Analysis on the Roles of the Chinese Government in the Cultural Creative Industry Based on Public Expenditure Policies

Tian QIN¹,a and Xing KANG²,b,*

¹School of Physical Education, Wuhan Business University, Wuhan, Hubei, China
²Research Center for Rural Economy, Beijing, China

a42066865@qq.com, b376449013@qq.com
*Corresponding author

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Abstract. The Report at the 18th CPC National Congress explicitly incorporated “cultural soft power” into the important goal of complete the building of a moderately prosperous society in all respects, and one of the important ways to improve “cultural soft power” is to accelerate the development of the culture industry. In recent years, the cultural creative industry has won increasing attention from the Chinese Government by virtue of its specific advantages of promoting economic growth, increasing employment and so on, and becomes an emerging key-developing industry. The paper, mainly based the ten steps of public expenditure projects in the expenditure policy theory, analyzes the current roles of and influences from the Chinese Government on the cultural creative industry, explores the main functions and positioning of governments in the field, and then puts forward corresponding policy suggestions for helping local governments in China better plan and develop their local cultural creative industry.

1. Introduction

Cultural power and competitiveness are the important indicators of China’s prosperity and the renewal of the Chinese nation. The Report at the 18th CPC National Congress explicitly incorporated “cultural soft power” into the important goal of complete the building of a moderately prosperous society in all respects. In recent years, the cultural creative industry, as a significant manifestation of the China’s “soft power” and overall national strength, has won increasing attention from the Chinese Government. Throughout the development of the cultural creative industry all over the world, represented by the developed countries, such as Britain, America, Japan, the cultural creative industry has been the pillar industry in their national economic industries, and the scale of the cultural industry in some countries even surpass that of traditional industries, such as agriculture, building industry, etc. The cultural creative industry, by virtue of its specific advantages of promoting economic growth, increasing employment and so on, is playing increasingly important roles around the world. Compared with that in developed countries, China’s cultural creative industry is still in the preliminary development stage, it has made significant progress as an emerging industry, but it is still faced with many problems, such as imperfect industry development, imbalanced development regions, etc., and urgently needs governments’ reasonable planning, guidance and support. At present, China’s cultural creative industry begins to take shape only in big cities, such as Beijing, Shanghai, etc., industry cluster districts and creative enterprises with competitive advantages are basically formed in these cities, and scale development has not yet been formed in other cities and regions, therefore, it is necessary to fully use advanced experience of Britain, Japan and other developed countries for reference, spare no effort to promote the development of the cultural creative industry in China, and constantly improve China’s “cultural soft power” and overall national strength.
2. Development Status and Problems of China’s Cultural Creative Industry

2.1 Development status of China’s cultural creative industry

By now, China’s cultural creative industry has made considerable progress since its inception, especially in large and medium-sized cities with strong economic strength, such as Beijing, Shanghai, Shenzhen, etc., the cultural creative industry has been a new economic growth point. Taking Beijing as an example, according to the statistical data released by Beijing Municipal Bureau of Culture: as of 2015, 31 verified animation enterprises had had total assets of 1.1 billion Yuan, total operating incomes of 1 billion Yuan, and made 203 original comics and animation works. As of 2011, 10 verified industry demonstration bases had had the total assets of 4 billion Yuan and covered an operating area of 910 thousand square meters. While realizing the development, we should clearly realize that China’s cultural creative industry witnesses larger development space than that of developed countries, and is exposed to many development problems, such as imbalanced regional development, scarcity of innovative talents, weak consciousness of intellectual property right protection, lack of international competitiveness, etc.

2.2 Problems of China’s cultural creative industry

2.2.1 Imbalanced Regional Development

One prominent development problem of China’s cultural creative industry is imbalanced regional development, and is concretely manifested as big urban gaps and urban-rural gaps. At present, the cultural creative industry has developed prominently only in economically-strong big cities, such as Beijing, Shanghai, Shenzhen, etc., industry demonstration bases, industry cluster districts and some cultural creative enterprises with competitive advantages are basically formed in these cities. In China’s other cities, the cultural creative industry develops slowly and is even blank. Weak overall strength, imbalanced regional development and so on are the important factors which restrict the development of the cultural creative industry.

2.2.2 Scarcity of Innovative Talents Restricts the Industry Development

The cultural creative industry is an intelligence-intensive industry, and its prominent characteristic is that it is dependent on individual creativity, and needs strong intelligence and creativity support. At present, the scarcity of innovative talents in China is one of the important factors which restrict the development of the cultural creative industry, compared with developed countries, China is completely devoid of full-time personnel who are engaged in the cultural creative industry, including creative talents, and related management and marketing talents in the industry, etc. Unlike traditional industries, the impetus which accelerates the development of the cultural creative industry is innovative philosophy and creative ideas, without the impetus, there is no development of the cultural creative industry.

2.2.3 Lack of Consciousness of Intellectual Property Right Protection

Another characteristic of the cultural creative industry is heavy investment and high cost in the prior period, but it consumes no cost to reproduce finished products. Therefore, the intellectual property right protection of the cultural creative industry seems especially important. Many factors of imperfect market, weak consciousness of intellectual property right protection, unsound laws and regulations systems and so on cause rampant privacy, and counterfeit and shoddy products in China’s cultural market, and this phenomenon severely cracks down on enterprises’ enthusiasm about technology and product innovation, makes enterprises lack innovation impetus, and then hampers the development of the cultural creative industry.

2.2.4 Poor Overall Strength and Lack of International Competitiveness

As it is an emerging industry which is still in the preliminary development stage, China’s cultural creative industry has poor overall strength compared with that of developed countries. As the development of the cultural market is imperfect, China’s cultural creative industry is greatly impacted by foreign brands, especially by the cultural industries of America, Japan and Korea,
consequently, China’s national creative industry is under a difficult circumstance, has very few self-owned brands with international influences, doesn’t form new models or systems of independent innovation as a whole, and lacks international competitiveness.

3. Analysis on the Roles of the Chinese Government in the Cultural Creative Industry Based on Public Expenditure Policies

3.1 Necessity of government support for the development of the cultural creative industry

Analysis on public project is often from the discussion about project history and environment. After dating back to the development history of the cultural creative industry, Britain is the country which initiated to develop the creative industry, after taking office, the Blair Government put forward the development philosophy of “New Britain”, hoped to activate British economy through “creative industries”, and also improve the international image of Britain through improving its cultural international competitiveness and influences. The overwhelming majority of countries in the world develop the cultural creative industries with similar original intentions, hoping to develop new economic growth points, generate more employment opportunities and improve the cultural soft power.[1] As mentioned above, to energetically advance the development of the cultural creative industry helps promote the development of China’s economy, increase employment opportunities, enrich the people’s spiritual and cultural life, constantly improve China’s national “cultural soft power”, and make the Chinese culture go out and make bigger strides.

3.2 Market failure provides basis for government intervention

The particular characteristics of cultural creative products make them have the properties of public products to a substantial degree, concretely, the cultural creative products have a certain degree of non-competitiveness and non-excludability. For example, the consumption degree of negative film is unrelated to whether there are a few movie watchers or full of them in a cinema when a movie is on, then the case is extended to the open-air cinema in parks, there is no limitation from admission tickets, the properties of public products of cultural products are more explicit. Taking listening to radio as an example again, no influence is made on other persons when more or fewer persons listen to radio, but when a man plays radio in public, the passers-by listen to it inevitably, which is also the spillover of positive externality, and non-excludability and non-competitiveness manifest that cultural creative products have the essential attributes of public goods. The properties of public products of the cultural creative industry provide bases for government intervention in the industry. On the other hand, another important reason for the cultural creative industry to need government intervention is to make up for the problem of market failure existing in the cultural market. It is impossible for the market and enterprises to solve problems of unsound laws and regulations systems, imperfect infrastructure construction, negative externality and so on existing in the development process of the cultural creative industry, but it is necessary to remedy the problem of market failure in the cultural creative industry market by tangible means through government intervention and guidance on the premise of fully respecting the market regulations. While participating in the development of the cultural creative industry, governments mainly play the functions of providing public cultural products, providing policy guidance, optimizing the environment of the cultural market, promoting the benign competition and interaction among creative enterprises, etc.

3.3 Available government intervention forms

For the cultural creative industry, there are two kinds of available government intervention modes, the first one is government production, namely, governments decide distribution paths; the second one is private sector production, namely, governments give producers or consumers with subsidies (or impose tax on them), or decide distribution paths. It is an issue which needs urgently solving to intervene in the cultural creative industry in a certain path which is suitable for the sustainable development of the industry. Regarding the issue, cultural products can be differentiated according
to the properties of the cultural creative industry, governments can directly provide the cultural products which have high properties of public goods and private sectors have providing difficulty, such as the establishment of public cultural infrastructure in order to satisfy people’s ever-increasing spiritual and cultural demands; the private sectors can provide the strongly-competitive cultural products which can be strictly excluded through technical means, and governments only need to offer support in promoting reasonable competition and policy guidance. Governments should duly offer policy support or subsidies to traditional arts with national characteristics and cultural industries which help improve the citizens’ moral civilization quality and enrich people’s amateur cultural life, in order to safeguard the normal operation of the cultural creative industry and satisfy people’s spiritual and cultural demands.

4. The Findings and Conclusions

4.1 Efficiency result

The efficiency result of a government project mainly considers about the income effect and substitution effect caused by government acts, and the two kinds of effects often co-exist. Taking movie watching as an example, when a movie is on in cinemas and via the Internet, it is highly likely that people choose the less-costly Internet path rather than watching the movie in cinemas which costs more, on the other hand, people can use the money which should have been used for movie watching in cinemas to watch more movies.[2] However, the effects are accompanied with negative effects, as it is impossible to determine whether the money is still consumed for cultural products, if not, it undoubtedly causes the result of low efficiency.

4.2 Distribution Result

The distribution result of a government project mainly considers about the final destination of the project, concretely speaking, which benefited groups gain the final policy preferences. To analyze the issue, it is necessary to consider about stakeholders in the cultural creative industry chains. Below is the mostly-quoted cultural industry chain model chart. Whether governments’ support policies for the cultural creative industry can really benefit creative enterprises are often influenced by many factors, and how well the implementation result of government policies achieves preset goals is people’s concern. For example, a government hopes to implement a people-benefit policy and enable consumers to gain more cultural products with fewer expenditures by giving subsidies to cultural creative enterprises, but in the policy promulgation and implementation processes, publishers, service providers, wholesalers and retailers make responses according to the policy, whether the policy objective is achieved and consumers are the final destination are the important issues that the government needs to consider about while making the public policy.[3,4]

4.3 Equity-efficiency trade-offs

Private sectors are always pursuing profits. As market regulation has the defects of spontaneity, blindness and hysteresis, it is likely to cause disordered competition and chaos of market orders by simply depending on the market, which not only seriously damage the practical interests and R&D enthusiasm of the creative industry subjects, but also hamper the healthy development of China’s cultural creative industry. To ensure the fair and well-ordered market competition, governments should strengthen the macro-control of the cultural market, intensify the intellectual property right protection, construct just, reasonable, competitive and well-ordered cultural market order, and safeguard the healthy development of the cultural creative industry.

4.4 Goals of public policies

The two important standards of public project evaluation are economic efficiency and equitable distribution. However, governments should consider about more while measuring policy goals. For example, it is likely to gain rapider and lower-risk returns by continuing investing in economically-strong big cities, however, to maintain the balanced regional development, governments should give
more support to small and medium-sized cultural enterprises; it is likely to gain more profits by developing more international and higher-end cultural products, however, to serve the people, governments shall support more cultural product projects which benefit more groups; it is likely to facilitate sales by directly introducing foreign cultural products which have had influences, however, to develop the self-innovation ability, and protect and carry forward traditional culture, governments shall give more support to the development of national self-owned brands. In a nutshell, governments should consider about multiple goals while making public policies, and not measure the support to the cultural creative industry only by efficiency and distribution.

5. Policy Suggestions

Through the analysis, governments should support the cultural creative industry from the following aspects to promote the rapid and healthy development of Chinese cultural creative industry and satisfy the Chinese ever-increasing spiritual and cultural demands.

5.1 Increase the financial input, and provide the fund support

The primary factor to restrict the development of China’s cultural creative industry is financing difficulty. At present, the investment subjects of China’s cultural industry are relatively unitary, and it is necessary to further broaden the investment and financing channels, concretely speaking, there are mainly two paths: 1) increase the fiscal input. Government financial support is still the current main fund source for China’s cultural creative industry, and governments should strengthen the financial support to key regions and creative enterprises and increase financial input. 2) Extensively attract foreign funds and private capital. Governments can make more preferential policies to attract foreign funds and private capital for the cultural creative industry. Through policy inclination, foreign enterprises are encouraged to invest in the cultural creative industry in China, and use the cooperation modes such as transnational companies to accelerating the promotion of international competitiveness of the creative industry. Governments should take various measures simultaneously to relieve the financing stress of China’s cultural creative industry and promote its rapid and healthy development.

5.2 Implement the strategy concerning intellectual property rights, and strengthen their protection

The Report at the 18th CPC National Congress explicitly puts forward the implementation of the strategy concerning intellectual property rights and strengthens the protection of intellectual property rights. Weak consciousness of intellectual property right protection is a universal issue existing in China’s creative enterprises and personnel, and causes rampant intellectual property right infringement and privacy and makes enterprises lose the enthusiasm about and motivation of independent innovation. Facing these phenomena, the Government should strengthen intellectual property right protection in various forms, and establish and improve related laws and regulations. China currently has three main laws concerning intellectual property rights, namely, Patent Law of the People’s Republic of China, Trademark Law of the People’s Republic of China and Copyright Law of the People’s Republic of China, and two implementing rules, namely, Regulation on the Implementation of the Trademark Law of the People’s Republic of China and Regulations on Implementation of the Copyright Law of the People’s Republic of China, and also some regulations and decrees, etc. The Government should enforce and observe laws strictly, strictly crack down on the infringement behaviors of intellectual property rights, protect the creative personnel’s creation initiatives, maintain the market order, and promote the benign development of the cultural creative industry.

5.3 Strengthen the training of innovative talents, and develop the source power of innovation

The cultural creative industry is an intelligence-intensive industry and depends on people’s
creative support, therefore, talents are the most important and indispensable resource in the development process of the cultural creative industry. To keep ceaseless power for the development of the cultural creative industry, governments should give support from the following aspects. First to optimize the cultural environment and strengthen the innovation atmosphere. Governments should increase input in public cultural facilities, such as libraries, galleries, museums, and other cultural organizations, in order to lay a solid cultural foundation for cultural innovation; to strengthen publicity and guidance, and create an innovative and inclusive social environment which respects knowledge, talents and creation. Second, to optimize the innovative talent training mechanism. The current prominent factor which restricts the development of innovative talents is that a mechanism which is suitable for innovative talent training is not formed. Governments should energetically guide and encourage enterprises to strongly develop their self-owned brands, improve their self-innovation capacities, extensively stimulate employees’ innovative consciousness and creative talents, and transform cultural creativity into capital; they should pay attention to the joint force of innovation between innovative talents in universities and enterprises, pay attention to the dual training of knowledge accumulation and practice experience, and build higher-level innovative talents; and should give more incentive policies and funds, and encourage and support the training and subsequent advanced study of innovative talents, etc.

5.4 Energetically develop the self-owned brands, and strengthen the international competitiveness

It is the long-term development path for the cultural creative industry to build the self-owned brands with national characteristics by reference to the experience of developed countries. Culture is the bloodline and the spiritual home of the Chinese nation, China has a long history and profound cultural connotations, and it is the sustainable development path for China’s cultural creative industry to combine the traditional culture and emerging industries, actively build the cooperation platforms which are suitable for the development of the creative industry, form the creative industry chains with the self-innovation capacity, and train the self-owned brands with international influences.

References


