

# **Museums and Creative Industries: a Myth in Taiwan**

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## ***Background***

Most of Taiwan's economic development in the past emphasized export-oriented industries. However, following the rise in people's incomes and standard of living, Taiwan no longer enjoys a trade advantage in terms of the labor market. At present, Taiwan is in the midst of an industrial restructuring phase, and it is generally expected that Taiwan can readily transform itself into a high-tech economy. Meanwhile, in the context of this background, certain Taiwanese professionals have imported the concepts of "cultural industries" and "creative industries" from abroad since the start of this century, and they have developed "cultural and creative industries" with the expectation that Taiwanese industry in general can also transform and develop in this direction. Consequently, with strong government backing, the creative- and culture-centered activities of the "cultural and creative industries" are suddenly becoming inextricably linked with economic development. Now virtually all the issues relating to cultural policy in Taiwan are invariably tied to the development of "cultural and creative industries." Of course, museum development also fits into this discussion. However, can the management and operation of Taiwan's museums as a cultural and creative industry achieve ideal economic outcomes?

## ***"Cultural and Creative Industries": Policy and Plans***

At the end of the previous century, after the Labour Party in Britain adopted the phrase "creative industries" and undertook relevant strategies and actions in this regard, many other countries began vying to discuss making the development of "creative industries" or "cultural industries" as a policy goal. In Taiwan, however, these two phrases were combined as *wenhua chuangyi chanye* or "cultural and creative industries" (to be abbreviated hereinafter as "cultural industry" or "creative industries"), which was a world first. After summing up the experiences of leading nations and making certain adjustments for the local situation, Taiwan defined creative industry as follows: "industry that is centered on culture and creativity and that creates wealth and employment opportunity through the formation, use and protection of knowledge. In short, it is the industrialization of culture for expanding the consumer market for culture and creativity, and the enculturation of industry for strengthening the dynamics of creative design through cultural content and raising the added-value of products."<sup>1</sup> This definition is comparatively close to that the British version of "creative industry."

Today, however, the definitions for "creative industry" used in many countries are not at all identical, and there have been many discussions about this issue.<sup>2</sup> The most important problem caused by this lack of consistency in definition is that compiling cross-national statistics and making comparative analyses becomes difficult, and the persuasiveness of the numerical data is reduced. Moreover, when we review international discussions of creative industry in general, we find that the lack of uniformity in defining and classifying subcategories of creative industry became a focus of discussion early on. As explained in Britain's "Creative Industries Economic

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<sup>1</sup> "Wenhua chuangyi chanye chanzhi diaocha yu tuigu an," ["Survey and Estimate of the Productive Value of the Cultural and Creative Industry"], Taiwan Institute of Economic Research, 2003

<sup>2</sup> Wyszomirski, Margaret J. (2003). "The Creative Industries and Cultural Professions in the 21st Century: A Background Paper" prepared for the 2003 Barnett Symposium at the Ohio State University, May 2003.

Estimates: Statistical Bulletin,” published in July 2003, the methods used for compiling official statistics and categorizing the creative industry internationally are still unable to reflect that industry’s structure, so that it becomes very difficult to grasp its activities in full. “Wenhua chuangyi chanye diaocha yu tuigu yanjiu baogao” [“Research Report: Survey and Estimate of the Productive Value of the Creative Industry”], published by Taiwan Institute of Economic Research in April 2003, also points out the same problems.

Taiwan’s Council for Cultural Affairs of the Executive Yuan<sup>3</sup>, based on the British example, stated that creative industries make important contributions to generating employment and economic value. It also pointed out that the growth rate of Britain’s creative industries from 1997 to 2001 reached 9%, which far exceeded Britain’s overall economic growth rate of 2%. Moreover, while the total value of creative industries in Britain was 600 million pounds in 1997, by 2002 their value had already grown to 2.1 billion pounds.<sup>4</sup> In this supportive context, the Executive Yuan listed the “Plan to Develop the Creative Industry” as one of the ten major subprojects of the “Challenge 2008 National Development Plan”<sup>5</sup> and budgeted a total of USD37,911,765 for it.<sup>6</sup>

The following thirteen items are subsumed under the definition of creative industry used by the central government<sup>7</sup>:

- (1) visual arts industry;
- (2) music and performing arts industry;
- (3) industry involved in the facilities of cultural exhibitions and performances (all companies providing management and services to fine art museums, other museums, arts centers /artist-in-residence programs, musical concert halls, performing arts venues, and so on are subsumed in this category);
- (4) crafts industry;
- (5) movie industry;
- (6) radio and television industry;
- (7) publishing industry;
- (8) advertising industry;
- (9) design industry;
- (10) digital recreation and entertainment industry;
- (11) designer brand fashion industry;
- (12) architectural design industry; and
- (13) creative life products industry.

Museums were also included under the “industry involved in the facilities of cultural exhibitions and performances” category of creative industry as defined by the Taiwan government. Many symposia have been held to encourage museum staff and private industry to devise more activities that would generate income and create economic value.

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<sup>3</sup> Equivalent of Ministry of Culture in many other countries.

<sup>4</sup> These figures have been frequently cited by other nations when promoting the creative industry.

<sup>5</sup> <http://www.cca.gov.tw/creative/>

<sup>6</sup> Ibid.

<sup>7</sup> The definitions of creative industry used by local governments like the Taipei City Government also differ from one another.

In addition, to enhance the effectiveness of its “Challenge 2008 National Development Plan,” the Taiwan government further came out with the “Ten New Major Infrastructure Projects” plan,<sup>8</sup> expecting that government spending would stimulate private investment and consumption, achieve a broader “multiplier effect,” and drive economic growth. The budget for the “Ten New Major Infrastructure Projects” is USD14,705,882,353, of which the culture category is to receive 6.7% or USD982,352,941. Planned projects under the culture category include:

- (a) Taichung Guggenheim Museum
- (b) Southern branch of the National Palace Museum
- (c) Austronesian Cultural Theme Park
- (d) Taipei New Theater;
- (e) Wei-wu Camp art center; and
- (d) Popular music centers

### ***Experience from Abroad***

The successful experiences in the management and operation of numerous museums overseas are continually being introduced to Taiwan. In the past, the most important experiences that were being introduced to Taiwan’s museums involved the marketing of blockbuster exhibitions. Since the promotion of creative industries began, much of this information flow has been concentrated on how museums might combine and integrate their strengths and resources with those of other industries and professions, such as urban planning, architecture, business administration, tourism and recreation, in order to renew various regions and assist economic development programs. The most frequently discussed examples are the construction of the Tate Modern in London and the Guggenheim Museum Bilbao, but the Louvre expansion and the Berlin Museuminsel (Museum Island) are also occasionally introduced. The development and construction of the Guggenheim Museum Bilbao has been discussed in extreme detail because of the task of assessing the feasibility of building a similar Guggenheim branch in Taichung.

For example, the former Director of the Solomon R. Guggenheim Foundation, Thomas Krens, led prominent architects such as Zaha Hadid and Jean Nouvel to conduct on-site feasibility assessments for the construction of the Guggenheim Museum Taichung. It is expected that the construction of this museum can duplicate the miraculous success of the Guggenheim Museum Bilbao and serve to energize the cultural scene as well as spur economic development, thereby “killing two birds with one stone.” However, beyond the initial outlay of more than USD235,294,118 for construction, the museum would also require an extremely large outlay (approximately USD35,294,118) just for the right to use the Guggenheim name. Such a figure would be equal to 5.98% of the central government’s total annual budget for culture<sup>9</sup>.

When these past successful experiences of museum marketing, construction and

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<sup>8</sup> Meeting 2867 of the Executive Yuan (November 26, 2003).

<sup>9</sup> The central government’s budget for culture in year 2003 is USD590,501,764, which counts for 1.3% of its total annual budget.

development are introduced, the concept of “culture is good business” is constantly emphasized. Consequently, building new plans has been often discussed as a potential money-making activity.

### ***Museums in Taiwan: why their contribution to the creative industry is limited***

#### ***1. Their limited scale disqualifies them from “superstar museum” status.***

Judging from Taiwanese museology articles published in the past ten-plus years, many people place very high hopes and expectations on museum development, and this has generated a kind of illusion: that museums can increase revenue significantly through the sale of goods in museum stores. Actually, many conditions must be met before museums can accomplish this, and most of the museums that do so belong to that class of institution that the Swiss cultural economist Bruno S. Frey has termed “superstar museums.” In a recent article,<sup>10</sup> he uses market supply-and-demand considerations to define what makes a superstar museum:

- (a) great prominence among tourists and world fame among the general population;
- (b) a large number of visitors;
- (c) a collection of generally known painters and individual paintings;
- (d) an exceptional architecture;
- (e) a large role of commercialization, including a substantial impact on the local economy.

If we look at the situation in Taiwan using the standards above, then only the National Palace Museum can squeeze into the ranks of superstar museums. The world famous collections makes National Palace Museum the only museum in Taiwan which can attract foreign visitors to come specifically for it. And, with the exception of the National Palace Museum, most of Taiwan’s museums are small or medium-sized, and most of their visitors are local residents. For example, the Taipei Fine Arts Museum, which has had a relatively long history among art museums and occupies a leading position in the visual arts, received 300,340 visitors in all of 2003, or an average of 970 persons per day. The Chang Foundation, which operates a small private museum with an exquisite collection of Chinese art, receives an average of approximately 100 visitors on ordinary Saturdays.<sup>11</sup> If museums of such size want to design any revenue-generating activity, they have real difficulty in achieving economy of scale.

#### ***2. Museum patrons are long-accustomed to low admission charges, and this affects museum revenues.***

People’s consumer habits with regard to cultural activities also create barriers for museums as they develop revenue-generating economic activities. Since the vast majority of Taiwan’s museums are government-operated, the lion’s share of their expenses is borne by the public sector. With a small number of exceptions, these museums have always had a tradition of low admission charges. Today, most

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<sup>10</sup> Bruno S. Frey, “Superstar Museums: An Economic Analysis,” *Journal of Cultural Economics* 22: 113-125 (1998).

<sup>11</sup> Source: Chinese Association of Museums, Taiwan.

admission charges range between NT\$25 and NT\$50 (for the sake of comparison, one can purchase a can of Coca-Cola in Taiwan for NT\$20). This tradition of low ticket prices continues to affect museum revenues, even though these admission charges are unreasonably low relative to Taiwan's per capita GNP USD13,156<sup>12</sup>.

3. *The government in Taiwan keeps building new museums and does not pay enough attention to the improvement of existing museums.*

In Richard Cave's book *Creative Industries: Contract between Art and Commerce*, the author discusses lines of business that he considers to be creative industries, such as fine arts, cinema, publishing, performance, design, fashion, toys, and electronic games. Caves points out that "fixed costs" are the basic problem of economic organizations in the creative industry. He cites the example of a performing arts troupe and discusses its fixed costs. Fixed costs occupy an even higher proportion of the costs incurred by museums and their activities. Moreover, the amount of money that museums can expect to earn in order to offset those fixed costs is much less, percentage-wise, than in the performing arts, especially considering Taiwanese consumer habits when visiting museums and the numbers of museum visitors. Meanwhile, the museums' marginal costs—the costs they incur in order to attract more visitors—are low. However, Taiwan government, hoping to create another Billao experience, has been coming up with quite a few large new museum plans. That is, more and more money has been spent to cover fixed, especially set-up costs for new museums rather than improving the existing ones.

4. *The Taiwanese museum industry has still not reached full maturity.*

In the past, museums were always run by public sector administrators who had not been professionally trained in their respective museums' fields. It has only been in the past ten or twenty years that museums have slowly become more professional. Meanwhile, one of the difficulties they face is that even though most of them have the most basic hardware (their buildings), they cannot improve their collections, their specialized display-related equipment, their organizations, and their activities due to lack of human and financial resources. A relatively large proportion of the government's budget for museums that is not earmarked for the construction of new museums is limited to renovations of museum buildings. In the past few years, for example, the Taipei Fine Arts Museum has seen its budget steadily reduced, and its 2004 budget of US\$6,446,554 was a whole 20% less than its 2003 budget<sup>13</sup>. Most other museums are facing similar budget cuts<sup>14</sup> (though the percentage of reductions are slightly smaller).

5. *The number of visitors is emphasized, but not professional quality.*

In addition to the plans to build and develop the large museums and cultural

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<sup>12</sup> Source: Directorate General of Budget Accounting and Statistics, Executive Yuan, Taiwan. Year 2003.

<sup>13</sup> Source: Department of Cultural Affairs, Taipei City Government.

<sup>14</sup> There is a small number of museums whose budget have not been reduced greatly or have even been increased. However, this situation is usually influenced by vigorous wrangling between Taiwan's political parties—something that falls outside the scope of this article.

parks discussed above, local governments have also been setting up smaller museums. For example, the Puppetry Art Center of Taipei, established by the Taipei City Government and opened in August this year (2004), has drawn quite a few visitors, especially children on summer vacation. If museum experts had not continually voiced opinions about the displays, this museum would have been considered a very successful example of a creative enterprise, because it attracts many visitors, sells a lot of puppets in its store, and is located next to a large shopping mall that opened only a few years ago—factors that meet the criteria for a creative industry that creates wealth through cultural activities. However, on closer inspection, it still has a long way to go before it meets professional standards.

6. *The general economy affects consumer activity in museums.*

The government and nonprofit organizations involved in the display of objects all place high hopes on developing revenue sources from spin-off products. However, if museums want to enjoy good “box office,” they must be built on a foundation of solid macroeconomic prosperity. When we recall the big shows of the 1990s like the Monet and Picasso exhibitions in Taiwan, which attracted long lines of visitors, all these occurred during a period of economic prosperity. Also, one of the characteristic practices of Taiwan’s museums for blockbuster exhibitions like these was to cooperate with the media (especially newspaper publishers) in intensively promoting and reporting on the shows in order to increase revenue from admissions and especially the sale of spin-offs. Moreover, the organizations that derived the greatest profit from these were not the museums themselves but the ones that cooperated with them—the designers of the spin-off products and the sales media. In other words, the general viewing public will consume “cultural goods” only when the economy is thriving. Since Taiwan’s economy today has still not fully recovered from the last recession, the possibility that we will see more blockbuster exhibitions that bring good box office to museums is not very high.

7. *Taiwan’s museums are also constrained by their organizational structure.*

Most of Taiwan’s museums today are managed by government agencies, and virtually all of their resources come from the public sector. Although the government is strenuously promoting the idea of gradually making these museums independent organizations and is increasingly developing means of authorizing their independent management under various different forms in order to make them more efficient and professional, most museums still lack any strong motivation to develop revenue-generating economic activity, due to their structural problems. Although Taiwan’s museums do have a small number of capable leaders and professionals who can manage their institutions in the spirit of business, this is still a rare phenomenon.

***Museums as Compared with Other Creative Industries***

If we acknowledge that the implementation of policy should be backed by a sound theoretical foundation, then it is not difficult to discover that in the UK—where this practice has been long-established—it is still under constant trial and challenge. Andrew Pratt of the London School of Economics and Political Science pointed out that the emphasis on economic value caused the more traditional arts (those pursuing

a more purely “art-for-art’s-sake” mode of creation) to be marginalized.

Like the more traditional arts, museums are in an awkward position in the creative industries: although museums can drive economic activity in this area, they really cannot compete with the publishing, telecom, advertising, cinema, and digital content industries in creating economic value. That is to say, over the long run, resources will naturally get distributed to those who can create higher economic value. If we try to analyze why this is so, we discover that creative industries such as digital content, publishing, and so on are already well-capitalized and commercialized. Ranking them among the creative industries implies that the government need only nurture their development through various policies and further stimulation, and they will thrive even more.

### *Conclusion*

We must acknowledge the fact that museums, in the end, are nonprofit organizations. Their emphasis should remain on their four main basic functions of collection, display, education and research—only then can they help to bring economic development. After all, it is difficult to quantify how much they preserve culture, contribute to it, and instruct people. If we can develop a museum’s performance of its four main functions and its peripheral economic activities simultaneously, that would of course be the most ideal situation. But if such development involves the allotment of government resources and budgets, then the two demands cannot in fact be balanced.

The problem Taiwan faces is that ordinary museums nowadays still cannot improve their performance of the four basic functions, and at the same time, the government is unable to pay more attention to this. Consequently the government shifts its goal, hoping to depend on the construction of new museums and the development of peripheral industries to “make the economy work.” However, if the museum industry is to become part of the nation’s cultural infrastructure, this approach does not make good policy. Moreover, since Taiwan’s museums are small to medium in size, and their visitors are mostly limited to local residents, with very few exceptions, it would be impossible to achieve economy of scale for economic activity centering on any one of these museums.

Furthermore, the big budget that the government sets aside for promoting creative industries naturally means that it must reduce spending elsewhere, and if the museums fail to get enough resources, they will be squeezed out by the other creative industries. Another question that needs considering, therefore, is whether we are thus rationalizing the importance of museums among creative industries. The operation and management of museums needs support, and they should be given a larger budget. Meanwhile, the budget should not be forcibly rationalized as a form of spending for the development of creative industries. Instead, the museum budget should be considered a part of the government’s annual outlay for education and culture, and be increased.