intensive areas like publishing, new media and audiovisuals, as well as services-oriented functional creations around the design and creative services such as architecture, software and digital services, cultural and recreational services, and even scientific research and development.

Creative ideas make innovation happen across sectors. Historically, transition economies have neglected their creative potential and in general innovation was channelled towards technological changes in manufacturing. Nevertheless, it should be emphasized that nowadays the innovation concept is broader including the so called "soft innovations" which means novelty and product differentiation. There are high rates of soft innovation in the creative economy. New books, new films, new music, new video games, new advertising campaign, new

line of cloths etc. This means that today markets rely more to changes in aesthetics of products rather than on changes in technology processes.

Over the last decade the creative industries was one of the most dynamic sectors in international trade and became one of the high-growth value-added sectors of the world economy. World trade in creative goods and services totaled US\$ 624 billion in 2011, compared to US\$ 260.5 billion in 2002 (UNCTAD, 2013). Global trade of creative products more than doubled with an annual growth rate of 12% in the period 2002-2011. Georgia has a big trade deficit in creative products; in 2010 its exports of creative services amounted to US\$ 23 million, while its exports of creative goods was only US\$ 7 million. Art crafts is an important creative sector for the South Caucasian countries, particularly for Armenia where carpets and yarn products accounts for nearly 90% of its exports of art crafts.

The creative economy in all regions of the world continues to expand impressively. Despite the turmoil of the global economy, world demand for most creative products remains strong. The prospects for the coming years is optimistic reflecting the fact that the new lifestyle of the contemporary society is increasingly associated with creativity, innovation, connectivity, style, status, brands as well as with cultural and social experiences, co-creations, networking and social media embedded around the creative economy.

### **South Caucasian cultural commons and creative potential**

Located at the crossroad between Asia and Europe, South Caucasian is a geopolitical region with various ethnic traditions and a long history influenced by the Romans, Byzantines, Mongols, Persians, Ottomans and Russians. Therefore, despite their distinctive identities and cultural diversity, these countries share some cultural commons housing a number of heritage sites and cultural monuments. Furthermore, as each empire introduced their faiths and rituals, the region has a variety of cultural traditions that attracts tourism.

The South Caucasian region has vast creative potential. Armenia has a big diaspora estimated at about 8 million people spread around the world that consume its creative products. Its landscape has many archaeological sites, Armenia's music is a mix of folk and pop and the country has a long tradition in jewellery and gold crafted antiques. In addition to hand-knotted wool carpets and kilims, woodcarving, fine-lace and ornamental products are good art crafts specialty.

Azerbaijan ancient culture dates back from the Bronze Age, and the country has not only architectural treasures

but also some modern skyline. While the Azerbaijani carpet has been recognized as a UNESCO Masterpiece of Intangible Heritage, the country has a well-established film industry and an emerging animation sector. Moreover, music, folk dances are helping to transform the country in an elite destination for tourism.

In Georgia, the golden age left a legacy in literature and poetry that can be revived and inspire a new generation. Georgian architecture was influenced by many civilizations and there are a number of castles, tower, cathedrals that are UNESCO Heritage sites. Modern visual arts, in particular some primitivism painters are well-known. The country has a rich folklore and musical traditions. Moreover, Georgian culinary culture and wine-making tradition makes a good combination. In blending the past with the present, the Georgian creative economy should be nurtured.

### **Shaping policies to foster the creative economy**

The creative economy throughout the last decade became well-inserted into the international economic and development agenda, calling for new insights and policy responses. Governments have to re-orient policies and better capture the interface between economics, technology, culture and the environment in re-shaping their development path. A right mix of public policies and strategic choices are essential for harnessing the potential of the creative economy. Key elements in any package to shape a long-term strategy for the creative economy should involve concerted inter-ministerial actions, a regulatory framework and financing mechanisms. It is possible to reconcile cultural and social objectives with instruments of trade, technology and tourism. Governments can play a catalytic role by shaping policies, regulations and institutions to strengthen their creative economies.

Education, access to information and digital infrastructure are essential for enhancing creative capacities and stimulate innovation. As intellectual capital is the main input for the creative economy, a great proportion of public investments should be targeted to develop human resources in order to promote creativity, knowledge and continuous learning. The youth should be able to transform ideas into marketable creative goods and services. In the knowledge-based society, youth are attracted by unconventional cultural and creative expressions. Creative activities usually provide greater levels of satisfaction providing for more autonomy, diversity and flexibility is often interactive and young people are used to working and living more independently in a informal setting. Proactive attitudes from the part of creators, artists and creative entrepreneurs are now frequent, and innovative responses from the part of governments and academics are expected.

In tailoring a plan of action for enhancing the creative economy, public policies should be in place. The “creative nexus” (Dos Santos, 2007) is the virtuous circle that reinforces the nexus between creative investments, technology, entrepreneurship and trade. This will facilitate a greater convergence between macro and micro policies, encouraging public-private partnerships and supporting creative business. Moreover, among the measures to foster the creative economy, governments should review their regulatory framework including the legislation for intellectual property rights, fiscal policies and e-commerce. Mechanisms to support creative SMEs including financing tools should be activated. It is also the role of the government to provide the necessary infrastructure (broadband, access to ICT, clusters) and harmonize national strategies with ongoing relevant multilateral processes (WTO, WIPO, UNESCO, UNCTAD).

In summary, there is no one size-fits-all receipt but strategic choices to be made by national governments taking into account their specificities and realities. The important is to articulate policies and institutions to provide an enabling environment for the creative economy to prosper. Certainly the learning from this international conference will greatly contribute to advance understanding on the role the creative economy and its contribution for a more inclusive and sustainable development in the South Caucasian region.

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## Marine Mizandari

*First Deputy Minister of Culture and Monument Protection of Georgia (GE)*

### CULTURAL POLICY - GEORGIA - STATE OF PLAY 26.09.2013

The subject-matter of this conference is very relevant provided that the concept of cultural economy and its appropriate comprehension and application are important for us.

The subject of my report is the review of the steps taken by the Ministry of Culture and Monument Protection of Georgia with respect of the development of a national cultural policy. As you are aware, cultural policy is the mechanism which, if properly developed and pursued, may make the sphere of culture an integral part of the national economy, and therefore, create a positive, productive environment, provide employment, improve the country's social policy and contribute to the spiritual development of the nation.

However, there has been almost no progress in the strategic integration of culture into the national and international development policy of Georgia. Until recently culture has usually been considered narrowly as public cultural organizations and as cultural heritage.

The new managing team of the Ministry has identified the priorities for 2013 which are expected to remain in force for the near future. Subsequently the minister ordered the creation of the ad hoc commission for cultural policy and strategy development, consisting of seven members. Of course, the commission cooperates and will cooperate more closely with those organizations and experts who are involved in cultural policy, such as the incubator, ICOMOS Georgia, and others.

#### The Ministry's activity and priorities for 2013

- Maintenance of the cultural identity of Georgia, preservation and development of tangible and intangible cultural heritage. This priority provides for an important role of cultural heritage in the sustainable development of the country, for its appropriate rehabilitation, revitalization, and development;
- Creation and restoration of cultural centres in the regions of Georgia; the application of culture, as a driving force for regional development; the involvement of the regions of Georgia in the international cultural life so that culture will become a means of employment, social cohesion, and reduce depopulation. This priority is treated in the context of the future decentralization of the country.

- Support for the development of modern art, and intercultural dialogue for promotion of the Georgian culture and the involvement of Georgian artists in the international art space. This will be based on appropriate training, enhancement of skills, and the implementation of international projects;
- Promote art education in the capital city and regions to play a disseminate and share education, skills, research and knowledge;
- Implement cultural projects in conflict regions to build confidence, social cohesion and intercultural dialogue;
- Create a favourable legal environment for the successful cooperation of the public and private sectors, providing additional resources to support cultural activities; promoting diversification and decentralization;
- Promote creative industries including cultural tourism, filmmaking, design, fashion, and crafts to improve understanding of the cultural economy, the principles of decentralization and the importance of funding;
- Active engagement of national minorities living in Georgia in public life through the promotion of cultural diversity, including the appreciation, preservation and development of diversity in traditional forms of cultural expression to ensure social cohesion;
- Provide access for socially vulnerable people to the various fields of culture to increase social cohesion and the supply of cultural activities;
- Promote of the participation of the Georgian diaspora in the country's cultural life.

#### New government - new approaches

Identifying our priorities was very important for the creation of a general framework of the Ministry's activity, but the main innovation was to begin working on a strategy document.

#### • Creation of Commission and Implementation of Working Process:

We are planning to develop a first strategy document "The Cultural Policy Concept" in 2014-2015, and subsequently, during the transitional period, we envisage large-scale intersectoral and interdisciplinary research for the development of a future strategy. For this purpose the Ministry has created a commission and work has already begun.

One can ask: How do we understand cultural policy? Here we can refer to the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions where cultural policies are defined as

“those policies and measures relating to culture, whether at the local, national, regional or international level that are either focused on culture as such or are designed to have a direct effect on cultural expressions of individuals, groups or societies, including on the creation, production, dissemination, distribution of and access to cultural activities, goods and services”.

- **The initial document “The Cultural Policy Concept” will include:**

1. Vision
2. Goals
3. Objectives to achieve the Goals

The agreed approach of this document, its processes and tools, is - SWOT-analysis (strengths, weaknesses, opportunities and threats), meetings with the ministerial units, cultural and nongovernmental organizations, representatives of the regional and municipal culture departments, the private sector, national minorities, and others.

- **The concept is based on:**

The historical overview of cultural policies/models, trends and instruments including:

### **1. Complete Description of the State System**

- 1.1. Organizational structure
- 1.2. Organizational chart of the Ministry of Culture;
- 1.3. Current institutional arrangement of the sphere of culture at the regional level;
- 1.4. Current institutional arrangement of the sphere of culture at the municipal level;

### **2. Interdepartmental or Intergovernmental Cooperation/Relationship of Administrative Bodies in the Sphere of Culture**

- 2.1. Public players in cultural policy and cultural diplomacy
- 2.2. International cultural cooperation
- 2.3. The cultural sector in the context of the current economy
- 2.4. The cultural sector in the context of the current labour market (personnel analysis)

### **3. Assessment of Current Sectoral Programs and Situation**

- 3.1. Language issues and policies
- 3.2. Cultural heritage and policy
- 3.3. Cultural diversity and policy
- 3.4. Art development programs

- 3.5. Artistic education, enhancement of skills, research
- 3.6. Media pluralism and cultural diversity
- 3.7. Intercultural dialogue: actors, strategies and programs
- 3.8. Social cohesion and cultural policy
- 3.9. New technologies and cultural policy
- 3.10. Other issues (e.g. urban and rural culture), plans and programs, if any

### **4. Assessment of Current Trends**

- 4.1. Security strategy and the trend of development of culture and language as a contribution to national development
- 4.2. Globalization paradigm
- 4.3. Centralization versus decentralization
- 4.4. Sustainable development and the cultural economy
- 4.5. Trends in urban and rural culture development
- 4.6. Trends in the cooperation of the church and the state
- 4.7. Personnel policy trends

### **5. Analysis of Current Legislation In the Field of Culture**

### **6. Analysis of Current Funding In the Field of Culture**

### **7. SWOT-analysis (strengths, weaknesses, opportunities and threats)**

*Based on this research, recommendations will be developed and institutional reforms implemented.*

#### **Next Steps**

- **The basic postulates of the strategic plan of the Ministry of Culture for 2014-2017**

1. The strategic plan of the Ministry of Culture and Monument Protection will identify the Ministry's long-term vision in the fields of culture and monument protection, the Ministry's mission, key functions and the key objectives for the years 2014-2017.
2. On the one hand, the strategic plan should be the Ministry's guidelines that will contribute to the agreed activity of the Ministry's structural units to achieve common goals.
3. On the other hand, the strategic plan document should be regarded by the Ministry's officials as an opportunity through which they can share their vision with all stakeholders and thus contribute to the assessment and further improvement of the Ministry's activities.

4. The opinions expressed by the players interested in the activities of the Ministry of Culture and Monument Protection of Culture, including other government agencies, civil society, media and citizens with respect to the Strategic Plan (the general policy) will be taken into consideration. The plan should reflect the opinions of the heads of structural units of the Ministry of Culture and Monument Protection and legal entities of public law under the Ministry, mid-level managers, deputy ministers and members of the various committees set up under the initiative of the Ministry with regard to its priorities.

- **The strategic plan of the Ministry of Culture and Monument Protection of should be implemented in several stages.**

During the first stage the research tools, geography, methodology, target groups, interview topics will be prepared, the focus-groups and in-depth interview method for obtaining the required information from the respondents will be selected;

- to make and specify the target list of respondents;
- to obtain and study the relevant legal framework that will assist the Commission in the identification of the Strategic Plan priorities.

During the second stage the Ministry of Culture and Monument Protection will conduct a self-assessment. In-depth interviews will be held with the heads of all departments and LEPLs. The purpose, functions and organizational chart as well as the strengths and weaknesses, successes and challenges of each unit must be outlined. During the third stage focus-groups will be formed and in-depth interviews held with acknowledged experts and stakeholders. Consultations with various parties concerning will be held. The draft plan proposals will be provided to nongovernmental organizations, local government, representatives of the Parliament and other ministries and citizens. The feedback obtained will be integrated into a complete final report.

During the fourth stage the analysis of the information gathered will take place and the writing of the strategic plan should start.

Finally, the fifth stage of strategic planning, the strategy monitoring and assessment plan will be developed to become a tool for implementation and management.

### **Overview of the Ministry's official status and responsibilities**

#### **Legislation**

The Ministry of Culture and Monument Protection of Georgia is a governmental establishment which, under the laws of the country, develops the national policy in culture and cultural heritage and coordinates its implementation.

The Ministry carries out its activities in compliance with the Constitution, the legal and normative acts of Georgia.

The Ministry's headquarters, departmental institutions and legal entities of public law under its control make the entire system of the Ministry.

The Ministry is accountable to the Government of Georgia and performs the tasks prescribed by law or assigned by the Government of Georgia and the Prime-Minister of Georgia. The Ministry is financed from the state budget.

The Ministry is based on the autocracy principle. Its competence is established by the law and/or by the presidential decrees and governmental orders issued under the law. The Ministry is not entitled to delegate the rights and obligations attributed to its competence under the Georgian legislation, to another governmental or non-governmental establishment.

The Ministry acts within its competence under and in pursuance with the Constitution, other laws of Georgia, presidential decrees or edicts, enactments of the government and the Prime-Minister of Georgia.

The Ministry's activities include the culture and cultural heritage areas.

The Ministry's jurisdiction, the main tasks and competencies, the issues related to the Ministry's top officials and structure are determined by Order № 197 of the Government of Georgia of July 16, 2010. The legal framework regulating the activity of the Ministry of Culture and Monument Protection of Georgia and its agencies include:

- The Constitution of Georgia
- The Law of Georgia on Cultural Heritage
- The Law of Georgia on Museums
- The Law of Georgia on Library Services
- The Law of Georgia on Public Theatres
- The Law of Georgia on Copyright and Neighbouring Rights
- The Law of Georgia on Public Service
- The Law of Georgia on Cultural Values Export From and Import In Georgia
- The Government's Order on the Appointment of Monthly State Grants for the Shota Rustaveli Na-

tional Award Winners

- The Law Georgia on Higher Education
- The Law of Georgia on Legal Entity of Public Law
- The Presidential Decree on Establishment of the Shota Rustaveli and National Awards in Science and Art
- The Organic Law of Georgia, the Labour Code
- The Law of Georgia on Compulsory Education
- The Law of Georgia on Conflict of Interest and Corruption in Public Service
- The Law of Georgia on the Structure, Powers and Procedures of the Government of Georgia
- The Law of Georgia on Culture
- Regulations of LEPLs and other institutions within the Ministry

## **System and Institutional Partners**

### **Partners:**

The Ministry will cooperate with governmental and nongovernmental organizations, international organizations and foundations, municipalities and self-governing cities, institutions existing in the sphere of culture.

### **Assumptions and risks:**

An important assumption for the activities planned in the sphere of culture is the stability of the budget because some activities, such as rehabilitation of monuments are associated with rather large expenses. However, mechanisms that will make cultural heritage preservation and development less dependent on of the state budget will be developed.

### **Conclusion**

The aim of the report of the initial stage of the process of development of the Cultural Policy Concept is to share the methods and principles of our work.

The cornerstone of development of this concept is the diversity and multiplicity of the cultural traditions of our country, which are regarded as our intellectual, spiritual, and economic potential.

Accordingly, we consider culture in the context of our country's sustainable development, economic progress, regional development and cooperation, confidence-building, social cohesion of our citizens, and improvement of their living standards. Consideration of culture in this context should be one of the necessary preconditions for our country's progress. However, this list would not be complete if it did not note the effectiveness of culture in presenting the best image of Georgia in the international arena.

Finally, I would like to quote the words of the English writer Blake Morrison, who reminds us of the unlimited power and the importance of creativity:

Art can do many things: entertain, instruct, console, inspire, enrage, transform. It teaches us things we can't be taught in any other way and makes us see things we wouldn't otherwise see. It allows us the illusion of escaping our daily lives while simultaneously taking us deeper inside ourselves. (quoted in Arts Council of England, *Achieving Great Art For Everyone: A Strategic Framework for the Arts*, London 2010, p.10)

## Yeranuhi Margaryan

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### THE CULTURAL POLICY OF THE REPUBLIC OF ARMENIA

2013 is a landmark year for culture. In 2013, the UN International Decade for the Rapprochement of Cultures was launched. This initiative seeks to show the wealth of cultural diversity and encourage intercultural dialogues. The priorities in social-economic policy in almost all states are based on the progress of culture and tourism as an active resource for sustainable development. For any nation, the historical-cultural heritage and the specificities of ethnic culture are factors that stimulate the growth of tourism and build its internal structure.

In the Republic of Armenia, major moves have been made in that direction. During the last decade, in line with the international developments, the legal and regulatory framework for preservation of the cultural heritage was improved, the issues of institutional management were solved, the functions and responsibilities of the institutions operating in the field were specified. In the programmes for social, economic, town-planning, and transport development, modernization of tourism and cultural infrastructure were taken into consideration.

In recent years, the private sector and non-governmental organizations, as well as the government, have taken an active part in the measures towards preservation of the cultural-historical heritage because of the growing interest of the community. Within the last two years, scores of monuments were restored as a result of public-private partnership, and a number of festivals or folk arts and crafts competitions were organized. A typical example of such a partnership is the 'Revival of Tatev' project, launched in 2009, which includes restoration of monuments in eight communities of Syuniqu Marz. The project is an opportunity to present the natural-historical landscape and the historical monuments as a unity of intangible and tangible cultural heritage with great potential for the growth of rural tourism in the region. Incidentally, the district has the world's longest two-way 'Tatever' Tramway, the airborne section of which is 5.752 km, exceeds the record of Sandia Peak in New Mexico, USA, by 1.4 km.

Another outcome of such partnerships is the 'Learning Armenian Monuments' project, which makes the information on intangible monuments of Armenia's history and culture accessible: five-language billboards are installed, 'tour-flyers' in five languages and the Braille

system are published. This is being followed by preparatory work for audio tours activated via mobile communication.

Several complex projects aim at utilizing technological innovation in the management of objects of historical-cultural heritage, allowing the preservation of the cultural environment and the natural-historical landscape as an integrated whole. In 2010, the 'Garni' reservation-museum was awarded the Melina Mercouri International Prize (UNESCO-Greece) for the Safeguarding and Management of Cultural Landscapes.

In 2008-2011 two phases of the 'Roads of Culture and Tourism for Development and Dialogue' project were completed, including many monuments on the UNESCO List of World Heritage, as well as communities that were to actively participate in the growth of tourism.

Since 2000, Armenia has taken an active part in the European Heritage Days, a joint action by the Council of Europe and European Commission. From August 30 through September 1, 2013, the annual conference of the project coordinators from 50 states of the Council of Europe was held in Yerevan.

In 2013, many countries celebrated the 10th anniversary of UNESCO's Convention for the Safeguarding of Intangible Cultural Heritage, which encourages the protection of the identity of national cultures and their reproduction in the globalized world. Armenia joined the Convention in 2006, thereby signalling its readiness to carry out national programmes in cooperation with international organizations. Since then the three year programmes on the implementation of the Convention have been approved, and the government has coordinated the organization of events, such as folk festivals and competitions, ceremonial rites, festivals of national cuisine, wine, and epic.

The Republic of Armenia is one of those countries, which have special legislation for the protection of intangible cultural heritage. In 2009, the National Assembly of Armenia adopted the law 'On Intangible Cultural Heritage'. By government resolution, the 'Procedures for Identification, Documentation, Preservation, Exchange of Information on Intangible Cultural Heritage' were approved, increasing the efficiency of work and research by institutions of culture and science, organizations, educational institutions, and individuals, as well as improving access to intangible heritage for the whole community. A Special Committee was set up under the Republic of Armenia Ministry of Culture, with responsibility for the protection of the elements of intangible cultural heritage, and applications for their inclusion in the Republic of Armenia's and UNESCO's national and international Lists of Intan-

gible Heritage. The responsible body for making and updating the list of elements of intangible culture is the Ministry of Culture of the Republic of Armenia. In 2010 the Republic of Armenia government approved the 'Criteria for Creating the Lists of Elements of Intangible Culture and the List of Elements of Intangible Cultural Heritage'. By the Republic of Armenia law 'On Intangible Cultural Heritage', adopted on October 7, 2009, fourteen branches of intangible culture have been identified. An element may be included in the List based on its belonging to one of the fourteen branches.

Some other features of the elements of intangible culture have also been set as criteria. Thus, considered is the fact that they are:

1. constituent parts of national identity, mentality, outlook;
2. symbols or other manifestations of national history;
3. rare manifestations of national traditional culture;
4. of both national and universal cultural, historical, religious or scientific significance;
5. bearers of knowledge or skills of one of the branches of intangible culture.

Indispensable conditions for an element to be entered on the List are continuing existence and sustainability.

The second list of elements of intangible culture was adopted by the Government of Armenia in 2011. The "Criteria for Creating the Lists of the Elements of Intangible Culture Needing Urgent Protection" and the "List of Elements Created on Such Basis" were approved. They are based on the principle of providing the fullest possible information about the element.

In 2012, the Government of Armenia approved the criteria to specify the territories where there are elements of intangible culture, and the list of cultural territories. At present, two cultural territories are included in the list: Areni as a winemaking region, and Gyumri as the centre of folk arts and crafts.

All the three lists will be updated every two years. In order to do this research expeditions of appropriate experts are being sent to all the Marzes (regions) of Armenia at regular intervals. Applications to update the lists may be submitted by government and non-government organizations, operating in the sphere of culture, science, and education, including local authorities, individuals and groups. Annual monitoring of intangible heritage is divided into separate spheres of activity. The Ministry of Culture, jointly with the Centre for Folk Arts and Crafts, has monitored folk arts and crafts since 2012. As a result crafts are being mapped, and lists of craftsmen are being made broken down by their specialties.

Currently, three elements of the Armenian intangible heritage are included in UNESCO's representative List of Intangible Heritage: 'Duduk and Its Tune', 'The Art of Khachkar; Symbolism and Khachkar-Making', 'The Executional Manifestations of 'Sasna Tsrer, or Sasuntsi David' Epic'. The inclusion of these elements of intangible heritage in such an authoritative list furthers the popularization of the heritage and promotes tourism by awakening interest in the country, its people and culture. Last year the country celebrated the 500th anniversary of Armenian book-printing. The first Armenian book was published not in historic Armenia, but in Venice, Italy, in 1512, by the first Armenian book-printer Hakob Meghapart. The first seventeen Armenian books were published in the sixteenth century in Venice, Constantinople, Rome and Amsterdam. In the absence of statehood, over twenty thousand titles were published in the period between 1512 and 1918 – a momentous event in the history of civilization. Today, Armenian printing houses operate in 22 countries. Exhibitions of manuscripts, ancient and printed books were held in the Armenian publishing hubs in Venice, Amsterdam, Vienna, Paris, Bucharest, London, Washington, Copenhagen, Saint-Petersburg, Sofia, Tbilisi, Mainz, Yerevan, Shushi, and throughout the world. All the shows included masterpieces of the Armenian heritage which had not been seen in public before and which earned public recognition both in Armenia and abroad. The event became a double festival when UNESCO proclaimed Yerevan the World Book Capital 2012, and thousands of tourists saw the renovated image of Armenia's ancient capital.

Among tourist structures, museums hold a special place in Armenia, with one hundred state and private museums. They are a government priority for renovation, and refurbishing. Recently private museums and funding have become more common. Collections are extended by purchases, gifts, and new excavations. The only persistent problem is the insufficient exhibition space, though the use of modern technologies helps.

In 2005, Armenia joined the European Action 'Museum Nights' and five museums of Yerevan participated. In 2013, their numbers were 88 nationwide.

Armenia is an active participant of the cultural projects of the Black Sea Economic Cooperation (BSEC). In 2007, when Armenia chaired BSEC, a Round Table on creating the 'BSEC Cultural Almanac' was convened in Yerevan. The 'Cultural Mosaic of the Black Sea Countries' exhibition and the 'Peaceful Sky Over the Black Sea' exhibition of children's works were also held. In 2012, the project 'Literary Arc 2012' took place, and in 2013, during Armenia's chairmanship of BSEC, the Cinema Days for BSEC countries were held during the 'Golden Apricot' International Film Festival.

As Armenia has an important role in world tourism, active efforts are undertaken to identify and promote tourism centres, to improve roads and other infrastructure, and to provide a high level of service (diverse sports and recreational complexes, restaurants, etc.). The scale and type of work is determined by the particular character of the tourist region (Tzakhkadzor, Arzni, Dilijan, Khosrov Reservation, Yeghegnadzor-Jermuk, Goris, Tatev, Sevan National Park, etc.). Lately, mass tourism has been replaced by adventure, recreational, sports, and ecological tourism, as well as small packages of group nature tourism. Thanks to these efforts, in 2012, 843,330 tourists visited Armenia, which exceeds the number in 2011 by 11.3%, while from January through June of 2013, the number totalled 321 279, which exceeds the number for the same period of 2012 by 14.3%.

Today, though subject to globalization, Armenia remains faithful to its principles through projects and programs for intercultural and interfaith dialogue, protecting the diversity of its cultural heritage.

Since 2009, the Ministry of Culture of Armenia has organized the 'Art Expo' exhibits, which are unique annual reports on the cultural events and projects, initiated by Republic of Armenia Ministry of Culture. 'Art Expo 2012' was dedicated to the 500th Anniversary of Armenian book-printing. In April, 2012, at the Session of the Council for Cultural Cooperation of CIS countries, Republic of Armenia Ministry of Culture suggested disseminating the project throughout CIS. The Armenian party announced its readiness to launch the pilot project in Gyumri, in 'Gyumri 2013: CIS Cultural Capital'. The first 'Art Expo' international exhibition, which aimed to build a single platform for the cultural dialogue between the CIS countries, and to encourage new forms of cultural diversity and interregional cooperation, was held in Gyumri in September, 2013. Nine CIS countries had pavilions and there were presentations on a wide range of topics. We must always remember, that we are united by a common cultural space, which will become richer when diversified, and more diversified with good neighbourliness.

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### INTERNATIONAL CONFERENCE WITH- IN THE FRAMEWORK OF THE EASTERN PARTNERSHIP CULTURE PROGRAMME FUNDED BY THE EUROPEAN UNION

#### “CULTURE AS A FORCE FOR ECONOMIC GROWTH - A NEW APPROACH FOR THE SOUTH CAUCASUS”

The cultural politics of modern Azerbaijan are those of a country which for the last few decades has lived under the flag of independence. The transformation of the political regime, which brought fundamental changes to the fields of government, economy and society, has directly influenced the content and dynamics of the cultural process. At the same time, changes of culture which are a specific reflection of reality and affect the deeper layers of thought, psychology, and social consciousness have not been so rapidly and clearly made as in other areas of the nation's life. Cultural life has seen a smooth transition from the “Soviet” past into the “post-Soviet” present. This process could be called a cultural “Velvet Revolution”, as the tempo, methods and character of the changes do not aim at “change for the sake of change” but at gradual assimilation of the new reality.

The most important achievement can probably be considered the changes that have taken place in the minds of the people, who are gradually emerging from the cerebral inertia of the previous era. The formation of a new cultural policy in Azerbaijan reflects the process going on in real life. At the same time, we should keep in mind that the actual cultural policy cannot simply be the projection of ideals onto a blank sheet of paper. All the difficulties and contradictions of the transition period and all the realities of the past and present should be taken into account in this policy.

One of the major source of difficulties that Azerbaijan faces is the fact that in 1988 Azerbaijan was drawn into an armed conflict with Armenia. As a result of military operations in Nagorno-Karabakh and the surrounding regions - Kelbajar, Aghdam, Lachin, Jabrayil, Gubadly, Zangelan and Fizuli - 20% of Azerbaijani territory was occupied and the number of refugees and IDPs from the occupied lands reached a million people.

Alongside residences and industrial and agricultural facilities a large number of cultural institutions remain in

the occupied territories. This situation still has a negative impact on cultural policy of Azerbaijan which has passed different stages of development during past two decades of independence of the country.

Today in Azerbaijan cultural issues are under the direct authority of the following bodies: the Ministry of Culture and Tourism, the Ministry of Youth and Sport, the National Broadcasting Company and the National Archives. Such division amongst various departments creates a unique issue: the need to develop a coordinated cultural policy with a well-developed system of horizontal connections. A significant change in recent years has been the incorporation of the previously independent State Committee for the protection, restoration and use of monuments and production, AZERKINOVVIDEO, within the Ministry of Culture and Tourism.

Cultural industries, such as book publishing and the cultural press, audio-visual and music production, entertainment and new technology, are rapidly developing in Azerbaijan.

The cultural market, with the exception of cinematography, is not integrated into national cultural policy, and is not funded or regulated by the state. The Ministry of Culture and Tourism, in cooperation with the Institute of Open Society, carried out a project entitled ‘Cultural industries in Azerbaijan, the current state and prospects for development’, as a first attempt to identify the boundaries of the market, to study the problems of copyright compliance and to carry out sociological research in this area. As a result of the study, it became clear that the market for audio, video and computer products has serious problems with copyright and tax compliance. It would be unforgivable for state policy to underestimate the role of the cultural industries and the mass culture that they produce. Providing the right conditions for legal business, improving tax legislation, and giving advice and technical assistance are the tools that will help the state to support this sector.

Private sector services are gaining strength, with the opening of galleries, gift shops, and design offices. Even domains which have traditionally belonged to the state, such as heritage protection, have begun to see some competition in the form of private museums.

The multicultural and multi-faith nature of Azerbaijan is an important aspect of intercultural dialogue, which is one of the priorities of the national cultural policy. The key to national policy in this area is the Constitution, which proclaims the equality of all citizens regardless of their ethnic or racial origin. The Law of Accession to the International Agreement on the Elimination of all Forms of Racial Discrimination (1996) is reflected in the Law

on Culture (1998) and other relevant laws. On 16 June 2001 Azerbaijan joined the Council of Europe Convention on the Protection of National Minorities.

Azerbaijan actively participates in all programmes and activities run by UNESCO, the Council of Europe and other international organizations which aim to promote intercultural dialogue. The Ministry of Culture and Tourism launched a project called 'Cultural Diversity in Azerbaijan' in 2002 to emphasize the ethnic and cultural diversity of the country. A declaration, adopted by the project members identified the need for constant interaction and partnership between the state, private sector and civil society, with periodic monitoring of the preservation and promotion of cultural diversity. Another important event - the Arts of the National Minorities Festival took place in November 2006 including a conference entitled 'The cultural heritage of national minorities and modernity' and a photo exhibition.

Intercultural dialogue is one of the most acute problems in the modern pluralistic world. Democratic and knowledge exchange between different cultures are the antidotes to violence and division. The universal problem of intercultural dialogue and its practical aspects were considered on a global scale at the first World Forum on Intercultural Dialogue, which had the theme of 'Common values in the wealth of diverse cultures' and took place in Baku, the capital of Azerbaijan, from 7-9 April 2011. In 2013, the second World Forum on Intercultural Dialogue also took place in Baku on the theme of 'Living together in peace in a multicultural world'. The main partners in the organization of the forum were UNESCO, the UN Alliance of Civilizations, the Council of Europe, the North-South Centre of the Council of Europe (the European Centre for Global Interdependence and Solidarity) and the World Tourism Organization (UNWTO). Currently preparations are underway in Baku for the eighth session of the Intergovernmental Committee for the Safeguarding of Intangible Cultural Heritage.

### **The state priorities for cultural policy**

The Ministry of Culture and Tourism has developed a 'State programme for the development of Azerbaijani culture', which aims to achieve the following strategic objectives:

- the protection of the nation's cultural and historical heritage;
- the support of craftsmanship;
- the legal, scientific and informational development of cultural industries;
- training and support for young talent;
- the revival and development of national cinema;
- the creation and development of the cultural tourism

- infrastructure; and
- the development of book publishing.

The ongoing modernization and reform of the library and museum system aims to make information available to everyone to contribute to further democratization and integration into the world community.

An important factor in the implementation of the programme is the dynamic development of international cooperation, and the search for new forms and models. Cooperative relationships have been formed with many countries in Europe, Asia, America and Africa, both at the regional and city levels and between artists' associations and individuals acting independently or spontaneously. In addition to traditional forms of bilateral cultural relations, such as theatre and concert exchanges, or cultural days, the Ministry of Culture and Tourism promotes multilateral cultural cooperation with international organizations such as the UN, UNESCO, the Council of Europe, the EU, the UNWTO, ISESCO, TURKSOI, the CIS and GUAM in a very successful and productive manner.

All this gives us a good opportunity to clarify the country's place in the global processes of cultural construction. The main tendency emerging in Azerbaijan's cultural foreign policy in recent years can be defined as the movement from international relations to international cooperation.

Summing up the above, we can say that the main strategic objectives of the modern cultural policy of Azerbaijan are to preserve the past, to support and develop the present, and to focus on the future.

## Simon Ellis

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### TURNING CRAFT INTO GDP IN THE CAUCASUS

Countries throughout the world are assessing creative and cultural industries' contribution to GDP as the importance of innovation and creativity is recognised. How should small countries, specifically those of the Caucasus respond? In the Baltic States studies have suggested that 'creative industries' represent around three to five percent of GDP (Estonian Ministry of Culture, 2011). This paper will argue that it is essential for the countries of the Caucasus to maintain and promote their heritage crafts. This requires the ability to identify and monitor the craft sector, but small countries means small numbers, making it difficult to create valid samples, and risking a breach of commercial or private confidentiality for an individual artist or company.

#### **Heritage crafts in the Caucasus are essential for future competitiveness**

Globalization has meant that goods may be manufactured anywhere in the world for global distribution. The Internet has allowed such production and distribution to be organised from anywhere, and services or information products can be sent anywhere within a few minutes.

Developing and transitional countries have tended to compete on the basis of costs, especially labour costs. Both manufacturing and services sector have been 'fuelled' by relatively cheap labour. If these industries are successful pressure increases within countries to expand services to the public and increase wages. In the 1990s this movement took place after the re-unification of Germany, and today such pressures are being felt across Asia most notably in China and India. When countries are unable to compete on cost they must compete on the basis of quality (ILO 2013, 20-24). There are many aspects to the quality of a product including the responsiveness of the manufacturer, support services, and perhaps most importantly the quality of the product itself as manifest in the materials used, the skills to create them, and the design.

Quality is no-one's prerogative. Any company, or industrial sector, can move up market by using good design and materials. But there is one aspect of quality and design that is hard for countries to reproduce. Each country has traditional skills and crafts that have been developed

over centuries. There are certain elements of design, the curve of a tendril, the juxtaposition of complex geometric motifs, all realised with certain techniques in certain materials that are instantly recognisable as belonging to a certain culture. The sleight of hand and preparation of materials necessary to produce such traditional design are very difficult, if not impossible to imitate, by people in other countries who have not had the necessary long apprenticeship.

In the 21st century consumers in the richest economies have tired of bland mass-produced global brands. They are seeking distinctive individual products which stand out. Furthermore an emphasis on 'fair trade' means that consumers are prepared to pay a premium for products the purchase of which can be shown to contribute to the incomes of artisans in developing countries (M. Echarria, 2013; K. Gibbs this volume).

Heritage crafts on the one hand represent a unique element of competitiveness which cannot be imitated by other countries or cultures, and on the other hand are in increasing demand in the richest markets of North America and Europe. Unfortunately across the world many traditional or heritage crafts are in danger of being lost. Craftspeople feel under-valued. They do not know how to access these market opportunities. They do not teach their skills to the next generation, who look to opportunities in modern business rather than in the traditional advantages given them by their local culture. This situation needs to be remedied (S. Ellis 2013). Failure to support heritage crafts in the Caucasus would be to risk the loss of a key element of future competitiveness.

#### **The UNESCO Framework for Cultural Statistics 2009**

At this point I want to introduce the UNESCO Framework for Cultural Statistics as an organising principle behind this paper (Figure 1). It is necessary for this discussion for two reasons. Firstly it forms the basis for evidence based policy. It is a commonplace to assert that public policy cannot be effectively targeted and its effects cannot be effectively monitored without statistics. Secondly the boundaries between what is 'craft' and what is not, as well as defining what is 'heritage' or 'traditional' are overlapping and confusing. The Framework thus, beyond its technical statistical function, helps to clarify the topics which are considered here.

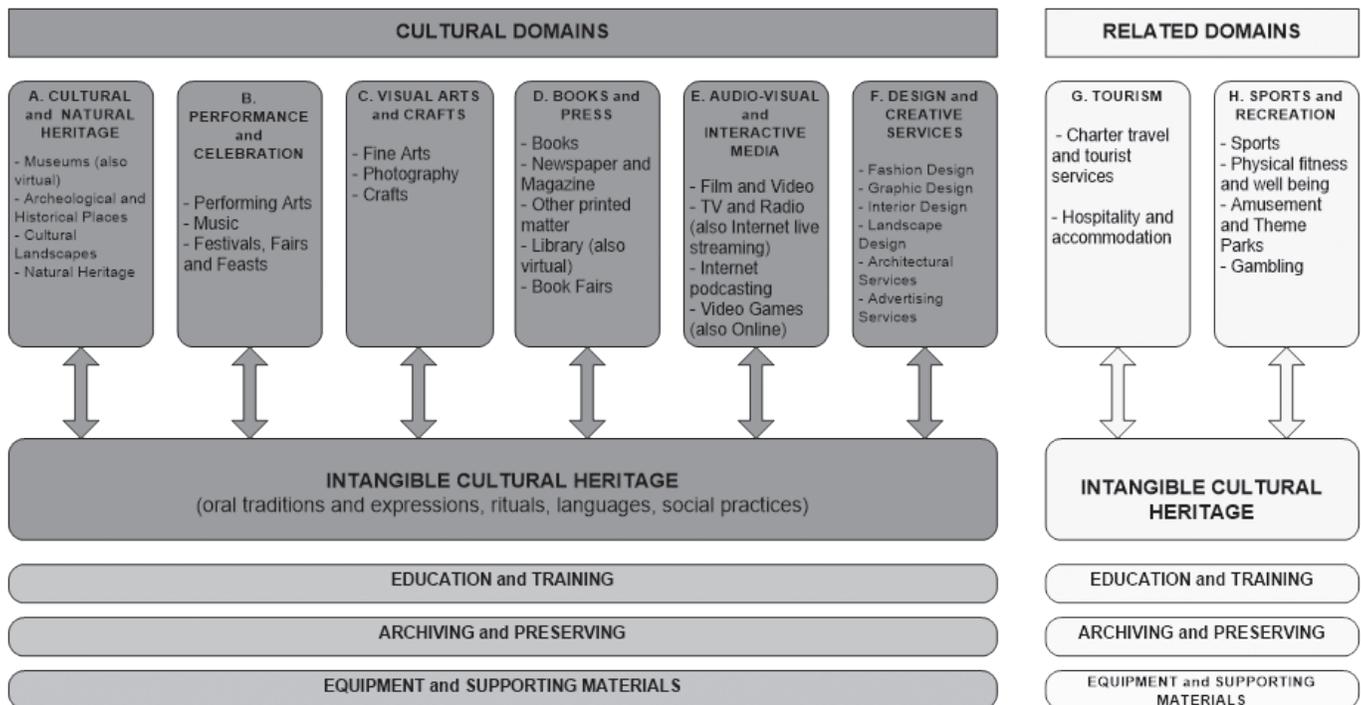


Figure 1. The Cultural Domains as presented in the UNESCO Framework for Cultural Statistics

Figure 1 represents the core of the Framework, the eight columns or ‘domains’ of culture. They are deliberately termed domains because, while we are most familiar with them through economic activity (principally production and labour) they also represent social activity (such as amateur performance, and village festivals). ‘Heritage’ is column A and ‘Craft’ is column C, but the Framework recognises a set of cross-cutting dimensions, which are central to understanding the relationship between the columns. Intangible Heritage refers to UNESCO Conventions on the intangible heritage (2002) and cultural diversity (2005) (UNESCO and UNDP 2013), but it also recognises the way in which traditional activities are associated with the production and use of craft objects. Similarly when seen through a heritage lens intangible activities such as local festivals are intimately associated with particular historical and natural sites. Education and Archiving functions are both essential for the preservation and transmission of excellence in craft from one generation to another.

A further technical note is necessary. Statistics can only count activities once. A decision must therefore be made whether for example libraries should be included in Domain A with museums and galleries or in Domain D with books and press. In this case Domain D was chosen after expert consultation.

### Evidence for heritage crafts - problems of measurement

One of the reasons for the neglect of heritage crafts is the lack of direct evidence for levels of production as well as their economic and social impact. Even for craft experts the boundary between hand and machine-made goods can be difficult to specify. Some would identify as ‘craft’ an item that is machine-made but based on traditional designs or perhaps a hand-made prototype. Equally crafts people can be difficult to identify. Given the low financial returns from making products by hand (often taking months to finish a single item), and the difficulty in reaching beyond local markets, craft production is often a secondary occupation. Crafts people are therefore ‘hidden’ in statistics as agriculturalists, shopkeepers, mechanics etc. Since they are thinly, and unevenly, distributed across a country they may also be missed from sample surveys, or reached in such small numbers that they do not emerge as an important part of the survey.

GEL	%
<100	8.0
101-500	31.9
501-1,000	19.3
1,001-5,000	26.7
5,001-10,000	9.5
10,001-20,000	2.8
20,001-50,000	1.8

UK pounds	%
Up to 10,000	37.1
10,000-20,000	43.2
20,000-30,000	6.8
30,000-50,000	5.3
50,000-100,000	6.0
More than 100,000	2.6

**Figure 2. Comparative annual income of craftsmen in Georgia and the UK**

**Source: Georgia Crafts Survey 2012, UK Crafts Council et al, 2012, p27.**

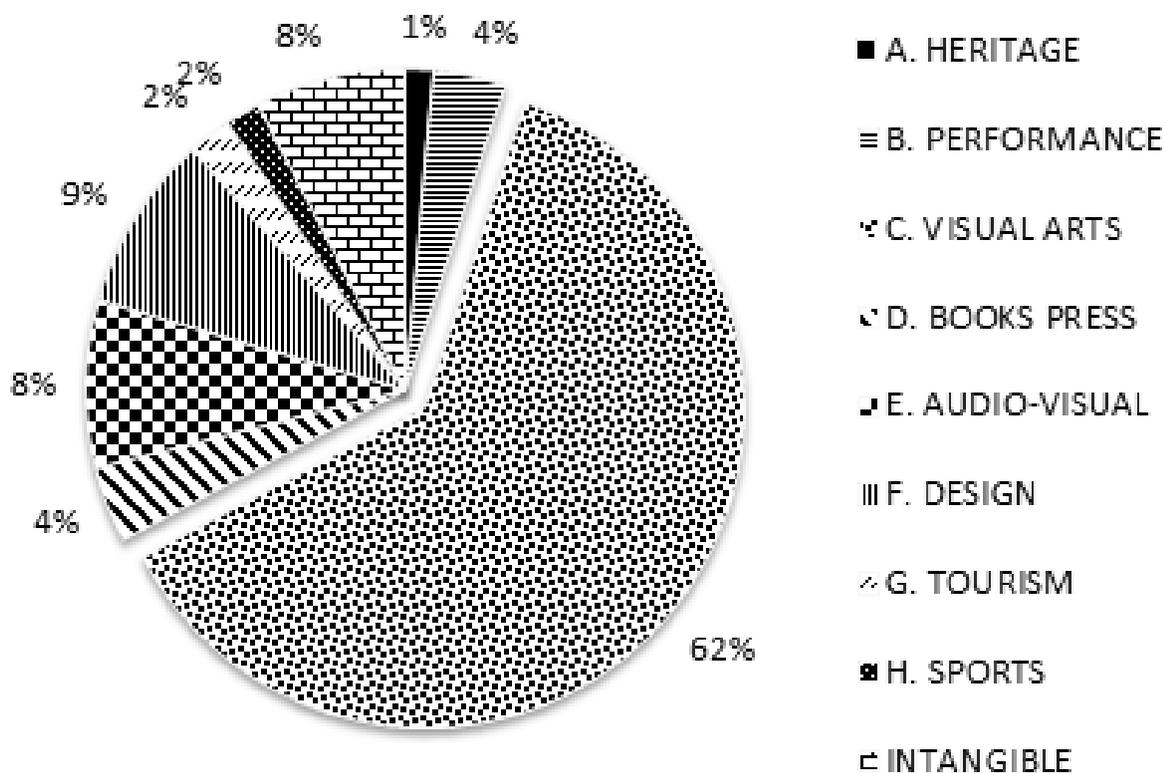
Craft surveys in Georgia and in the UK, both suggest that over 85% of craftsmen had an income below the national average.

Official statistics are collected on the basis of a set of internationally agreed classifications. Those covering occupations, industrial sectors, and trade data have a certain number of definitions which are relevant for crafts, but insufficient to cover the whole of the craft sector.

**Evidence for heritage crafts - production and consumption**

These problems of measurement often lead experts to state that there are no statistics on craft, but this is incorrect. A careful examination, treatment, and combination of official statistics and dedicated surveys of craftspeople can produce results which have a great bearing on policy formulation.

For example in Thailand research by the author in collaboration with the Thai National Statistics Office, UNESCO Bangkok, and the British Council Thailand has shown that over half of those working in cultural and creative industries work in UNESCO Framework Domain C ‘Visual Arts’ may be described as craft workers (Figure 3).



**Figure 3. Distribution of workers by Occupation and FCS Domain within all working in Cultural and Creative occupations**

Source; Thai Labour Force Survey, second quarter 2013

Over one million Thais thus create ‘hand-made’ objects as their main occupation; the ‘productive’ activity during the week at which they report spending most hours. Between 100,000 and 200,000 people report working on ‘Handmade’ objects in each of three materials jewellery, textiles, and wood. If this craft production was a ‘sector/industry’ it would be the eighth largest employer in Thailand employing more people than the transport industry. Moreover when trade statistics are examined Thailand can be identified as the biggest exporter of jewellery in the Association of South East Asian Nations (ASEAN). Based on these figures and administrative data from the One Tambon (Village) One Product programme work has started on modelling the contribution of craft to the Thai economy.

The key to understanding these figures is that the Thai Labour Force Survey determines the main occupation

as the productive activity on which people spend most hours in the week rather than the activity from which they gain most income. In richer urban settings artists and craftspeople often obtain income from a typical urban job which they use to support as much time as they can on their art and craft. Meanwhile in rural areas agriculture is often the main occupation, but craft in the form of textile or wooden products, is often a major second occupation used to provide supplementary income.

One indirect estimate of the state of the craft market in Central Asia and the Caucasus may be provided by annual figures of visitors to museums from across the region (Figure 4). These figures have almost universally risen since 2000. If we assume that people visit museums in order to look at objects representative of their national cultures then this suggests an increasing interest in culture and objects of traditional design.

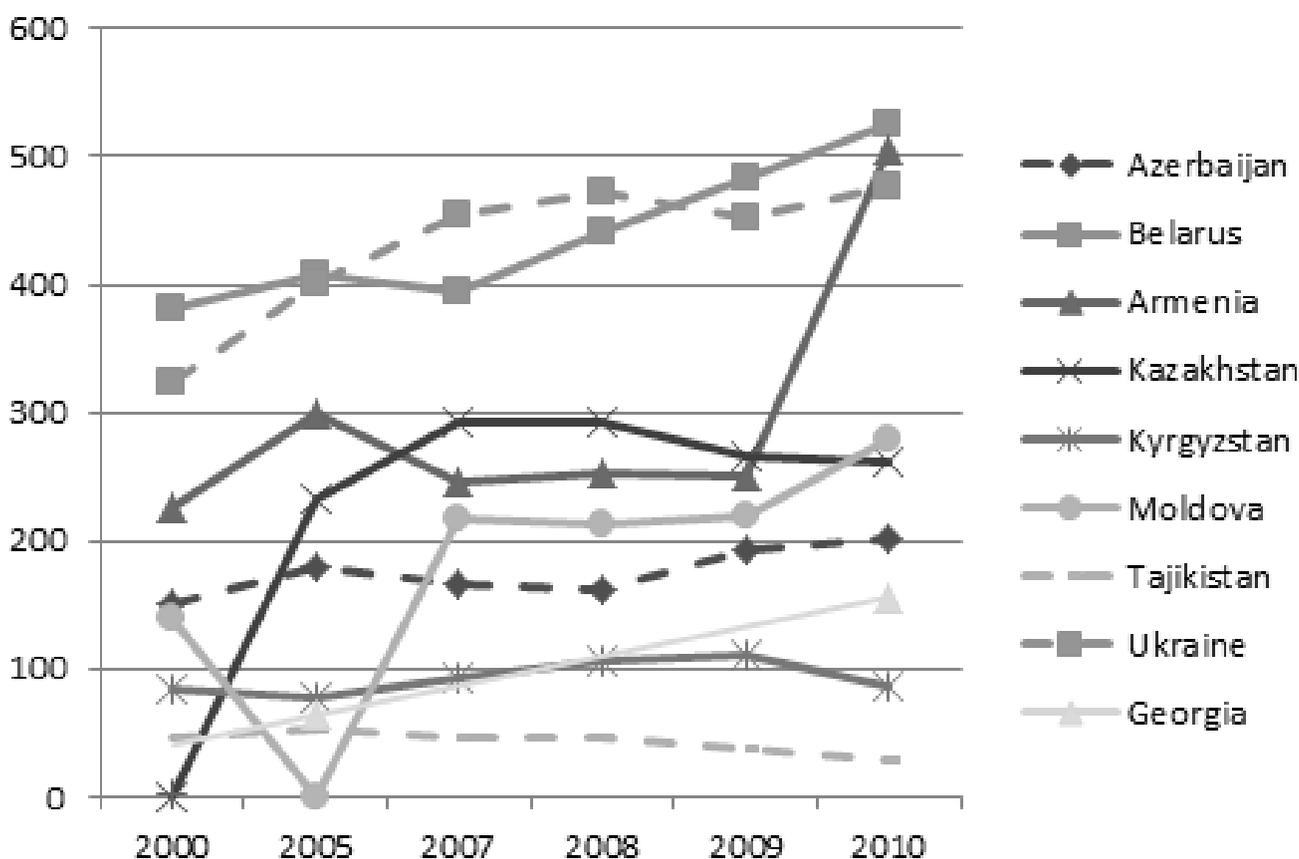


Figure 4. Visitors per thousand inhabitants Central Asia and Caucasus region

Source: Azerbaijan National Statistics Office ([www.stat.gov.az/source/education/indexen.php](http://www.stat.gov.az/source/education/indexen.php)) re-edited by current author.

Export figures (available from Comtrade [comtrade.un.org](http://comtrade.un.org)- see Appendix to this paper) provide some sense on the healthiness of craft products in the region. Some products, have successfully ridden out the global financial crisis of 2009-10, whereas others have struggled to

recover their market. Armenian jewellery exports fell by some \$10,000,000 in 2009 which has still to be regained. Exports of Georgian musical instruments rose over threefold between 2008 and 2009. They fell by half in 2010 but in 2012 have already regained their pre-crisis

sis high. Exports of carpets moved in different ways in each country from 2005-12. Armenian carpet exports fell annually until 2011, but have recovered somewhat in 2012. Azerbaijani carpet exports were at over \$230,000 a year from 2006 through 2010, but fell by half in 2011-2. Exports of Georgian carpets rose somewhat unevenly to a value of \$127,000 in 2009, and have fallen back unevenly since. Painting exports from all three countries seem to follow a somewhat erratic pattern. Art markets are notoriously volatile, as one or two 'major' works may considerably inflate figures.

The classifications used may not be precise enough - for example 'carpets' may cover hand-made masterpieces and machine-made mass produced pieces with little originality. The export figures of these few items - musical instruments, paintings, carpets, and jewellery - at least demonstrate that the market for cultural and craft products from the region is very significant. It is therefore particularly unfortunate that there is little or no data about craft production or consumption within the region.

#### **A way forward aggregate statistics on craft**

It has been suggested that a major barrier to publication of official statistics on heritage crafts is the small size of the figures involved. A common way to address such issues in statistics is to use a larger aggregation of data. Such aggregation is not just a statistical convenience but is also a cornerstone of craft policy in a number of countries. Bhutan, Japan, Thailand, and Vietnam define a set of traditional crafts and skills in slightly different ways. These crafts and skills are closely associated with national identity, to be protected and promoted. To return to statistics, it is not possible to protect and promote what cannot be monitored. In Bhutan the thirteen traditional skills the 'Zorig Chusum' are a combination of skills and products (Royal Government of Bhutan, 2009, 24-5). For example one, 'shing zo', is concerned with the carving of the timbers used in house construction. This can be contrasted with 'shag zo', wood turning, to create wooden cups and bowls. Each 'skill' is a specific combination of materials, skills, and products. In Japan and Vietnam the crafts are associated with specific villages which for centuries have supplied a particular product, manufactured in a particular way, with a particular local material. In Thailand such villages also exist but craft policy is also strengthened by the famous 'One Tambon One Product' (one village one product) initiative. This has strengthened community identity with particular materials, skills, and products. By giving official recognition to such products it has allowed local communities access to marketing and to tourist promotion.

I would propose that the countries of the Caucasus should adopt their own version of such schemes by defining a

set of skills which are seen as characterising traditional craft. These skills can become the focus of training and education, as well as marketing. Almost half of all the Georgian craftspeople in the survey reported in this volume (Shanshiashvili below) identified access to markets as a major problem. The grouping of craftspeople in local communities and associations makes it easier to target business support. It can also form the basis for statistical monitoring, as suggested above in the example of Thailand, to ensure that policies are working. If the numbers of any particular skill should be too small, it would be possible to publish a single figure aggregating together the practitioners of all such skills. This figure would in effect represent a profile of the overall number of traditional artisans in the country.

#### **Social impact**

Craft associations can have a positive impact on both their members and local communities, but there are no standard indicators for the measurement of the social impact of culture. One useful set of indicators is those associated with social capital. One of the best known academics working on social capital is Putnam who (2000, 19) defines it as 'social networks and the norms of reciprocity and trustworthiness that arise from them'. In other words social capital indicates the degree to which any individual is part of strong social networks, which gives them a strong position in their local community. Membership of widespread social networks is a sign of identity with local community, and communities with many shared networks can be said to exhibit more social cohesion. These networks may be considered 'capital' as, like financial capital, they build up over a lifetime and are an 'investment', since people with strong social networks can be said to be happier, healthier, and find it easier to get jobs or training.

Surveys such as the World Values survey include questions about the extent to which people trust their neighbours. Alternatively social capital is also assessed in surveys by counting the number of local clubs, community organisation of which the respondent is a member, and how often he/she goes to meetings. Personally this second approach seems more satisfactory as it uses a more objective metric and one that is 'cumulative' as the notion of capital suggests.

It can be seen that many cultural activities; attending performances, taking part in training, visiting historic sites take place in the context of a club or community activity. Much craft production can take place in formal or informal social groups, as does skill development activity. Finally craft exhibitions, especially at the local level, build social capital and community identity by reinforcing identity with local traditional skills and crafts.

This association of social capital with local traditions takes us neatly into the realm of heritage.

### **Heritage valuation**

Heritage is the most undervalued aspect of culture. We always look back at heritage as ‘the past’ and think it only touches the future, or even the present, as concerns tourism when it often seems just a backdrop for entertainment. Heritage is the bedrock of future artistic development, and represents the well into which artists and designers dip for that competitiveness.

Heritage is increasingly recognised as ‘cultural capital’ and Prof David Throsby (e.g. D. Throsby, 2010) is one of the people who has done most to promote this notion. In economics and accounting ‘capital’ is an asset; money that is invested and accumulates interest. It is also commonplace to talk about ‘human capital’, when we are investing in people, in their education and training as accumulating skills which will strengthen their position in the labour market as an ‘asset’. Assets also depreciate if neglected. A building, housing or commercial, loses value if not maintained, a person loses ‘value’ in the jobs market if they do not keep their skills ‘up to date’.

Cultural capital is an asset which grows in value and which keeps on giving financial returns. There are perhaps three components. Firstly the best known and assessed is the contribution of tourism. It is well known and observed that heritage sites attract tourists along with their spending on souvenirs, hotels, and meals. Tourism also has negative consequences including wear and tear to monuments, and pollution (UNESCO Bangkok, 2008 and S. Ellis, 2009). Secondly heritage sites have important roles in the local community, easiest to identify through attendance at local festivals, representing the building of social capital and community solidarity. Thirdly heritage sites are proven to have value for many people who never visit them, so-called ‘non-use’ values, for example to the ‘diaspora’ as symbols of national identity. While it is relatively easy to collect information from the first and second groups, who visit the site, assessing non-use values can be extremely difficult and can refer to a global audience.

Many aspects of these heritage ‘values’ are assessed through a set of techniques known as ‘contingent valuation’, which ask people about their ‘willingness to pay’ to support the site. Sufficient to say that a recent expert review has recorded over 7,500 examples of such studies in over 50 countries (R. Carson, 2011), and interested readers should examine the extensive literature (e.g., Tran Huu Tuan and S. Navrud, 2007, A. Choi, 2009, A. Baéz-Montenegro et al 2012, R. Carson, 2012, and for a more sceptical view J. Hausman, 2012).

### **Conclusion**

I began by suggesting that traditional crafts held the key to future competitiveness. I went on to suggest that heritage was massively undervalued and briefly described ways in which it can truly be valued. There is a clear link between them. Heritage craft often uses motifs derived from material culture of the past including heritage sites and monuments. Objects in historical setting are commonly mediated by local festivals, customs and intangible practices. This relationship between material culture and patterns of behaviour is at the heart of anthropology and many volumes have been written on related theory. What is new is a glimmer that consumers are becoming more interested in objects and practices which reflect traditions, skills and cultural practice rather than mass production. Consumers now see tradition and the story of its formation as part of the object which they wish to buy and articles which do not have this tradition are lessened by their lack of an associated ‘story’. The papers in this volume all illustrate that interest in craft in the South Caucasus is growing just at the time when it offers the greatest opportunities for tourism, for export, and for improving the livelihoods of skilled local people.

One place where the traditional heritage values of built heritage, crafts, and intangible practices can usefully work together in this way is at institutions such as the Open Air Museum in Tbilisi (see Meparishvili this volume), or indeed in any other country such as Upper Canada Village in Ontario, Canada.



**Figure 5. The Open Air Museums Tbilisi, Georgia (left), and Upper Canada Village, Ontario (right) (author 2013)**

At such museums one can immediately see the engagement of families and different generations as grandparents and parents explain to children what used to happen when they were young. These are the processes we need to preserve these unique skills; they can happen anywhere, but building the right atmosphere and environment for such exchanges helps.

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## APPENDIX

## SOME CULTURAL EXPORTS FROM THE SOUTH CAUCASUS

Country	product	2005	2006	2007	2008	2009	2010	2011	2012
Armenia	carpets	\$2,233,267	\$1,972,533	\$1,819,066	\$920,630	\$265,187	\$93,314	\$56,589	\$111,680
	jewellery	\$34,023,240	\$35,286,499	\$27,334,629	\$21,875,994	\$10,839,980	\$13,218,213	\$12,165,943	\$13,159,751
	musical instruments	\$5,182	\$98,267	\$590,949	\$461,640	\$238,129	\$34,557	\$91,434	\$39,702
	paintings	\$21,249	\$29,919	\$5,730	\$3,262	\$2,165	\$1,067	\$15,137	\$2,069
Azerbaijan	carpets	\$110,144	\$262,898	\$308,078	\$230,336	\$238,093	\$261,857	\$121,505	\$117,213
	jewellery								\$126,057
	musical instruments	\$3,182,607	\$137,097	\$1,955,758	\$2,569,995	\$44,164	\$1,977,404	\$2,344,944	\$4,004,570
	paintings	\$9,897	\$21,062	\$165,233	\$166,234	\$292,431	\$222,171	\$80,541	\$62,373
Georgia	carpets	\$5,868	\$49,247	\$28,998	\$50,190	\$127,072	\$62,210	\$10,406	\$85,205
	jewellery		\$330	\$356	\$84,145	\$3,440		\$112,552	\$71,454
	musical instruments	\$36,721	\$2,143,140	\$73,301	\$73,906	\$276,394	\$131,743	\$157,991	\$275,855
	paintings					\$632,575	\$126,495	\$79,023	\$2,024,594

Source: United Nations COMTRADE database, DESA/UNSD, <http://comtrade.un.org>, accessed 21 October 2013.

## Notes

- The one word description provided here is an over-simplified version of a full technical statistical coding. Codings used for the products are; carpets (Harmonised System 57), jewellery (Harmonised System 7113), musical instruments (Standard International Trade Classification 898), paintings (Harmonised System 970110), after UNESCO Institute for Statistics (2009, pp. 37-8 and 65-73).
- US dollar estimates are made by conversion from national currencies and using official exchange rates according to an IMF methodology <http://unstats.un.org/unsd/trade/imts/analyticaltradetables.htm>
- Data are officially submitted to the UN by national authorities. Countries do not 'automatically' submit all data every year, and there may be various reasons for a gap in the table
- the products concerned were not chosen systematically but were based on the author's view of the availability of data, and the appropriateness of the official international definitions as applied to handicraft or culture. Other potential product codes may be found in UNESCO Institute for Statistics (2009, pp. 65-73).

## Luciano Gloor

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### CULTURE IN THE EASTERN PARTNERSHIP COUNTRIES: TO ENABLE AND DRIVE SUSTAINABLE DEVELOPMENT

This is a conference on the ‘Notion of Culture as a Force for Economic Growth’. My contribution will include the economic role of culture but will at the same time look at culture with regard to its other roles for the society’s development. Different speakers underlined this morning that the impact of culture heritage is underestimated. The Eastern Partnership Culture Programme considers that the place of culture in sustainable development is underestimated and I will deliver some arguments in favour of a stronger place for culture.

First, I propose a look at the context of this conference. Then I want to elaborate on why culture is more than just a ‘sector’ of society, and illustrate this with one example to show that culture should be freed from its usual ‘box’. After further arguments for culture as a strategy driver, I would like to address a prejudice that seems to prevail among authorities and within civil society with regard to the connection between culture and the economy. Finally I want to raise the important topic of the need for improving the legal and administrative framework conditions that determine cultural activities, and to make you aware of a questionnaire that our team has prepared. We invite you to disseminate it for completion and return to us.

#### **The context of the conference / The Eastern Partnership Culture Programme**

The conference was organized by the ‘South Caucasus Heritage Crafts’ project. The project has been awarded a grant by the EC under the Eastern Partnership Culture Programme, the grant covers around 80% of project budget. The overall objective of the EaP Culture Programme is to strengthen the role of culture as a vector of social, human and economic development in the Eastern Partnership countries. Thus, increasing culture’s contribution to economic growth is an objective of our programme, too. Basically the Programme consists of two components: on the one side the EC awarded grants to 15 regional projects, which run between 2 and 3 years; all these projects concentrate on capacity building in and professionalization of their sub-sectors (museum reform, heritage crafts, publishing, film, etc.), with some also including a research and cultural policy elaboration strand. The second component of the Programme

is the Regional Monitoring and Capacity Building Unit (RMCBU). The RMCBU is based in Kiev and its teams of long and short-term experts support the 15 grant projects in project management and the implementation of their activities. The RMCBU complements the sub-sector specific capacity building activities of the grant projects with its own capacity building activities that address national and local authorities, ministries and municipalities, as well as civil society and independent culture actors. It gathers all the relevant culture stakeholders to work towards cultural policy reforms based on a participatory and bottom-up approach. The RMCBU has produced a country base-line report on the culture sector in each of the six countries, including a base-line assessment tool for the six countries of the Eastern Partnership (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine). The tool allows culture actors to assess the future development and trends of the sector. From these analytical base-line reports the RMCBU has drawn a number of conclusions and recommendations that have been published in the “Regional Research Report on Cultural Policies and Trends of the Eastern Partnership Countries” and that can be downloaded from

<http://www.euroeastculture.eu/en/database-of-materials/rmcbu-studies-and-diagnostics-on-cultural-policies-of-the-eastern-partnership-countries/>.

The recommendations that concern public agencies as well as civil society include:

- Stakeholder groups jointly elaborate a new understanding of what “culture” is.
- The independent sector and civil society are to be strengthened in their role and organisation.
- Policy making should be an inclusive and participatory bottom up process
- The division of tasks and responsibilities between authorities and civil society should be based on the idea of “ministries FOR culture”, rather than of “ministries OF culture”.
- There should be a balance between efforts to preserve and protect cultural heritage and support for contemporary artistic creation and cultural production.
- The legal and administrative conditions governing the culture sector are to become more supportive.

The recommendations are based on our understanding of what culture is and what its role in society should be.

#### **Why culture is more than a sector of society**

UNESCO (2012) has prepared a short but convincing and clear document, “*Culture: a driver and enabler of sustainable development*” as its contribution to the UN

*System Task Team on the Post 2015 UN Development Agenda*. Its title reflects the point of view that the Eastern Partnership Culture Programme is promoting.

In this document UNESCO (2012, 4) describes how culture is a powerful driver of sustainable development, with comprehensive social, economic and environmental impacts.

Besides its contribution to economic growth, culture-led development has a range of non-monetized benefits, such as greater social inclusiveness and rootedness, resilience, strengthened creativity and innovation as well as entrepreneurship for individuals and communities and the use of local resources, skills and knowledge. Respecting and supporting cultural expressions contribute to strengthening the social capital of a community and foster trust in public institutions.

Values and attitudes which derive from or are connected to culture influence lifestyles, behaviour and consumption patterns and in turn influence inter-personal, inter-societal, inter-cultural interaction, as well as interaction with and respect for the natural environment.

Other papers and statistics presented in this volume demonstrate that cultural heritage, cultural and creative industries (CCI), sustainable cultural tourism and cultural infrastructure generate income. The CCIs are amongst the most rapidly expanding sectors (globally 4-18% growth p.a.) while tourism (of which 40% is cultural tourism) globally grew between 1998 and 2008 at an average of 7% p.a. (UNESCO, 2012, 4)

Many cities and communities have become aware of how they benefit from culture-led development resulting in many culture-driven city-networks that emerged throughout Europe and including members from Eastern Partnership countries.

- Creative Cities  
<http://www.unesco.org/new/en/culture/themes/creativity/creative-cities-network/>
- Intercultural Cities  
[http://www.coe.int/t/dg4/cultureheritage/culture/Cities/Default\\_en.asp](http://www.coe.int/t/dg4/cultureheritage/culture/Cities/Default_en.asp)
- Network of Cities for Artistic Creation  
<http://www.creat-eu.org>
- See more at: <http://www.culturefund.eu/european-cultural-networks/#cities>

UNESCO (2012, 4) writes,

Investment in culture and creativity has proven an excellent means to revitalize the economy of cities.

Today, many cities use cultural heritage and cultural events and institutions to improve their image, stimulate urban development, and attract visitors as well as investments. Most Middle-Income Countries are developing vibrant culture sectors and initiatives.

Culture also enables sustainable development (UNESCO 2012, 5).

Culture has a transformative power on existing development approaches, helping to broaden the terms of the current development debate and to make development much more relevant to the needs of people. (...) [Strategies] “that are responsive to the cultural context and the particularities of the place and the community, and advance a human-centred approach to development are likely to yield sustainable, inclusive and equitable outcomes. Acknowledging and promoting respect for cultural diversity (...), moreover, facilitate intercultural dialogue; prevent conflicts (...), within and between nations, thus creating optimal conditions for achieving development goals. Culture, understood this way, makes development more sustainable.

In sum culture is a transversal driver and enabler of sustainable development, and not just one sector of society such as “arts and culture”. Culture needs new strategic approaches to policy making including a pro-active involvement of the culture sector in the strategy debate and increased contributions to sustainable development of communities and society.

### **Vinnitsia 2020 - Development Strategy / an illustration**

To illustrate the above conclusions let's discuss typical priority objectives that appear in many if not most city development strategies, using the example of the strategy of the Ukrainian city of Vinnitsia presented by its City Council at an international conference ‘Strategic Planning Process at Local Level’ on 6/7 September 2013. The conference was part of the celebrations of the 650th anniversary of the foundation of the city. The RMCBU had been invited to discuss the place of culture in the document “Vinnitsia 2020 - Development Strategy”.

“Priority 4: Social Quality Goal 4” (Vinnitsia 2013, 23) is to make “Vinnitsia - City of Culture” one of its objectives. The corresponding chapter contains a broad definition of the term ‘culture, including values systems, traditions and beliefs and acknowledges that culture “determines the way of life of persons and of society in general”. The document then refers to creative skills that need to be taught from early age. The city intends to

provide opportunities for creative self-realization of its citizens. It will support local cultural traditions, intercultural dialogue and new creative initiatives. The creative industries and the creation of a rich variety of creative content are mentioned. To meet these challenges, the city intends to combine community resources and private initiatives. Four types of measures are listed under this Goal 4: measures to improve quality and diversity of cultural services, interactive cultural events on public spaces to encourage cultural participation, measures for capacity building and finally investment in infrastructure.

The strategy of Vinnytsia is guided by three principles: social capital as a key ingredient; sustainability as the basic development principle that integrates environmental, social, economic and fiscal perspectives in its actions; and finally competitiveness as a fundamental present challenge.

Considering that the vision of Vinnytsia is to;

- be a “City of friendly and smiling people – the SMILE City: Strong community, Modern City, Interesting City, Liveable City, Energetic City”
- be a “Strong Community” with a strong civil society (Priority1)
- create and attract skilled and educated workforce (Priority 2 Economic Development)
- aim for a population that respects the environment (Priority 3 Environmental Sustainability)
- be a child friendly city, a youth city, a city of social cohesion, and a healthy city (Priority 4)
- pursue a Coherent Urban and Spatial Development (Priority 5), with a holistic ecological approach (live, recreate, create, produce & do business), that aims for a compact city that balances historical values and functionality, quality housing, a creative urban space and a city driven by knowledge and success;

all these priorities and goals suggest that Vinnytsia’s intention is to be a culture-led city.

This well-conceived strategy for Vinnytsia, as the “SMILE City” would deserve culture as its fourth guiding principle to make it explicitly a culture-led strategy. A transversal culture strategy would adopt a range of culture related measures that now are missing to support the successful implementation of the city development strategy. City representatives at the conference seemed to agree with this RMCBU view.

### **Other aspects of culture as a driver of sustainable development**

With more time, we could reflect on other sources of the economic force of culture, of beyond consumption of

culture, for instance by examining cultural participation and its spill over effects to other areas such as innovation. Sacco (2011) compares the results of two separate surveys that show that countries above the EU27 average with respect to cultural participation are also above the EU27 average with regard to innovative capacity. This seems to confirm culture as a transversal driver and enabler of sustainable development: innovation requires creativity, creativity is developed by cultural participation, and cultural participation is fostered through culture-led strategies that coherently integrate educational and youth policies, policies for urban and spatial development favourable to public creative spaces, support to contemporary cultural creation, etc. At the same time, it seems that the notion of “sustainable development” is being extended, once again. It was initially understood as “economic sustainability”, then twenty to thirty years ago changing paradigms lead to the extension of the notion to include environmental sustainability; now, we include social and cultural sustainability, to create a holistic approach of the notion of sustainable development.

### **A prejudice to be overcome**

On several occasions, such as our own First Regional Conference of the Eastern Partnership Programme in October 2012 in Tbilisi, we have heard opinions such as the one quoted below that expresses a risk, but can become an obstacle to the potential contributions of culture to sustainable development.

*“To focus on the economic role of culture leads to commercialisation of culture, makes of culture a business and destroys the intrinsic values of our culture”*

Shakespeare was a great entertainer and a cultural entrepreneur. The operas and symphonies of Mozart and Verdi were the “blockbusters” of their time. “Show business” builds upon the cultural needs of a population and draws inspiration and innovation from experimental artistic creation. An integrated and holistic approach to sustainable cultural policies acknowledges all of the popular, commercial and artistic-experimental dimensions of cultural activity, understands how cultural commerce builds on popular needs and draws innovation from high art. It will thus capitalise on all possible contributions of culture to economic growth, and at the same time involve policies that defend popular culture and heritage as well as high “non-commercial” artistic creation against its simple exploitation by the forces of the market to ensure support that they flourish. In the knowledge economy cultural policies need to avoid the risks of either jailing culture in an elitist box, or of surrendering culture to market forces that might exploit the exploitable and let the rest die, to the detriment of our cultures, of cultural diversity and of our societies.

**The most developed cultural policies don't help, if the legal and administrative policy environment does not favour culture.**

While working on the six Analytical Country Base-Line Reports and the round-table meetings that the RMCBU conducted in all six countries of the Eastern Partnership, many stakeholders made us aware of the conditions that hinder the daily work of culture stakeholders, and represent a serious obstacle for a sustainable development of the culture sector. Cultural policies will not achieve the expected results, if legal and administrative conditions do not create a supportive working context! Such conditions include for instance trans-sectorial co-operation of authorities to reduce bureaucracy, contradictory requirements or registration procedures for SME's or NGO's; taxation and accounting legislation. For example when no differentiation is made between "investment transactions" and "commercial sales transactions", or when donor grants are subject to income tax, or when VAT is not cost neutral for producers of cultural goods. Positive supportive framework measures in favour of the culture sector could for instance include tax incentives that motivate and support investments of private stakeholders into culture.

The RMCBU has prepared a questionnaire to collect information on the actual legal and administrative environment for various cultural actors and legal entities in the culture sector.

See the link to the questionnaire <http://www.euroeastculture.eu/en/survey2.html>

Please, download the questionnaire from our website, disseminate it and return it with your information. Once the RMCBU has sufficient factual evidence of topics needing improvement, it will address relevant recommendations to the EC and to national authorities.

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### GEORGIAN CULTURAL POLICY - CULTURAL CONSUMPTION AND PARTICIPATION

#### Georgian Cultural Policy Models

Over the past twenty five years (1989 to 2013) cultural policy has developed unevenly in Georgia and its outcome has been very eclectic, due to major political changes, aggravated by the socioeconomic crisis and the wars (conflicts of 90s, the 2008 war). On the one hand, the Georgian cultural policy is the cultural policy of a post-Soviet country where the classical economics still play a dominant role, a country which has passed from the national liberation model of 1990 to 1993 to the homogeneous model of 1993 to 2003, to the cultural policy of the transition period of 2003 - 2012.

The latest model of cultural policy, which is characterized by the centralized control with experiments of entrepreneurial injections and total privatization of the material base of the cultural industries and application of the “blind” market logic to the culture, only began to be implemented in the post-war period since 2008. The idea that art and culture should contribute to economic growth, increase exports and employment, that culture should be a function of the positive development of the state and its image has become relatively popular in this period. Under the new Constitution of 15th October 2010, which has changed from a presidential model to a mixed parliamentary presidential model, and the implementation of an entrepreneurial model of cultural policy the correlation of culture and economy has become important. One year after the parliamentary elections (1.10.2012) the new Georgian government adopted the Decentralization and Self-government Development Strategy for 2013-2014. The cultural policy of the given cohabitation again becomes homogeneous. On the other hand, the Georgian cultural policy as a whole reflects the global environment and has been influenced by the significant changes in the structure of the world economy.

#### Culture in System Paradigm

The transformational crisis of the late 1980s-early 1990s, the crisis of the stock market and corporate governance of the late 1990s-early 2000s and the global economic crisis at the end of the first decade of the twenty first century have clearly identified the importance of system

factors beyond the limits of the orthodox economic theory. The influence of adjacent countries in terms of politics, sociology, technology, ethics, psychology, culture, and the like has had a significant impact on the state and trends of the economy. In this concept, the main actors in the social sphere are not natural or legal persons, but systems – the socio-economic phenomena are relatively stable in time and space. The system paradigm is based on interdisciplinary approaches to the study of the mutual influence of economy, culture, moral principles and values.

If we compare the economic processes of the production, distribution, consumption and exchange of goods, and in which the participants are aware of the social value of these benefits, with culture, it is possible to conclude that:

- In the framework of the system paradigm, if the economy is understood as a subsystem implementing economic processes, culture is understood as a subsystem including intellectual values, beliefs, rituals, attitudes, characters and symbols in the sphere of human activity, which have developed in a given society in the course of historical development.
- Culture like the economy is a medium in which human activity takes place, including the activity of a participant in economic activity. It affects the economy primarily in the decision-making process by acting on both the volume of perceived information and the potential range of choice.
- The border between the economy and culture lies in the regard/disregard of the social value of the produced, distributed, exchanged and consumed goods.

#### Consumption and participation

Consumption of cultural goods has a ‘cultural’ (usually aesthetic) component. This component may be not evaluated economically, as the economic and cultural values, as a rule, do not coincide. Since cultural goods exist in a cultural context, the value of consumer goods will depend on familiarity with the given subculture. The character of the cultural good can most easily be understood within the generalized system paradigm, which takes into account the varying nature of an individual, the evolution of social groups, their norms and values, and has regard to the social character of human life. The problem of Georgian cultural policy of the last decade is not having such a paradigmatic approach to culture, while understanding the essence of a “cultural” component of the good and its significance in the long-term strategy. Moreover, culture is becoming increasingly important as a tool of the political and economic power of the elite, in expressing the development of

society as a whole it clearly distinguishes the two traditional groups of actors: the creators and consumers of cultural goods. In Georgian cultural policy the political and financial elites form a fast emerging class, which is adopting the ideology of “consumption” and which are the main actors of the “consumption” policy. The “consumer society” is a society of self-deception, where abundance is the result of carefully masked and protected deficit, reflecting the ‘law of survival’ of the modern world.

‘Kitsch’ is the attribute of the consumer world and consumption of ‘kitsch’ is a simulative introduction to fashion; the purchase of a distinguishing feature. This is best illustrated by the architecture of the “new” Georgia from the presidential palace to the cultural complex on Rike in Tbilisi, as well as the pseudo-rehabilitation projects like the Rabat complex in Akhaltsikhe. Manipulating consumption provides an explanation of the paradoxes of modern civilization which requires poverty, wars and aesthetic medicine in equal measure in pursuit of one and the same goal - the creation of endless reasons for increasing production. All this naturally reflects on the cultural consumption and participation. However, given the Georgian character, cultural consumption is a field for further manipulation by a well-established political PR system. In the long term, manipulating consumption in order to align with government policy will result in the even more rapid decline in the already low public taste.

### **Cultural consumption is differentiated**

The consumer is changing accordingly at the expense of diversification and stratification of society, increasing the gap between the elite and the majority of population which stay near the poverty line. However, a middle class is slowly emerging, albeit at the expense of the bureaucracy. Over the past 20 years (1990 to 2010), no surveys or other systematic studies have been conducted on the topic of culture, and there are no accurate data on culture from the State Department of Statistics. However, we can say that there is a correlation between income level, education level and intensity of cultural consumption.

The majority of the public who live close to the poverty line, cannot fully participate in the creation and consumption of culture. It is similarly impossible for the majority of the public to provide adequate care of privately-owned cultural heritage, leading to damage of the shared national pool of cultural resources. These factors promote the impunity of political and economic elites, who have lobbied and implemented such projects as “The New Life of Old Tbilisi” for the unqualified reconstruction and restoration of historic districts and the futile waste of funds.

The level of cultural consumption also depends on the place of residence: it is lowest in the countryside, where the cultural infrastructure is poorly developed. Therefore, the general political task of ensuring equal access to culture and levelling participation in cultural life remains relevant throughout the country. This problem may be tackled through the Internet. The level of cultural consumption and the nature of participation vary depending on the economic crisis, under which the free services provided by public institutions become more attractive, and the “domestic consumption of culture” which is growing, especially with the Internet (including frequently illegal downloads of various cultural and artistic content).

- The falling cost of paid services and entertainment has been observed REF since the 1990s. Then the general trends of participation were: a steadily increasing participation since 1995 reaching its peak by 2003. In 2004-2005 the growth stopped and even retreated in some areas. Since 2008 gradual growth resumed, but the general trends of participation of the 2000s are significantly lower than in the 1980s. (Ministry of Culture of Georgia: 2001; Gunia-Kuznetsova, 2001; Gunia-Kuznetsova, 2004).
- The reasons for this are varied: the much lower standard of living, the relatively scanty range of cultural services, which are rather out of date in some cases (for example in some libraries), and have simply disappeared in others (e.g. abandoned cinemas).

### **Some available statistical data Libraries**

Over two decades, the number of public libraries in Georgia decreased ten times, from 8000 in 1990 to 824 in 2008. This decline is particularly strong in the regions. Due to severe financial problems the archives and libraries are not able to maintain their structure at the normal level, to purchase new exhibits, editions, equipment, because of financial problems, and the number of readers per library fell from 1065.1 in 2001 to 945 in 2008 (data of National Statistics Office of Georgia).

### **Printed matters - books, magazines and newspapers**

Unlike libraries the printed matters have significantly increased. The number of books published has increased tenfold compared to 2003, the circulation of magazines increased from 0.5 million in 2003 to 27.7 million in 2012. While the number of titles of newspapers has doubled, circulation of each of them has decreased, but overall annual circulation has more than doubled from 24.9 million in 2003 to 57.4 million in 2012.

Despite the apparent rise of the printing industry, of the lack of standard definitions for genres, subjects of books, readers' preferences or readers' ranking by categories makes it difficult to analyse the consumption of this sector.

## **Museums**

After the Rose Revolution, the museum sector reforms began, which involves improving the administration of museums that was reflected primarily in the creation of the National Museum of Georgia (30th December 2004) on the basis of 11 state museums and branches.

In 2006, the national committee of ICOM was established that has expanded and strengthened the international cooperation.

A number of governmental measures incorporated in the museum reform program have produced their results. In particular, in the context of consumption the following should be noted:

- Improvement of material and technical base;
- Restoration of cultural and educational functions of museums.

As a result, from 2005 to 2012 there has been consistent growth in several forms of heritage activity as shown by visits to museums (tripled from 301,000 in 2005 to 993,700 in 2012), organized exhibitions (almost doubled from 366 in 2005 to 664 in 2012) and excursions (almost tripled from 11,837 in 2005 to 33,018 in 2012) (Data of National Statistics Office of Georgia, see also Ellis in this volume).

## **Theatre**

The number of professional theatres has increased over the past decade, although this growth was due to small theatres. However, this has not led to the influx of spectators (the decrease in attendance from 508,200 in 2000 to 353,700 in 2012 has been observed). This decrease in the number of spectators was the result on the one hand of the closure of the largest academic theatres under the long-term repair, and on the other hand because of the drastically reduced household incomes. A systematic analysis of consumer trends and participation in the arts, which, after broadcasting traditionally receives the second or third amount of public funding alongside cultural heritage (National Statistics Office of Georgia), is desperately needed.

## **Cinema**

According to the Film Centre there are 23 cinemas with 5821 seats in Georgia (two of them, with 150 seats each,

are in the occupied territory), 8 cinemas operate on a regular basis. Despite the active work of the Film Centre, the film industry is still smaller than it was in the second half of the 20th century.

## **Pop music**

One of the most consumable cultural goods is the pop music, which became a hallmark of the post-revolutionary period. It was not part of a formal strategy of the previous government, and so the arrangement of public events and concerts can be seen as a direct reflection of popular demand for consumption and participation. Such free events were timed to coincide with political events, national public, municipal and local holidays, like "Tbilisoba" which has remained from the socialist times. The President's and Government's reserve funds were used to finance These events, making them seem like systematic cultural policy. After the recent elections, the number of these events has declined. Unfortunately, no data are available on the cost and participation at these events.

## **Broadcasting**

Consistent data on audiences of the National Broadcaster are not available, although it is assumed that the major part of the public watches/listens to them, especially outside Tbilisi.

## **Internet**

For the younger generation and specialists the Internet is an alternative source. In 2005 only 6.5% of the area of Georgia was covered by the mobile phone network, but now coverage is 97% of the whole country.

According to the amount of allocated public funds the media - the National Broadcaster is the highest cultural priority for public funds, after the mass media comes performing arts, cultural heritage, and creative education. The largest private donor for culture since 2005 has been the Cartu Group.

## **Conclusion**

The introduction of a new and effective cultural policy requires improved monitoring systems and open debate with civil society to identify the needs and interests of consumers. It also requires the creation of a new model of decentralization to understand culture as the uniting element of national policy. This policy should be based on comprehensive studies: improved statistics, open access to official data, and the opportunity to carry out interdisciplinary research.

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CREATIVE/CULTURAL INDUSTRIES AND  
THEIR ECONOMIC POTENTIAL

*CREATIVE/  
CULTURAL  
INDUSTRIES  
AND THEIR  
ECONOMIC  
POTENTIAL*

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### CREATIVE AND CULTURAL INDUSTRIES AND THEIR ECONOMIC POTENTIAL

#### 1. Introduction: the global context

The role of culture as both a facilitator and a driver of sustainable development has become a matter of increasing interest in recent years. It is now widely acknowledged that economic development strategies as enshrined, for example, in national five-year or ten-year plans, will be more effective if they comprehend the cultural context within which development occurs. Moreover, the potential for the cultural industries to generate employment, incomes, exports and growth is becoming clearer as a number of countries incorporate the “creative economy” into their development planning.

All of this takes place in a world where the forces of what has come to be known as globalisation are increasingly powerful. Like everywhere else in the world, the countries of the South Caucasus are experiencing both negative and positive effects from these forces. On the one hand, globalisation carries with it possible threats to cultural diversity, whereby distinctive local cultural expressions can be overwhelmed by dominant global cultural influences. On the other hand, the opening up of a global marketplace for cultural products means that even small cultural enterprises such as crafts producers in Georgia, Armenia and Azerbaijan, can find access to a potential worldwide demand for their output.

In this paper I discuss the way in which creativity can be seen as a key resource in promoting a new kind of economic growth. In section 3 the emergence of the so-called creative economy is outlined. The importance of culture and the creative arts in this context is articulated in the following sections in terms of the cultural industries, which bring economic, social and cultural benefits to the economy and to society in general. The paper concludes with some observations about the potential for the development of an active and forward-looking cultural policy in the South Caucasus region.

#### 2. Creativity as an economic driver

Creativity refers to the capacity of individuals and of society to generate new ideas, whether for innovative products or processes, or for other purposes. Scientific or technical creativity is important in promoting innovation in industry, whilst artistic or cultural creativity covers a wide domain including the creative arts and the

generation of new ideas across a range of areas and applications in the cultural sector and beyond.

The major reason why creativity has been identified as a key resource in the new economy is because a link can be traced from the input of creative services at one end of the production chain through to economic growth at the other. The linkages can be portrayed as follows. Creativity is the mainspring of innovation, and innovation in its turn is a driver of technological change. An economy in which technology is advancing will experience productivity improvement in its workforce and in its use of capital. Other things being equal, increasing productivity will tend to raise the rate of economic growth, where growth is measured as increases in per capita GDP. Thus a connection between creativity and growth can be established, implying that strategies to improve the deployment of creativity in the economy will be consistent with macroeconomic objectives relating to economic growth and development.

#### 3. The creative economy

The general concept of creativity as a driver of innovation has been co-opted by policy-makers to identify a specific subset of the macroeconomy, comprising industries in which creativity plays a particularly important role (R. Caves, 2000). These industries together comprise what has come to be known as the “creative economy”. Different countries adopt somewhat different definitions of what they regard as a creative industry. However, there is sufficient commonality to draw up a “typical” list of creative industries, which contains the following industries:

Advertising	Museums, galleries, libraries
Architecture	Publishing, print media
Design	Software
Fashion	Sport
Film, video	Theatre, dance
Heritage services	Television, radio, broadcast media
Literature	Video games
Music	Visual art, craft, photography

The concept of the creative industries took shape in the 1990s, formalised particularly by the UK government’s Creative Industries Task Force in 1997, which saw these industries as relying on the generation of intellectual property as an important source of their revenue. Subsequently many countries in Europe, Latin America and Asia began to develop strategies to foster their creative industries either as a general policy initiative or as one focussed on a particular creative output seen as having potential to exploit a specific comparative advantage. It is in this latter sense that a policy of fostering the creative industries in the South Caucasus region can be interpreted.

An important contribution to consolidating the creative industry concept was the 2008 Creative Economy Report produced by the United Nations Conference on Trade and Development (UNCTAD), updated in 2010. This report had a focus on cultural trade, and was oriented towards assisting countries in the global South to develop their creative and cultural capabilities. A new edition of the Creative Economy Report, now produced by UNESCO, was released in November 2013.

Discussion of the creative economy in academic and policy circles has debated the definitional question of whether the industries concerned should be referred to as “creative” or “cultural”, given that these terms are sometimes used separately and sometimes interchangeably. Confusion on this issue can be dispelled by recognising that a creative industry is one in which creativity plays an important role, whereas a cultural industry is one relating specifically to the output of cultural goods and services. In other words “cultural industries” relate directly to the cultural sector, whereas “creative industries” cover a wider domain and include non-cultural industries such as software.

#### 4. The creative arts as a cultural industry

We can define cultural goods and services as products that contain some cultural content or that have symbolic value, and are not purely utilitarian. Output produced by the various creative arts such as music, theatre, dance, visual arts, the crafts, literature and so on, are obvious examples. The cultural industries are those industries that produce this sort of output. To describe these areas of artistic activity as “industries” does not commodify their production but simply recognises that they do yield output of economic value. It can be noted that the monetary rewards generated by this output are often based on the intellectual property content of these products in the marketplace, a further important characteristic of this class of goods.

In reference to the cultural industries represented in the above list, the question arises as to the overall structure of the cultural production sector of the economy. How do the various industries relate to one another and to the wider economy in which they are placed? There are various models that depict these relationships (D. Throsby, 2008a). One of particular interest is based on the proposition that it is artistic ideas, skills and talents that generate the economic and cultural impacts of the creative arts; these ideas and skills originate in what might be called the creative core. Such a proposition suggests placing the creative arts at the very centre of the cultural industry structure. A model representing such a structure is the so-called concentric circles model (D. Throsby, 2008b). This model is shown in diagrammatic form in

Figure 1. It is hypothesised that creative ideas originating in the centre diffuse outwards to the wider cultural industries, which are successively more commercial. Likewise workers trained in the creative arts may also move through the layers. Indeed the ideas and workers may move beyond the cultural sector altogether, having an economic impact on industries far removed from the cultural sector. So, for example, writers, visual artists, musicians and so on may work in banking finance, manufacturing etc., applying their creative skills in many different ways.

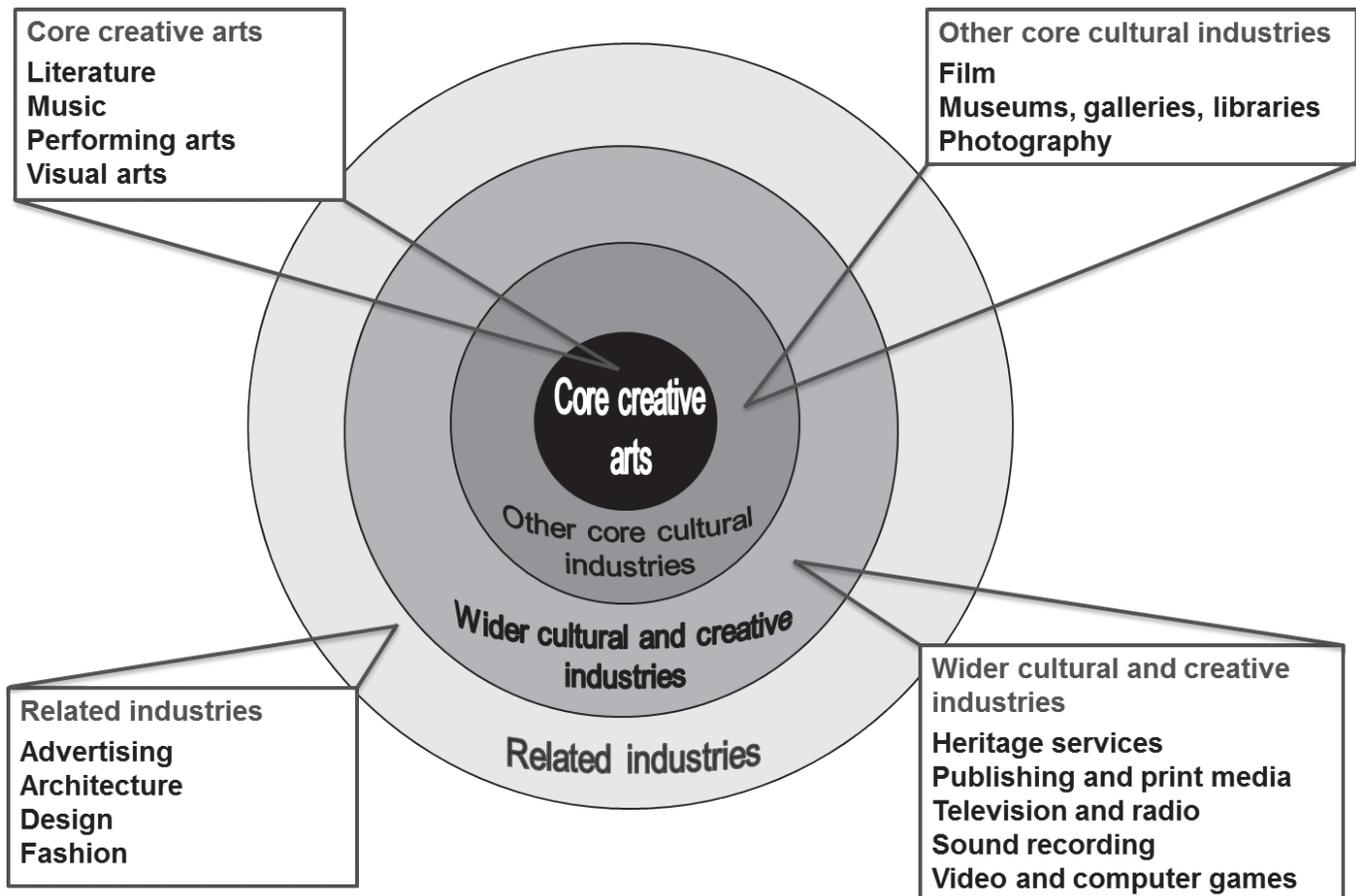
The significance of the concentric circles model for cultural policy is in its focus on the need for a viable creative core as an essential source of the ideas and talents that contribute not just to the functioning of the creative arts themselves but also to economic activity in the wider cultural industries and beyond. These economic reasons for providing public policy support for the creative arts are additional, of course, to the fundamental artistic, cultural and educational justifications for arts funding that are essential to cultural policies at local, national and international levels.

#### 5. Economic value produced by the cultural industries

It is convenient to distinguish between the economic and the cultural value yielded by cultural goods and services. In this section I outline some of the economic benefits yielded by the cultural sector.

The most obvious source of economic benefit from the cultural industries derives from their contribution to the economy’s gross domestic product (GDP). This is measured as the value of output or value-added generated by these industries from the marketed production of cultural goods and services over a given period of time, usually one year. Measurements of the size of this contribution vary across countries and across time, depending on how the cultural industries are defined and how the value of their output is assessed. Estimates of the contribution of the cultural industries to national or regional GDP have ranged from 2 or 3 per cent up to 10 per cent or more (H. Mikic, 2012).

In addition to the market value of cultural goods and services, an important component of the total economic value yielded by the cultural industries lies in these industries’ non-market benefits. These can be referred to as public-good benefits, i.e. diffused community benefits yielded by artistic and cultural activity. Such benefits reflect the fact that many people recognise the importance of the arts in defining cultural identity and creating a culturally rich society; tangible and intangible heritage also plays a significant role in generating these sorts of



**Figure 1. The concentric circles model of the cultural and creative industries**

benefits. It is possible to measure the monetary value of such non-market effects through the use of surveys to establish how much members of the community are willing to pay (for example via their taxes) to ensure that these public goods continue to be provided (D. O'Brien, 2010). This sort of information is important for policy-makers as it helps to justify public expenditure for cultural purposes.

There is a further dimension to the economic value generated by the cultural sector. There may be benefits to be gained from the role of the cultural industries in stimulating innovation in the economy, if indeed it is true that creative ideas, skills and talents move from core artistic and cultural activities to find application in other parts of the economic system. These flow-through effects are difficult to quantify, but this is not to deny their potential economic significance.

## 6. Cultural value produced by the cultural industries

Turning to the cultural value yielded by the cultural industries, we must note first of all that the concept of cultural value has a number of different dimensions. The simplest way to think about cultural value is to decompose it into some more specific characteristics of cultural products. For example, we may describe the aesthetic

qualities of a painting or a beautiful piece of music, or the symbolic value represented in a poem or a film, or the spiritual value associated with a religious building or shrine. Most cultural phenomena exhibit a range of such values, such that a complete picture of the cultural value of a given item must be put together as an aggregate of these individual components. This is the approach used, for example, by heritage professionals in assessing the cultural significance of a historic building or site - typically they prepare a list of specific characteristics and evaluate significance against each of the criteria on the list.

Measurement of cultural value is by no means straightforward. Whereas economic value has a universally recognised unit of account, namely money, cultural value has no such metric. Nevertheless methods are being developed to provide estimates of cultural value in particular circumstances. These evaluations are mostly based on rating or ranking methodologies that assign qualitative or quantitative scores to different value criteria (D. Throsby, 2013).

The cultural value created by the cultural industries extends beyond what might be seen as the intrinsic qualities of cultural goods and services as discussed above. Looking more broadly we can see that cultural

participation and engagement enhances the well-being of members of the community. It helps to break down social barriers, improve social cohesion, and promote intercultural dialogue. Moreover the importance of the creative arts in education is widely recognised, and the cultural industries play a significant role in providing the infrastructure to support arts education in schools and in post-school education and training. All of these benefits arise from the cultural value that is produced by the arts and culture for the benefit of the community.

## 7. Conclusions: cultural policy for the South Caucasus

In this paper I have surveyed the ways in which the cultural industries contribute economic, social and cultural benefits to the economy and to society. What conclusions can be drawn as to the potential for cultural policy development in the South Caucasus region? I make four points.

First, it can be observed that the national policy agendas of most countries, including those of the South Caucasus, all have a clear focus on economic growth, employment creation, regional development, export promotion, and social stability. In these circumstances a cultural policy must contain a solid component that articulates the economic and social benefits that can be contributed by the cultural sector towards achievement of these national objectives. Thus it is important to recognise that the attention of policy-makers who are concerned with national planning is likely in the first instance to be more readily captured by economic and social arguments than by cultural ones.

Second, in order to argue the case for a strategy to develop the cultural industries, a sound evidence base is needed. This implies collating as much data as possible that can demonstrate in quantitative terms the output and employment generated by the cultural industries. Moreover, since a significant source of public support

for the arts and culture in any country is likely to lie in the non-market or public-good demand for culture as discussed above, it is useful if data can be collected (via survey methods) to evaluate public perceptions of the value of culture to society and the willingness to pay for government support for culture in general.

Thirdly, cultural policy covers a wide area of government administration including tourism, industry development, education, social services, international trade and so on; all of these areas intersect with culture in one way or another. Hence although the primary responsibility for cultural policy rests with the Ministry of Culture<sup>1</sup>, there are likely to be policy ramifications into other areas, suggesting that cultural policy development needs to gain the cooperation of other administrative departments. In addition, and despite the wide-ranging ambit of cultural policy in general, it makes sense to seek out areas of activity or production within the cultural sphere that have particular comparative advantage; a policy focus on the crafts industry, for example, could be built around developing the production of the distinctive artistic and cultural artefacts of the South Caucasus region.

Finally, notwithstanding a prominent role for the economic value of culture in any policy, it must be stressed that the cultural value generated by the sector is its principal rationale. No other sector can yield the same sort of benefits to society. Thus arguments based on the importance of culture in society are not only sound in principle, they can also be shown to be appealing to politicians.

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<sup>1</sup> In Georgia, the Ministry of Culture and Monument Protection; in Azerbaijan, the Ministry of Culture and Tourism; and in Armenia, the Ministry of Culture.

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TRADITIONS AND CULTURAL HERITAGE AS  
A SOURCE FOR DEVELOPMENT

*TRADITIONS  
AND  
CULTURAL  
HERITAGE AS A  
SOURCE FOR  
DEVELOPMENT*

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### HERITAGE AS AN ESSENTIAL INVESTMENT IN HUMANITY'S FUTURE

Culture as the Lebanese - French writer Amin Maalouf (2003) once defined is the product of our past and present time. The cultural endowment of an individual or a community is composed of a vertical dimension, which we inherit from ancestors and traditions, and a horizontal one, shaped by our times and our contemporaries. In the same line of thought culture could be regarded as 'the whole Complex of distinctive spiritual, material, intellectual, value system and emotional features that characterize a society or social group' (UNESCO, 1996), within a given territory in which individuals find their identity in the present. It includes the tangible and intangible heritage of a society that includes the richness of the local craftsmanship, the qualities of a particular architecture, the oral traditions, the folk poetry and chants, epics, clothes making and preparation of food. In other words it is the product of what we consent to in traditional culture that is inherited from our ancestors and re-fashioned in our present culture to connote our own identity.

Development on the other hand requires more than a decent standard of living and political freedom. While development thinking in the Western world was for a long time based on the experience acquired in the reconstruction of Europe in the aftermath of that war, and on the success of the Marshall Plan, other development theories were rooted in the Soviet model of a centrally planned economy. Neither of these models left much room for consideration of the socio-cultural context in which development takes place. Economics was reality, culture was something else. Economics was tangible, culture was intangible - and the idea that culture could make an input to development strategies would have been considered farfetched indeed. Development was then seen as taking place in a cultural vacuum or in a lifeless human environment. Heritage was of the past whereas development was for the future. Most of the time heritage and traditions were looked upon as impediments to development, as in Samuel Huntington's 'clash of civilization' and David Landes 'toxic cultures' as a handicap for development (S. Huntington, 1996; World Bank, 2000; 30).

This is changing. The deep crisis that has shaken every economy of the world since 2008 has accelerated the rise of culture. Governments everywhere are rethinking strategies for growth and seeking to identify new sources

of dynamism. At this moment of change, the power of culture is increasingly recognized as a force for sustainability in development (E. Dos Santos-Duisenberg, 2009).

Culture as a driving force for private sector development, protection of basic civil rights and competitive politics can create conditions for bottom-up economic and political change. What more fitting example of a culture and in particular heritage as a precious resource of economic growth than Tbilisi. Tbilisi or the warm location -the Georgian translation of the name- is a city true to the custom of a great country of culture and tradition, a city where culture flourished with both an intellectual and pragmatic tradition as a prototype city for all cultures; a symbol of tolerance, cosmopolitanism, and a meeting place for all cultures. It has witnessed the wealth of exchanges between civilizations. Asians, Arabs, Turks, Europeans made these cities their own; leaving behind a diverse culture that you can still touch today, in its architecture the Byzantine, Neo-classical, Russian and the Middle Eastern styles of Georgia are a reflection of these cultures. Plato's utopian society, for the ancient Greeks and the global ethics of today's world celebrated cultural pluralism and dialogue while promoting human rights, democracy, and equality for all individuals and groups. Most of us, even in distant lands, feel we have a share in it. The great epic of Shota Restively "The Knight in the Panther's Skin" whose portrait is found on the wall of ninth-century Georgian Monastery of the Cross in Jerusalem. The wealth of the cultural heritage of Georgia and the South Caucasus is not just a testament to the importance of the region's contribution to humanity's history, it represents an enormous capacity to support and inspire the development of the region's countries into the future.

Heritage shows that creativity is limitless and the journey of cultural exchange will always expand. Every culture is the result of multiple factors, through expansion and exchange. Some cultures were able, to spread their influence widely through the world, but they drew their force from the links that they thus forged by being enriched, and transformed.

The links between traditional knowledge, culture, art and the economy can be illustrated with cases of festivals and traditional celebrations that occur regularly in many developing countries. A new study of the value chain associated with carnival festivities in Rio de Janeiro, Brazil reveals that this famous celebration makes a significant contribution to socio-economic growth in the whole state. With an annual turnover estimated at \$600 million, it provides job opportunities for nearly half a million people, creating a huge direct and indirect impact on the economy not just for the city but for the

whole state of Rio de Janeiro, and consequently on the balance of payments of the country (UNCTAD, 2010). The world map of heritage-based industries reveals an expanding sector in the global economy. Cultural tourism which is based on Heritage, whether tangible or intangible accounts for 40% of world tourism revenues. A museum such as the Tate Modern is estimated to bring in revenues of over £100 million. Colombia's craft production brings an annual income of US\$400 million (UNCTAD, 2010) Morocco's crafts production forms 19% of its GDP. (UNCTAD, 2010) Thailand's craft-workers are estimated to be 2 million with almost a half working full-time. (UNCTAD, 2010)

The facts speak for themselves; the foundation of the creative industries in any country is the traditional knowledge that underlies that country's distinctive forms of creative expression: the songs, dances, poetry, stories, images and symbols that are the unique heritage of the land and its people.

Heritage is not just a commercial arena; the transformation of traditional knowledge into creative goods and services reflects the cultural values of a country and its people. It is a capital asset accumulated by a community whose members refer to it to connote their identity. A living tradition is both a heritage and a project. It gives meaning and direction, Culture in the words of the Mexican Poet, Carlos Fuentes, is like a seashell wherein we can hear whom we have been and listen to what we can become.

Development as linear economic growth is incompatible with complex social and political dimensions, damaging the very foundations of cultural identities and values. Poverty is not only a lack of economic resources but also a lack of rights, influence, status, and dignity. Promoting development appropriate to a people, place, and their culture empowers them to shape their futures and the means to attain them. It also builds social cohesion, mobilizing communities around its care and management. This can lead to more participative democracy, to more responsible citizenship, to increased economic effectiveness and more sustainable development.

The Middle East today is the focus of a steadily growing Cultural Revolution. In today's revolutions heritage is a critical catalyst for identity formation, and nation building. Traditions are a narrative of a new national consciousness offering an emotional legitimacy to displace the old political order and giving the new order a sense of identity and political purpose. These ideals promise to deliver equality and solidarity through the victory of reason. But equality and liberty for some, in some circumstances, threaten to destroy cultural heritage for others.

Two thousand years ago the Roman Senate rang with Marcus Porcius Cato's passionate cry "Delenda est Carthago" (Carthage must be destroyed). Not long thereafter the Roman legions sacked the Punic capital and razed it to the ground. Today, on the shores of the Mediterranean, the Trojan horse of geopolitical remodelling of the Middle East is destroying the cultural heritage of different local cultures. Waves of destruction engulf cultural heritage repeatedly, Heritage sites in Syria, Iraq, and Egypt amongst others are being destroyed. Culture stands on the frontline of conflicts, intentionally targeted to feed hatred and block reconciliation. The unfortunate and tragic events of recent times have taught us many lessons. Culture, is not about identity: it is about solidarity-in-diversity sustained through intercultural dialogue. To fight such dangerous actions we should consider that heritage is not just defining our history and ancestry but is an integral part of our present and of our future. Cultural heritage provides people affected by conflict or natural disaster with a sense of identity and belonging that gives meaning to the efforts to reconstruct their nation and to return to normalcy. Afghanistan (Bamiyan Valley) and Iraq (Museum collections) show how cultural heritage can help people in post-conflict situations find common ground and shared purpose. In another instance, intangible cultural heritage shared across nations, such as the Novruz celebration, covering a vast geographical area from Azerbaijan to India and Iran, promotes the values of peace and solidarity and contributes to friendship among peoples and various communities. The Caucasus region project, a joint project by Armenia, Azerbaijan and Georgia, bridging Europe and Asia, at the cross-roads of many civilizations and cultures, is an example of a culturally diversified area, characterized by a variety of historical roots, traditions and religions such as the Silk Road routes (UNESCO, 2009).

These initiatives draw on the power of culture as a motor for deeper regional integration by highlighting shared histories and traditions and by providing a source of renewed creativity and innovation. Traditions and cultural heritage can also be a means of communication when media is controlled. They can contribute to the psychosocial processing of trauma and create a space of normalcy in armed conflict.

In this world of imbalances, evils and illogicality what are we offering our coming generation? We are responsible to our children and grandchildren, and to future generations, for preserving, despite all the challenges and contradictions of our times, the essence of humanity. Heritage should be taken seriously. We have a long way to go to persuade world leaders that although culture is at the root of many conflicts, it offers the only possibility of reconciliation. For every culture has preserved the

most sparkling reflections on life and how it is best lived in the writings of individual thinkers among its ancestors, and the minds of the village storytellers who began it all. History allows us to state with certainty that our future must be based on peace and justice and courage so that we may achieve with culture and creativity what could certainly never have been achieved by bloodshed. Respect for another's cultural heritage is respect for our joint humanity. It is the thread of our common being, an achievement of peacetime, a reminder that conflict, however terrible, is transitory and will end with a return to tranquillity and the chance to build a lasting culture of peace.

Culture and creativity are the ultimate renewable resources and the only sure path to freedom. Let us continue to work together to promote culture as an essential investment in humanity's future. We must together promote an ethical code for heritage; that is to say, we must encourage responsible behaviour that is respectful of heritage sites and traditions, and help to shape models of cultural development to enable governments to contribute, to a sustainable development.

To conclude the most fundamental concept of tradition as a source of economic development is the idea that development exists if heritage is protected and the rights of different traditions are recognized and based on the consent of traditional culture.

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### ECONOMIC ASPECTS OF USING INTANGIBLE CULTURAL HERITAGE EXPERIENCE, RISKS, PERSPECTIVES

#### Intangible cultural heritage

In international, as well as Georgian political, cultural and scientific fields, the term “intangible cultural heritage” was established first in the beginning of the 21st century, after the adoption of UNESCO Convention “on the protection of intangible heritage” (UNESCO 2003). Yet, the term spread rapidly because of its universal meaning that gives culture a complex new set of attributes.

The Convention proposes new principles of protection deriving from the particular character of intangible cultural heritage (ICH) as revealed in its continuous practice, its transmission from generation to generation and the necessity of constant renewal (UNESCO 2003). The Convention pays significant attention to the promotion of the cultural identity of both groups and individuals as expressed in support for the recovery of an already forgotten intangible cultural heritage if the initiative comes from community.

The Convention emphasizes the cultural spaces, where intangible cultural heritage is practiced, as well as the material and instruments necessary for such practice (UNESCO 2003). Significant attention is given to the transmission of the knowledge necessary to practice intangible cultural heritage, from generation to generation by means of formal and informal education (UNESCO 2003).

Each member country of the Convention is expected to implement its norms and principles, taking in consideration its particular political, social, economic and culture policy. Georgia joined the Convention in 2007 and given the special circumstances of Georgian history, the legislation (Georgian law on the protection of cultural heritage, 2007 Article 2, Paragraph 2) undertook the obligation to care for intangible cultural heritage abroad, as well as within the country, that has a Georgian character.

#### Intangible cultural heritage of Georgia

The most important part of Georgian intangible cultural heritage relates to agriculture. It involves unique knowledge and technologies as well as material necessary for such knowledge, including various methods of wine-making, local rules for vineyard cultivation, various technologies for the treatment of cheese and milk, local varieties of vineyard, wheat, fruits and vegetables and local livestock breed.

The following fields of intangible cultural heritage are also very important: performing arts (dance, song, instrumental music), various construction technologies developed in different climatic conditions, languages, dialects and traditions related to the folk-lore, ancient traditions of the folk medicine, various forms and knowledge of using medicinal herbs, rules for the usage and disposal of natural resources, archaic forms of folk law. These practices are compatible with universally recognized human rights, religious rituals, festivals, traditional urban and other forms of culture.

Such a variety of intangible culture is a precondition for Georgia to achieve cultural, economic and therefore political success worldwide. The recent increasing interest of intangible heritage to the Government, and the public, builds a strong consensus for heritage protection, recovery and development.

#### The experience of Georgia in the field of intangible cultural heritage protection

Over centuries, at different stages of development, many countries of the world maintained their existing traditions and knowledge in their own way. Frequently, the process involved public figures, scientists or individual activists in addition to the state institutions. Since the middle of the nineteenth century Georgian public figures and public organizations (“Georgian church chant recovery committee”, “Writing-literacy” society”, “Philharmonic Society”, “Ethnographic Society” etc) purposefully studied and recorded intangible cultural heritage to protect it from disappearance and degradation. The information, which was preserved with the scarce technical means available at that period, consisted mostly of descriptions and articles. It was later moved to private, museum or scientific-research institutes’ archives and funds. Since the 1940s it has been preserved by state institutes. However, state policy was sometimes detrimental to the fragile, sensitive nature of intangible cultural heritage, which was not protected by legislation until recently, many elements have disappeared, become lost, or have changed out of recognition.

## Dangers

### Nineteenth century

Since the nineteenth century, Georgia has seen a significant transformation of its traditional social and economic environment. Feudal relationships were replaced by a capitalist economy, creating new trends in trade and domestic production including small manufacturers alongside traditional occupations. The unions of traditional artisans increased in volume, first workers' guilds were established, then corporations. Old trade relationships were maintained and new relationships have established with Russia and Europe, as well as with Eastern countries. This led to the creation of new technologies and production in Georgian traditional craftsmanship. For example, in the first half of the nineteenth century, Georgian potters used shapes and décor similar to European, especially Meissen, porcelain. New, non-traditional manufacture of products such as cognac, and mineral water was initiated. By the end of the century and especially at the beginning of the twentieth century, a number of Georgian brands were introduced based on local experience and people's knowledge of the external environment. Some manufacture began then, which has become part of Georgian life, and is nowadays considered as intangible cultural heritage. They include Borjomi and Lagidze mineral and curing waters. The latter was declared a monument of intangible cultural heritage by the Ministry of Culture and Monument Protection of Georgia in 2013. Weaving and silk manufacture expanded. Wines of local origin-Tsinandali, Khvanchkara based on traditional knowledge about the best micro zones for fruit-growing; manufacture of alcohol beverages (brandy) and traditions related to its use-the Batumean, Sokhumean tradition of coffee drinking all began.

### Soviet Union Period

During the period of the Soviet Union, collectivization, migration of rural people, industrialization, and rapid urbanization amongst other changes strongly affected everyday life. Whilst in the nineteenth century, economy development went on quietly, consistently, and naturally, the Revolution of 1921 risked the complete disappearance and/or large scale modification of the intangible cultural heritage related to agriculture and craftsmanship.

The main trends during this time were the:

- Disappearance of intangible cultural heritage related to the domestic calendar; the selection 25 varieties for large scale wine-making endangering hundreds of other traditional varieties; campaigns against Qvevri and Qvevri wine; the prohibition of

religious rituals and activities related to the wheat crop; exclusion of traditional cultures by introductions unknown in Georgia (corn, cotton, Izabella in the Black Sea region);

- Destruction of cultural space and landscape essential to the intangible cultural heritage; confiscation of peasants plots and the atrophy of the village as a cultural-social space; rapid urbanization often by evacuating villages and in some cases regions (Mtskheta, Khevsureti); frequent changes of urban population and of community identities;
- Prohibition of activity of public groups associated with intangible cultural heritage (guilds, churches, traditional legal institutes such as Khevisberi, law of the Svaneti community, and the law of communities of the mountainous regions), and promotion of the decay of communities carrying such activities (migration of Khevsureti, and Tusheti populations to town, migration of a number of Svaneti villages to plain areas); as well as the banishment of a number of national or religious minorities from the territory of Georgia (the mass exile of Germans and Muslim Meskhis-the so called "Turkish-Meskhis"-to Central Asia) that significantly affected the cultural heritage of Georgia and the tradition of cultural diversity.
- Prohibition of practicing certain elements of intangible cultural heritage: (manufacturing by peasants was only permitted in collective farms, vine, fruit and vegetable growing was only allowed in private yards, for own needs, risking the loss of unique, endemic varieties of crops, instead peasants were told to produce foreign cash crops.

Despite this, a number of manufacturers continued their traditional activities under the guise of state companies and certain elements of intangible cultural heritage continued to be profitable such as the development of traditional spas, the use of traditional legends for tourist brand names, the use of traditional technologies of steel production, and traditional mining, for example panning for gold in the river Tskhenistskali.

As a result of the introduction of new social practices in agriculture, social and economic changes affected the traditional cultures and ideologies of the population, for example ability of the rural population in Samegrelo, Adjara, Guria, and Abkhazeti to amass materials possessions. This led to new type of cultural values and behaviour which are today considered intangible cultural heritage, for example, knowledge and traditions in growing varieties of citrus, tea, potato in the agriculture of Svaneti and Racha. Urban life changed as well. New festivals such as Tbilisi Feast and those organized in other big cities were established, the rules for celebrating New Year event became more formal and more

widespread, new dialects of cities, urban music, humour and song folklore were developed.

Soviet cultural policy, on the one hand involved organized, educational activity in museums, clubs, concert halls scientific and other cultural institutions and on the other hand, opposed national or religious, customs, and banished intangible cultural heritage from communities, especially traditions related to rural life. This led to, the establishment of these patterns on stage and their fossilization, creating a folklorization of high culture and removing it from the living heritage of local people.

The successful tourism and cinema industries encouraged the growth of positive stereotypes about Georgia, in the lives Soviet people including Georgian cuisine (Kachapuri, Satsivi, Khinkali, Tkemali, Churchkhela), Georgian wine, tea, and mineral waters, Georgian dance and song, the social etiquette of Georgian hospitality and table culture such as Tamada.

### **The Period of independence**

The cataclysms of the 1990s and the 2000s have once again put the intangible cultural heritage of Georgia at risk. A number of traditions were identified with the Soviet past and marginalized, for example Georgian tea and related traditions, or silk manufacturing. There has been large scale emigration, villages have been abandoned, and much traditional agriculture has ended. Some recent economic policies, the alienation of forests, the prohibition of local access to forests, state negligence of viticulture and traditional wine-making, the financial support of industrial instead of farm wine-making, the priority given to the service economy instead of manufacturing, has led to the decay of the traditional economic and social relationships between cities and villages and the disappearance of intangible cultural heritage practice based on this.

### **Problems and challenges**

**The ratification of UNESCO Convention on the protection of intangible cultural heritage has given Georgia the opportunity to manage cultural policy, as an integral part of economic and social policy.**

The ratification of the Convention requires Georgia to develop legislation on the protection of intangible cultural heritage. The draft law covering general protecting and supporting measures to the ICH and its domains, is under review. However, elaboration of ICH management system and integration of ICH related issues in country's educational, economic, environmental and other related legislation and policies is still a subject for further consideration.

A number of profit-based domains such as agriculture, and the extraction of minerals represent the ruins of the Georgian economy of the past that have been maintained up to now. This type of intangible cultural heritage requires protecting, together with associated practices of consumption. Central and local government should ensure access to cultural spaces, and undertake a number of controlling functions, for example, a quality standard could be used to protect the high level of craft skills needed for items manufactured with traditional gold-work techniques. The practice of these traditions today requires the use of traditional tools and a great deal of skills and craftsmanship. In the era of digital technologies, traditional technologies certainly enable the creation of an exclusive product, but lack of quality control, can result in what the Convention terms excessive commercialization and mass production of cultural products.

It is necessary to develop specific regulations for a number of sectors. For example, in 2013, UNESCO recognized the “ancient Georgian traditional method of Qvevri wine-making” as world intangible cultural heritage Ancient Georgian traditional Qvevri wine-making method Inscribed in 2013 (8.COM) on the Representative List of the Intangible Cultural Heritage of Humanity (UNESCO, 2013)

and mentioned a number of obligations for the state, developed by experts during the nomination phase and approved by the signature of the President of Georgia on the nomination text. The current law on wine-making regulates the industrial production of wine, within which, it is impossible to consider the development of traditional wine-making. In accordance with the obligations to UNESCO, a law on traditional wine-making (wine-making in Qvevri) and Qvevri-making (manufacture of Qvevri) is needed. According to the experts' opinion, one of the most important problems is to ensure the access to the quarries of clay suitable for Qvevri-making. A number of clay quarries have been sold/abandoned in recent years preventing Qvevri-makers having access to traditional materials. It is very important to protect the Qvevri wine from too much commercialization, which is primarily the prerogative of National Wine Agency and requires the development of certain regulations. The regulations should on the one hand protect the traditional wine-makers, providing them with equal conditions to their competitors, protecting the Qvevri brand and on the other hand protect the consumer's right to purchase real Qvevri wine.

Discussion of these issues demonstrates that Georgian intangible cultural heritage, whether directly or indirectly related to economic activity (agriculture or craftsmanship) is particularly endangered. It is necessary to

promote culture, cultural heritage, and in particular, intangible cultural heritage at state level, acknowledging and emphasizing its economic importance, to ensure state interest in the field of intangible cultural heritage protection and development and allow Georgia to establish an appropriate culture policy in regard to contemporary challenges.

Intangible cultural heritage is important for the economy as:

- an essential precondition for the development of creative business: (craftsmanship as the opportunity to develop design, construction techniques and knowledge as an opportunity to develop architecture).
- it has the potential to strengthen a region's cultural identity, which will increase its attractiveness in regard to investment, as well as tourism. It will result in the development of small and medium businesses in traditional sectors.
- it supports unique rural crafts production, enabling economic development of small farmers. Such products can generate significant revenues for the Georgian economy and can represent Georgian products on the international market.

The intangible cultural heritage activities related to the knowledge and practices concerning nature and the universe, social practices, rituals and festive events will help situate our society in the European context. It will enable sustainable development, energy saving, disposal of natural resources and will ensure the public's harmonized approach to environment. Georgia can maintain its unique attractiveness and acquire a specific position in agriculture, tourism and other markets, strengthening its positions on the world investment market balancing and neutralizing geopolitical risks with social stability.

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### THE ETHNIC SYSTEM AS A SOURCE FOR ECONOMIC DEVELOPMENT

#### Introduction

Economics provides living conditions and gives a person wealth. Culture fills human life with *raison d'être* and defines its goals; it brings him/her sunshine. Culture and economy, supported by public policy, form the foundation of society. There are many academic studies of the formation and development of social systems, but theoretical forms of global and local socio-cultural processes are different from observed forms of ethnic systems processes, as 'ethnos' cannot be reduced to social categories and is the primary system concept. However, the results and the parameters of this functioning directly affect the socio-cultural processes: determine their tone and pitch, tempo and dynamics. Thus there is a need for studies and modelling of ethnic systems.

From the standpoint of life support, all individuals in ethnic groups can be represented as 'living matter' by dint of the biogenic interaction with the environment through respiration, nutrition and reproduction. The 'external' work done by this streams, as they enters the organisms, accumulates in the form of 'biochemical energy of living matter' which is the source of free energy for 'external' work, in a physical sense. Unified living organisms are huge geological and ecological force and manifesting as a function of the biosphere.

Ethnic systems hold new qualities that set them apart from the entire biological world. With the genesis of humanity a new form of energy, the energy of human culture associated with the functioning of the human mind and the processing of information, appears and grows. This produces all kinds of 'external' work that is the source and basis for social, cultural and economic development. The following description sets out a model of ethnogenesis including the energy and information processes in the 'ethnos'.

#### Operation of the ethnic system

Let us denote ethnic system by L and its environment by E. The surrounding feeds system by resources R, which causes it to function. For this purpose, the environment works  $\delta W_0$  for input to the system. Resources are taken by the system from the environment, and converted into the energy of their own structures. The system does not just 'burn out' resources extracted from the envi-

ronment, but 'accumulates' (A) them to prolong their existence. This differentiates ethnic systems (L) from others, in which the structure is only for converting the external resource into the work 'output'.

Another feature of the system L is that its elements actualize a process of self-reproduction. This prolongs the system structure over time, beyond a single instance. 'Substantiality' of these processes is manifested as a replacement of the existing elements which breaks old ties in the "basic structure" and creates the genesis of new connections. Thus there is a phenomenon of periodic oscillations in ethnic system L, which leaves it in a constantly fragile state. This 'principle of stable disequilibrium' is provided by 'internal generator' G performing an 'internal' work  $\delta W_1$ . Free energy, which uses the generator, is the energy of system L's own non-equilibrium structure.

To maintain the viability, the system provides feedback to (BU) and actively extracts resources from the environment, to transform energy into its own non-equilibrium structures. This "external" work  $\delta W_1$  inevitably comes into conflict with the 'internal' work, because they both have the same source - the structural energy of the system. The total energy storage system needs to be large enough to perform the 'external' and 'internal' works. These processes are shown in Fig. 1.

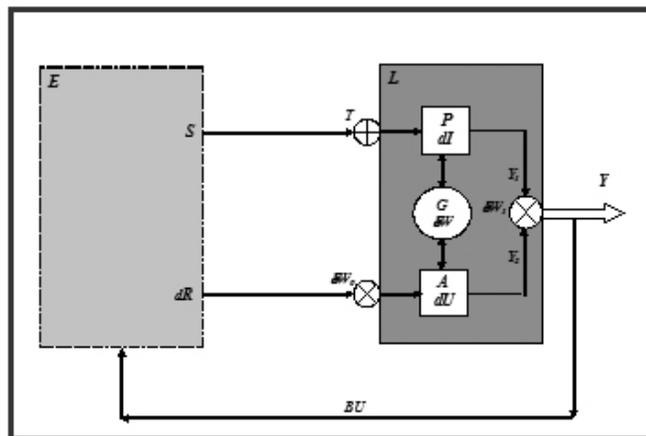


Figure 1. The Ethnic System and its interaction with the environment

The availability of resources in the biosphere allows individuals to freely reproduce. However, the limit of these resources determines their number and distribution. There is a need for individuals to adapt their 'territorial' distribution to climate conditions. The Biosphere is a mosaic of these adaptations by different species. Ethnic groups, as part of this mosaic, are subject to these restrictions. There are permanent processes to ensure the circulation of resources among individuals of one habitat. Energy of the ethnic system is spent on sustaining for reproduction. However, this process interferes with

another factor. Earth's biosphere is enriched by radiation from the Solar system and the outer space. This charges the biosphere with more energy than needed to maintain its balance, and so the portion of the excess energy is stored in the organisms themselves.

Since such shielded energy is caused by emissions of cosmophysical origin, the impact should also be commensurate. The release of shielded energy leads to collective phenomena such as migration and explosions of ethnogenesis. External action disturbance of ethnic system vibration options is not external force, but the signal, as the energy released by the reaction of the system to an external pulse is much higher impact energy. This is a fundamental difference of L system from others, in which after the flow of resources directed by an external force, there is only inertia. There are traces of the relationship between cosmic rays' rhythms and the wide variety of phenomena in the biosphere, including mass behavior of people. The rhythms initiate behavior, thereby distributing it over time. Thus, the external influence acts as synchronizing signal (S) for these phenomena.

This system response to an adequate external signal is extremely weak in the absolute value of energy but very intense for the receiver. It is a directed flash of activity and structural rearrangement that can be represented as a branched chain process (BCP). After initiation of the BCPs in the L system, it begins to reproduce the spatial distribution of the active centers. The free energy of the system in which the process takes place, begins to rise because the system retrieves more resources from the external environment. There is a dynamic ordering system that allows it to concentrate free energy where it is needed. The ethnic system can stay in an excited state in large number of individuals due to a reinforcing mechanism of enormous power. This mechanism is associated with the BCP and appears as a reproduction of individuals.

A 'new-born' L system is efficient because it has a certain reserve of free energy, but entering into the world of time and extent requires control and adequate information. Entry cannot occur spontaneously, but can only be transmitted in a program (P) in the process of self-replication. The internal program of the system L characterizes its potential efficiency. It defines the scope and procedure of work that the system can perform during its life cycle. The total supply of free energy (U) of the 'new-born' system L is minimal, whereas the information potential (I) of its program is maximal. The internal program starts a process aimed at increasing the supply of free energy, to increase the degree of disequilibrium in the course of which, the 'external' work increasingly dominates the 'internal' work. However, during the

deployment of the program, with each passing step, its information capacity is reduced. The quantity of information intended to implement - decreases.

Released information is captured in the structures of the system. Thus, normalized to the number of stored elements of system (N) information potential of the program is necessarily reduced. This parameter limits the duration of the individual life cycle of the system L. After reaching its 'limit' the system can maintain its internal environment conditions for a long time - homeostasis. But, as for the real ethnic group, sooner or later, the total free energy of the system falls. In the final stage of the life cycle, the focus of processes in the system, and its own activity is presented as the vestige of its former development. Thus system L has an active, holistic and programmed process. It experiences an increase in the value of free energy at the initial stage of its development, which creates disequilibrium due to the transformed resources. Non-equilibrium state of its structures is a source of energy to work against the balance. This dynamic 'principle of increasing the external work' describes the basic trend of the process, which is manifested in the sequence of state transitions of the system.

Ethnogeny - is the energy process. A form of energy that fuels ethnogenesis is a modus of biochemical energy 'living matter' of the biosphere. The innate ability of the individual to assimilate and to process the energy of the environment into work is called 'passionarity'. In humans, this ability can go so far as to break the instinct of self-preservation, so that some individuals, - 'passionary' people, take actions that change their environment. These changes apply equally to the natural environment and relationships within ethnic groups. This change in activity among individuals is because the 'passionary' has a greater ability to select and concentrate direct shielded energy through terminal (T), the mind of the individual. Perceived signals are transformed and further stimulate increased activity of the individual who determines the ethnogenesis. This perception possible by "changed mind", is different from the typical mentality of individuals of this ethnic group, as it must be described as unconscious.

'Passionaries' represent a deviation from the genetic norm, as high activity correlates with a mutation. A new individual trait appears suddenly. Biological mutations associated with external shocks do not affect individuals of all ethnic groups. Change affects only some relatively few individuals, but it may be enough to ensure that new 'nations' occur as the original ethnic groups. Thus 'passionaries' are outside the norm, but recognize the signs, leaving a trace in ethnic history.

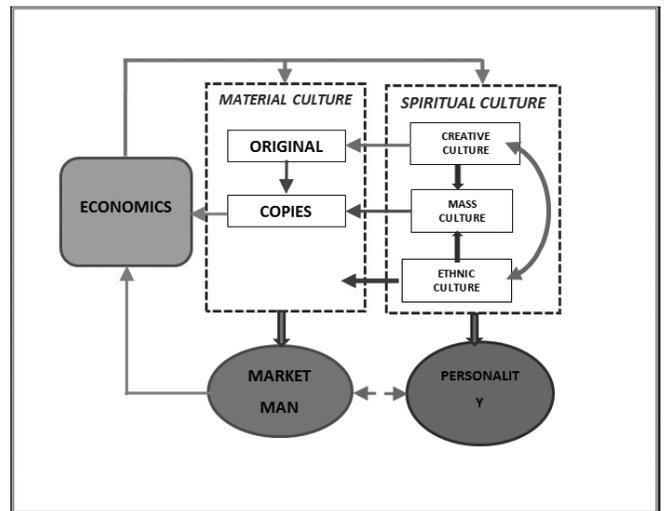
This cannot be explained as behaviour and, therefore, the presence of a conscious choice by individuals. The unconscious, natural, processes determine the behaviour of ethnic system. Emotional human activity is less important than conscious activity in the historical process, but the nature of them is fundamentally different. Conscious activity can become a momentum phenomenon called 'progress', and, therefore, related to the social form of motion of systems. Emotional activity can affect the ethnic dynamics.

### Culture generated by ethnic group

The relationship between the conscious and emotional areas is manifested in the relationship between culture and the economy, and has changed through history. There was a time when they were in a state of organic unity and close cooperation, thus the artist and craftsman often performed creation and production in one process. Later culture and the economy gradually diverged and became self-reliant. The economy began to dominate culture, creativity creating disconnect between the spiritual and material-economic life of the person. The economic well-being of society, designed to make humans more comfortable, has to confront the global spiritual crisis, and is a source of more and more natural disasters. The problem lies in taking economic motives into at all levels of human existence, ranging from everyday thinking to official ideology. The social psychology of human, consciousness focuses purely on 'cash'. Money means freedom. However, material consumption cannot expand indefinitely. They not only destroy the web of culture, but threaten the biosphere and thus the survival of mankind.

Any ethnic system generates a stable psychological and cultural setting, but is subject to changing external factors. The psycho-cultural status of ethnic group, the mentality of the people, is the main channel of influence of ethnicity on society and the economy. Psychological, cultural and spiritual attitudes are determined by the basic systemic processes in the ethnoses. Spiritual culture exists as an independent entity and its fundamental relationship with the material culture is not as clear as it seemed not so long ago.

Spiritual culture can be divided into: Creative culture - the most advanced form of culture, characterised by innovation and quality. Popular culture - the protective layer protecting people's mentality from the deep shock. Traditional (ethnic) culture - the fundamental basis of culture, the source of people's mentality. Figure 2 shows a block diagram of the interaction of economics and culture. To understand the collective movement of spiritual culture, it is important to understand the relative speed of innovation from the creative to popular and then to traditional culture.



**Figure 2. The interaction between culture and the economic**

Creative culture, enriches the social environment of attractive events, improves diversity, forms the collective memory of society, and affects the intellectual and emotional development of young people, indirectly impacting society as a whole. Culture and creative activities are beyond the scope of rational thought. Creative culture is a matter of highly gifted individuals or small, often ascetic, groups. Creators' motivations are beyond rational interests, maximizing personal profit.

Culture defies all attempts to calculate and monetize, and this irreducibility is its essence. If the scope of creative culture was reduced to market economic theory based on the idea of rational and maximized personal benefit discussion would be limited to issues such: as whether creative culture products are commodities, whether such products exist in markets and whether cultural benefits, in terms of economic analysis, are somehow different from other goods and services? This economic theory ignores the fundamental differences between cultural goods and material goods and services. Of course, the consumer of cultural goods is committed to pay no more than for the benefit which he/she expects to receive, but, at the same time, he/she gets an additional 'cultural momentum' associated with the 'value' to the consumer at the 'cultural level'. Consequently, the concept of individual utility used in the theory of the market economy is inadequate and insufficient for understanding the nature of cultural goods and acculturation.

It should be emphasized that there is a distinction between the concepts of economic growth and development, the first of which includes quantitative indicators, and the second is closely connected with the person. Development is related to economic growth, but is not limited to it. It means first of all the qualitative development of a person, which is both a condition for and a consequence of economic growth. The relationship be-

tween capital and production is not only a technological. You cannot consider economic growth regardless of the qualities of the person, his or her qualifications, competencies, skills, and abilities. Human capital is a bearer of intellectual strength, spiritual and cultural potential of society. It forms a set of intangible assets, which are inextricably linked with culture. When we consider the impact of culture on the economy, we should pay attention to the dual nature of its impact on the economic condition of society as a whole. Material culture, the system of market wealth and motivations at work establishes common links of 'culture-work-economy'. In this chain only creative culture, as a value in itself, and the highest manifestation of the human spirit is capable of providing the highest productivity. The relationships between the cultural sphere and the sphere of the economy, and which have a direct impact on the everyday life of a person, is split in two. On the one hand, the desire to realize spirituality is associated with the highest manifestations of culture as the ideal and necessary condition for maintaining human identity. On the other hand, utilitarian needs, the biological and subject-empirical dimension of being cannot be worthy of the flow of human life. This second factor determines the formation of a new type of market - the market of individuals. Not just the human mind, but a person himself/herself has become a commodity. He/she loses his/her personal qualities; his/her credo is the formula of "I am how you want to see me". The market-oriented individual becomes the object of exchange value void of any specific stable trait that one day may come into conflict with the requirements of the market. Market orientation is a degeneration of the human commodity, the death of the individual.

We cannot fail to notice the emergence of "industrial" culture, which has its own economic potential. It is an attractive area for investments own autonomous markets and creates jobs. This is the direct contribution of culture to the economy. Here, the term "industrial" culture refers not only to replicating copies of cultural values, but also to the set of institutions for the spiritual education of the population, such as museums, exhibition halls, theatres and cinemas, houses and palaces of culture and the like. 'Industrial' culture comes in both the services and at the same time is an important component of the social infrastructure for the normal functioning of human social existence. It contributes to the global trend of strengthening mass culture as a basic regulator of human activity, motivating social changes. In the field of 'industrial' culture there is a total industrialization. In the literature, painting, theatre, and film production 'new' products are put on stream. Industries producing and distributing works of art (movies, music, books, television, advertising), - are among the fastest growing and most profitable in the world. Related products,

markets which are closely connected with the state of the cultural sector: include computers, home video and audio equipment, film, photography and sound recording equipment, buildings and equipment for theatres and cinemas, concert halls and equipment for them, and so on. This "industry" economy is focused on the material overconsumption. It concentrates on advertising and fashion, which, in turn, stimulate further consumption.

However, with a focus on traditional ideals, focus on achieving the highest productivity is less important than the morals, and secular stability of social and psychological relationships. Exceptional social value, the quality of the individual, and "the height of the spirit" cannot be measured. Economic benefits, under these conditions, are reduced to the function of the recharge stamina needed to sustain life itself.

In ethnicity and stable society engendered by them played the same type of traditional culture, which is slightly transformed, despite the changing external terms, and which clearly manifests itself in times of social upheaval. Traditions and habits inherent in individual ethnic groups, seriously affect their economic achievements. Factors of ethnic culture sometimes have a much greater impact on people's behaviour than the primitive pursuit of personal gain. They are the "deterrent in the way of the laws of the market. Here is a different mentality in the economy.

## Conclusion

Culture, we can say it is a way of being human as a social individual, as the material and spiritual formation of dimensional space and the elevation of man. This space is not an abstract concept. It is filled with dynamic socio-cultural processes that have a large internal capacity of self-regulation and self-development.

The cultural sphere as a whole involves socially important activities, simulates a variety of models of social behaviour, reveals creative potential, and creates an environment of spiritual development. It is easy to see its direct social impact on society. Spiritual culture elevates man, making him free, instilling a taste for creativity and renewal, developing reflection and promoting the formation of personality. In addition, cultural property has indirect influence on society. It accumulates and transmits certain basic values, forms the cultural institutions that express the common national interests; it maintains national cultural heritage, regardless of fluctuations in cultural preferences and interests. It is generally believed that knowledge and science solve all problems, but now it is increasingly clear that this requires not only science and the latest technology, but also culture. Culture is a key and a driving force for the development in the 21st

century, ensuring the sustainable development of society through synergy, collaboration and partnership.

The consumption of cultural goods has an aesthetic component. This component cannot be estimated by economic mechanism, since economic and cultural values, as a rule, are not the same. Thus, the cultural good cannot be understood when considered within the framework of traditional economics. Only a theory, taking into account the changing nature of the individual, the evolution of social groups, their norms and values, taking into account the ethnic base and the social character of human life, may explain the peculiarities of cultural goods.

Satisfying the needs for significant and information products, including products with aesthetic value, saturating society by aesthetic information are the objectives of the cultural sphere. For the development of this sector, the increasing importance of the theory and model of economic transformation in the economy determines by information and creative energy. Cultural and economic systems approach to meet this challenge and are the foundation of the science of the future.

The convergence of culture and the economy in ethnic affairs is currently of particular importance. The real foundations for the integration are culture and humanism, economic integration is progressing well in the event that it is mediated by the cultural component. Symphony of synergy sounds only where there is a harmonious combination of spaces, peoples, cultures and beliefs. It will then achieve what the ethnos taken separately cannot reach.

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### TRADITIONS AS TOOLS FOR BUILDING OF SUSTAINABLE OPEN AIR MUSEUMS IN GEORGIA

Having received my education in Tbilisi, Georgia, I started my working career as an architect. After two years working in architecture and design, my interests focused on cultural heritage. Today I am working on traditional architecture and this presentation is about the places where examples of traditional architecture are kept and interpreted - open-air museums and their potential contribution to economic development.

#### Literature review

For many years studies and policies have addressed the relationship between culture and economics, but only in the last ten to fifteen years has there been discussion of pertinent policies to address the cultural sector as generating significant dynamics from an economic perspective (CIDI - Inter-American Council for Integral Development, 2004). In recent years, economists have begun to apply their analytical frameworks and empirical tools to the issue of culture and economic outcomes (L. Guiso, 2006).

The Association of European Open Air Museums (AEOM) defines open-air museums as scientific collections in the open air of various types of structures, which, as constructional and functional entities, illustrated settlement patterns, houses, economy and technology (AEOM Constitution, Article 1). It is known that open air museums play a significant role in the protection of cultural heritage. Most open air museums were established to preserve and present a threatened aspect of regional or national culture and to help forge a sense of identity and achievement (ZM Ali and R. Zawawi, 2011). They also protect traditional life-styles, which unfortunately, have tended to disappear in the epoch of globalization.

Besides protecting cultural heritage, open air museums produce a range of economic benefits. They create additional jobs and commercial revenue, particularly in the tourist and restaurant business. These expenditures create further expenditures through a multiplier effect (B. Frey, 2009). Many open air museums respond to the demand of tourists for a rapid survey of the country or area to which they have come, its buildings, nature and culture. The demand “to see the country in one day” is getting more and more popular with museum visitors. In cooperation with tourist organizations, open air

museums can be developed into a “visitor centre” for the region or the whole country. It can strengthen the museum’s position in society and its ability to succeed in the travel market and cultural tourism (S. Rentzhog, 2007).

Most open-air museums are the result of a huge investment in buildings and landscape, knowledge and collecting over a long period of time (S. Rentzhog, 2007). Usually open-air museums are situated in large estates and have huge maintenance costs and other expenses. Museums have two types of incomes: one is its own, direct (independent) income from visitor services, such as: entrance tickets, food, rent, educational activities, publications etc. Another type of income is donations drawn from organizations or private persons who invest their money in the museum. Donations can include grants or state subsidies, sponsorship etc. (B. Lord and G.D. Lord, 2006). The discrepancy between income and expenditure forces most museums to endorse two strategies: firstly they save, cut back, and economize; secondly they try to augment their income, especially by increasing the number of visitors (A. Knudsen, 2009).

How to make Open-Air Museums relevant to the present day public? What do visitors expect from open air museums nowadays? The most successful way is to try to see the museum from the point of view of visitors, schools, and society in general (S. Rentzhog, 2007). Today tourists are not only attracted to the buildings, they also want to receive some new experiences of traditional life and to enjoy being in green space. With new visitor centres, shops, exhibition galleries and restaurants, attempts are in progress to increase revenues, make open air museums more attractive, and see that the visit does not depend so much on the weather. “Commercialization” is no longer ‘like a red rag to a bull’ (S. Rentzhog, 2007). Open Air museums are expected to provide exciting activities for all age groups, including whole families, using green spaces and education, but the most important thing for sustainability and popularity is that the museum should be ‘alive’. Real stories presented by living people - hosts and hostesses, craftspeople, guides, role-players and other interpreters, usually dressed in period costume, are a vital part of the experience at almost every open air museum. In addition if a visitor sees some activities - for example traditional bread baking or handicraft show by a craftsman dressed for the role, who is ready for not only to show, but also to pass on skills and knowledge - be sure, it will be an unforgettable impression for a visitor, he/she will return to the museum and will recommend also to others. Grandparents and parents are lead to explain to children how it was in their day, creating inter-generational links and impressions of life long ago.

## Background

Georgia is an independent country in Central Caucasus, between Europe and Asia, with its ancient history and rich culture. Eleven administrative units of Georgia have different traditional houses, reflecting their ethnography and life-style. The Open Air Museum in Tbilisi presents the synthesis of traditional architecture and ethnography of the country.

The main aim of Academician George Chitaia was to protect his nation's identity, in the 1960s, when he founded the first open air museum in Georgia. Georgian culture and traditions did not matter and for such a small country there was a real risk of losing national identity in the huge Soviet Union. George Chitaia fully understood that saving traditions would be possible if they were alive in a museum, and to support their viability they should conduct some economic activity. According to G. Chitaia's concept, in order to preserve the intangible heritage, the Open Air Museum was not meant to be only the storehouse for keeping valuable exhibits, but the venue where: 1) traditional craftsmanship would be maintained and appreciated; 2) A person would be able to get money for his labour so that he would be financially supported. "In the exhibited buildings dressed up in the appropriate costumes craftsmen would make the samples of folk craftsmanship, for instance such as earthenware crockery, samples of smith work, wood-carving etc. and sell them in the museum..."; "When we speak about the protection of the monuments of folk architecture, we mean an active protection and not a passive one: The museum should not be only a storehouse of monuments but at the same time it ought to be a scientific and educational institution..."; "It should arrange native and foreign folk choirs' performances, hold folk celebrations and festivals" – wrote G. Chitaia about the Museum in his works (G. Chitaia, 1971).

The concept of the museum, opened 47 years ago, clearly shows the wish to preserve traditions and to provide the craftsmen who keep these traditions, with a source of income thus taking care of the museum's viability. Today using modern terminology we call it "economic stimulation" and "job-creation", the "marketing strategies", aiming at the pilot objectives and "sustainability of the museum".

Open Air Museum Tbilisi was opened in 1966 and it is the first museum of this kind in the Caucasus. It is a centralised type of museum and the buildings from different regions of Georgia are collected there. The opening of the museum was a great event in Georgia of 1960s, and provided many people with jobs. According to the General (Master) Plan there were supposed to be 100 homesteads and about 300 buildings-exhibits, but due

to the unstable political and economic situation of the country the museum only continued to be built for the first ten years, and certain zones were unable to be completed. Unfortunately, after the collapse of the Soviet Union the infrastructure of the museum was destroyed. Within several years the exhibits of the museum were abandoned. But the opportunity to get acquainted with the architectural traditions of the whole country, collected on one territory within a short time and uniqueness of the collections enable the Museum to be one of the popular attractions in the capital.

## Data and methodology

Within the last several years great political and economic changes have been taking place in Georgia. The country is gradually coming out of the Post-Soviet system. The environment has changed for the Georgian museums as well. The financial resources of the state are small and the state museums have to find ways for institutional positioning by themselves.

The museum began a 'new life' in 2005 when it merged with the Georgian National Museum. The aim of the Open Air Museum Tbilisi as well as the whole of the National Museum is to find a dignified place in the world's museums space. The Museum tries to maintain sustainability by keeping to the principles of its founder and, at the same time, by keeping up-to-date museum standards. In 2010 a ten-year Development Plan was adopted in order to identify the museum problems and to solve them. The following tasks have been set in order of priority: 1) The improvement of the organization structure and management skills; 2) Improvement of the Visitors Oriented Service; 3) The strengthening of the educational and scientific direction; 4) The improvement of management and security of the collections; 5) Reorganising the infrastructure of the museum; 6) The completion of the construction process. This last is a long-term plan of the state museum, so the National Museum started with the first five tasks. It has sought to partner with the world's leading museums that have a similar function. The UNESCO Norway-Fund-in-Trust project started in 2007. The partner museums are the Maihaugen Museum from Lillehammer (Norway) and the Skansen Museum from Stockholm (Sweden). In the last 6 years the museum has made major progress towards the goals outlined above.

## Living history

Work has been undertaken on visitor services as well as on physical restoration, by involving visitors in 'Living History'. For instance, family history has been revived in the newly restored house-exhibits by hosts in traditional dress, tasting of traditional dishes and the creation of an interactive environment of edutainment (Figure



**Figure 1: Open Air Museum Tbilisi, Revived family history in the newly restored house-exhibit by the traditionally dressed hosts and interactive environment of edutainment**

1). This gradually returns to the founder's idea, which though written 75 years ago, has proved to be exactly what is needed today: that the museum is not just a storehouse of buildings, but a living body for preserving traditions and passing them on to the next generation.

### **Educational Centre**

The Educational Centre has started work at the museum, where staff tells the children of various ages about Georgian traditions, the country's history, traditional houses, standards of life and so on. Figure 2 shows the meeting of an archaeology club, where little visitors will discover archaeological finds themselves. The Centre is in close contact with schools of Georgia. The success of the Educational Centre in attracting the younger population is reflected in the visitor statistics.



**Figure 2: Open Air Museum Tbilisi, Working of the Educational Centre, the club of entertaining archaeology**

### **Crafts Development Programme**

In the last few years the traditional crafts development programme has been underway. Its aims are: To preserve the folk crafts traditions and to ensure their popularization; to discover and save the forgotten types of craft; to protect them by passing them on from generation to generation and through the promotion of craftsmen. The programme has created a database about the folk craftsmen has with their contact details in order to co-operate with them in the future: and to invite craftsmen to the museum to restore the exhibits; to participate in the museum's exhibitions and craft festivals. The craft-festival has already been founded and it is held annually in spring in the Open Air Museum in Tbilisi (Figure 3). The craftsmen are encouraged to participate in the educational activities in order to pass over the traditional craft skills to future generations. The crafts shops, on the museum property should open soon.



**Figure 3: Open Air Museum Tbilisi, Traditional Craft Festival; a craftsman and his works**

One of the long-term tasks is the creation of high quality products of traditional craftsmanship, which will be given a quality brand and sold in the network of the Georgian National Museum. It will provide a source of income for craftsmen, especially those from rural regions. At the beginning the project had a donor (UNESCO). This year the museum held the crafts festival independently, though to provide continuity it is advisable for the Museum to cooperate with donors and private individuals, who are interested in the development of folk craftsmanship.

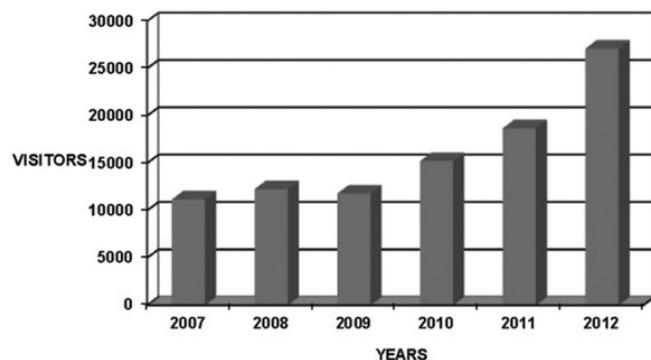
### **New buildings - additional incomes**

The Development Plan foresees that several new buildings will be constructed on the museum territory in the future, which will ensure extra income: the Testing Centre for traditional cuisine; the Visitors' Centre with a café

combining various functions; two exhibition halls and a lecture-room, a small hotel that would be placed outside the exhibition area, away from the exhibits. The museum is looking to learn from foreign museums, which have already achieved success with similar activities.

## Results and discussion

Since activities mentioned above were launched, the number of visitors to the museum has significantly increased (Figure 4).



**Figure 4: Open Air Museum Tbilisi, Visitors Statistics for 2007-2012 Years**

## The Museum as source for the development of cultural tourism

The Museum authorities should take every opportunity to propagate the museum's important role in the development of cultural tourism and a part of the income gained from tourism should go back to the institution, which played a special role in its attraction (B. Lord and G. Lord, 2006). It is well known that the best way of appreciate a monument is to see it in the authentic environment. If the visitor, inspired by the examples of traditional architectural and life style seen in the museum, goes to the region where they originated, then the museum in the capital will become the source of cultural tourism, of economic activity, job opportunities and an income for the owners of cultural heritage. Examples of traditional houses still exist in Georgia's regions, though their preservation is beset by many complex problems which are becoming worse every year. Cultural tourism thus has a vital role to play in preventing the disappearance of unique Georgian traditions of craft and architecture throughout the country.

## New open air museum in Ajara, Georgia

In order to collect and protect more neglected traditional houses, the creation of an absolutely new open air museum has been suggested a few years ago. Its construction has not begun yet, only the concept and the Architectur-

al Master Plan have been worked out so far but, based on accumulated knowledge and taking into account the experience of Georgian and foreign open air museums, the founders have aimed to create a sustainable institution from the very start.



**Figure 5: Maize-shed, Keda region, village Medzibna, Ajara, Georgia, The traditional buildings are constructed on the relief, which is reflected in the architectural and constructive solutions**

The new museum will be regional. It will be constructed in Ajara (in the subtropical region of Georgia) near the touristic city - Batumi - at the seashore. Apart from the Black Sea, the region also has mountains. The traditional houses are constructed on the scarp, which is reflected in their techniques of construction and architectural style (Figure 5). The principal characteristics of this region's houses and lifestyle are determined by the vertical zoning of region and the climate. The land where the Museum will be built is well-located for its accessibility. It is near the touristic neighbourhoods of the city and it is next to the unique Botanical Garden, founded in 1921. In the future these two venues will form part of a common tourism and recreation zone, which will be profitable for both of the institutions.

The task, given to the architects while working on the Master Plan was based on the concept of the museum and the main principles: The museum is of a historical and cultural type. The houses are classified according to their development, from the ancient to the modern one. The six types of house will be exhibited in 6 different zones of exhibition space; the museum is meant to satisfy a variety of visitors' interests. The non-exhibition space is to be designed in such a way as to cater for educational, scientific, recreational and entertainment activities. Different buildings for various functions are identified in the Master Plan. Several buildings have been planned for the future to attract additional income: two exhibition halls in the visitors' centre, a restaurant for traditional cuisine, an amphitheatre, traditional crafts shop-saloons (for exhibition and sale of the traditional crafts production) and a small hotel. Folk-craft masters, hosts and hostesses, for interpreting and educational programmes need to be identified to bring the museum alive before it receives its first guests.

The construction of the Museum in the open air is a rare but noteworthy event. It is quite an expensive project and the people, who work on the creation of the new museum are well aware, that the investments, (both, human resources and monetary ones) should be successful and the museum should successfully carry out all of its functions (protection of cultural heritage, education and museum interpretation) Therefore it is important for the new museum to cope with today's challenges and be sustainable.

### Conclusion

In conclusion, no matter in which period or climate zone, there are two main preconditions for building a successful and sustainable museum. It should meet current international standards, while protecting the cultural heritage and, at the same time, it should be up-to-date, in order to attract visitors. The new challenge for the museum is to be creative and innovative, in order to fully make use of its potential for economic development.

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### MULTICULTURAL HERITAGE DEVELOPMENT, AS AN ECONOMICAL SOURCE

#### Islamic Art and Architecture in Georgia, Caucasus

##### Introduction

In international studies and practice, conservation of built heritage is broadly acknowledged as a resource for economic development. Such investments can be achieved by various tourism both nature and heritage - which are a vital source for many countries. Countries with multicultural heritage have more opportunities for attracting tourists, both with multiple interests, and with those having similar heritage, for instance: Turkey, Spain and nations of south East Asia, which have multiple civilizations. Caucasus region is considered as a key destination for multicultural heritage, since it is located on the Silk Road and it represents a node for the four compass points of the world. This paper attempts to highlight the substance of the Islamic art and architecture heritage in south Caucasus and Georgia, which requires urgent action for preservation and to raise its profile as an important layer of Georgian multicultural heritage. The research found this could increase tourist demand, especially in the Islamic-Arab world, and mobilise his sector of Georgian heritage in support of the economic strategy of the country.

In the twenty first Century, “heritage” has come to signify far more than tourist attractions and impressive historical monuments. Alongside great architectural icons are places where the communal ethos and memories are embedded and transmitted from one generation to the next, place-specific rituals and events that periodically bring a community together. This expanded understanding of what heritage is and the growing respect for culture as a human right of all, including minorities, have brought official recognition to the traditions and creative expressions of groups and communities, to the special places where important social interactions that sustain communal life and common values take place, and to the distinctive cultural landscapes of regional and national significance around the world (G. Araoz et.al, 2010, 1).

Systems of values can be tangible and visibly demonstrated in the culture of built heritage as arts and architecture play a major role in conveying social and

cultural messages in the built environment (H. Elkadi, 2007, 45). Visitors in the city are offered attractions for leisure and consumption, which are dominated by heritage: from the pattern of street layout to the existence of a distinctive architecture, to the variety of activities that form the city itself as a visitors’ experience. These conditions need a deliberate attempt to create the city as multicultural places of consumption for both retail and tourism as part of urban cultural management (W. Pratiwi, 2007, 1). Many recent events around the World have highlighted the immediate need for legislative action to protect cultural built heritage in multicultural societies. The potential global risks that face cultural built Heritage are not only limited to regions where military operations are taking place but also to nations where questions of identity and cultural diversity are raised (H. Elkadi, 2007, 45).

##### Multicultural Heritage:

‘Multiculture’ is relating to a social or educational theory that encourages interest in many cultures within a society rather than in only a mainstream culture (Wordnik, 2012). ‘Multicultural’ is something that incorporates ideas, beliefs or people from many different countries and cultural backgrounds (Your dictionary, 2012). Multicultural as a normative term, refers to ideologies or policies that promote cultural diversity or its institutionalisation; in this sense, multiculturalism is a society “at ease with the rich tapestry of human life and the desire amongst people to express their own identity in the manner they see fit” (K. Bloor, 2010, 272). Such ideologies or policies vary widely, including country to country, ranging from the advocacy of equal respect for the various cultures in a society, to a policy of promoting the maintenance of cultural diversity, to policies in which people of various ethnic and religious groups are addressed by the authorities as defined by the group they belong to (T. Harper, 2011, 50).

Multicultural policy is built on four principles of multiculturalism: equality, appreciation, preservation and participation (G. Clements, 2005, 3). Two main different and seemingly inconsistent strategies have developed through different government policies and strategies: The first focuses on interaction and communication between different cultures. Interactions of cultures provide opportunities for the cultural differences to communicate and interact to create multiculturalism. The second centres on diversity and cultural uniqueness. Cultural isolation can protect the uniqueness of the local culture, a nation or an area, and contribute to global cultural diversity (C. Marsh, 1997, 121, J. Elizabeth, 2010, 16).

Research has emphasized the role of cultural dialogue in promoting peace and reconciliation between different

communities and ethnic groups in various contexts (H. Elkadi, 2003, 46). In many multicultural countries, the contemporary state has to deal with contentions among several visions of nationalism and national identity, which is categorized as civic (integration into a nation of equal citizens, or difference-blindness); ethno-cultural (assimilation into the dominant society or ethno-cultural); and multicultural (recognition of cultural diversity and minority rights, K. Bloor, 2006, 204). "Heritage" can encourage positive identity among individuals and foster mutual and universal respect and appreciation for the collective memory of all communities, whether living side by side or far from each other. When managed with sensitivity, heritage can be used to build bridges that facilitate social solidarity through community-based programs of heritage enhancement, inter-generational and inter-cultural dialogues, and civic life (G. Araoz et al., 2010, 1).

### **Objectives of the multicultural policy:**

A multicultural policy can (G. Clements, 2005, 4):

- serve to enhance and preserve the multicultural heritage, and to encourage specific legislative, political and social commitments to multiculturalism
- serve to indicate that the province embraces the multicultural reality of the society and acknowledges that the area has a distinctive multicultural heritage
- acknowledge the intrinsic worth and continuing contribution of all citizens regardless of race, religion, ethnicity, linguistic origin or length of residency
- serve as an affirmation of Human Rights for all citizens

### **Investing In the Multicultural Heritage Field:**

Cultural dialogue represents the central mechanism through which cultural diversity can lead to knowledge creation and social capital, which both underpin sustainable development (H. Elkadi, 2007, 46). The use of heritage for the production of consumers and tourism activities, through spatial designs within global capitalizing societies, is not a source of decay or destruction if adequately planned, designed, regulated and managed. An appropriate commercialization of built heritage as input for tourism activities can lead to a more heterogeneous expression of architecture, and more complex active enjoyment (W. Pratiwi, 2007, 1).

In today's world, where radical demographic shifts are transforming society, the task of building cohesive communities is a critical one. Urban societies have grown increasingly multicultural as groups of different ethnicities, with distinct cultures, languages and traditions come to live side by side. Many people, often immi-

grants, find themselves in environments that are new or historically alien to them (G. Araoz et al. 2010, 2).

In comparatively recent times, some historic multicultural areas, especially those adjacent to central business districts, have become significant attractions for visitors who come to enjoy ethnic cuisine, to shop in local markets, stroll and absorb their distinctive ambience (A. Orbasli, 2000, 9). In general, urban authorities have encouraged this development, as expenditure by tourists is assumed to create wealth and help to regenerate the local economy. Employment in new, clean, service industries is expected to compensate for the loss of established manufacturing and distributive trades associated with the inner city (S. Shaw, 2002, 146). Through a well-regulated planning framework, informed by the participation of local communities, emerging visitor economies may stimulate wealth creation that benefits ethnic minority residents and businesses without displacing them. Public policy must address the spatial manifestations of social exclusion, whilst facilitating new uses for old buildings that will finance sensitive refurbishment. The will to establish an attractive piece for urban tourism may provide the rationale to upgrade the public realm of the streetscape and amenities that can be enjoyed by local residents as well as visitors (S. Shaw, 2002, 149).

### **Islamic "Layer" in the Multicultural Heritage of Georgia:**

Located strategically in the heart of the Caucasus between Europe and Asia, Georgia and its' capital Tbilisi became an object of rivalry between the region's various powers such as the Roman Empire, Persia, Byzantine Empire, Arab Caliphate, Seljuk Turks and then Ottomans, Safavids and Russians. Cultural development was affected by all these cultures, but Georgia was able to maintain a considerable autonomy from them (A. Shanshashvili, 2012, 1). Georgia has always been, and continues to be, a multi-national unity, and has up to the present preserved its unique cultural identity. It reflects the integration of diverse cultural and spiritual traditions, revealed most prominently in its distinct architecture (Ibid, 17).

Tbilisi has been historically known for religious tolerance. This is especially evident in the city's Old Town, where a mosque, synagogue, and Eastern and Oriental Orthodox churches can all be found within less than 500 meters from each other (Ibid, 29). However, all religious buildings suffered under the Soviet regime, many mosques were demolished throughout Georgia.

The importance of the Islamic layer in the multi-cultural history of Georgia, from the Arab scholar's viewpoint, concerns:

## Geographic location and the economic exchange

Regional economic integration based on multicultural heritage policies can achieve greater economic benefits of better quality that any country in these communities can achieve alone. Despite other reasons for regional integration, which may be more important, such as the need for common defence, political integration and social cohesion, the economic factor remains one of the dominant factors. For neighbouring countries, the development of more streamlined mutual accreditation of professional qualifications holds considerable commercial potential, both by facilitating the exchange of professional services and by opening up additional opportunities for the education sector. Consideration should be given to the measures that would remove or minimize remaining impediments to professional services exchange, especially professional accreditation with mutual recognition, and direct investment, as well as facilitating the movement of people including short-term inter-corporate transfers (RAIGIT, 2012, 26).

The World Tourism Organization (UNWTO) forecasts that international tourism will continue growing at an average annual rate of 4% (World Tourism, 2004). It has been suggested that there is a strong correlation between tourism expenditure per capita and the role that countries play in the global context (Global Culture, 2007). In other words while tourism contributes directly to the economy the degree of confidence with which global citizens leverage the resources of the globe also benefits their local economies. This is why any projection of growth in tourism may serve as an indication of the relative influence that each country will exercise in the future. Promoting and developing sustainable tourism contributes to economic development, international understanding, peace, prosperity and universal respect for, and observance of, human rights and fundamental freedoms for all, without distinction as to race, sex, language or religion (R. Lonati, 1970, 1).

### Attracting Arab tourists in Georgia

Many countries seek to attract Arab Gulf Tourists, because their expenditure average is high compared to other tourists from around the world resulting in high quality or high yield tourism (SyndiGate, 2012). The Emirates Aviation College conducted a study which says that the Arab Gulf tourists spent 260 times more than others on tickets, and 430 times more on accommodation and transfers. A UK study suggests that the Arab Gulf tourists spent twice as often as others did, and their number has increased by about 35% in the past five years.

According to the World Tourism Organization, in 2001, the average per capital expenditure of the Arab Gulf

tourist during his stay is about \$1814 per trip, on average spending \$135 per a night, surpassing the capital spending of a European person at \$836 per trip and \$88 per a night, leading European tourist institutions to provide everything fit the requirements of the Arab Gulf tourist (B. Albeshir, 2005, Alwasat Newspaper, 2003). In Europe, especially London, a number of hotels nowadays provide copies of the Koran and prayer rugs, while other hotels turned breakfast into a Ramadan breakfast, so as to encourage Arab Gulf tourists to prolong their stay (Aljazeera, 2012).

### The Islamic Heritage of Georgia

The Moslem Arabs first appeared in Georgia in 645. It was not, however, until 735, when they succeeded in establishing their firm control over a large portion of the country. In that year, they took hold of Tbilisi and much of the neighbouring lands and installed an Arab emir, who was to be confirmed by the Umayyad Caliph of Damascus, and later by the Abbasid Caliph of Baghdad. During the Arab period, Tbilisi grew into a centre of trade between the Islamic world and northern Europe gaining great wealth and notable urban growth with an increase in population. Arab Moslem rule was known for religious tolerance with non-Moslems (F. Humeedi, 2008, 220)

In 1122, the Georgians liberated Tbilisi from the Moslems and King David the Builder moved the capital from Kutaisi to Tbilisi. The rapport with national minorities and non-Christians was a matter of importance. King David granted the Moslem, Armenian and Jewish residents of Tbilisi the special privilege of reduced taxes, at the same time safeguarding their confessional immunity (G. Bruchhaus, 1994, 13). During sixteenth to eighteenth centuries, Georgia became the object of rivalry between the new two competing Moslem powers: Ottoman Turks and Safavid Persia.

### Historical heritage

There are many books by famous Arab historians, geographers & travellers about the city of Tbilisi (F. Humeedi, 2008, 222-225). They describe many aspects of the city's urbanism and architecture, during the era of Arab and Moslem rulers, and in the later era of Georgian Kings. They describe the religious tolerance of Arab rulers for Christian citizens, and the tolerance of Georgian kings for Moslem inhabitants. They tell us about the good treatment of King David III and his son Dmitry I, who used to attend Friday prayers in mosques, and help Moslems in the maintenance of their mosques, and the construction of ribats for Sufi scholars (Ibid, 223). All the descriptions are literary without drawings, sometimes, however, there include statistical information, such as size of population or army, or number of houses,

by comparing these documents with the ones in other languages, and by cooperation between various specialists; we can virtually re-construct the images of the city across time by the means of 3D representation and create a virtual environment for the different periods of the Georgian architectural history.

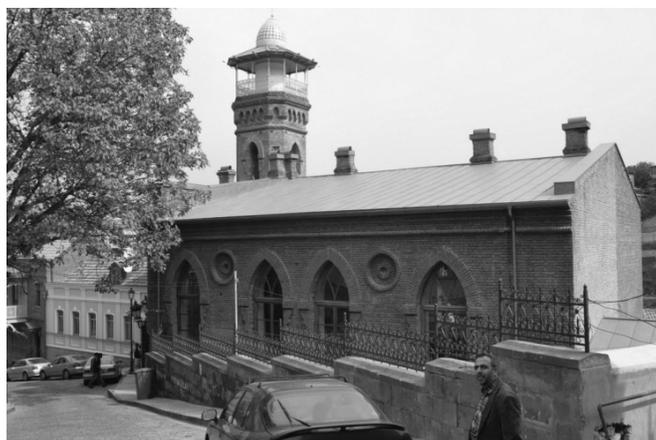
### Architectural heritage

Muslims constitute approximately 9-13% of the Georgian population (R. Jackson et al eds., 2007, 67) (Social Science in the Caucasus). Mosques in Georgia operate under the supervision of the Georgian Moslem Department, established in May 2011 for the purpose of governing the mosques and Islamic communities in Georgia. The new non-governmental organization is headed by a Georgian mufti.

Our information & sources are mainly from Internet sites and from our personal visit to Georgia in October 2013, because publications - in English or Arabic - about Islamic Architecture in the Caucasus are limited. The Islamic heritage of Georgia is a vital multicultural source from the Islamic world. It is a unique heritage that cannot be other than A Georgian Moslem Heritage.

#### 1. Tbilisi Central (Red-brick) Mosque “Botanikuri”

This mosque was constructed in 1723-1735 during the Ottoman period. In 1846-1851, the mosque was renovated by the architect Giovanni Scoudier, but this building was also demolished at the end of the 19th century and the present mosque was constructed on its place. The mosque, built in 1895 is the only one in Tbilisi that survived antireligious purges of the 1930s. The eight angled brick minaret draws the attention even from the far away and is perceived in different ways from various sides (Authors’ visit).



(Source: Authors’ visit)

The mosque was rehabilitated through the project of the Preservation of Cultural Heritage of Georgia/ Old Tbilisi Rehabilitation Programme in 2012.

#### 2. Shah Ismayil Mosque , Tbilisi:

The mosque dates to the reign of Ismail I of Persia in 1524. The government demolished it in 1951 when the Metekhi bridge was built (Wikipedia, 2013). Tbilisi is also known to have had other mosques which were demolished during the Soviet period, but whose names and descriptions have not come down to us.



(Source: Wikipedia, 2013)

#### 3. Batumi mosque

The mosque is located in Batumi on the Black Sea in the autonomous republic of Adjara. It was built in 1886 by the family of Aslan Beg, a Moslem Georgian nobleman - (Authors’ visit).



(Source: Authors’ visit)

#### 4. The Mosque of Aziziye in Batumi:

The mosque was built in 1869 by the Ottomans when the city was under their control. It was destroyed at the beginning of twentieth century (Wikipedia, 2013).



(Source: Wikipedia, 2013)

#### 5. Mosque in Rabati Castle, Akhaltsikhe

Rabati castle within which there is a church, a mosque with minaret, and a synagogue, was built in the thirteenth century on a seven hectare site. The castle and town of Akhaltsikhe were the residence of the Jakhely princes from the thirteenth to sixteenth centuries. The restoration of the castle was undertaken over 15 months and its completion was marked by a special concert (Georgia About, 2012).



(Source: Wikipedia, 2013)

#### Conclusions & Recommendations

- This brief and rapid review of Moslem architecture in Georgia shows that some Moslem buildings are still standing, and though others have been demolished, some drawings and photos record their characteristics and features. Using these documents, it is possible to evaluate the overall significance of the buildings.

- As specialists in Islamic architecture; we can't associate these buildings with any specific style, as they are affected by multiple architectural sources, they can be described only as "Georgian Moslem Architecture"
- Interactions of cultures provide opportunities for cultural differences to communicate and interact to create multiculturalism. "Heritage" can encourage positive identity among individuals and foster mutual and universal respect and appreciation for the collective memory of all communities.
- The use of heritage for the production of consumer and tourism activities, through spatial designs within global capitalizing societies, can generate many cultural, economic and financial benefits, with a limited rise in operational costs.
- Georgia has always been and continues to be a multicultural unity, and has up to the present preserved its unique cultural identity. It reflects the integration of diverse cultural and spiritual traditions, revealed most prominently in its distinct architecture.
- Georgia has ancient historical mutual relations with the Arab-Muslim world, in fact, the Islamic presence in Georgia is an important part of Georgian society and through the culture heritage of the Islamic component, and connections with the Arab world can be made to the economic benefit of Georgia.
- Georgia has to attract tourists from the Middle East and the Arab Gulf countries to multicultural areas and urban environments by producing marketing plans for Arab Gulf tourism through major exhibitions and tourist packages that demonstrate the Islamic heritage of Georgia as an essential layer of its multicultural heritage and identity.

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### GEORGIA - THE LAND OF 8,000 VINTAGES: WINE TRADITIONS & WINE TOURISM

Georgians were making wine before most known civilizations were formed. Archaeological evidence suggests early Neolithic Georgians were cultivating the wild vine and making wine in clay vessels called 'qvevri' as early as 6,000 BC. What makes Georgia particularly special is not the age of the tradition but, that it was never interrupted. With more or less certainty we can say Georgia is the land of 8,000 vintages. Wine remains a central part of Georgia's culture influencing singing traditions, ornament in churches, and illuminated manuscripts, culinary traditions.

The unusual tradition of fermenting grapes in bees wax lined clay qvevri, buried under the ground is still practiced throughout Georgia. In addition to this exotic womb like qvevri, Georgians leave their white wines on the skins and stems for prolonged periods of time, making an amber coloured wine full of rich tannins, and great depth. In addition to having the weight and texture of red wines they are chock full of antioxidants as a result of the polyphenols transferred over during the prolonged skin maceration.

In ancient times Georgians worshipped the sun, and the sun's energy was believed to be captured by the grape vine, when you drank wine you were communing with God. In the early 4th C St Nino the daughter of a Roman General from Cappadocia came to Georgia carrying a cross made of two pieces of grape vine woven together with the braid of her hair. In 332 AD she finished the process of Christianization in Georgia, with the help of a cross made from a plant the Georgians already deemed as sacred, and the idea of communion in Christianity was a natural transition from drinking the sun's energy. Today the Georgian countryside and the urban areas are full of churches, monasteries and castles. Virtually every direction you look you see the rich spiritual heritage, which like the wine tradition perhaps is most special because it is still alive.

In addition to its ancient roots Georgia also has 525 known cultivated varieties. Not all of these varieties are easy to find but there are enough still being widely used to allow a visitor a myriad of diversity as you move from one region to another. Georgia grows vines

from the tropical coasts of the Black Sea, to the highland mountainous regions, to the fertile valleys and semi deserts in the east. Each region has its own set of terroirs and unique micro-climates adding even more diversity to the Georgian wine pallet.

Georgian polyphonic folk songs and chants are another unique part of local colour. Georgian polyphony is always performed in three part harmony, including some very strict rules and incredible improvisation. The result is something hauntingly beautiful, and styles vary from region to region. The ecclesial music shares the same structure, and can be heard at church services, while folk music is usually performed at traditional feasts, called 'supra', laced with wine toasts, and poetry. If Georgian polyphony is on the whole more reflective, dance traditions are very fiery, as soon as the drums, bagpipes, and accordions come out it moves to blissful feast. Men dance like roosters prancing around with chests out making angular gestures of strength, as they court the more modest lady who generally looks towards the ground making subtle and graceful movements with her arms and hands like the waves of the sea.

The feast, or 'supra' is the sum of all aspects of Georgian culture, an able 'tamada', or toast master takes one on a journey through the history of the country, family values, religious traditions, love, memories of those who have gone, and even the geographical regions and natural features. There is an intangible exchange of culture that happens at the feasts that is as important as the wine poured, and the food displayed. Georgian cuisine represents a unique history of being where Europe and Asia meet. There are traces of Arab, Persian, and Mediterranean influences in Georgian cuisine which mingle with a strong local tradition, walnut pastes spiced with blue fenugreek, marigold flowers, and coriander are blended with wild mushrooms, leeks, or aubergines for mouth-watering appetizers. Or the famous 'tkemali' sauce made from sour wild plums, with spearmint and wild oregano to go with roasted meats, or potatoes. Georgian food is served in a colourful mezze style with dish after dish coming out balancing fruit, walnut, spicy, and yogurt flavours to create a culinary rollercoaster of flavour, temperature, and texture. When the food, toasts, wine and songs are right visitors are getting an incredible life experience.

Georgia constantly surprises visitors. The nature changing from desert to highland to tropical coast in a matter of hours, variety of wines & the food, ancient polyphonic songs which are heard around every corner, the ancient monuments testify to a glorious past culture, that is still alive and become a part of contemporary life today. Being both very ancient and very modern makes Georgia, quite a special place to have the wine adventure of

a lifetime. But The Georgian wine industry, despite having the highest-quality wine in the region, has to develop infrastructure to allow the sector to evolve as it should. In addition to wine, Georgian tourism offers magnificent cultural and historical sites, and exceptional natural beauty. However appropriate accommodation, adequate customer service, wine and food supply / pairing, and effective marketing is needed.

Wine tourism is a high priority for Georgia. It offers substantial opportunity to increase competitiveness that will generate rural employment and income. Globally, wine tourism is a rapidly developing business, but in Georgia it is a fairly new concept. Currently, only 5% of tourists visit Georgia for wine tourism; although the majority of all tourists end up partaking in wine tourism-related activities. The main attractions for wine tourism are wineries, wine restaurants and wine bars, vineyards, historical and cultural destinations in the wine regions. Kakheti, which boasts 3/4 of the total vineyard area of Georgia and numerous wine producers, is the region with the greatest potential to be a wine tourism destination in the near future. Other wine regions of Georgia such as Kartli, Imereti, Racha, Samtskhe, Adjara, Guria & Samegrelo should be considered as wine destination in long term projects.

Wine tourism can be a high-end tourism segment that attracts a premium prices from international tourists. Wine producers and tour operators involved in wine tourism believe that Georgia can compete with other destinations based on the quality of its food, wines, wine culture and the combination of 'supras' and of course, traditional music. Priorities for wine tourism development should include upgrading tourism infrastructure, customer service, and professional education. The preservation and protection of ethno-culture, the traditional methods of wine-making and reproduction of ancient grape varieties are the key points that make Georgia a special destination, and they should be a part of a long-term wine-tourism strategy with access to appropriate finance.

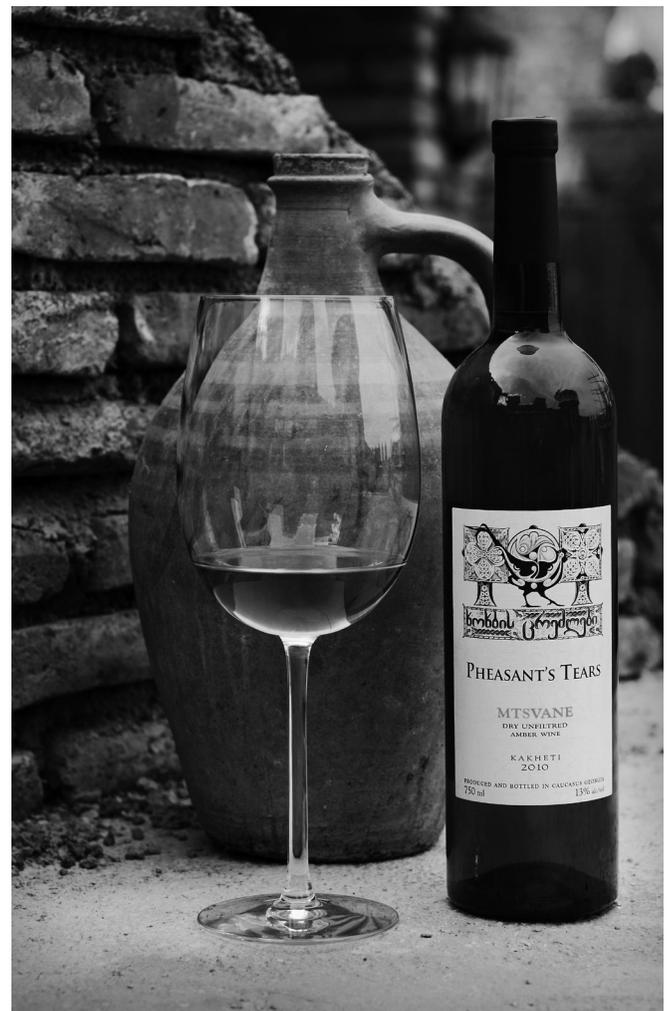
Georgia's current competitive position is high-cost while offering only moderate quality. An upgraded wine tourism sub-sector will generate an increase in the number of visitors coming to Georgia specifically for the wine tourism experience, an increase in earnings, particularly in rural areas, and substantial levels of foreign and domestic investment. It will also offer positive synergies with the broader tourism sector in Georgia, including Meetings, Incentives, Conferences, and Exhibitions (MICE) and adventure tourism. The growth in wine tourism will have a significant impact on Small and Medium Enterprise (SME) success and growth due to the sector's requirements for a diverse offering of

restaurants, producers, and accommodation that meet the varied tastes of wine tourists. Other related businesses would also see an increase in sales and profits, such as transport, accommodation, gift shops, restaurants, and other supporting services.

It is important to send a delegation of wine producers, tour operators, guides, developers and other stakeholders on a familiarization trips to current wine destinations like France, Australia, Finger Lakes, Napa Valley, where they can observe how other wine tourism regions have developed their strategies. Wine producers and those involved in the development of Georgia's "Wine Route" need to express an interest in SME participation in the wine route and wine tourism industry.

There are several other priorities need to be addressed:

- Encourage hotels and bed and breakfasts to upgrade their accommodations;
- Help wine producers better understand the wine tourism market
- Seek feedback on Georgia's wine tourism experience;
- Educate the hospitality sector about wine etiquette, and the other key components of the tourism sector





Potential demand-side input will be essential to the successful marketing initiative in key target markets. Simply put, the product will sell better with a strong partnership between tour operators and overseas markets.

The following represent specific recommendations are based on preliminary interviews with sector stakeholders.

- Design and develop wine routes and promotional materials in coordination with wine producers, tour operators, the cultural preservation agency, and other governmental organizations.
- Devote part of each tourist information centre to wine information until a wine information centre can be established.
- Upgrade the existing Georgian wine website and optimize it for search engines.
- Organize educational seminars for guides, tour operators and wine producers.

Longer-term recommendations to develop the sector include:

- Determine target markets and develop a more intensive marketing campaign to attract visitors from EU, North America, CIS, and Asia. Start by developing markets that are already familiar with Georgian wine.
- Further develop Georgian wine brands internationally, establish ways to promote Georgian wine through websites, key messages, and images that would be used by the Government of Georgia, professional associations and the private sector.

- Organize international conferences, seminars & Familiarization trips while hosting wine writers, wine educators, media, TV's, chefs, and sommeliers whose influence could help sales abroad.

Marketing Georgian culinary traditions/cuisine is also an important vehicle to assist attracting visitors and journalists.

### Improving the quality of wine tourism

It is clear that investment in Georgian wine tourism is essential, and can be strategically placed. The relationship between the rural economy and wine tourism is important, and it is certain that by focusing efforts in developing rural tourism, the whole rural economy will be improved. It is, of course, important to select one or two areas on which to concentrate initial efforts rather than spreading any intellectual or financial investment too far.

To move forward, a plan must be put in place that:

- Helps develop a strategy and raises financing for wine centres where information about wineries/wine producers, local restaurants, wine touring-routes, vine varieties, etc. can be provided.
- Encourages wine producers and restaurants to hire graduates of wine-tasting and sommelier courses.
- Increases marketing for wine-tasting and sommelier trainings.
- Provides training or establish a vocational school for wine service etiquette, gourmet cooking, and for employees of hotels, wine bars and restaurants.



- Establishes a qvevri-making school to educate the next generation of qvevri makers, improve quality, and attract visitors. Enabling the continuation of an old tradition of qvevri-making is a vital factor in Georgia's future; it is time to expand the skills that currently only a few master craftsmen have.
- Trains tour operators, guides and wineries to collaborate in hosting wine tourists.
- Assists small wine producers and bed and breakfast establishments in accessing credit.
- Trains grape growers to ensure that high-quality varieties are planted and recognize their financial benefit in doing so.

Wine tourism is only one segment of the dynamic tourism industry. Georgia's future economic growth will rely on many industry segments evolving in a balanced way, and within each economic sector there are projects ready and waiting for investment. Wine tourism is one such segment; it is a global industry, and one that is actively seeking new markets; Georgia is well placed to become an industry leader, and increase its share of Georgia's tourism to 15% or more. This can be achieved by the development of a strategic plan that will incorporate all of the points identified above, and identify the appropriate financial sources for further investment in business and key component of the strategic plan.

[www.travellingroots.com](http://www.travellingroots.com)  
[www.pheasantstears.com](http://www.pheasantstears.com)  
[www.geofilmproduction.com](http://www.geofilmproduction.com)

CREATIVITY, ENTREPRENEURSHIP AND  
INNOVATION AS AN  
IMPETUS FOR DEVELOPMENT

*CREATIVITY,  
ENTREPRE-  
NEURSHIP AND  
INNOVATION  
AS AN  
IMPETUS FOR  
DEVELOPMENT*

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### CREATIVITY, INNOVATION AND ENTREPRENEURSHIP AS AN IMPETUS FOR THE REGIONAL CRAFT ECONOMY

#### Opening cases

##### Small smithy

In a Dutch village Linschoten, my uncle Jaap van Dijk had a small scaled smithy. His most important clients were the farmers from the neighbourhood. In the seventies of the last century a steel agent visited his workshop looking for a well experienced craftsman. This man had an innovative idea: to make 'steel nurses' which can lift patients from their bed. The production became very successful and the factory with 30 employees is now producing high standard heating machines for the agricultural sector. The firm is actually looking for designers to put its industrial design on an international level.

##### Regional Furniture firm

Venlo is a medium sized city in the south of the Netherlands, far from the Dutch large cities. In 1934 two brothers started a furniture firm related to the regional networks of suppliers and clients. The mission was and still is focused on a combination of innovative design, advanced technology and a high standard of craftsmanship. Leolux, as the firm is mentioned, has now 400 craftsmen and a cooperation with international designers. Its modern furniture is exported to European markets. In its old industrial factory hall Leolux has created a creative hub in which creative makers, cultural entrepreneurs and business people are working together.

##### Creative craft economy

The two examples can be indicated as new developments in the so called craft economy. In regions all over the world one can find examples like the two Dutch cases. It is a combination of craftsmanship, entrepreneurship, innovation, technology and design. In most of the Western studies on the creative industries, one cannot find relevant research results because craft related studies are not a part of this research. At this moment crafts can be considered as the 'The hidden heart of creative industries' as Martha Friel (2013) calls it. The main focus, especially in the West European countries, is dealing with modern art, media, entertainment and commercial design like architecture, fashion and industrial design. The reason to neglect creative crafts like carpets, decoration

art, jewellery, traditional cooking, wood carving, glass blowing and cultural heritage products is not entirely clear. One can imagine that crafts have a more traditional reputation that cannot be compared to the dynamics of the digital oriented creative industries, with its cross-overs with the urban public sectors and business areas. This situation reflects in the national and EU policies on the creative industries in which creative crafts play a minor role.

The starting point of this article is the need to create new knowledge within the craft economy which can contribute to a more central position of the creative crafts according to their cultural, social and economic potential to (regional) development. Important issues of this new knowledge are creativity, innovation and cultural entrepreneurship, and in line with these issues the relevancy of networking, new digital technologies, a supportive environment and regional branding (as we also could see in the two cases). But also the upcoming societal needs for authenticity, sustainability and self-organization have to be processed in new research activities (Schwarz, Elffers, 2010).

A more central position of creative crafts is important, because underestimating these crafts is detrimental to the position and development of the creative industries as a whole. But formulating new knowledge in this area will not take place in a vacuum. In countries in East Europe, Asia, Africa and Latin America there are well experienced local experts who are strongly connecting with the regional processes of creating and producing creative crafts including (non-western) creative expressions as martial arts and decoration arts. The global Unctad Creative Economy Report 2010 has confirmed this position and put the position of the creative crafts in combination with tourism and regional development on a higher level of policy making (Dos Santos-Duisenberg, 2010). Yes there are some impressive western studies that take the craft economy very seriously but they are an exception (see box below).

In this article we will start discussing the core issues creativity and innovation. Then we will pay attention to cultural entrepreneurship, which can be considered as a driving force for regional development. After this introduction a strategic roadmap and new ways of working which can be useful to strengthen the position of the craft economy in the regions, will be presented. To translate these approaches on a more practical level a simple checklist is presented.

##### More about creativity

As we will see, creativity is a multilayered phenomenon. Without creativity the existence of crafts is unthinkable.

Box UK: Research shows...

In 2012 the Craft Council in the UK - in cooperation with regional councils - published its report, titled *Craft in an Age of Change*. In this mapping and impact study the quantitative research made clear that craft makers - mostly part timers - earn a modest amount of money with their crafts (yearly around £ 5.000,- for half of them). The average income from craft, craft-related activities and non craft related-activities (16%) is £ 23.485. 88% of the makers are sole traders. A significant minority of the makers wants to increase their business skills, especially in the field of marketing. Because of the (hidden) sole traders the study stated that it is difficult to process the standard statistics to find out the overall size of the sector. For the craft related income of the contemporary craft making businesses on the UK-level the study mentions £ 457m (from 23.050 businesses).

But what does creativity mean? In the first place creativity is a personal quality of imagination (Boorstin, 1992). Each human being is privileged with this quality but some people has a more than average power to imagine like artists and designers. Research shows that a pure individualistic approach of creativity neglects the importance of teamwork which is crucial to bring creativity within the creative industries to life (Oostwoud Wijdenes, 2012). Creativity is also a process which can be described in different phases from moments of inspiration, concentration, producing to presenting (Hagoort, 2005). Csikszentmihalyi (1996) has elaborated a system of creativity which indicates three areas in which creativity will fulfil its meaning: (1) personal talent that can handle with the complexity of creativity, (2) the existence of a relevant professional field, and (3) a panel of experts to judge the creative results as relevant for the development of a particular area.

And at least creativity also asks for a stimulating environment that encourages people to be creative (Robinson, 2011).

All these layers are relevant for the creative crafts. Although we are not talking about 'creating art from nothing' and 'l'art pour l'art' (Art for art's sake), creative crafts is not a process of pure copying from the past because in each product made by artisan hands, the entirely results uncover a personal creative signature. On macro level creativity can also be seen as an 'invisible fuel' to enrich the society on many ways to realize future oriented improvements, new working methods and innovative ideas. Not only for the cultural and creative sectors - in which creativity forms the central core - but

also for the society as a whole. For instance for the business sector that has to be more sustainable, for sciences that has to be more interdisciplinary, for city planning that has to focus on the needs of people more than the existing models admit, for higher education that has to be oriented on international standards (Cartesius Museum, 2013).

### **Innovation needed**

The literature on innovation emphasizes inspiration and creativity as the original sources of creating new products, services and working methods (Hagoort, Kooyman, Thomassen, 2012). But we have to notice that creativity and innovation are different subjects. In comparison with creativity, as elaborated in the section above, innovation can be seen as a process from 'discovery' till 'exploitation'. This means that innovation can not be seen as producing new things if there is not a society to adapt and pay for these things. In our perspective innovation has a strong relationship with marketing and market research.

The innovation process itself can be supported on three different ways (Hagoort, 2004). First, the top-down approach. The management of an organization decides to renew its products and/or organization and develop an innovation strategy with goals, targets and outcomes. Usually a 'task force innovation' is responsible for developing plans en realizing innovation projects. The positive aspect of this approach is the involvement of the top of the firm. A weak point of top-down approaches is its distance with the working people within the organization.

A strong involvement of these employees can be realized in the second way: the bottom-up approach. Innovation takes place at the base of the organization which makes it possible that local experiences and knowledge can be used in a direct way. Here the problem is the involvement of top management with the innovation from below.

A third way of innovation is combining the two other approaches which can be mentioned as 'interactive'. Interactivity will say that management and the floor work together and formulate the innovation strategy as a form of 'dialogue-at-work' (Dixon, 1998). With the help of new digital (social media) facilities this third form can be combined with what is mentioned as 'social innovation', 'open innovation' or 'soft innovation'. All these new forms are strongly connected with target groups and their ideas about sustainable initiatives, and their needs about new products and services (Schwarz, Elfers, 2010). This 'Users Centered Design' as it will be named in the design sector is typical for our global and digital 21st century.

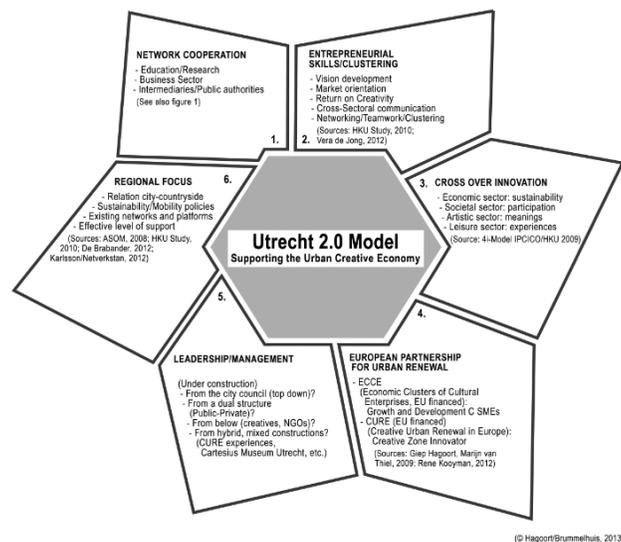
Within the small scaled creative industries, 80% of the organizations has not more than ten employees, in some sector 60% are independent free lancers without personnel (HKU, 2010). In these cases Interactive approaches of innovation is the most productive way of developing, producing and selling of new products and services. But the question is: how to stimulate innovation within the regional creative economy? In the new Utrecht 2.0 model (figure 1) six areas have been identified to strengthen the (urban) Cultural and Creative SMEs to fulfil their creative potential (Hagoort, Brummelhuis, 2013).

The first area is called Network cooperation to combine education, business and public agencies. The second field is the entrepreneurial dimension as a driving force. The third part are the cross-overs with other societal sectors with their needs for innovation. European partnership and its impulses between cities and regions forms the fourth area. The fifth part covers leadership and management to develop and stimulate the creative sectors (in many situations leadership is still missing here). And last but not least the regional focus as the sixth area which is combining the opportunities for development. The model can also be used in more rural areas as we experienced in the Netherlands.

### Cultural Entrepreneurship as driving force

The concept of cultural entrepreneurship within the creative economy has been criticised because of the idea that one cannot combine the value of art, culture and creativity, and entrepreneurship that is be seen as profit making commercialism (Hagoort, 2007). In my research, rooted in historical and cultural facts, I consider cultural entrepreneurship as a leading organisational philosophy, combining a clear cultural mission, an innovative balancing between creative and economic values and a specific responsibility for the cultural infrastructure within the own environment. In 2000 the Dutch government on national, regional and local level, has taken cultural entrepreneurship as a corner stone in its policy for the cultural and creative sectors. In a study for the EU our research centre found out that this cultural entrepreneurship can be stimulated with the help of five central competences (HKU, 2010):

1. The development of a vision ('what is your position in the future')
2. Orientation on the market ('what are the new needs of the society')
3. Return on Creativity: ('what are the new business models to create own income')
4. The development of communication skills ('how to communicate within multi- and interdisciplinary



(Figure 1: Ways of working, Hagoort, Brummelhuis, 2013)

5. Creating effective teamwork and leadership qualities.

These competences are strongly oriented on the entrepreneur and his/her staff. But there is also a responsibility for the government as mentioned in this study that quoted the OECD that indicates six areas for the support of entrepreneurship: regulations; access to capital; R&D technology included, entrepreneurial capabilities; market conditions and an entrepreneurial climate.

### A strategic roadmap for development of craft entrepreneurship

How can we translate the topic of entrepreneurship into the craft economy? Before answering this question we have to make some remarks about the state of the art situation.

Originally the craft economy is partly the result of cultural entrepreneurship. Without the involvement of cultural entrepreneurs there were no workshops, ateliers and cottage industries where creative crafts had been created en produced with an own flow of distributing and selling. But this traditional way of working is not adequate in this time of glocalism ('think global, act local), digitation ('being digital') and the strong growing DIY (Do It Yourself)-society. So, new business models have to be developed to create continuity, directly on the micro level (the creative firms) but also for the benefit of the meso level (regions and sectors) and the macro level (national and international developments).

- On the micro level high qualified entrepreneurial skills are crucial for the development of the craft economy. The central five competences, mentioned

by the HKU, can be used as a starting point for research and training. Special attention can be paid to develop new business models and marketing. Cultural Business Modelling (CBM) can be used to create a sustainable ground for financing (G. Hagoort, G. Kuiper, 2007). CBM knows three main categories (Own Income sources, External Income sources, General Interest sources) and can be translated into the real practice to finance craft businesses for the future. This model is not only focusing on the individual level but can also be used within partnerships, cooperative working groups and DIY-collectives.

- On the regional level creating networks and cross-overs platforms are important for the success of regions and sectors. The Utrecht 2.0 model can be used, not for copying this model but for creating a sustainable infrastructure. A part of this infrastructure is a branding strategy. A brand is a collection of experiences and perceptions in the heads and hearts of visitors, spectators, clients and customers. Do they have a positive picture on the creative crafts in a region? A precondition of successful branding is the functioning of creative leadership. Who will take the lead and what is its strategy? A dual leadership, based on Public-Private-Partnership can be considered.
- On the sectorial level representatives of a specific discipline can trigger the establishment of innovation funds to finance the first steps of the innovation

process. This support can be a stimulant for partnerships within the several fields. On this level also informal learning and training sessions can be organized with special attention for finance, marketing, technology and export (HKU, 2010).

- On the national level the government can develop specific programs to focus on promising national and international strategic craft areas according to the regional and local qualities. On this level also new research programs can be introduced to create new knowledge for strengthening the creative craft economy.

### New ways of working needed

If we conclude that the actors themselves can play a dominant role in putting creative crafts on a higher place in the strategic agendas of the creative economy, we have to consider new ways of working to realize this ambition. Figure 2 shows the differences between the existing ways of working and the new ways of working.

Finally I can imagine that there is a need for a practical approach to improve the position of the craft economy in own regions to implement new insights and innovative ways of working. For that reason I suggest to use a simple checklist which can be used to make a quick scan of the own region as a starting point for implementation strategies. The list is mentioned in the appendix.

Subject	Existing ways of working	New ways of working
<b>Planning</b>	Political blue prints and master plans	Regional communities formulate new directions
<b>Approach</b>	Top-down, Wait & See	Interactive together with bottom-up approaches
<b>Finance</b>	Grand Budget, unclear practice	Step by Step financing, co-financing
<b>Management/innovation</b>	Inflexible project management, lot of paperwork, political-bureaucratic climate hindering innovation	Open Program and Process management, dominant position of open innovation/ICT
<b>Research &amp; Development</b>	Learning by Doing, copying of models, mono disciplinary research	Experimental Doing by Learning, interdisciplinary action research

(Figure 2: New ways of working, design: Hagoort 2013)

## Epilogue

I experienced the international South Caucasus conference Notion of Culture as a Force for Economic Growth September 26-28 2013 at Tbilisi with its focus on the craft economy, as an inspiring event. Fortunately western models did not dominate the discussion. Research from the Caucasus region on the position of crafts has been very impressive and has contributed to a deeper understanding of the values of the craft economy. The open debate on the urgency of innovation and the necessity of experiments to improve the traditional approaches, the willingness to work together and to develop entrepreneurial skills in the fields of marketing, finance and export are very promising for the future.

Back in my homeland the Netherlands I immediately started the public discussion why the Dutch craft sector did not have a more prominent position in our own creative economy. Creative craftsmen and their intermediaries respond on a very positive way on my wake-up call. And I was impressed by a lot of 'hidden' initiatives and networks like pioneering research on visibility by prof. Arjo Klamer of the EUR, the founding of a new council craft.nl, initiated by Willemien Ippel and Marion Poortvliet, and Kaalstaart Festival – combining new urban crafts, sciences and technologies - in Amersfoort, the province of Utrecht.

It is time for the next step entrepreneurial style!

*Thanks to the Dutch Embassy in Georgia and The Europe House in Tbilisi, Georgia, which realized my visit to the international conference in Tbilisi.*

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## APPENDIX

Quick Scan Checklist to improve your regional Cultural and Creative Craft Strategies

(1= weak, 2=more or less, 3= we think so, 4= we have it, 5= Strong)

### Scores:

min.5: RED, Alarm bells are ringing, undertake urgent actions now, help is needed;

6-10: Strategic interventions on weak areas are important; up to orange

11-15: ORANGE, formulate and execute action plans to enter the green zone;

16-20, Formulate great ambitions to realize green;

21-25: GREEN, Great! Innovate your position, enjoy it but don't sit back!

Question	Score
1. Do we have an entrepreneurial climate and skills?	
2. Do we know AND exploit our regional uniqueness/brand by CC I leadership?	
3. Do we integrate entrepreneurship, creativity and innovation, social media included?	
4. Is there a supportive infrastructure, stimulated by government and agencies?	
5. Do we operate within an open network structure with cross-overs (bankers, knowledge institutes, business people, experts included).	
Total scores:	

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## Ruth Ur

*Director Partnerships Europe, British Council (UK)*

### THE COST OF EVERYTHING: PUTTING A VALUE ON CULTURE

About 15 years ago as a young curator I was standing in the studio of a well-known British artist when he urged me to come and look at some of his new paintings. They were magical and I told him so. “My gallery tells me I shouldn’t be doing this. Collectors want me for the stuff I’m known for. I’ve been told to drop it” he confessed ruefully.

I will never forget this brief exchange because it was then that I became aware of the power of the market on even the most successful of artists. Artists, galleries, writers, literary agents, museum directors, theatre directors, film makers are experts in the economic value of culture. If they are any good, every day they will be walking the fine line between risk, experimentation, innovation and the harsh reality of sales of their work or tickets to their shows.

Recently, the debate in the UK around the economic value of culture became quite inflamed. It began in April with the inaugural speech of the new Secretary of State for Culture, Media and Sport, Maria Miller. Miller launched herself into the job with a clarion call for the arts “to fight their corner” with economic arguments. It did not take long for some of Britain’s cultural leaders to call her for dismissal. “I come to you today” she said “and ask you to help me reframe the argument: to hammer home the value of culture to our economy...I know this will not be to everyone’s taste; some simply want money and silence from Government, but in an age of austerity, when times are tough and money is tight, our focus must be on culture’s economic impact. To maintain the argument for continued public funding, we must make the case as a two-way street. We must demonstrate the healthy dividends that our investment continues to pay.”

What some commentators found alarming and new about Miller’s speech was that the other important benefits of the arts appeared to be sidelined. Focusing on the economic value of the arts can be dangerously reductive. Moreover, as one commentator put it, if you start asking theatre makers, poets and artists to “play [a role] in delivering local growth” or “position themselves in the visitor economy”, you are asking them to stop doing the thing they’re good at, the artistic risk-taking that produces good work.

The dangers of prioritising the economic argument were recently highlighted by Matthew Taylor, the Director of

the Royal Society of Arts in London and an important opinion former in the United Kingdom. Taylor recently declared that as a measure of a country’s prosperity GDP has failed. His argument was that GDP, in its myopic focus on economic turnover, fails to take into account the well-being of its citizens. It also conveniently ignores the hidden costs of prosperity, such as damage to the environment. Or as the Green movement puts it - the need for us to consider the full cost of things. Taylor’s argument was that GDP is useful for politicians but what was really needed was a more nuanced measure, a balanced scorecard, which would give us a more accurate picture. Imagine such a scorecard for culture. What would it include?

The previous British government, under Tony Blair and then Gordon Brown, saw culture as a social tool (a magic wand?) with which to weave together Britain’s diverse social fabric and bring cohesion to the UK’s communities. Under Labour funky modern day cathedral structures popped up all over Britain, people’s palaces, libraries, museums - where there had never been ones before. Of course, those were other times - and many blame the overspending of that government for the crisis we are experiencing today. But it was also under the leadership of Chris Smith, the then Secretary of State for Culture, Media and Sport, now Lord Smith of Finsbury, that the term Creative Industries was coined and the Creative Industries Task Force was launched.

If social cohesion is one facet of culture, then another is dissent. Since the 1960s, at least in the West, arts and culture have been increasingly perceived as a means for a society to express itself. The health of a society can be measured in part by the freedom with which artists can express themselves - and how tolerant their governments are of those more extreme or radical expressions. Pussy Riots is a good case in point. When I was working in Egypt in 2011 during the first phase of the Arab Spring, I regularly heard ordinary people proudly declare “Now everyone is an artist”. What they were saying was: they had finally found a voice and they were determined to use it.

A year earlier, in my then capacity as the British Council’s Head of Arts and Development, I visited the world’s youngest country, South Sudan. South Sudan is a war torn country, emerging from fifty years of war and more than two million people dead since the civil war began. I wanted to see what role culture could play in the most extreme contexts and to see whether there was a role there for the British Council. I wanted to see what role culture could play in supporting South Sudan in defining a new and positive identity for itself.

During my visit, I made a spontaneous visit to a well-

known international aid organisation. The entire office happened to be away for a team building day, but the secretary (a European) agreed to talk to me. When I explained why I was there she laughed and said, “You think these people need culture? Ha. They need clean water, access to medicine, roofs over their heads.”

I walked out feeling a little humiliated, but nonetheless with an arrangement for that evening to meet the Director. When we met, he launched into an awe-inspiring description of the challenges of providing even the most basic services. When it was my turn to explain why I was there, I explained, a little tentatively, my purpose. He listened attentively, and at the end he thumped the table with force. “The people of South Sudan have come out of fifty years of war, many have no access to sanitation, basic education ...” he continued, “but they need culture; they need to express themselves. It is patronising to say they don’t. People here urgently need a proxy for violence; they need new ways to express themselves and feel good about themselves.”

One year later the British Council brought South Sudan’s first theatre group to perform at the international theatre festival at London’s prestigious Globe Theatre.



**Copyright: Ellie Kurtz. Title: South Sudan Theatre Company’s Cymbeline at the Globe Theatre, London May 2012**

The standing ovation lasted ten minutes and there was not a dry eye in the theatre - neither amongst the actors nor the audience. That evening Britain discovered that beyond the war and the continued disputes, South Sudan had something to say. Something which no one else but they could say.

Of course we do not need to look as far as Africa to find the importance of culture to a nation’s identity or indeed its economic potential. Italy, is home to some of the world richest culture productions and it is perhaps not surprising that they refer to their cultural assets as



**Copyright: Ellie Kurtz. Title: South Sudan Theatre Company’s Cymbeline at the Globe Theatre, London May 2012**

petrolio crudo (crude oil). These assets attract millions of tourists each year and are an essential and stable part of the Italian economy.

The aspect of culture which I spend a lot of time thinking about is the power of culture to act as a bridge between people and between nations. Nations bump up against each other for all kinds of reasons. There are many reasons for this bumping up against one another: the need to compete industrially and economically; the search for resources; pressures of population. That’s the way of the world, and it’s the reason we have diplomats and foreign ministers. But no nation is an island - even if it’s an island nation (like mine). In the age of the internet and split-second automated derivatives trading we are all connected. Most of the really big questions facing us today - climate change, resource scarcity, refugee crises - are global. This means that what happens on national borders - at the point of friction between different ways of looking at the world - matters more than ever. And it means that cultural relations - which is the exchange of understandings about the world, by means of assets such as art, education and language - has never been more important.

There is no such thing as a nation without culture. There’s no such thing as a person without culture. So if we want to engage nations or individuals, and inform them about ourselves and our way of life, culture is the way in. I am not talking about cultural imperialism. It’s important to emphasise the element of exchange in all this - of mutuality. And of equivalent value: Iranian ceramics are not in competition with English choral sing-

ing; Venezuelan dance is not going head-to-head with Japanese sculpture. The pay-off can go much wider than critics of culture as ‘fluff’ can imagine.

Two nations with extensive cultural exchanges between them, who understand each other’s language and cultural signals, are far less likely to go to war than two similar nations that operate a mutual cultural boycott, for example.

Culture and the arts can also work under the radar of more traditional international relations. So while the political relationship between the UK and Russia, for example, may be frosty, cultural channels of communication remain open. Even a nation like Iran, where diplomacy has been pretty much at a standstill, is still open to a degree of international artistic and cultural exchange.

Which brings me to politics and the sometimes tricky relationship between organisations like mine, the British Council, and the political relationships we must negotiate. The Nigerian novelist and Nobel Prize winner Wole Soyinka has said, “Culture humanizes; politics demonizes”. While that may be a slight simplification, it nevertheless reveals an important truth. Which is why, even as we call on politicians to create the right environment for culture to flourish, we ask them - please - to keep their hands off. Because once government’s fingerprints are on ‘culture’, we enter the territory of propaganda and mistrust - and that is fatal to our work, because trust, ultimately, is what we are aiming to create.

An international conference like this, which bravely brings together policy makers, academics and practitioners from the neighbourhood to talk about the potential of culture, demonstrates what an important role culture plays in connecting people. Arts and culture are the great connectors, and connecting the connectors can only have a multiplying effect. If they have any regard for the future of their countries, governments must continue to invest in culture.

It is the job of people like me and many of you in the room today to create the conditions which will allow artists the space, the time and the freedom to do what they are best at. It is our job as commissioners, thinkers, facilitators, curators to hold our governments accountable, to be collaborative with one another, to bring business and, to work together to protect, nurture and grow all that is special, innovative and unique in our cultures. With thanks to Roy Bacon, British Council.

*Thanks to Roy Bacon, British Council.*

## Nana Janelidze

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### FILM AND EMPLOYMENT

In November 1896, just a few months after appearing in Paris, cinema arrived in Georgia, when the Georgian audience became familiar with the Lumière Brothers Cinematography. Soon cinemas such as the Odeon, Apollo and Moulin Electric appeared in Tbilisi. In 1912 Vasil Amashukeli made his first full-length documentary “Akaki Tsereteli’s trip to Racha-Lechkhumi”, which captured the prominent Georgian poet’s tour to the North-Central Georgian region. There is no analogue to this film in the world cinema of that period with regard to its theme, duration and artistic level. This film is of special significance for Georgian cinema: firstly because it is the first preserved Georgian film, secondly, this film was a kind of prediction, as the idea of this documentary is that a poet is a symbol of freedom and independence which unites the entire nation. Thus, this film outlined the future of Georgian cinema. These two themes - freedom and independence - are the key themes that have fed Georgian films for one hundred years. Dostoevsky once said: “We all come from Gogol’s “Overcoat”. I’d like to say the same thing about Akaki’s trip, the film that served as the cradle of Georgian cinema.

In 1917 a famous theatrical director Alexandre Tsutsunava created the first Georgian feature film “Christine” based on a story of Egnate Ninoshvili from classical Georgian literature. After the Soviet takeover in 1921, cinema became a chief method of propaganda, although Georgia continued to produce films based on national literary classics. Directors who arrived from Russia including Ivane Perestiani, Amo Bek-Nazarov, Vladimir Barski, started to create films in Georgia but these films were devoid of national identity.

During its 105 years’ history Georgian cinema underwent two “Golden Ages”. The first one took place in the twenties and thirties when Georgian masterpieces were created, e.g. Nikoloz Shengelaya’s “Eliso”, Mikheil Kalatozishvili’s “Jim Shvante”, and Kote Mikaberidze’s “My Grandmother”. In this period representatives of different professions came to work in the field of cinema to turn it into art.

In the nineteen sixties, about fifteen world class directors worked in Georgia in the same period. This is a remarkable number, and not just for a small country like Georgia. Over ten thousand people were employed in the film sector. After the nineteen sixties Georgian production was still considerable, with only Russia and

Ukraine producing more content. Georgia used to produce an average of twenty to twenty five feature films per year, as well as up to 100 documentary films and dozens of shorts. The number of moviegoers was 20 million per year.

Georgian films have won at Cannes, Berlinale, San-Sebastian and Locarno film festivals.

Since the collapse of the Soviet Union, the Georgian cinema sector faced 10-12 years of stagnation during which only a few films were produced. Creative vision and entrepreneurial capability was never high on the agenda during Soviet times, so in the transition period there were no producers who developed a proactive approach towards filmmaking.

In 2001 the Georgian National Film Centre was established - the legal entity of public law under the Ministry of Culture and Monument Protection of Georgia. It operates independently and provides annual reports to the Ministry. GNFC develops Georgian film policy. GNFC’s mission is to secure and coordinate public support for the development of Georgian cinema.

Among the objectives of the GNFC are:

- Financial support for Georgian film production
- Supporting film education
- Preservation of film heritage
- Developing film export at the international level
- Promoting Georgia on international level as attractive destination for film production

In recent years Georgian cinema has witnessed a period of rebirth and revival. A new generation of filmmakers emerged, and the directors who stopped making films in the 1990s returned to the country. Financial support from the state played a crucial role in this process. Starting in the early 2000s, Georgian cinema has appeared in the international arena and continues to attract the interest of the international film market. Unlike Soviet Georgia, independent Georgia has a much better opportunity to make a name for itself internationally.

The strong will of the Georgian National Film Centre to facilitate the further development of Georgia’s unique cinematic traditions holds the promise that well targeted efforts will lead to positive results.

### Geopolitical context

Georgia’s strategic location on the Black Sea in the

Caucasus region makes it a bridge between Europe and Asia and an important transport-transit hub. Georgia's geographic location, strategic intentions, historical and cultural connections to wider geographical areas, and its willingness to address international challenges, provides many opportunities for cultural and economic development, diversifying cultural connections and increasing the flow of foreign investment.

Europe is the major focus of Georgia's foreign strategy because of its geographic location, economic objectives, as well as the social and cultural developments to which it aspires. Recently the Georgian National Film Centre cooperated with several different European film institutions, e.g. Eurimages (We became 36th member in 2011), Film New Europe, European Film Promotion, EAVE, etc. Co-productions are extremely common in Europe. Our first and foremost goal is to fix partnership with Poland, Armenia and Azerbaijan, but if Georgia was able to fulfil its intention of membership of the EU, it would give it access to the major European funds, such as Media Program and Creative Europe. This would lead to a major advance in Georgian cultural policy, strengthening the audio-visual sector, including educational programs, festivals, distribution, development, etc.

### **European Convention on Cinematographic Co-Production; co-production an important platform for sector development**

Until 2010 the only co-productions in Georgia were informal arrangements. The "European Convention on Cinematographic Co-Production", adopted in Strasbourg in 1992, was ratified by Georgia in 2002. In 2010 GNFC announced a special competition for co-productions. GNFC has been participated in various international festivals in order to strengthen co-production activities. As a result in 2011-2012, Georgia had nine official co-production projects.

From the occupational training point of view situation the market for technical personnel employed in the film industry is not desirable. The majority of technical personnel employed in Film Industry have experience of Full-Length Feature Film participation, but 79% of people working in the sector have not had any training, and 36% say that they do not want any training (ACT Research, Personnel Survey, Georgia National Film Centre 2010). There are many different occupations for which trained personnel are in great demand. The most significant are: Director of Photography, Directing, Sound engineering, Producing, Film Production. The most common forms of remuneration of technical personnel employed in Georgian industry are daily and weekly. The average salary of technical personnel is 739,8 GEL or 350 euros. Despite the small amount of

training taking place the quality of the films has improved, as demonstrated by the fact that five Georgian films won at the Sarajevo and Locarno film festivals in August 2013.'

Governments are more aware than ever that a thriving film sector contributes to a nation/region's future development and growth, but it is difficult to identify and enumerate such benefits. They include:

- Economic benefits
- Cultural benefits
- Social/wellbeing benefits

The film industry in Georgia has seen 12% employment growth in the last four years. The success of Georgian film industry has had a positive impact on whole labour market. Filmmaking involves not just Screenwriters, Directors, Actors, but people of very wide range of professions, such as drivers, interpreters, and artists. It is hard to think of another sector that has such a huge potential for employing people from different occupations. While shooting a film, you're creating a complete world in all its diversity, which is why representatives of completely different professions and areas take part. Cinema is a great source of employment. On average, over one hundred people work to make a single film, and in the case of large-scale foreign films, the number of staff members is about 1000.

One of the most important programmes of the Film Centre is Film Commission. Georgia has an enormous potential to attract many foreign film producers to make films here, considering its location, its diversity of landscape and culture within a small area, its flexible bureaucratic system, above all it's hospitable, friendly population. Attracting film producers will create employment issues, it will help the Georgian film industry develop and improve, and it will also improve the professionalism of those who are already working in film production.

### **Conclusion**

No research can make up for the experience received from filmmaking itself. I've been lucky enough to work with film shootings since I was twenty. Cinema is the art that employs representatives of every field: from intellectual elite to ordinary workers. Writers, composers, artists, directors, actors, cameramen, engineers, inventors, prop makers, tailors, weavers, wigmakers, designers, set managers, cooks, horse riders, stuntmen, pyrotechnics staff, workers, peasants, shepherds, doctors, army, police etc. This is the field which includes every aspect of people's lives and work.

Every single day of a film shooting is like winning a battle, because one can never predict all the unexpected things that the shooting has in store. You're sitting on a constant mine during film shootings; you're either running out of time, or waiting for sunshine, waiting for rain. The take is not good enough, the car doesn't blow up, the street couldn't be blocked. There is a constant challenge, and you are never confident about the results. You never know whether the neat thread of life will light up or not in your film, and make it outstanding. This is why cinema establishes a completely different society. People involved in film business, are possessed by a single idea. They stand beside one another and they're prepared for sacrifice at all times. Cinema reshapes their souls, it touches everyone and inspires them. Cinema is not only a means of employment, not only carries our cultural identity, but it's also a creator of a different society. The society which is dipped in an ore of art.

### ECONOMICAL AND SPATIAL FORMS FOR THE CULTURAL INDUSTRY - THE EXAMPLE OF REGIONAL RESOURCES

Culture, a system of values, understandings and creative production includes the protection and promotion of cultural-historical heritage, material and non-material culture, education and the inculcation of civic values and or management of art and culture. The state is at the pinnacle of the culture management system. The State is responsible for the coordination and regulation of cultural activities, the management and care of historical and cultural heritage, the accessibility of culture for all citizens, the support of all other types of art and creativity, as well as exporting culture to other countries leading to cultural influence on them. The State provides the financial (budgetary) administrative, legal and moral support in all the fields of cultural activity.

Besides creativity, culture implies the involvement of artistic approach in economics, law, finance or fundraising, management, awareness, preparation and training of professional staff, material or technical development others factors.

When researchers are reviewing the results of cultural industries' functions and activities, they primarily focus on the quantitative (volume according to the price) and qualitative (cultural prosperity and cooperation between different forms of cultural industry) estimation and conclude on the effectiveness of the sector. Cultural activities are also viewed in the spatial or territorial-administrative context. The latter is especially important in addressing the administrative barriers for entry and growth of businesses. Entrepreneurship is the integration of culture and business. It is characteristic of the period of market transformation in industrial and post-industrial social development. Entrepreneurship has an ambivalent nature in culture, as it is at the border of the creation of material and spiritual values. Entrepreneurship can be realised in different ways in different forms or sizes of company. Small enterprises are particularly interesting because the owner conducts most of the work him/herself and undertakes many different professional functions and social roles.

The notion of a market in cultural services is well-known today, but the idea of cultural goods is less understood. New forms of cultural production have led researchers to frequently add to the understanding of cultural products. 'Product', in some respects is a broader notion that is included both production and services "Cultural prod-

uct" is the term has been used since the end of twentieth century since the birth of concept of cultural industry, since culture has been recognized as a capital-material sphere of human activities.. Western researchers do not examine cultural industry using an instrumental approach, which includes the discussion of the uniformity of an economy. Analysis of cultural sector's management issues is useful to understand both the functioning in cultural industries themselves, and to compare with management patterns in other sectors. Culture is the general expression of humanity and the expression of its creativity that is connected to meaning, knowledge, talents, industries, evolution and values. Culture affects management's way of thinking, expressing and doing business. The objective of the study is to have a better understanding of the influence of culture on creativity, in culture industry sector reflected in the speed of economic and social innovation. In that sense, the modern understanding of economic development, which rests on the integrated economy, implies a balanced intersectional network of cultural activities and industrial sectors with a spotlight on creativity and innovation.

The role of economic development in the developing world has for many years been the starting points for various policy discussions. At the same time, we - from the cultural field - have always demonstrated that the countries with less-developed economies can be also rich. It all depends on how you assess levels of development. While there are many indicators to measure economic achievements, there is no conformity on appropriate indicators to measure cultural development and to map the (economic) potential of the cultural field. Without these indicators it can be hard to design projects that will focus on the use of culture as a main instrument for economic development and guarantee that culture becomes an integral part of development programs. All of the definitions and concepts in the following discussion about the creative economy paradigm are driven by the pragmatic concern of delivering useful policy tools for effective intervention; they thus tend to be normative, sometimes strategic, but quite inclusive analyses of the economic studies.

Cultural management is associated with the features of "Spiritual production", in other words products which have less of a physical nature, but are more like mental phenomena (perception, understanding, feeling and etc.) and so are difficult to count or to associate with a particular country or territory. The non-commercial character of culture doesn't mean that it isn't attractive for business. At present the non-commercial (Not-for-profit) sector is one of the fastest growing sectors of economy around the world. Because of its social importance and publicity, the non-commercial sphere has got great potential for giving the donors an attractive image, reputation, and for forming and spreading social status.

Business and cultural cooperation for social development and transformation has a particular significance for civil society, in promoting certain principles which can be classified as:

- Maintaining of ethical values in business.
- Social influence; encouraging development of values, education, participation;
- The immediate impact of culture on economy (economic development, infrastructure, jobs).
- Non-pragmatic; or business process driven by more than simple profit.

Classifications of cultural and creative industries are primarily based on the value chain model which divides the entire chain of values into economic activities that are linked to cultural cycle: creating contents, reproduction, distribution and exhibition, and sometimes including the supply of product inputs (e.g. raw materials), equipment or infrastructural support. The relationship of culture and economy in Georgia today has reached a key turning point, where dialogue could bring them closer but a number of problems have to be faced. Culture is in a paradoxical situation: on the one hand, there is broad recognition of the role of culture in the economy and industry, on the other hand it's mostly discussion, and needs translating into firm action through implementing cultural activity as:

- Values.
- An integrated set of actions.
- The approach for adaptation to life.
- A social norm.
- A social memory.
- A social communication.
- An activity in itself.
- Creativity and innovation.
- A social experience.

Cultural values support, integrate and strengthen the stability of society. Culture is one of the oldest commercial activities, stemming from exchanges between the first primitive societies, when the ancient forms of values were created. Culture is based on spiritual values. In some cases, cultural industries are considered to be a part of the creative sector or creative industries, while in some cases there is a clear demarcation between cultural and creative industries. The models of creative and cultural industries share the following general characteristics;

- Basic resource - as "human capital" - people and their intellect, creativity, inspiration, talents and skills;
- Economic value - from individual inspiration and mainly from cultural-based creativity;

- Creativity - as a factor of cultural product ;
- Cultural resources and traditions;
- Cultural heritage - material and immaterial heritage
- Protection of intellectual property and copyrights - as the key factor for the realization of economic value;
- Intervention by state and governmental institutions;
- Delivery by nongovernmental institutions and public sector;
- Regional networks of culture centres, museums, and education centres;

Art and culture can make a vital contribution to merging capital creation with sustainability and respect for common humanist values, as help us to go beyond economic or practical constraints. All of us as citizens and consumers can draw on the power of culture and creativity to adopt new ways of living and working.

During the last twenty years the country has undergone major political and social transformation, and understandably many problems are emerging. The 'digital revolution' is creating a new reality, especially in the culture sector and culture industries. Cultural industries are becoming more and more important components of the modern economy and knowledge-based society due to their impact on development. The culture sector generates two types of impacts: non-economic and economic.

The non-economic impacts of cultural industries are social development, which can be seen in the social organization and integration of groups in building new value systems, skills development for cultural diversity or national identity, as well as the creativity and innovation of different cultural groups. Social enterprise differs from profit-oriented activity in the sense that it pursues a double aim - economic as well as social. For them the last is more important, while economic aim is a mean of achieving the social aim. The role of social enterprise is important in solving social problems and in community development processes. Some communities run cultural and creative organizations, across Georgia and are operating as social enterprises but don't recognize themselves as such.

The main reason for measuring the economic contribution and impact of cultural industries is that there should be an estimation of the developmental potential of cultural industries as well as an evaluation of the economics of cultural policy, but also an estimation of the developmental potential of cultural industries.

Regional culture centres, social workshops, community education centres and regional museums with their missions, their civic and social responsibilities are in a

constant process of transformation in response to social and economic imperatives at local, national and global levels. Regional culture centres and museums must stay relevant and responsive to social and environmental issues such as level of demand and sustainability, social justice and indigenous rights. Development of regional culture industries can help various social and age groups with opportunities for education, capacity building, and professional development. It could create employment; facilitate social, cultural and economic development of the region. Recent interest in adult education suggests that it would be able to keep up-to-date with training requirements. It would also encourage people to identify itself with their community, and be actively involved in community life. Thus even when adult education is unable to achieve specific economic goals, it would create public benefit and value, by renewing human and social capital.

The role of cultural centres and museums are an important educational-cognitive resource in European countries. Museums and cultural centres in Georgia are at the level of the village and were unable to obtain resources because of inefficient management and lack of a clear role. Local museums and cultural centres need to introduce new management techniques and approaches for human capital development. It is important to preserve the former cultural centres, culture houses, workshops, regional centres of culture education, libraries and further expand their functions. This could be achieved through combining their role with that of community education centres. Such centres will encourage the future creation of new educational and cultural resources and services for the region or village. Measurement of the economic contribution of cultural industries at the international level should begin with a simple and basic measure, modular in design, which can evolve into a complex model for the estimation and evaluation of developmental potential. That will make it possible for countries to estimate the developmental potential of their cultural industries at a level and timing that is appropriate for their current capacities and interests.

The promotion of the Convention for the Diversity of Cultural Expressions could certainly be one of the ways to promote public and private sector partnerships. If we look at both cultural and economic aspects of cultural goods and services set out in the UNESCO convention, it is clear that financial matters must be reconciled with culture. Through cultural goods, services and events, the different forms of cultural expression can be exchanged, moved and viewed and valued and marketed. A series of operators discharge creative, productive, reproductive, disseminating and marketing functions or provide the technical services required to carry out these activities. These products and services comprise the cultural

sectors' contribution to the economy. It is in this sense that the expression "economics of culture" can be used. The cultural sectors include a number of lines of activity composed of creative artists, managers, enterprises, institutions and other contributors; each line constitutes an important chain in its own right, as its activity can be measured in economic terms.

It is important to deliver national strategic priorities for culture with a Performance Framework. Their policies and activities contribute to a number of national outcomes including:

- State and governmental institutions;
- Nongovernmental institutions and public sector;
- Regional networks of culture centres, museums, and education centres;
- Protection of intellectual property and copyrights - as the key factor for the realization of economic value;
- Provision of infrastructure
- Provision of finance & investment
- Creation of institutional mechanisms
- Development of local markets
- Development of export markets
- Establishment of creative clusters
- Tools for effective data-collection measures

Organizational and financial issues, their resolution, a new system of governance and funding should take into consideration the specific nature of each of the culture industries, and where possible set up a common programme of activity to obtain real positive benefit.

THE ROLE OF CRAFTS IN CREATIVE  
ECONOMY

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## Karen Gibbs

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### THE ARTISAN ENTREPRENEUR IN THE GLOBAL MARKET TODAY

#### INTRODUCTION:

Thank you for this opportunity. It is an honor to be included in this conference and to be among such an impressive group of experts and advocates of the economic power of culture. I am particularly honored to be among you as I hardly consider myself an expert. I am a practitioner; a practitioner of the market as an opportunity for artisans and handmade products. My contributions today are not academic or heavily researched. They are instead an intuitive reflection of my own experience and what I have encountered, heard and seen in helping artisans connect to markets, linking buyers to artisans, and advising development organizations and governments on programs to support the artisan sector.

One of my dearest friends and mentor to so many of us in this field, Clare Smith, who was President of Aid to Artisans for 20 years, has a refrain that has become part of my own vocabulary and approach. She constantly reminds us in an emphatic, frank way that only she can - that we must always “be useful”. I hope you will find my words today to be just that - useful.

#### PART 1:

Why are crafts and the artisan entrepreneur important to sustainable economic growth? Do governments and economic development agencies see the craft sector as a mechanism to foster economic growth? How is that perception changing? What can we do to underline the importance of artisans to sustainable economic development?

In the developing world, artisan businesses are often highlighted as the second-largest employer and income source after agriculture. Regional craft traditions, from silk weaving in the Fergana Valley to pottery in Michuacan to stone carving in Cambodia, employ indigenous skills passed from generation to generation and locally available materials drawing from traditional natural resources or historic trade routes. This combination, along with a local market for the traditional items, leaves a natural opportunity for artisan entrepreneurs. This opportunity has been recognized by the US government, “According to a USAID market assessment for handicrafts, in many regions of the world, artisans comprise the second largest sector of rural employment after

agriculture, often functioning as a default occupation for those who have limited options for employment.”

The creative economy can be a source of growth, job creation, innovation and trade, while at the same time contributing to social-inclusion, cultural diversity and sustainable human development.” UNDP quote. We know that artisan production carries inherent advantages for its participants, such as the possibility of working from home according to a flexible schedule and opportunities for seasonal employment and small production runs. The artisan sector provides an income opportunity that works within the community and cultural structure. Women can work from home and also take care of household responsibilities. Artisans can work during the season when there is less farm work. Because artisan production often is non-industrial, it often does not require large workshop based production facilities and can be accomplished without major machinery or tools. This all helps to maintain the community structure, particularly in rural areas.

In addition to creating jobs, artisan production fosters economic communities, it preserves ancient techniques and cultures, and it is essential to any healthy, sustainable development. - US Ambassador-at-Large for Global Women’s Issues, Melanne Veveer, Nov 27, 2012. Traditional artisan skills keep alive the creation and use of traditional craft objects used in local cultural customs and practices. Adapting products for modern tastes or export markets may be seen as altering the tradition of these crafts. But I would argue differently. I believe that they keep the skills alive and only after an additional market, not a substitute market - items are still made for local use as well as foreign use. And in this means it keeps the cultures alive.

The reality that we face is that despite all these wonderful things - the vast majority of artisan enterprises are located in the informal sector and well established ways to identify artisan activities through main institutional systems for trade do not exist. Without strong economic numbers, it has been difficult to demonstrate the importance of the sector and generate investment and attention.

This is the reality that we all know. But it is not the perception that many donors and supportive government agencies have. Unfortunately, the image that many of the people designing and funding economic development programs have is of inexpensive tourist items sitting in sad looking souvenir shops at airports or lining roadside stalls leading towards major tourist and cultural sites. Crafts are more often viewed as souvenir items and not major employment opportunities. You are more likely to hear, “Oh, I bought one of those bracelets for

my 7-year old daughter” rather than “that could be an employment opportunity for 1,000 people in rural areas of a particular region”.

How do we change that perception? The fact is that the sector IS made up of many, many, many small businesses. It will be difficult to count them. Artisan work as it relates to other important trends & issues and economic issues is one of the most tangible ways I see artisan work attracting the attention of governments and institutions. Some of these important trends and issues include the following.

In regions of conflict, economic opportunity through artisan work can promote reconciliation, healing and empowerment. In Rwanda, after the 1994 genocide, 70 a percent of Rwanda’s population consisted of women who were widows. They had little means of support but they came together, Hutus and Tutsis weavers from both sides of the conflict, to organize basket-weaving groups where they made beautiful traditional sisal baskets. Artisans such as Janet Nkubana, the co-founder of Gahaya Links started a weaving association to expand training for women in the art. In 2004, the company started operations with 27 employees. Today, it has over 4,500 artisans in more than 40 cooperatives across Rwanda and supplies major global retailers.

In Bosnia, the project Knitting Together Nations supported by UNESCO and the Paris-based organization Heartwear is another example. Knitting groups were created to provide psychotherapy to women who had lost their husbands and sons in the war. They found that if the women had something to keep their hands busy - to feel useful - they would feel freer to talk. These knitting circles transformed themselves into production circles and as we will see later in the presentation are now supplying major global brands.

The artisan sector provides a significant income opportunity and small business opportunity for women. In many regions and many types of products, crafts are traditionally practiced by women. Secondly, the nature of craft production is often conducive to balancing with women’s other roles in the family and community - including raising children, tending to the home and fields. The flexibility of a cottage-based artisan production allows for the flexibility to work around other responsibilities and from the home. As many of you can attest, the attention being placed on the importance of women in economic development is considerable - from the MDG goals to initiatives like WEConnect.

I have worked on artisan projects that were positioned as “democracy building” programs building craft associations as representative institutions. I have worked on projects specific to a particularly commodity - such as

cotton in West Africa. I have worked on craft projects positioned as “alternative livelihoods” - providing income alternatives to entering the production of illegal drugs. Giving artisan work this additional dimension, to conflict regions, to gender issues or to democracy building, has given it relevance in the economic development community.

Fortunately, the artisan sector and the artisan entrepreneur IS gaining attention from development organizations and governments. The best testament to this is the launch of the Alliance for Artisan Enterprise in November 2012 at the US State Department - Office of Global Women’s Affairs. The mission of the Alliance for Artisan Enterprise is to support and grow artisan enterprises, to provide best practice services to the organizations that support them along the value chain, and to support the broader recognition of the importance of the artisan sector to development and culture. The Alliance for Artisan Enterprise has attracted major attention of the private sector, public sector and non-profit partners. This public-private partnership model is, while perhaps cliché, also very essential to success in the craft sector.

## PART 2:

What is the market for crafts and artisan entrepreneurs? How do consumers in the US view artisan and hand-made products? How do current consumer buying trends offer opportunity for artisans? Do these trends reflect major shifts in markets or simply a short-lived trend that will expire soon?

There are a myriad of trends influencing consumer’s interest in artisan products in the US market. In my 20 years working in this field, the interest in artisan products has never been stronger or more diverse. The number of retailers and designers and the variety of companies working with artisan groups is comprehensive and impressive.

The economic downturn provided a pause for consumers to think about how they are spending their money, what impact their purchases are having and how they would like to make a difference going forward. While much of this was financially driven and incomes were dramatically impacted by the economic downturn, the concept of “buying better but not more” rose. We see this trend reflected in the Wall Street Journal quote, “As we re-evaluate the way we live and consume, the cult of the artisan is undergoing a renaissance.” And in this Washington Post articles that quoted, “Retail chains, looking to make selections friendlier, have added exclusive hand-made and environmentally conscious products. The economic downturn has made many consumers choosier and less interested in disposable fashion.”

Another trend driving interest in artisan products is the “Eco Fashion” movement. “Eco Fashion” is a part of the growing design philosophy and trend. The goal is to create a system that can be supported indefinitely in terms of environmentalism and social responsibility. Consumers of eco-fashion are interested in buying products that are quality and will endure through many seasons, many years. They are not interested in disposable, inexpensive products. Artisan products and handmade products are perceived as higher quality and better for the environment, and they fit well in this trend.

“Retailers and home fashion experts say consumers are looking for ways to express personality in their homes, with something that shows an artisan’s touch.” Artisan and handmade products are not mass-produced. Each item is slightly different and unique. And handmade products are not available at all stores. This exclusivity and limited edition quality of handmade and artisan products speaks to consumers interest in having something in their home or something that they are wearing that is different than everyone else.

The recent events in Bangladesh have given pause to think about how products are made and whether they are produced in safe work conditions. Consumer are starting to ask themselves, “Where did this product come from”. “The safety of garment industry workers has never been more closely examined. (Recent events) in Bangladesh have prompted mass retailers, from H&M to Walmart, to acknowledge the issues and ensure that better safety measures will be taken to protect their workers.” Artisan products are generally seen as produced in cottage industry type settings where the people making them are able to balance their home responsibilities with work and where they are working in areas where they are living – which presumably, and hopefully, are safe.

Retailers are becoming more transparent and are creating labels to describe methods of production. “Consumers are demanding even more transparency and accountability: 69% of consumers said they are more likely to buy from a brand that talks publicly about its CSR results and 31% said they would purchase from a brand that talks about its CSR mission and purpose.” Ten years ago, you would rarely find a retailer branding products with hangtags and labels showing the name of the producer or manufacturer. They worried that their competition would find out their sources and go buy the same products. Today that has changed. The story of the producer has become part of the product. The name of the manufacturer is proudly marked on many artisan products and the concern over hiding your source is not applicable for artisan products in many situations.

The way in which customers interact and buy with stron-

ger connections between online and offline events is impact in the market. Examples of this include shoppers being notified of discounts on their mobile phones as they enter a shop and fashion week attendees tweeting live coverage of the show using smart phones. This trend is driving consumers to demand more information about their shopping experience. The artisan sector offers a richness of stories and content. This information can be accessed by consumers on their mobile devices. Retailers are increasingly requesting this type of content.

Major retailers and designers are getting involved with artisans at a growing pace. Their interest in working with artisans and selling handmade products reflect all of the above trends. Here are some examples from the US market: Walmart has recently launched a new online store called “Empowering Women Together” and it features handmade products made by women from around the world.

Ikea partnered with UNICEF on a project to prevent child labor. Ikea developed a line of pillows with an embroidery women’s group in India that involved more than 2,000 women. West Elm, part of the Williams Sonoma family of companies, is a home and lifestyles brand with retail stores across the country. Their branding is based on handmade and artisan products. They feature their artisan partners and make strong statements on the importance of artisan products to their success. They are “committed to honoring the creativity and innovation through collaborations with global craftspeople and local artisans”.

The fashion leader, Donna Karan, created the Urban Zen Foundation to “connect programs that help communities preserve their unique cultural and spiritual values and allow us to celebrate their creativity and craft through sustainable means.” Donna Karan has been a leader in helping Haitian artisans create a higher value market positioning for their traditional and contemporary crafts.

Kate Spade, leading handbag and fashion designer, partners with Women to Women International to “provide critical, sustainable employment for Afghan women whose economic participation is vital to their growth and stability of their country and economy”. She developed a line of fashion accessories co-branded with Women for Women International. These are just a few examples of the growing market for artisan products in the US and globally.

PART 3:

How can we encourage a healthy craft sector? What can the international economic development field do to promote sustainable strategies? What are the key com-

ponents of a healthy craft sector? What are innovative approaches to insuring those components can thrive?

In looking at robust craft sectors globally, I think of India, Peru, Guatemala and the UK. One common factor that each of these countries share is the involvement of different sectors in the craft field, namely government, private sector and non governmental organizations. I call this the «three legged stool». Because the craft sector is comprised of a large number of very small businesses, we cannot rely on enterprise alone to create a healthy sector. Non-governmental and non-profit organizations are needed to help represent the interests of the large constituency in the craft sector; non-governmental organizations are needed to channel collective investments in the sector. Trade associations have played a very useful role in the craft sectors of these countries. Government investment in the sector is also essential. We see governments investing in both critical capacity building (technical training and development) as well as marketing and promotion (underwriting trade show and international trade show participation). This combination of the three legged stool is essential for sustaining growth in the craft sector.

The “value chain” approach is another important strategy to apply to the craft sector. It is widely understood that investments in product development and marketing alone are not sufficient to create sustainable markets. Other issues along the production chain and the distribution chain are critical factors for sustainable market development. These factors include: a consistent supply of quality, affordable input materials (or raw materials); affordable and appropriate credit and finance tools for export orders and capital investment in production; affordable and reliable shipping services; and, locally available packing and labeling supplies that meet international standards. If any of these components are not in place, the health of the craft sector will be impacted. These components are just as important as having a sellable product and interested customers.

Single channel distribution is no longer a viable option. A craft sector cannot be dependent on only one type of market. Local, regional and export markets are all required for a healthy craft sector. The connectivity between local, regional and export markets has grown. A customer visiting a country as a tourist may end up bringing a product back home and give as a gift to their friend who works at a retail store and the store may end up placing an order by email. This connectivity between markets makes a logical connection between the tourism sector and export marketing. Consistent branding across all markets is becoming increasingly important.

Building organizations with like-minded interests

around the artisan sector, such as trade associations or membership based organizations, is another element of a healthy craft sector. Small businesses need to have organizations under which collaborative projects can be developed and funded with contributions of many members. These organizations are also acting as implementation partners for internationally funded programs benefiting artisans.

The issue of scalability is an important challenge for the global market. “Mass produced products find a mass market consumer. We love the concept of artisan products but we are worried about scale. How can we scale supply without losing the essence of the product?”, states Jim Brett, President west elm. This is an important issue that will require the involvement of government, enterprises and non-profit organizations to solve.

#### CONCLUSION:

I hope these insights and reflections on the artisan entrepreneur in the global marketplace leave you with a sense of the opportunity ahead and a context for determine how best to invest in the sector to insure sustainable growth. The artisan sector offers tremendous opportunity for sustainable, economic development. With the growing interest in the importance to culture to sustainable economic growth, I hope that the artisan sector will attract new and expanded interest and investment.

There is only one more comment I will leave you with. I am often asked what drew me into this field. The draw was simple – it was not just about employing the “trade not aid” approach, it was not just about the ability to export, connect and preserve cultures, it was also about beauty. It is about the intrinsic and exceptional beauty of a handmade product. And it is such a thrill to see this passion spreading across so many different facets of this sector.

## Tamar Melikishvili

*Founder of the Union of Art-Genes and crafts coordinator (GE)*

### EFFECTIVE MARKETING FOR TRADITIONAL CRAFTS

In this article we, the group “Art-Genes” will present our vision on traditional crafts and its potential in Georgia’s economy. We would particularly like to emphasize on the concept of packaging certain traditional crafts with other traditional art forms for more effective marketing and the role of traditional festivals like Art-Genes for providing a venue for those reasons. We have 10 years experience in conducting traditional festival, where one of the major segments is traditional crafts.

Today, against the background of the world’s socio-political development and the fast approaching wave of globalization in the Caucasus region, one of the world’s most ancient and traditional culture is still under threat of extinction. Through the interventions of local government, international organizations, NGOs and private sector companies, the preservation of cultural heritage activities have recently intensified in Georgia. The project of the Union of Art Genes is perfect proof of such conduct. The Art Genes Festival operating since 2004 has proved to be the one of the most successful, self-sustaining and highly attended festival in the Caucasian Region, with growing numbers of supporters from both the local and international community. From 2009, the EU, with a program “Invest in People”, took the festival under its wing for 3 years to assure its further development and sustainability. This was essential for the festival, due to the crises in our post conflict country after the war with Russia in 2008.

Throughout its 10 year existence the project’s activities included research and documentation of the still remaining samples of indigenous and endangered forms of music, dance, crafts and other traditional heritage from remote regions of Georgia. We searched for people still involved in those traditional activities and brought them to the public’s attention to participate in local cultural events and in our gala festival in the capital. We encouraged them to maintain those traditions and pass it onto the younger generation.

Our festivals are staging folk music concerts, exhibitions and sales of traditional handicrafts, traditional medicine, traditional cuisine and folk games to promote cultural heritage preservation in the capital and the regions. With our intention to promote folk and traditional music in the younger generations we initially attracted them with popular rock concerts towards the evenings

of the festival days, but to attend those they had to listen to traditional folk concerts first, and consequently today this is no longer necessary, as all folk concerts are fully attended by an audience, who now only come to listen to their traditional music.

This method of combining modern with the traditional to promote the later proved to be very successful and gave us a strong indication of possibly using similar methods in promoting traditional crafts, but we will discuss this later...

Back to the festival... One could say that Art-Genes festival’s main accomplishment is its steady transformation into a depot of integrating cultures, ideas, creating bonds, breaking down of the boundaries, forming of collaborations and revival of traditions, thus creating an environment where all differences between confronting parties, different groups, minorities, ideologies and people of different religious beliefs are broken down. Where People are becoming proud of their own and respect others cultures and identities. And the key to all this is music, singing, dance, crafts, exhibitions, master classes, markets and different cuisines. The festival has an annual ongoing format and now with time it has established itself as a tradition, it provides participants with a steady environment and something to look forward to, encourages them to carry on with their activities and further development. It helps to keep a healthy national identity in the world of globalization, but on the other hand it is enriching the world culture. We are particularly proud that audiences who are attending the festival are there not just to have a good time, but to be a part of something more valuable. They leave the festival enriched with traditional and human values, and always intend to come back. In the frame of the project with the EU, Art Genes started publishing a quarterly magazine “Art Genes” along with other various publications like brochures, catalogues, audio CDs and we shot several documentaries and two films. We are in the process of creating an online archive accumulated over the last 10 years of our activities.

As mentioned above, traditional Craft is one of the major segment of our festival.

Also it has to be said that in comparison with other fields, like music, singing, dancing, or cuisine, it is in desperate need of more attention as very little of it still remains in the country in its genuine form and what there is, is in fast decline. Major causes of course are population migration from remote regions and substitutes given by modern technology and goods. As a counteraction one should consider tourism development and good marketing...



It should be said, that traditional crafts is always part of some particular culture and always carries its certain distinguish aesthetics, like one can always tell when something is from Japan or India... It's essential for a better marketing to determine our most valuable and genuine Georgian aesthetics and to promote it. We should also consider Caucasian aesthetics if such exists today. Here we are represented by Azerbaijan, Armenia and Georgia, and our differences are quite obvious, especially Azerbaijan which is associated more with eastern culture, but it would be great to determine if we can bridge any aesthetics that can be associated with the whole Caucasian region.

The sales of any traditional craft artefact in the first place is always determined by its quality of craftsmanship, authenticity of the methods used, its usefulness as an object and its selling price. In modern marketing another important part is also packaging. In traditional crafts this could also work... For example, Honey, produced in the mountains of Adjara using traditional methods of beekeeping, is far more attractive and desirable to buy in wooden jars, that were turned on the only remaining water powered lathe in Georgia. It's also important to provide this information on the label. Also this type of product provides income for both, beekeeper and carpenter. It could be bought for both its content, honey, and the wooden jar and one can help to sell the other. One of our festival supporting partners, Mildiani Wine Company is employing several traditional potters, who produce traditional clay jars individually moulded for their wine, and now they are talking with traditional carpenter Gega Chakhelidze to package those pots in wooden boxes crafted with further traditional motives. Gega on the other hand is collaborating with a traditional enamellist to incorporate her enamel motives with his wooden furniture made in the traditional Svanatian style... all in all we try to encourage and we see more and more of such successful collaborations happening, and our festival for its wide spectrum of art fields seems to be just the right place for them to happen...

Generally the crafts market in Georgia consists of the following segments:

1. Authentic crafts, attractive to collectors, tourists, museums.
2. Commercial crafts: like souvenirs and objects of everyday use
3. Factory produced: again souvenirs and objects with traditional motives.(but this can't be classified as crafts anymore)
4. Modern clothes and furniture with traditional motifs individually hand crafted.
5. Or perhaps the creation of something altogether new and unique, which in time could become national and traditional craft...

At our Festival we encourage traditional crafts by creating an open exhibition market for all who are willing with the only condition that what they will display and sell should be traditional. Participation and sales are free without any commissions and fees.

During the festival numerous objects and artifacts are sold at these exhibitions and markets, providing a source of income to artisans. Master classes and vocational trainings are widely available for various beneficiaries. Crafts made by disabled children and adults are also sold.

Regional festivals held in Kartli, Kakheti, Samgrelo, Guria, Adjara and Racha provide a good source for development of both local and international tourism encourages formation of guest houses and provides income for local people. Now tourist agencies began including our festival in their tours.

On our festival's food and beverage markets we give preference to producers of local goods, homemade and bio products, micro enterprises and individual entrepreneurs...

As mentioned before, everything traditional is part of some particular culture, and carries qualities of its aesthetics... one could say that the festival after 10 years of existence has developed its own aesthetics that maintains a strong traditional and national identity and simultaneously combines it with growing festivals' international participation. Artists and acts from over 30 different countries from all over the world that participated in our festival were always predominantly chosen for their own traditional acts and performances, and this creates an atmosphere where everyone appreciates their own traditions and respects others. Having similar format festivals in neighboring countries like Azerbaijan and Armenia, could be the substitute to early day merchant caravans selling traditional crafts... We just came

back from the UK Womad Festival, and its world market is a good example with traditional stalls from all over the world...

But this is where initial financing, sponsorship and government input is so important...

Funding, sponsorships, partnerships and visibility are essential for such festivals or venues to operate. Through 10 years of existence we developed relationships with different governmental, non-governmental, private, donor organizations and media. Some of those were short and some were long term relationships. With Ministry of Culture and City Municipality we have an ongoing partnership since the beginning of the festival and their role is still essential for providing the venues and certain facilities like :( security services, public transportation services, fire brigade, sanitary services and urgent medical support). On our hand we have contributed with improving the infrastructure to the venue (ethnographic open air museum) from the income of the festival. (For example repair works of the toilets, wooden fencing, water supply rehabilitation, amphitheatre reconstruction and etc.). Ministry of Culture has also provided initial introduction and contact with regional municipalities for assistance in regional festivals. On our



part we gathered and provided data on existing artisans not accounted or known before, so they could be administered and called to cultural events from far and remote regions. We gave certain recommendations to the ministry of culture on the state of folklore in certain regions. Ministry of Culture and City Municipality has also annually contributed 20% of financial budget to the running cost of the festival and is continuing to do so.

Our department of marketing has successfully targeted certain segments of sponsorship market which included; financial, insurance, and pharmaceutical, energy supply, food and beverages, mobile and internet services. We always gave preference to local producers and companies. For the last 3 years and with ongoing contract our

general sponsor has been Georgian Bank Constanta. We essentially approached the bank because of its credible investments in agricultural sector and formed a long term relationship. Together we found ways of enhancing their bank clients through their internet site, linking it to festival events, and the idea to have face book avatars as a traditional national costumes from different regions of Georgia proved so successful that in the first year of the contract found the bank over 100 000 new potential clients. Our experience showed that the bases of good relationship with sponsors are well structured contracts and strict appliance to all their terms. In addition to ensure prolonged collaborations one should be more inventive with new ideas. We ourselves shoot, record and create festival promotion videos for TV and make designs for outdoor advertisement.

An important component of the Festival logistics is a dynamic relationship with distributors of consumable goods with different types of contracts and barter agreements. Our methodology was based on giving preferences to producers of local goods, hom emade and bio products, micro enterprises and individual entrepreneurs.

Our Union, with help of our Partner , Georgian Business Development Centre Caucasia, conducted Monitoring and Evaluation, 2 Market Studies, Base Line and Final Evaluation surveys for the last 3 year period of our festival . As I mentioned before major findings showed a substantial dependence of the crafts market on the tourism industry development. There was a definite lack of printed materials like brochures, catalogues, guides and maps. For example our experience with producing the catalogue, "Masters of Georgian Crafts," which is a catalogue listing 50 masters of Georgia's traditional crafts from all 8 regions of the country, that we have found through our expeditions, provides short interviews, addresses, telephone numbers and pictures of their artefacts. Demand for such material was so high that we had to publish a second addition of a 1000 copies and are now thinking of printing even more.

Last year we thought of creating a quality brand mark that could be called "art-gene", which can be granted to craftsmen, who use genuine authentic methods and superior quality master ship in their produce, which will distinguish them on the market and be helpful to buyers.

We would like to finish on a note of hope, that with more governmental input, more collaborating marketing, where one field of craft is complimented with another, creative packaging, growth of our tourist industry and by the creation of more venues likes our festival, that this will boost and increase sales and consequently revive the crafts industry in Georgia.

## Aram Sharambeian

*Craft Expert, Founder of AramAra & Sharan Center (AM)*

### CRAFTS AS THE FIRST CHOICE INDUSTRY FOR DEVELOPING ECONOMIES

In developing economies it is always a problem to find financing for small and medium size start-ups. Crafts by their nature often need the low amount of investment. The other factor which makes crafts a first choice industry is the availability of highly skilled people, who, with proper management can be turned into professional artisans, without the need for a high level of education and minimizing the need to invest heavily in preparation of the qualified workforce. By professional artisans we mean those artisans who earn their living almost entirely by practicing their skills. The need for low investment means that the added value of the final product is relatively high, which combined with their uniqueness allows these products to find their niche in the market. The other competitive edge of crafts is that enterprises can be very flexible, the same set of tools can be used for different types of product, and it does not take large product runs needed to cover running expenses. The market for crafts in most of developing economies is relatively small and cannot support sustainable production, so opportunities are very important. Success in export for a crafts enterprise is based on it being a 'packaged service provider' rather than only a manufacturer of certain goods. This packaged service comprises of several components and we would like to distinguish five of them, which, in our view, are the most important.

#### Product

There is no way to succeed without a proper product developed specifically for a certain market. Crafts are interesting for their uniqueness, so the designs should be based on the indigenous cultural heritage of the country in which they are produced. This does not mean blind reproduction of so called 'traditional' designs- doilies used for generations do not qualify as proper product for today's market. An ability to 'translate' one's cultural heritage into products needed today may be the difference between a successful and unsuccessful designer. It is also very important to understand that tastes and needs change from country to country, so the importance of having an input from a designer coming from the targeted market cannot be overestimated. It is not about them being better, it is a matter of them knowing certain nuances, without which one's products can fail no matter how nicely and skilfully they are made. For example, the cushions in Armenia were traditionally backed by

glossy silk fabric, which was completely unacceptable in the American market, thus anything backed by glossy silk was condemned to failure regardless of their front design.

#### Price

Most inexperienced producers tend to either overestimate the value and uniqueness of their creations, or do not look carefully enough into the ways of cutting production costs. Having even a very nice product does not secure success as too high a price will close the doors to the store shelves, as international competition for the targeted markets can be very tough. A simple rule to the pricing can be formulated as the ratio between the price and the value. The lower the price compared to the value-the more chances are that the product can become successful.

There are certain ways of reducing the production costs. Adapting the design, breaking the production into separate portions and distributing them among artisans with different levels of qualification are just a few tips which help in reducing the cost. This requires as much creativity as the design process itself!

#### Quality and quality control

There is no single quality for all markets, so choosing and maintaining the right quality for a particular market is as important as having the right product at the right price. Quality goes hand-in-hand with price so having inappropriately high quality leads too high a price which a particular market may not support.

It is a good practice to produce a sample made based on the average quality capacity of the enterprise. It would be better not to get any orders rather than bear the financial (and not only) consequences of returned products, which may happen if the production does not correspond to the quality level of the sample which was ordered.

Having an appropriate quality control system is one of the major requirements for ensuring the enterprise does not fail. No efforts should be spared to establish an appropriate quality control-if checking the product once does not guarantee consistent quality then it should be checked twice, thrice and so on, preferably at different production stages, until the needed result is reached. Having the right product at the right price produced at inconsistent quality will inevitably lead to a failure.

#### Timely delivery

Manufacturers are just one part of the system of getting the goods to the end user. Wholesalers and retailers are

the other two parts. It helps to think about the producers, the wholesalers and retailers as different departments of the same company. Neither department can succeed without the other, so keeping wholesalers and retailers happy is essential for a manufacturer's success.

Wholesalers place their orders with manufacturers based on their needs for a certain period of time. These needs may be seasonal (like getting the merchandise for Christmas) or to maintain a steady supply to the stores without the financial burden of overstocking. Regardless of whether they make a down payment or not, they allocate a certain amount of their buying budget for that order in expectation of successfully selling it and making their living. If a Christmas order arrives in late December they will lose income as it will be too late to use their budgeted money to buy something else from somebody else. A late delivery deprives wholesalers of their income and it is not fair to expect them to pay for that delivery as they in their turn will not be paid by retailers as they in their turn will not be paid by end users. A wholesaler will not work with a manufacturer who was late with the delivery and the time and expense taken to find that wholesaler will have been wasted. Thus a right product with a right price, manufactured at the right quality level, but delivered late will be a failure.

### **Communication**

Manufacturing is a very complex process dependent on many factors. Many problems may occur such as, shortage or unavailability of the raw materials, blocked roads, or lack of electricity to name just a few. All these things may lead to either irregular products or late delivery, which, as discussed above, may lead to failure. Communication can greatly assist in overcoming the sad consequences of some of these problems. Informing your buyers about problems as early as possible will allow them to make the necessary adjustments. They may reduce or cancel the order, make some changes to the raw materials used, or agree to later delivery, thus avoiding unnecessary expenses (losses) and reallocating their budget to other suppliers. Fair and transparent communication gains the buyers' confidence. They may understand that the manufacturer faced unexpected and unsurpassable problems, and communicating these problems early on will help both wholesaler and manufacturer to avoid losses. Building close trust with buyers is essential for success, and timely communication is a big part of it.

When to communicate a problem? The answer is simple - as soon as the manufacturer starts to assume what may be an acceptable solution. Never assume-always ask. Never assume that change in raw materials is acceptable or unacceptable; never assume that late delivery is ac-

ceptable or unacceptable. Just ask!

Communication is also important for making a good product. Not all the buyers and their designers understand all the nuances of the techniques used in making a product, so it is important to advise them on the best possible way of obtaining the desired look at the desired price and quality level. It is very important to communicate in a timely way with the buyers during the sample development period, as otherwise one may end up making an unnecessarily complicated and overpriced product. The timeliness of the communication is important in order to get that sample on time to the specific buyer for that product marketing period. Lack of communication at that time may lead to late delivery of overpriced samples, thus lack of orders, thus lack of sales.

### **Conclusion**

On their own none of the five components discussed above will lead to success, while the lack of any of them will lead to failure, thus only using all of these five 'pillars' can ensure successful production for a long-lasting business.

In the beginning this combination was called a 'packaged service' because the relative weakness of one component can be compensated by others (i.e., not a 'great' price compensated by consistent quality, which ensures no losses because of the returns and by being on the store shelf right on time when people are ready to pay for them), thus easing the buyers' decision to continue working with a particular enterprise.

## Tinatin Kldiashvili

*Interim Rector of Tbilisi State Academy of Arts (GE)*

## Ketavan Kavtaradze

*'Blue Tablecloths' scientific-experimental laboratory;*

### GEORGIAN BLUE TABLECLOTHS AND PRINTED TEXTILES IN AN ECONOMIC CONTEXT

In the past, textile production held a particular place in Georgian society. In the eighteenth century, the printed textile, which was decorated by applying a special mixture on white background, using woodblock with decorative ornaments engraved on it, was very common. Woodblocks were made by craftsmen with an appreciation of art, creative thinking and high proficiency. The so-called 'cold vat dyeing', which originated in the East, was widespread in Georgia in those times. In order to preserve a pattern and prepare the textile for cold dyeing, wax mixed with fat was applied to it using woodblock. In Georgia, the textile, processed that way, was painted blue using 'indigo' dye (a blue dye extracted from the plants of this name).

The specific character of the pattern, and, most importantly, the colour and motifs, make Georgian textile different from its Russian and European analogues. The product, which has survived to the present day, is referred to as the 'blue tablecloth'.

The oldest examples are dated to the end of eighteenth and the beginning of nineteenth centuries. It was a cotton textile and when dyed, the tablecloth background colour varied from bright blue to dark blue. The pattern depended on the craftsman or artist, who applied wax on a white textile using woodblock in order to preserve the ornament's white colour and to create a composition based on a specific scheme, based on the woodblocks he had at his disposal. The elements of such patterns included the so-called 'manes', rosettes and medallions, most commonly arranged in the centre, with floral and geometric ornaments decorating the sides.

Georgian artists enriched the compositions with the figures of women and men in national costumes, flora, fauna and household items (knives, forks, spoons) etc. Beside their daily use, 'blue tablecloths' also had a ceremonial application, for instance: tablecloths for wedding feasts, religious holidays, royal hunting feasts etc. This is reflected in the design and ornaments, printed on the 'blue tablecloths' (musicians, dancers, warriors, crosses and ecclesiastic attributes). Georgian tablecloths are different from eastern and western analogues because of the character of the composition, the narrative style and last but not least, the specific colour, which is the brand identity of the name - 'blue tablecloths'. Factory manu-

facturing of printed textile began in Georgia at the end of nineteenth century. This technique gradually drove out handmade textile production, in other words, textile hand-printing by an artist, and replaced it with a new printing technique, using a frame with a tightly stretched special fabric, also known as a matrix. Various compositions were patterned on the matrix taking into consideration the 'blue tablecloths' design. A pattern was transferred to the matrix using photographic technique. This type of printing has been referred to as screen-printing. It is far more efficient than woodblock printing. There is also another type of printing - extract (discharge) printing. In this case, blue textile is used instead of white and a special chemical mixture - Rongalite (sulphoxylate formaldehyde) is applied to it through a printing matrix with patterns. A pattern becomes white under its effect. This technique requires a special storage area, and so, it was only applied in factories, where such storage area could be arranged.

In the twentieth century, the 'blue tablecloths', produced by country's factories, were of national character and enjoyed great popularity. The screen-printing technique was improved and, consequently, production was growing to meet increased demand. Because it was characteristic of Georgia both tourists and locals bought the product. Regrettably, at the end of 20th century, when plants and factories in Georgia's cities were closed as a result of great political changes, the production of these tablecloths stopped.

Textile specialists have been thinking hard, how to restore the production. Despite the fact that the country is still not ready to launch plants and factories, in 2010, Tinatin Kldiashvili and Ketevan Kavtaradze, Tbilisi Arts Academy professors, started to recreate the production process. They began, by recreating the long-forgotten, initial, eighteenth to nineteenth century techniques. This took over a year. In the 1960s, the Faculty of Applied Art was established at Tbilisi State Academy of Arts, by incorporating the departments of different branches of study. The Textile Department was one of them. It aimed to study traditional applied art and its application by the contemporary artists and the transformation of thinking which resulted. It was David Tsitsishvili, academician and professor, who initiated creation of the textile speciality. He was also involved in the development of screen-printing for Georgian industry. The old tablecloth printing techniques were not made public, though David Tsitsishvili might have conducted the research.

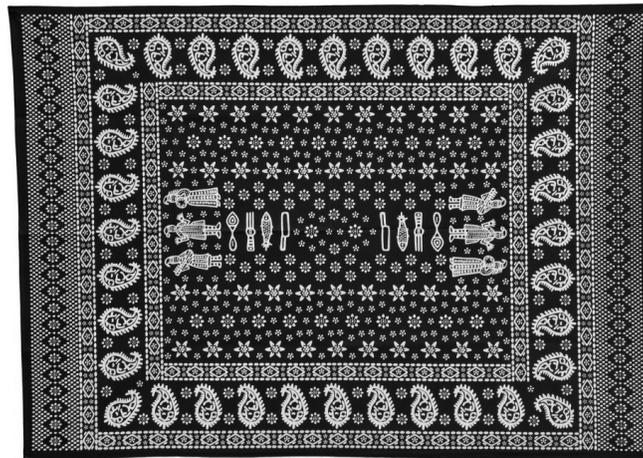
Two methods of tablecloth production with screen-printing are used: positive printing and extract (discharge) printing. Both techniques use a matrix. Tablecloth design used traditional motifs, since it was based on original old surviving examples. This scheme remains a key living example of the preservation and development of

ethnic identity in textile. Its creativity attracted the customer's attention. There was a great market demand for this product. Because of this the potential disappearance of the 'blue tablecloths' gave rise to great concern and to the desire to restore the manufacture of this product.

The Silk Museum (established in Tbilisi in the beginning of 20th century) exhibits Azerbaijani 'kalaghai', a traditional Azerbaijani women's decoration and accessory, which are also made using cold dyeing technique. Since cold dyeing tradition has been preserved in Azerbaijan, the Academy professors, T. Kldiashvili and K.Kavtaradze, started their search right in the city of Sheki in Azerbaijan, where manufacturing system, equipped with computer-controlled modern printing and weaving machines, is operating today. Old facilities, where screen-printing was practiced and both, piece goods and notions had been produced, were ruined. For that reason, the project initiators were given an opportunity to observe a technique of cold-dyeing of 'kalaghai'.

Intensive search and experiments continued for one more year after returning from Azerbaijan. The Ministry of Culture gave a large financial contribution to this essential activity, making it possible to establish a scientific-experimental laboratory at the Arts Academy. The project was implemented as a result of a long and extensive experimental work. The resulting products were very successfully presented in 2011. Until now, tablecloths have been created in the laboratory using two techniques; matrix or screen-printed, and hand-made with woodblock, paraffin wax and printed cold-dyeing on textile.

The woodblock technique is created by a craftsman, with his own compositional approach, so that a product is individual and unique. It is the uniqueness that draws such interest in the 'blue tablecloths' old technique. An artistic product with a specific pattern, of different size and quality, is manufactured with this technique. More time is required to perform the work with this technique. Therefore, the final article is considered exclusive and falls under the category of high-quality textile. Screen-printing is more practical and beneficial in terms of production. Consequently, tablecloths produced using this technique, are 2-3 times cheaper than handmade ones, which require an individual approach, working capacity and the imagination to create a unified composition, as well as using more costly raw materials. For this reason, silk-screen production of blue tablecloths is more acceptable for the market. In particular, the purpose of production of this type of craft is to restore a forgotten, traditional, national technological process of textile printing. The authors of the project offered to disseminate the processes of design and decoration, since they are of great importance for the cultural identity of the country, inside the state, and for awareness of this



identity among foreign countries. Tablecloths have been produced by the experimental laboratory at the Academy of Arts to preserve the tradition for youth and future generations. Its production represents the copies of old 'blue tablecloths', preserved in country's museums and funds, and, based on them as an example, allows adjustment of old and creation of new printing schemes. As an expression of national character, this type of craft is very important in the international market.

During the restoration period, the project initiators started working and experimenting with screen-printing technique for production of different articles such as: napkins, aprons, bags, head-kerchiefs. In terms of composition solution, head-kerchiefs differ from blue tablecloths in their ornaments and structure. Patterns are taken from different period miniatures, wall-painting, ancient manuscripts and Bronze Age figures. For example, one of the head-kerchief compositions was created using zodiac figures and ancient Georgian written language. It has attracted particular attention and kindled public interest. Consequently, it has held an important position in the international market. Thus, textile, printed using various methods and technologies, has become popular both, in our country and abroad.

'Blue tablecloths' were presented along with many other exhibits at the Days of Georgian Culture, in Strasbourg, in 2012, where they aroused great interest. 'Blue tablecloths' and printed textile have enriched Georgian folk craft and contributed greatly to the economy over many centuries.

#### **Implementation map in Georgia:**

"Blue Tablecloths" scientific-experimental laboratory;  
"Blue House" Gallery;  
Gudiashvili Museum;  
"Mediatheca" Union;  
Georgian National Museum Shop;  
Gallery 27, Qarvasla  
Gift shop, Mtskheta

**HERITAGE CRAFTS; A COMMON PLATFORM FOR THE DEVELOPMENT, AND STRENGTHENING OF CREATIVE INDUSTRIES IN ARMENIA**

The comprehensive and complete definition of traditional crafts is a most important issue. It is particularly difficult to set a boundary between those who have received professional education and artisans who have learnt the skills of heritage traditional crafts. There are significant differences in the depth of knowledge and technique, but both professionals and self-educated artisans or those who have learnt skills of heritage traditional crafts can produce work of the same quality.

To avoid an imprecise definition of ‘artisan/craftsman/professional specialist’ it is more expedient to use the more neutral term of ‘artisan’, which encompasses both professionals and other creative groups, based upon their exceptional material, technique and creative approach. The criteria used for artisans can also be applied to craftsmen. The Western definition of traditional crafts is used, which in contrast to the approach used in Soviet literature, groups professionals and non-professionals under the same headings.

The key target group is artisans who have been selected within the scope of the present study according to the following criteria:

1. **Creativity:** An artisan’s product should contain a creative element. Without creative input the process becomes a mechanical duplication (we shall conventionally name the artisan that does not apply a creative approach in his production process a “craftsman”).
2. **Design:** An artisan’s product should have a unique style or ‘signature’; it should somehow differ from the works of others’ and sometimes even from his own.
3. **Vision:** An artisan should have a vision of his craft; it is of utmost importance to have a perspective on his own craft development.
4. **Application of respective materials:** the present study included the artisan using the following materials/raw materials: wood, enamel, metal, stone/bone, pottery, textiles and mixed and others.

However, there is certain reservation in definition of artisans’ group because at the same time the artisan may work in several techniques different as well.

The development of marketing has impacted on all the spheres of economy, including traditional craftsmanship. Some sources of raw materials are no longer available. Changes in the economy have led to changes in the conception of craftsmanship. The traditional Armenian patterns and artistic elements were present in both handicraft, and industrial products. Despite the fact that industrial craftsmanship no longer exists, the former artisans are considered to have a professional status. Though craft production was not encouraged in the Soviet years, there was an opportunity for high-quality product consumption in “salons” or parlours. The artistic value of the product was controlled and evaluated by the state body – the arts council. In this respect a certain hierarchy was set among artisans, as well as creating an opportunity for them to sell their products.

Qualitative analysis suggests that artisans are divided into four major groups in Armenia depending on (see Table 1):

	High qualification	Low qualification
Craft is the main profession	Craft-careerists	Artisans
Craftsmanship is not the main professional	Returners	Career changers

**Figure 1. The main groups of artisans**

These two factors are essential to understand production and the economic behavior of different artisans. As a result of qualitative analysis the following four groups of Armenian artisans have been identified

1. **Craft careerists:** These people have academic or artistic education in the sphere of applied arts or artistic work. As a rule, they started work after completing a relevant education. Craftsmanship is the main or the only source of their income. This is the most skillful and specialized group. Craft-careerists have high or professional education. As a rule during the Soviet times they used to work in industrial companies and they are more effective, as they have their own customers, and on the whole, their product is more creative and of higher quality in comparison with the product of the other artisans. One of the most vital issues for craft careerists is protection of their copyrights.
2. **Artisans:** These are artisans having no professional education, but who have work experience and skills. Craft is their main source of income. As a rule, craftsmen have developed their skills by being an apprentice of another craftsman or have learnt the craft including the respective knowledge and secrets

from their relatives. And for this reason family traditions are very important for most craftsmen.

3. **Returners:** This group consists of people who have studied arts and crafts-related subjects, but following their education chose to work in a completely unrelated field. Later they have decided to 'return' to craft for social and economic or other reasons. In the 1990s a large number of people returned to craftsmanship to avoid unemployment.
4. **Career changers:** This is the group the members of which used to have a different occupation and profession, without a craft-related education but at a certain phase of life started getting involved in craftsmanship. A significant part of career changers have high education and high qualification in their main specialization but unemployment and lack of opportunities for working in their main profession made them turn to craft.

At present the level of craft production in Armenia is negligible but demand is gradually increasing. Due to:

1. Tourists, who are the main consumers of craft products. Their numbers are increasing by on average 10% a year.
2. The interest of local consumers is also growing.

Craft production is an important part of the economy of developing countries. In this respect it is necessary to pay attention to the following important elements of traditional crafts:

**Profit received from export:** Traditional craft products are currently exported by both individual producers or artisans, and by organizations. The study results show that there is an increasing demand for Armenian craft products.

**Revenue:** The state revenue received from traditional craft sector can be direct and indirect. Direct revenue is received from jobs created in craft sector and enterprises producing craft products, as well as from direct levies, for example, taxes received from export. Indirect revenues come from taxes and customs duties for products and services, particularly so called 'creative tourism'. The aim of this tourism is not to visit monuments and places of interest, but to see local material culture. Full application of such a concept can make Armenia the leader of craft product consumption in the region through;

**Creation of jobs:** Creation of craft jobs based on increased demand for craft goods. Jobs can be either permanent or temporary (eg indefinite contract or short term contract) and either full time or part time (eg. a full week's work or only a limited number of hours each week).

**Promotion of investments:** The competitiveness of quality and price of local craft products can be the basis for the development of economic relations, and the promotion of foreign investment, which can have a positive impact on the other branches of the economy (manufacturing, information technologies, services, education, culture).

**Overcoming poverty:** Dissemination of traditional crafts contributes to development of economic activity and creation of jobs, especially in rural communities or economically unfavorable places. There is a marked concentration of dissemination of crafts in some regional areas, where the earlier traditions and skills have been preserved.

**CRAFT SECTOR IN GEORGIA: EXISTING RESOURCES, CHALLENGES AND RECOMMENDATIONS FOR FURTHER DEVELOPMENT**

*(Overview of the Results of the countywide studies and mapping as part of the EU EPCP Heritage Crafts project)*

Cultural industries and among them crafts are widely recognized as a vibrant sector that stimulates employment and economic growth worldwide, enhancing the attractiveness of regions, contributing to secure rural livelihoods and becoming a source for social, economic and human development for local communities.

The significance of worldwide craft exports performance (M. Friel, 2010, UNIDO, 2006) and local opportunities afforded by, on one hand the exceptional traditional skills kept alive in the South Caucasus and on the other hand, by the increasing tourist interest in the region, highlights the role of the crafts sector in enhancing social and human development, job creation and economic growth for Armenia, Azerbaijan and Georgia. These are the main objectives for the regional project ‘Strengthening Creative Industries in Armenia, Azerbaijan, Georgia: Heritage Crafts - Common Platform for Development’ (2012-February 2014) funded by the European Union Eastern Partnership Culture programme and implemented by Georgian Arts and Culture Centre (GACC) in cooperation with partner organizations. The project emphasises the economic potential of the crafts sector in participating countries, to create an environment conducive for further sustainable development of the Creative Industries, particularly of Heritage Crafts. This paper focuses on the first component of the project, assessment studies, namely the national craft sector mapping & study carried out in Georgia.

**THE DESIGN AND METHODOLOGY OF THE STUDY**

The study was the first comprehensive study to define, categorize and examine the size, shape, nature of activity, business performance and needs of the Heritage Craft sector in the three countries involved in the project. The concept and design of the study, drawn up by GACC in cooperation with international and local consultants<sup>5</sup>, has been applied with local adaptation in the three countries.

The study included four major dimensions:

- Mapping of Crafts Sector throughout the Country
- Social study
- Economic study
- Legislative framework study

The aim of the mapping & study was to analyse the existing heritage craft resources in the country, the current situation across the value chain of production including issues related to producers, both individual and organizations, products, widespread techniques, functional categories, quality, pricing, designs and packaging, distribution channels and availability of materials, existing market, shops and workshops across the country, and current demand including local consumer and international tourist perspectives.

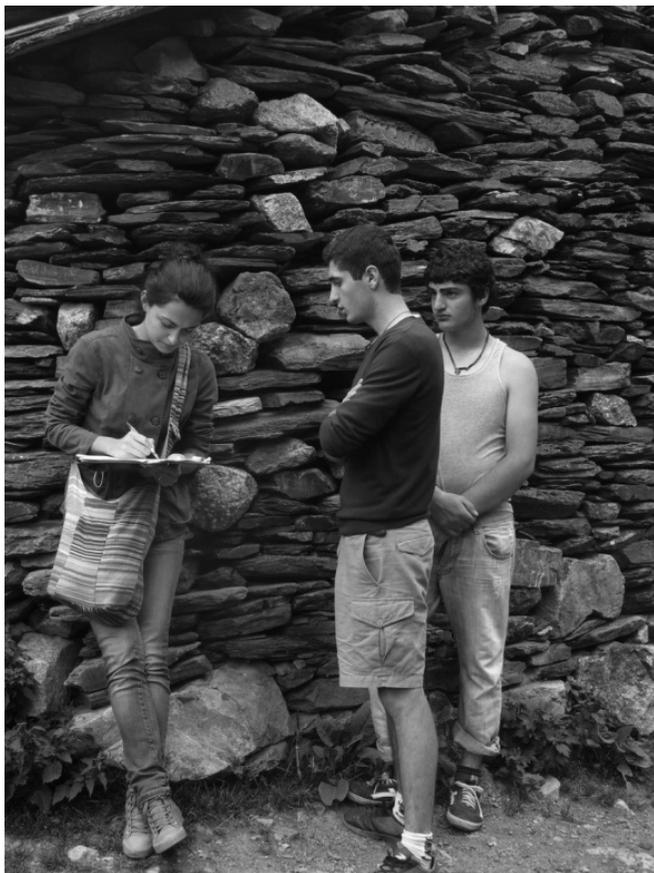
To date, heritage craft has been a completely neglected area of the economy in Georgia, and so the project began by defining ‘Heritage Crafts’ and its main subcategories, including major technological and functional groups.

Heritage Crafts has been defined as: ‘Crafts produced completely by hand or with mechanical means, applying traditional techniques, design, shapes, colours and patterns or at least one of them.’

Major Technological Groups	Major Functional Groups
Textile	Tableware
Ceramics	Furniture
Metalwork	Musical Instruments
Enamel	Toys
Woodwork	Clothing
Stone/bone work	Accessories
Glass	Religious items
Paper	Jewellery
Mixed	Decorative Compositions
	Interior accessories
	Souvenirs

The questionnaires for the quantitative and qualitative analyses were designed to cover these major technological and functional groups. They included five different questionnaires for the quantitative research targeted at A. Producers both (1) Individual Craft Producers, and (2) Craft SMEs and Organizations which produce heritage crafts products; B. Retail Outlets (3) Craft and Souvenir Shops; and C. Consumers both (4) Foreign Tourists and (5) Local Consumers.

<sup>5</sup> Indrasen Vencatachellum, International Consultant in Crafts and Cultural Industries, Simon Ellis, International Research Executive, former section head UNESCO, and founder of London Skills Forecasting Unit, Irakli Kakhidze, Sociologist Geostat, Nino Evgenidze, Economist, Economic Policy Research Center (EPRC) Givi Kipiani, Lawyer, Tbilisi State Academy of Arts



The Mapping and Social study in Georgia was carried out by a GACC team between June 2012 and March 2013. The survey process included a preliminary communication with the respondent, and then a site visit, during which the questionnaires were completed and the craft products photographed. It covered 46 municipalities and 4 self-governing cities of Georgia.

Preliminary data, compiled by GACC team from different sources included information about 1,178 individuals and 37 craft SMEs/organizations. The survey team contacted 434 (43%) individual producers and 30 (85%) craft SMEs and organizations. Amongst these, valid responses were received from 28 organizations and 373 individuals. The main criterion for inclusion in the survey was the application of traditional crafts techniques or designs by the producer, as predetermined by the definition of heritage crafts and by their business performance.

The market study included the survey of 32 souvenir shops and galleries that agreed to participate in the study. The main trends in consumer demand were analysed through the survey of 200 local consumers and international tourists. The study also included in-depth interviews with local crafts experts to reveal existing problems and further development perspectives.



## MAIN FINDINGS OF THE STUDY

### 1. Producers

#### A. Crafts Organizations

The majority of craft organizations in Georgia are small and medium enterprises. The largest category (25.7 %) amongst these employs 6 to 10 workers. Only 14% of them employ more than 10 people. The maximum number of employees among the crafts organizations was 15. The 38.7% of units are registered as non-governmental and non-profit organizations. This, in turn can be the result of recent trends, which have made Heritage Crafts popular for social entrepreneurs amongst these organizations, which work with IDPs, disabled people or other disadvantaged groups. LTDs represent 35.5% of enterprises, whereas 25.5% are mostly informal workshops. The latter category includes workshops or studios, which exist as part of different professional or art schools, monasteries, or other cultural-educational centres around Georgia. Not surprisingly, the 26% of enterprises are based in Tbilisi.

## 2. Individual producers

The majority of surveyed crafts producers act solely as individuals (84%), only 16% of them employ others. Amongst these 76.7% employ less than 3, and only 23% more than 3 people.

Women householders often consider crafts as a supplementary source of income for their families, with low investment and easy start-up. The heritage craft workforce in Georgia is predominantly 62.3% female. Amongst the technological groups almost all 'textile' is produced by women (99.06%), while 'woodwork' (89.5%) and 'metalwork' (85.4%) are much more likely to have been produced by men. 'Enamel' and 'Ceramics' have a balanced number of male and female producers.

As the majority of Georgian labour force (Geostat), Georgian heritage crafts artisans are most likely to be active at the age of 45-55 years with 26.7%, and 36-45 years of age with 25.9%, of all craft workers. The age category of 16-25 comprises only 7.8% of individuals, apparently showing that engaging the younger generation in heritage crafts is an important problem for the country. However statistics on new entrants in the field reveals that a promising 23.3% of active individual producers and 60% of enterprises began work in crafts during the last five years.

In terms of their distribution across the country, the largest number of individual artisans with 26% is, as expected, to be found in Tbilisi. Amongst regions, the mountainous parts of the country, marked by their distinctive craft traditions, such as Racha –Lechkhumi and Svanteti, are especially rich in crafts workers. Other regions like Guria, Mtskheta-Mtianieti, Samtskhe-Javakheti and Adjara follow next. Workers tend to work independently/self-employed and as one might expect, only 34.2% of individual artisans are registered with the Georgian Revenue service. The largest concentration of registered artisans is in Tbilisi, where more than half (50.8 %) of

artisans are registered for tax. This is due to the fact artisans living in the capital market their products through the craft outlets, which on their behalf, ask for formalities.

The majority of the individual respondents (55.9%) consider heritage crafts as their primary work, being employed on a permanent, full-time basis, whereas for 39.8% it is a part-time or non-permanent work.

Almost one third (31.3%) of individual craft producers are teaching their craft skills. Amongst these, the majority teaches at professional schools (30.8%). At the same time one fifth, 20.5% have apprentices, while 12% also pass down their skills to their family members.

The largest income category encompasses 31.9 % of artisans earning 101-500 Gel annually. This group is mostly women working from home, on an irregular basis. The next largest category covering 26.7% of artisans earns 1001-5000 Gel annually.

The overall number of individual producers in the heritage crafts sector of Georgia is about 1,345 workers (individual producers and their employees). Together with the enterprise employees (160), the heritage craft sector workforce size is approximately 1,500 people, constituting 0.07% of the total Georgian workforce. This is very small compared for example to Heritage Crafts in UK, which accounts for 0.9% of the total English workforce. However due to the fact that the definitions of heritage crafts are quite varied, being much broader in UK, including for example craftspeople working in restoration, these two data are not directly comparable (Creative and Cultural Skills 2012, pp. 34-5).

### Production process:

The heritage crafts production process is mostly informal, leading to infrastructure problems such as poor working conditions in private studios, obtaining and

Fig. 1. Distribution of interviewed artisans by Age Groups, (GACC Survey)

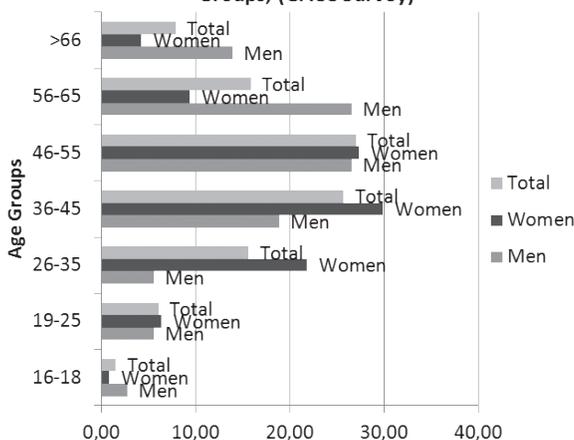
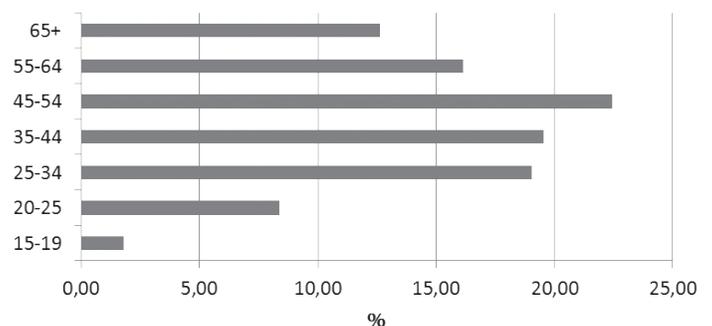


Fig.2 Labour force of Georgia by Age Groups (Geostat)





purchasing tools and material. Finding employees or support staff with the right skills is also a problem.

Amongst producers 17.9% considered the availability of raw materials to be the most acute problem that they faced. This problem is especially critical for woodworkers because of legal problems. There are no established separate regulations in the sphere of the traditional

crafts, respectively the common, strictly regulated procedures apply to it. For example: for cutting the relevant round wood log, necessary for making traditional winepress, it is necessary to have special permission, licence, which practically excludes the possibility of obtaining the above-mentioned wooden material for the winepress craftsmen. (The Law of Georgia on the Fee of Utilization of the Natural Resources, Article 7). The problem with material is also important for potters, as there is no working clay industry in the country, so they have to resort to the illegal extraction of clay from clay pits. There is a similar problem in making jet jewellery and horn vessels.

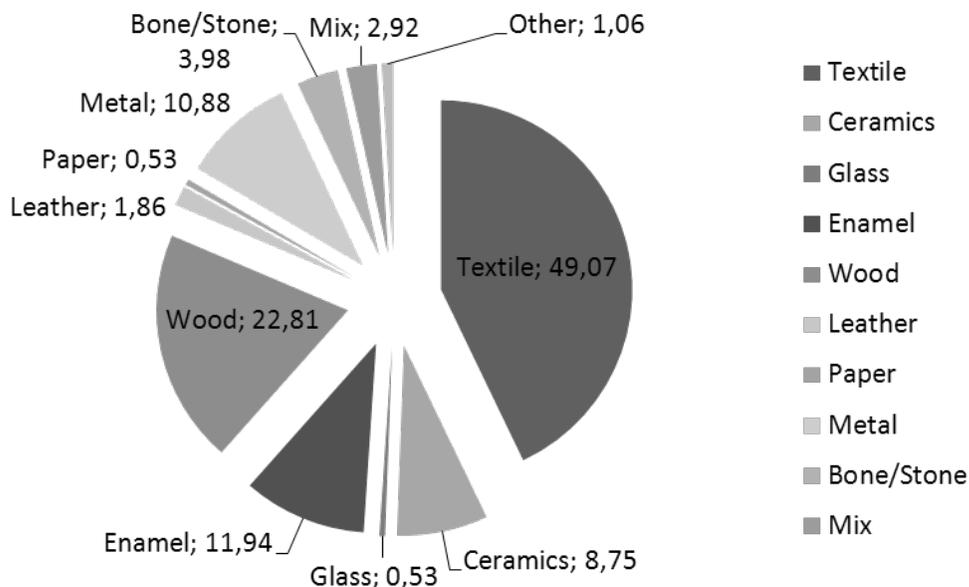
Poor working conditions in their private studios affected 16.6% of craftspeople. There is a lack of public spaces for workshops and a lack of local marketing points and contacts. It is common in European countries for worker co-operatives or municipalities to set up shared facilities and advice centres to address this problem. The lack of workers with the right skills in the labour force also limits the productive capacity for certain crafts products.

## Products

### a. Techniques

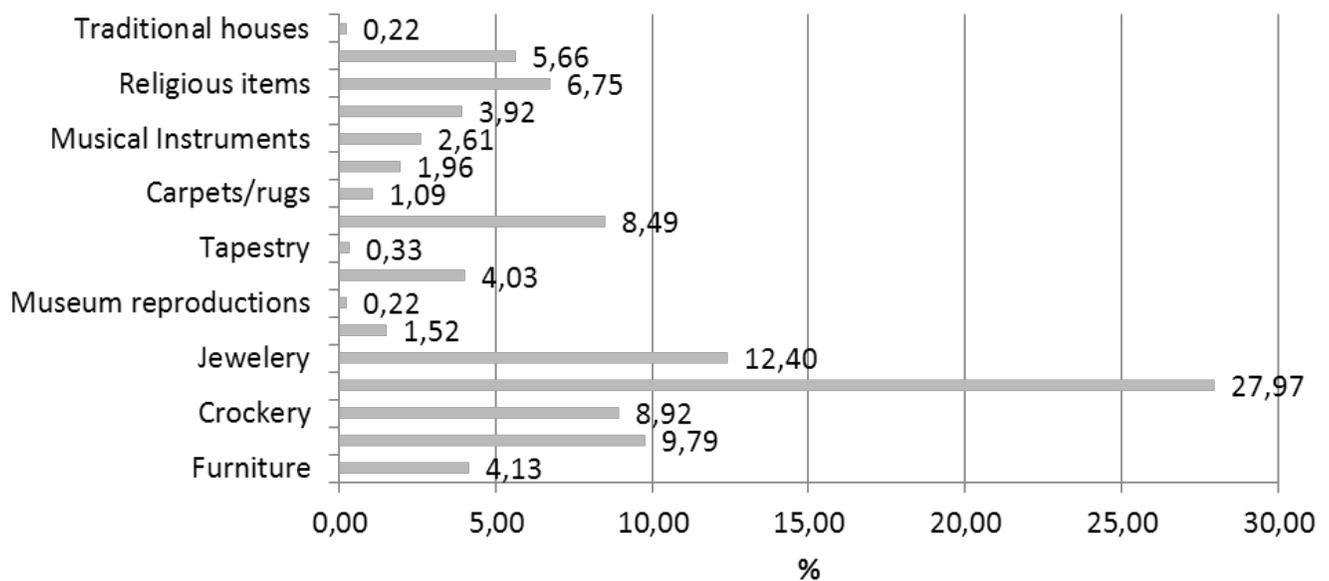
The scientific board of the project identified ten common technology groups in Georgia based on the survey: Textile, Ceramics, Metalwork, Enamel, Woodwork, Stone/bone work, Glass, Paper and Mixed. Textile is the largest category with 49.07 % of all craft workers, of which 99.06% are women. It is the largest category in terms of sub-techniques as well, including Needle and Cro-

**Fig.3 Distribution of interviewed artisans by technological groups**



**Note:** the total is more than 100% because some artisans work in more than 1 technology)

**Fig. 4 Distribution of Georgian Crafts by Functional Categories**



chet work (19.29%), Rug and Carpet weaving (10.39%), Embroidery (21.96%), Felting (32.64%), Block printing and Batik (7.72%), and Sewing (8.01%). Woodwork with 22.81% of all craftspeople, Enamel with 11.94%, Metalwork with 10.88% and Ceramics with 8.73% come next. The majority of surveyed artisans (77.6%) consider their techniques as traditional, 16.4% as mixed and only the 5.5% to be completely modern (applying traditional designs).

### b. Functional Groups

Amongst the functional categories were: Crockery, Furniture, Musical Instruments, Toys, Clothing, Accessories, Religious items, Jewellery, Decorative Compositions, Interior accessories and Souvenirs. The latter considered only small and cheap souvenir items.

The study showed out that, the largest functional category is 'Accessories' with 27.97 %, which includes bags, purses, hats, scarves, socks, belts, and hair accessories. After this came Jewellery with 12.40%, Interior accessories (9.79%), Crockery (8.92%) and Decorative Compositions (8.49).

Changes of lifestyle in Georgia mean that some products have lost their original function and tend to become 'just souvenirs'. The diversification of products, re-assigning traditional objects to new functions, can be a prerequisite for better marketing of the handmade products of Georgian craftsmen.

### c. Designs

Compared to the materials and technology used in heritage crafts items, which are predominantly traditional, the design of heritage crafts products seems to be

more innovative, as the almost half of crafts producers (47.3%) tend to mix traditional shapes, colours and patterns with contemporary designs. The trend for using only traditional designs is followed by just over one third (36.0%) of producers, whereas the purely modern designs (applying traditional techniques) are made by 16.7% of craftspeople. Overall, the design of the some craft products tends to be quite standardized throughout the country, especially felt, which is often associated with low quality, kitschy designs and the use of chemical dyes.

Diversification of heritage crafts product design through the revitalization of less popular traditional designs, or by incorporating new design trends into production can be seen as a way to make heritage crafts market in Georgia more varied and attractive both for local and international consumers.

### d. Price

Almost one third of craftspeople (32.9%) price their goods at up to 20 Gel. Then 28.9% of producers set prices of up to 50 Gel, 13.0% have prices up to 100 Gel, 16.4% have prices up to 500 Gel, and finally 4% have prices up to 1,000 Gel and more. The high prices are determined by several factors: time-consuming manual work, the high price of imported materials and the use of scarce local raw materials

### e. Packaging and Presentation

The importance of packaging and presentation is generally underestimated by Georgian craft producers. Informational labels giving details of their historical background, care instructions, and contact information,

which can raise the price of the product, are usually not included.

## Marketing and Distribution

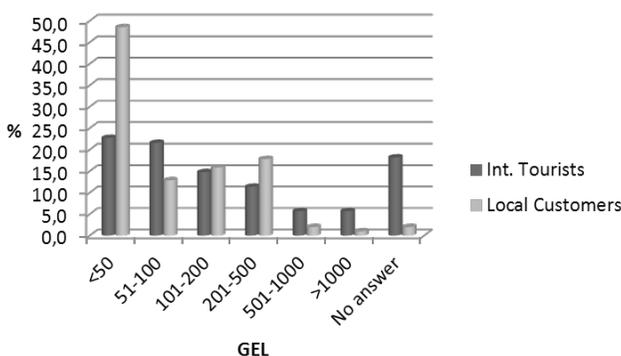
Sales of Georgian heritage crafts take place through: (1) souvenir shops, (2) gallery shops, (3) museum shops (although they are very few), (4) specialized shops selling certain type of heritage crafts (mostly carpets, traditional garments) and (5) open markets. There are also some occasional opportunities such as festivals, local celebrations, and fairs. International and online sales are the lowest sales categories (only 5.9% of artisans). As expected the sales outlets are concentrated in Tbilisi (up to 60%), with secondary locations at Batumi, Mtskheta and Gori.

The study verified the initial hypothesis that the crafts in Georgia lack distribution channels. Intermediates such as sales agents, wholesalers, and warehouses are not used, so the majority of craft producers, both individuals and organizations distribute their products on their own. This is a huge problem for craftspeople living in remote regions as it requires additional time and travel costs, so only 30% of artisans living outside the capital sell their products in Tbilisi, while only 17% of artisans distribute their products from the capital to regional shops.

## Consumption

Consumer demand for heritage crafts in Georgia has been analysed through the survey of local consumers, international tourists and craft shops. The majority of surveyed local (48.5%) and international consumers (22.7 %) spend up to 50 Gel on heritage crafts items. Almost one quarter, 21.6%, of international tourists are willing to pay 50-100 Gel for heritage crafts. Almost half, 45.5%, of international tourists consider jewellery to be the best Georgian heritage craft product. The same preference for jewellery is seen in the crafts shop survey, where 12.65% of shopkeepers identified jewellery as the bestseller. Local consumers, 27.3%, prefer enamel.

**Fig. 5. Consumer perspectives on best Heritage Crafts products**



## Main problems and challenges

The survey revealed a number of problems, which hinder the development of the heritage Crafts sector in Georgia. Amongst these, the most important are:

- **Limited Sales:** Almost half of craft producers (40.2%) indicate sales on the local market as the most vital problem, with a lack of retail outlets in the region, including those some very popular tourist areas (i.e. Mestia, Kazbegi). It was also reported that Georgian heritage crafts are not clearly identified at international events, leading to low awareness amongst international buyers, and limited exports.

- **Availability of Materials** is the second most important problem (17.9% of respondents), including issues such as a) regulations on the consumption of natural resources which restricts woodworkers, ceramists, and horn production; b) extremely limited supply from local mines (clay, jet, obsidian etc.) or manufacturing and agriculture (wool, threads, leather etc.); and c) limited access to imported materials (Melchior).

- **Underdeveloped Crafts infrastructure** including working conditions, infrastructure related to raw material and tool supply, and a lack of distribution channels, which affects 16.6% of workers;

- **Taxation system:** Although the tax code envisages some incentives for different types of business, artisans still suffer from a lack of awareness of the most appropriate legal structure for their business activities. High taxes and burdensome annual reporting is a problem for 13.4% of artisans. This may be one reason why 65.8% of producers are not officially registered.

## RECOMMENDATIONS FOR POLICY DEVELOPMENT

The study covered all regions of the country and was the first attempt to survey heritage crafts-related stakeholders, their needs and constraints across the sector, providing a detailed in-depth evidence-base for Georgia. By building a new understanding of the sector, it can serve as a platform for further policy making with the priorities targeted towards:

- Legal foundation:** Clear determination of Heritage Crafts Sector in legislation of Georgia; Introduction of law of Intangible cultural heritage as a main legal instrument for heritage Crafts; Consideration of heritage crafts needs in legal control of use of natural resources;
- Support systems:** Set up systems for business advice and financial support for heritage crafts devel-

opment. Introduce regulations to encourage private investments (tax breaks) in heritage crafts, establish local business advice initiatives to help local craftspeople share ideas and develop business plans, especially outside Tbilisi.

3. **Raise the status of Heritage Crafts:** Introduce “Living Human Treasure” status for Georgia’s top craftspeople; and create awareness raising campaigns for better perception of heritage crafts values.
4. **Cultural Statistics tools:** adopt international standards for measuring craft production and publish regular statistics to these standards in order to, monitor sector trends, prioritise sector needs within Georgia, and identify Georgia’s place in the international market. Conduct periodic dedicated craft surveys to identify specific sectoral issues.
5. **Market development:** Development of local market system through support for creating distribution outlets and marketing spots; foster links with tourism industry to increase local sales opportunities. Raise international awareness of Georgian Heritage Crafts and expert support for their development.
6. **Institutional development:** Create the Georgian Crafts Association and regional branches, to coordinate the sector, propose a Georgian Crafts Strategy for supporting the development of heritage crafts. Introduce a mechanism to coordinate the actions of different state bodies on the heritage crafts related issues.
7. **Education:** Integrate heritage crafts skills into all levels of educational system both formal and informal, enhance cooperation between the craft sector and higher educational institutions (especially for fashion and design) to bring traditional knowledge to youth, and give a new lease of life to heritage crafts products.

As an important platform for economic and social development, as an intangible cultural asset, and as a fundamental part of our living heritage which reinforces our identity and builds up local diversity, Georgian Heritage Crafts are a unique inimitable high quality resource for our country’s future competitiveness in a globalizing world.

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<sup>i</sup> Project partners: EkoSfera Centre (Azerbaijan), Arkanel LLC (Armenia), The History Museum of Armenia, Economic Affairs Office of Tbilisi City Hall (Georgia), Europe House Georgia and Georgian National Tourism Administration

<sup>ii</sup> Irina Mania, Tamar Kiknadze, Ana Shanshiashvili and Malkhaz Gelashvili.

<sup>iii</sup> Amongst these were: the database of Georgian Ministry of Culture and Monuments Protection (2012), Tbilisi City Hall, Festival Art-Gene (Art-Gene 2006), and most importantly the local Municipalities, which provided information about local Crafts producers and organizations.





## Organizers:



International Conference was held in the framework of EU Eastern Partnership Culture Programme's project "Strengthening Creative Industries in Armenia, Azerbaijan, and Georgia: Heritage Crafts - Common Platform for Development"



Project Leading Partner and Author of the Concept: Georgian Arts and Culture Center;

## Project Partners:



Arkanel (Armenia)



Economic Affairs Office, Tbilisi City Hall



Ekosfera (Azerbaijan)



Europe House (Georgia)



Georgian National Tourism Administration

## Associate partner:



History Museum of Armenia

## Conference Co-organizer:



Tbilisi State Academy of Arts

## Supporters:



European Union



Ministry of Culture and Monuments Protection of Georgia



Ministry of Economy and Sustainable Development of Georgia



British Council Georgia



Embassy of the Kingdom of the Netherlands in Georgia



Embassy of United States in Georgia



Shota Rustaveli National Science Foundation

