

Culture & Economic Performance



What strategies for
sustainable employment and urban
development planning ?

Case study : Los Angeles

Preface

Los Angeles, United States megalopolis with more than 13 million inhabitants (Greater LA), felt the full brunt of the 2008 economic crisis. The city today must rise from the ashes on the road to recovery from a number of challenges that it has had to face, particularly on the economic front, with a high unemployment rate that continues to rise in addition to a high budget deficit.

A cosmopolitan and multicultural city, Los Angeles is a place that boasts productivity and innovation, ripe for establishing design, production, broadcasting and distribution networks and also for developing cultural industries, organised into clusters, such as fashion, furniture, jewellery, design.....

The most iconic example of these clusters is the American film industry, which enjoys indisputable worldwide hegemony in this field: Hollywood has undeniably become the quintessential model for the industrialisation of film. Be that as it may, this sector must now face new production methods (the independent cinema), dwindling numbers of cinema-goers and new ways to watch films ('home entertainment').

The film sector today is revamping itself with its sights set firmly on the future and with a view to overcoming these obstacles. Digital technologies, with the development of 3D, are one of the cornerstones of Los Angeles' cultural strategy. Also introducing a strategic alliance between film and video games should be a step in the right direction for the future. The objective behind decompartmentalising these film and video game clusters is to take full advantage of technologies and mutual skills therefore creating a wider-reaching centre of excellence, a source of international visibility.

In the same vein, Los Angeles is also developing fields of excellence within its universities; these are dependent upon a solid Research and Development department. An alliance between the public and private players has made it possible to deploy an effective funding strategy for these research departments, particularly in terms of culture (in other words the film industry). Co-operation between key players from all areas of the cultural cycle breathes new life into the film industry and empowers this sector to take innovative steps towards the future.

Strengths/Weaknesses/Opportunities/Threats in Los Angeles

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ <i>Size of the city : an appealing feature for people, businesses and capital</i> ▪ <i>Strong potential for innovation</i> ▪ <i>A cultural industry that plays a dominant role in the economy : the film industry</i> ▪ <i>Corporate image « Hollywood »</i> ▪ <i>Hosts festivals and events with worldwide renown</i> ▪ <i>Home to universities that are highly appealing on an international level</i> 	<ul style="list-style-type: none"> ▪ <i>Fragile economic situation : an economy that was brought to its knees by the 2008 economic crisis, with significant public debt</i> ▪ <i>Cultural offerings that are not particularly varied (essentially based on the leisure industry and film)</i> ▪ <i>A rising unemployment rate</i>
Opportunities	Threats
<ul style="list-style-type: none"> ▪ <i>Investments from the private sector in university research programs, including in cultural subjects</i> ▪ <i>Strong innovation in the film sector (3D)</i> ▪ <i>An alliance between the film industry and the video game industry</i> 	<ul style="list-style-type: none"> ▪ <i>Evolving production and broadcasting methods in the film sector</i> ▪ <i>Excessive levels of commercialisation and exacerbated marketing techniques leading to a drop in quality of the cultural products created</i> ▪ <i>The city's extreme dependence on the film industry</i>

Los Angeles' identity card																												
Population	<ul style="list-style-type: none"> ▶ City of Los Angeles : 3,806,003 inhabitants in 2007 (<i>City of Los Angeles area</i>) : 2nd city in the United States in terms of population after New-York ▶ Wider Los Angeles area ('Greater LA'): 13.25 million inhabitants (annual growth rate: +0.58%) 																											
Surface area	<ul style="list-style-type: none"> ▶ 1160 km² (density: 3400 inhabitants/km²) ▶ A built-up coastline undergoing constant development over more than 120 kilometres and urbanised up to 100 kilometres inland 																											
Surrounding areas	<ul style="list-style-type: none"> ▶ Los Angeles and surrounding areas: 5 counties (<i>Los Angeles – the largest, which extends 80 km from East to West and 60 km from North to South, Ventura, San Bernardino, Riverside, Orange</i>) ▶ Centre of these areas : <i>City of Los Angeles</i> ▶ City divided into 88 districts: Downtown, Hollywood, Beverly Hills, Long Beach etc... 																											
Economic dynamic	<ul style="list-style-type: none"> ▶ Seriously weakened unemployment rate before the crisis hit: 4.3% in 2007 (the 3rd lowest in North America preceded only by Vancouver and New-York). ▶ The economic crisis brought the United States to its knees: from the recession first hit, in December 2007, the American economy has bore the brunt of 5.1 million job losses and the unemployment rate has skyrocketed to 8.5% throughout the country. Since then, the unemployment rate in California is one of the highest in the country at 12.5%. ▶ Challenging economic times for the city: the budget deficit, brought on by the drop in revenues generated from taxes and by the continuous increase in the number of civil servants (5000 local government employees recruited since 2005), is 212 million dollars. The city council anticipates the closure of a number of public services. 																											
Key tourism figures	<ul style="list-style-type: none"> ▶ Almost 26 million visitors in 2007 (5 million of these international visitors) ▶ The main tourist attractions in Los Angeles are the theme parks such as Disneyland or Universal Studios Hollywood, as well as places that bear relation to the film industry (Hollywood, <i>Walk of fame</i>, homes of the stars...) 																											
Cultural sector	<ul style="list-style-type: none"> ▶ For the Greater Los Angeles Area, the « Arts, events and leisure, the hotel business and catering » sectors employ 209,000 people, equating to 11% of those in gainful employment (3rd sector for employment after 'Education, health and social security' and 'Scientific and Administrative Services') ▶ Film industry: in 2001, Hollywood monopolised 80% of parts in the film market globally, and 70 % for television programmes. An industry experiencing consistent growth (100 additional films every 5 years) but which has been running out of steam since 2008. ▶ A choice of museums (53 in total) which play a part in the influence and charisma of the city: LACMA (Los Angeles County Museum of Art), Getty Center (L.A's richest museum and a mammoth cultural complex), Museum of Contemporary Art (MOCA)... ▶ Fashion sector : boasts its own (« Fashion district ») and its internationally renowned event (« Fashion week ») ▶ Significant number s of festivals and events : more than 46 in the fields of music, dance, film, performing arts¹... ▶ Theatres and Operas number 24 <div style="text-align: right;"> <p>Employment split by activity sector (City of Los Angeles)</p> <table border="1"> <caption>Employment split by activity sector (City of Los Angeles)</caption> <thead> <tr> <th>Activity Sector</th> <th>Number of Employees</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Education, health</td> <td>341,577</td> <td>19%</td> </tr> <tr> <td>Scientific and administrative services</td> <td>239,898</td> <td>13%</td> </tr> <tr> <td>Arts, events and leisure, hotel industry and catering, restaurant</td> <td>208,991</td> <td>11%</td> </tr> <tr> <td>Trade and selling</td> <td>193,841</td> <td>10%</td> </tr> <tr> <td>Industry</td> <td>183,964</td> <td>10%</td> </tr> <tr> <td>Other services (excepts public administration)</td> <td>134,665</td> <td>7%</td> </tr> <tr> <td>Construction</td> <td>133,428</td> <td>7%</td> </tr> <tr> <td>6 sectors each accounting for less than 7%</td> <td>410,797</td> <td>23%</td> </tr> </tbody> </table> </div>	Activity Sector	Number of Employees	Percentage	Education, health	341,577	19%	Scientific and administrative services	239,898	13%	Arts, events and leisure, hotel industry and catering, restaurant	208,991	11%	Trade and selling	193,841	10%	Industry	183,964	10%	Other services (excepts public administration)	134,665	7%	Construction	133,428	7%	6 sectors each accounting for less than 7%	410,797	23%
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6 sectors each accounting for less than 7%	410,797	23%																										
Education	<ul style="list-style-type: none"> ▶ Four main universities (2 public and 2 private) welcoming 299,686 students : <i>University of California Los Angeles (UCLA)</i>, which has its own film studios, <i>California State University</i>, <i>University of Southern California (USC)</i>, which is reputed for its school of film, and <i>California Institute of Technology</i> ▶ Significant funding in Research and Development in these Universities 																											

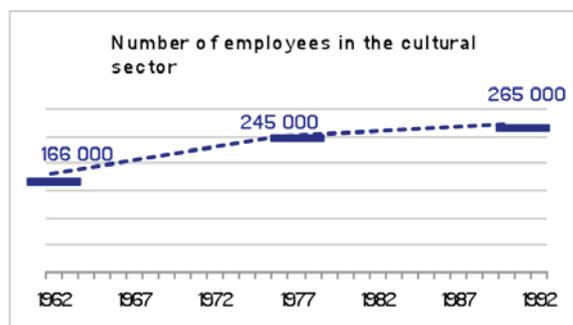
¹ <http://www.laokay.com/eventsfestivals.htm>

Los Angeles is an appealing multicultural city characterised by its intense economic activity and impressive development in cultural industries

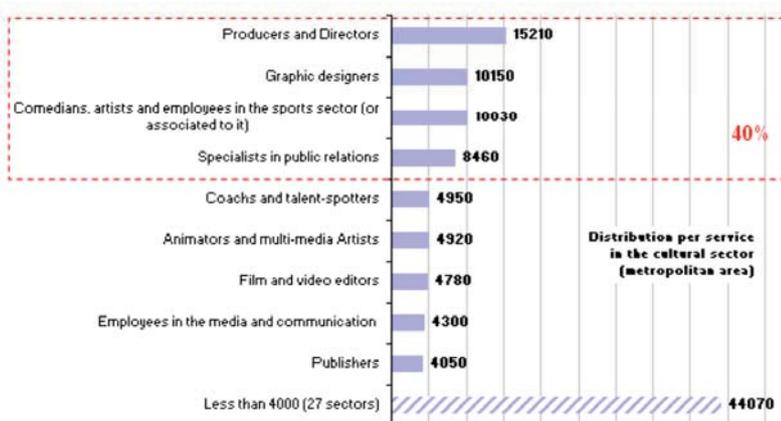
- **Los Angeles is the 7th most populated city in the world.** One of its most striking characteristics is its size. It also stands apart due to its cultural diversity.
- The city has continued to climb the worldwide demographic hierarchy: through the combination of 3 dynamics (inter-regional mobility, the United-States growing receptivity towards Latin America and inclination of the worldwide economy swinging towards the Pacific regions) which together contributes towards securing an unrivalled position within the system anchoring American supremacy. Also worth noting, the megalopolis has replaced New York as the main entry point for immigrants.
- Emerging from this history is a city where multi-culturality clearly plays a pivotal role, and this stems from the diversification of its people. Los Angeles is a cosmopolitan city: it is quite commonplace to encounter more than 120 languages and dialects there.

▶ **Los Angeles suffered a crushing recession at the beginning of the 1990s, the spotlight on the growing importance of cultural industries in the city's economy.**

- The recovery of the local economy in the wake of the recession is due primarily to the success achieved in the worldwide market, gained as a result of showcasing the city's image as a genuine economic product.
- During the 1990s, cultural industries (film, audiovisual, music) were the most dynamic sector in the local economy. As a whole, the sector experienced significant growth (+37.5% in employment in the 30 years between 1962 and 1992).



▶ **Los Angeles is a leading economic player in the United States, offering impressive diversity in the employment sector and intensive economic activity.** The city is the nerve centre of California, it is home amongst others to the United States first port complex (3rd port in the world), in addition to the world's 5th airport. Today, the region of Los Angeles has become an economic stronghold, evermore indispensable to a range of activity sectors (agricultural and maritime sector, services, oil sector, or manufacturing and production sector, tourism, film and multimedia).



▶ **The 'Arts, Design, Leisure, Sports and Media' sector represents a total of 120,000 jobs².** In total, 38 sectors belong to these aforementioned categories. They employ from 190 people in the smallest sector ('Broadcasters') to 15,120 people for the largest ('Producers and Directors'). A commanding force driving modern capitalism, cultural industries today have a significant part to play in economic growth and in employment.

▶ **The sheer size of Los Angeles is its ace card and a comparative advantage for its economic appeal.** Effectively, the larger the urban area, the more effective the cultural industries in that same area: the place is then more productive and has greater potential for innovation.

² May 2009 Metropolitan and Non-metropolitan Area Occupational Employment and Wage Estimates
 Surrounding areas : Los Angeles-Long Beach-Glendale, CA Metropolitan Division ([http://www.bls.gov/oes/current/oes_31084.htm#\(1\)](http://www.bls.gov/oes/current/oes_31084.htm#(1)))
 Forum Avignon 2010
 Case study: Los Angeles

Los Angeles has put its stakes in the development of these cultural sectors into clusters where progress is variable depending on the growth strategy deployed

- ▶ **Cultural industries are grouped together in different geographical locations at the heart of the city, which constitute bunches or clusters.** These clusters merge three components which play a pivotal role in producing culture:
 - **Networks of businesses highly specialised but also complementary.** Production is crumbling (a multitude of small players each with a specific role to play in production). At the same time, these networks of players adapt their ways in line with the projects and needs of each one (functional reintegration). At the end of the film, the generic ("final credits" in English) is a defining representation of the network that has produced this symbolic product. When this piece of production is concluded, the network part ways. It will reform at a later date for a future project, thus facilitating a continuous circulation of the employees and knowledge between the businesses involved.
 - **Local labour markets.** Their proximity to their places of work creates a spirit of competition amongst the production networks, as much in terms of skill-sets as in the projects they come up with. These labour markets are complex, facilitating a reproduction process of the workforce, skills, sensibilities, socialisation amongst the workers, and diversity in terms of their qualifications...
 - **Training and innovation.** Clusters constitute centres of creativity and innovation. This phenomenon can be explained via continual intermingling between people, businesses, workers, which evolve together and which exchange ideas. It is indeed worth noting that the workers follow working methods that are often non-conventional: temporary work, "freelance" work, to which are added the contractors and independent workers. This characteristic transpires more and more in the cultural labour market.
- ▶ **The city of Los Angeles is particularly conducive for introducing clusters in the cultural industries sector.** It does in fact offer a prime industrial fabric that is ideally adapted to witness the introduction of these centres of innovation and competitiveness.
- ▶ **The performance of the different sectors does vary however**

Activity Sector	1962	1977	1991
Clothing	53 078	88 072	110 626
Furniture	21 902	33 727	28 136
Film	31 435	40 170	129 540

Employments per sector

- Some businesses have effectively based their strategy upon competitiveness in terms of costs rather than giving priority to quality. As a consequence this has induced a downward spiral including wage cuts and a deskilled workforce.
- This phenomenon is experienced by the industries linked to furniture; the clothing and film industries have on the other hand bore witness to numerous job opportunities in the second half of the 20th century.

- ▶ **Cultural industries were developed based on the principle of economic bunches, split based on geographical location relative to the district's heritage, historical and available resources and savoir-faire, as well as the natural location of businesses.** These industries are therefore developing in areas that were urbanised a good while previously (as opposed to high technology industries, on the 'urban peripheries').

Downtown LA	Jewellery and clothing
Huntington Park	Furniture
Century City	Publicity
Hollywood	Entertainment/ Film
Burbank	Film studios, television, musical recording
Triangle Santa-Monica / Culver city / Playa Vista	Multimedia, recording, film
Anaheim / Buena Park	Leisure and entertainment facilities surrounding Disneyland
Orange County et Ventura County	Automobile design

Hollywood has irrefutably staked its claim as the quintessential model for the industrialisation of film and is the reason behind the worldwide supremacy of the American film industry

- ▶ **Since it first burst onto the scene, the film industry in the United States has been viewed from a commercial stance where culture and economy are inextricably bound together** (since 1915 the Supreme Court declared that « *broadcasting films is purely and simply business, driven by and developed for profit.* »). Major American companies strive to impose free-exchange of cultural material.

- ▶ **The film industry is one of the few sectors to present a positive balance of trade:** it exports more product than it imports, and this is true in all countries where it has a presence.

- The American film industry has a widespread dominant influence abroad. The American film industry is top of the rankings across the world.
- It is enormously powerful and profitable. Its growth rate has doubled in ten years: 7 billion dollars taken in ticket sales in 1991 on the international market, compared to 15 billion dollars in 2001.
- On a worldwide scale, Hollywood reigns supreme accounting for 80% of the market. Only the Indian film industry (Bollywood) can compete with Hollywood in terms of the number of films produced (with 1 000 films per year for Bollywood and 800 for Hollywood) but not in terms of value. The ace card that the United States can play is its marketing system and the extremely effective ways in which it is distributed.



- ▶ **The American film industry is made up of three types of protagonists**

- the **major organisations**, represented by the Motion Picture Association of America (MPAA) within the United States, and by the Motion Picture Association (MPA) abroad. The MPAA represents the seven leading players within the industry, in other words the producers and distributors for 'filmed entertainment', that is to say films for the cinema, television programmes, cassettes / DVD, etc.
- their **subsidiaries**,
- the **independent producers**, very few and far between but who are producing more and more films each year (the most influential, *USA Films*, produced 15 films in 2000: 1% of the national box-office takings).

- ▶ **The major organisations monopolise almost the entire American market.** Since the 1980s, it was from that point onwards possible for the studio to acquire broadcasting channels (cinemas, television channels). The major players have since focused all their efforts on all the stages of the value chain on audiovisual products (production, distribution and broadcasting), which afforded them indisputable dominance over the independent studios.

- ▶ **2009 was a record year for Hollywood: more than 10 billion dollars in ticket sales.** In terms of volume, the number of tickets sales has increased by 5%. The four professions with the highest annual salaries form part of the cinema industry, but do not employ the highest numbers of employees; we are referring to producers and directors (133,000\$/per year, the most employees), artistic directors (110,000\$/per year, ranked 14th in terms of the number of employees), scriptwriters and authors (107,000\$/per year, 12th place) and film editors (91,000\$/per year, 9th place). The average annual salary in Los Angeles in professions that pertain to the culture sector is 75,000\$/per year, proof that the film industry is a sector that does pay well. By way of example, graphic designers, second highest profession in terms of number of employees, earn on average 58,000\$/per year.

In the wake of the economic crisis and as a result of the development of « *home entertainment* » new methods of consuming these types of products have appeared on the scene weakening the American film industry

- **With the film industry's extremely positive bank statements, there are however different figures that do tell a different story and illustrate a change in the sector.**
- Ticket sales from cinemas across the world stood at 28.1 billion dollars en 2008 (+5.2% compared to 2007). However, the 1.7% increase across the North American territory (where 610 feature length films were distributed) can be attributed to the increase of approximately 5% in the price of the cinema tickets, since the numbers have dwindled slightly over the course of the last five years (2004 to 2008).
- Since the public is virtually only interested in local productions, the scriptwriters strike in 2008 impacted in particular the number and the quality of works produced: approximately 600 films per year since 2004 with a drop to 520 films in 2008.

- ▶ In addition there has been a spectacular increase in the number of films produced in Europe, in Japan and in India, and as a consequence that has led to growth in the domestic film market in Europe and Japan.
- ▶ **We are therefore faced with something of a paradox: the worldwide film industry has never been so prolific and creative; it has never stimulated so much enjoyment. However its economic model is faltering**, as the number of people attending is in direct competition with new cultural practices ('*home entertainment*': DVD, *home video*). There are several other findings that reveal the crisis that is sweeping across this sector:
 - Employment in the film industry, in television and in publicity shoots for the region of Los Angeles has fallen to 122,200 in February 2009, compared to 141,400 in November 2008. Hollywood has not had to withstand, for a long time, so many redundancies (800 jobs at Warner) and budget cuts. These figures translate a net decline in activity and a cost reduction.
 - More than a year after the scriptwriter's strike, the latent conflict between the studios and the trade union, since the studios have not renegotiated their contracts, threatens to cause stoppage and supplements the decline in this sector.
 - The studios leadership have suffered from the crisis, and the new mergers that have come about as a result thereof (takeover of the *Endeavor Talent* agency by the *William Morris Agency* founded in 1898).

The film sector is revamping itself and is developing a diversification strategy to take forward its production, broadcasting and funding methods.

- ▶ **Faced with fresh challenges, the film sector is in the throes of reorganising:**
 - **Production** : new competitors to rival the major companies are appearing on the scene with the arrival of the independent cinema
 - **New broadcasting methods**: the development of '*home entertainment*' coupled with new ways to watch films has knocked traditional systems for six.
 - **Research into new funding methods** : this is in direct response to the crisis that has knocked the sector sideways
- ▶ **The up and coming independent cinema is enjoying more and more success and is now competing with the major players**
 - In 2008, 311 films were produced by independent producers. This figure speaks volumes, since scarcely more than 80 films were produced independently 10 years ago. This phenomenon illustrates the diversity and vitality of the American film industry.
 - However, profits are still nowhere near the overwhelming success reaped from the blockbusters produced by the major players. The market is divided as follows: 8.2 billion dollars worth of ticket sales in 2006 for the major studios and 800 million dollars in ticket sales from the 311 independent films.
 - However, the rapid development and boom of independent film is now creating real competition with the big studios which had, in the past, essentially held the monopoly on productions. This phenomenon brings with it the need to redefine the criteria for how a film is conceived: it is vital to invest time into quality research and to breathe new life into the types of films that are given the green light, in order to captivate a public that is also constantly evolving. The resurgence of these high-quality films (to the detriment of the « *blockbusters* ») can in fact be explained primarily due to an older and more « intellectual » audience: the majority are 50 years or more and only seem to be getting older, compared to the under 25s. The competition is stepped up with leisure activities for young people and access to a wide range of films on the Internet are at the root of this change in behaviour.
- ▶ **The modern public are now more inclined towards new ways of watching films**, such as DVDs, VOD and Internet downloading which have become the direct competitors to the cinema screens. In response to these changing tendencies, during the last few years the company *IFC Films* has developed two separate initiatives as part of the video on demand platform, which can be accessed through the American cable network: '*IFC in Theaters*' (offers viewers the opportunity to buy or see in streaming films that are not yet widely available) and '*Festival Direct*' (enables the viewer to preview six films selected from different festivals around the world every month).
- ▶ **Therefore, two different approaches in film distribution stand apart**
 - Some companies, such as *IFC Films* or *Magnolia Pictures*, have opted to try out new distribution circuits and choose **to release the movies instantly via the Internet**. Via this approach, their goal is to generate instantaneous success. These methods have already proven that alternative methods can also generate enormous profits: *Two Lovers*, released by Magnolia, was initially released for video on demand before finding itself released on the cinema screens; this investment led to the film bringing in a total of almost 1.2 million dollars to the American box office in just a month.

- Nevertheless, the majority of distributors such as *Sony Pictures Classics* or *Miramax* remain faithful to **traditional distribution methods** through word of mouth that has been built up over the long term. This traditional route generates substantial revenue.
- ▶ **Faced with these new ways of broadcasting, the film industry does however agree on one point: the importance of film festivals.** The transformation perceived in film distribution has had an impact on festivals, in diversifying its role. Nowadays, this event is without doubt effective as a launching pad for directors with their sights set on a film release. It has equally become a testing ground from which directors can choose different distribution strategies and decide which approach is most suitable for their film.
- ▶ **This transformation in production and broadcasting is accompanied by research into new sources of funding for the key players in this film sector:**
 - Worth noting is the phenomenon of carrying forward **capital from traditional industries to cultural industries**, in media firms that have electronic production (such as computers) and that also have television stations or production studios (large firms that are in search of synergies within production systems and cultural consumption systems: the company SONY serves as a perfect example of this.).
 - Studios in Hollywood today are hoping to see the introduction of tax allowances to help them to fight this crisis and to face the economic difficulties that they come across (dwindling numbers, falling DVD sales...). During Congress, however, a clause that was set to grant tax reductions reaching 246 million dollars (184 million Euros) to the Hollywood studios was rejected in January 2010: compared to other sectors, this sector still rakes in colossal revenues for the United States.

Today's film industry is investing in digital technologies (3D) and is devising a concerted plan of action for change for the future through video games

Digital technologies act as leverage for Los Angeles's cultural strategy and enable the city to confront piracy and falling numbers of cinema-goers

- New three dimensional technology has completely rocked film industry figures. Tickets for 3D films sold in North America have alone generated 11% growth. The number of cinema screens worldwide showing digital movies has increased by 86 % since 2009 (16,000 auditoriums now with this technology in 2010).
- The development of 3D can in part be explained by the efforts deployed by Hollywood to combat piracy, one of the main culprits behind the initial drop since 2003 in the number of films produced in the United States.
- The film sector is heavily dependent on 3D, technology offering the viewer a new visual experience; Hollywood hopes through this technology to see a turnaround in the dwindling numbers of cinema-goers.
- ▶ **At the same time, we are working towards decompartmentalising clusters (in film and video games) so as to achieve a wider-reaching, more influential centre of excellence**

Communication between Hollywood and video game designers is on the up and takes place based on two different themes: the creative design aspect and the economical aspect.

- **It is from the creative perspective that film has the strongest influence on video games.** The convergence between special effects and animation is an important example of this: for Hollywood, a stronger alliance with video games is a source of innovation. Video game designers have been able to create a visual style due to the film industry. This influence can be seen due to the fact that the most instrumental video game designers (Activision, THQ, Electronic Arts...) are recruiting more and more employees with a direct background in film: experts in special effects, cinematographers, composers or screenwriters (demand being such that the average salary commanded by a top set designer with experience in the film industry would hover in and around 100 000\$/per year). We are witnessing a migration of film industry professionals to video games across all levels of the value chain. The larger studios are all backing similar projects: merge together special effects and video games, by setting up communal digital libraries.

- **However it is from an economic perspective that this alliance is most promising.** The key contributing factor behind the success of this connection is demand from a huge and loyal public that was already there ready and waiting. The production budgets for films, and especially the marketing budgets, are increasing year on year, whilst the DVD market is beginning to saturate and become stagnant and average revenues from the film market are falling; studios are therefore looking for quick fixes with minimum associated risk. This is precisely what can be achieved by transferring a popular film into a video game. New marketing strategies are developed by the studios: release the video game at the same time as the film or DVD.
- Combining the world of film and video games together in this way brings with it a demand for **higher quality products on the part of video game consumers**, the latter getting closer and closer to the technical and creative possibilities of films. This increases the budget for a video game considerably: to produce a video game 5 years ago, a team of 8 people was required for a year, with an average budget of 5 million dollars. Today, 3 years are required, with 50 employees and 10 million dollars (25 million dollars including the marketing campaign).
- Hollywood's studios are not the only ones to reap the rewards from this union between the two sectors. **In recent years the video game market has seen significant growth.** This market represents 11 billion dollars. Video game designers capitalise on giant marketing campaigns and on the popularity that goes hand in hand with a huge blockbuster (for example, the adaptation of *'Harry Potter'* into a video game by *Electronic Arts*: more than 9 million copies of the video game were sold in 5 months) Another strategy worth mentioning: the video game designers sell the rights of the game for a film adaptation.
- **Video games in Los Angeles today are developing at the heart of a cluster:** Electronic Arts has just opened a new centre in West Los Angeles. The objective of this company is to act as an ambassador for video games to the world of film, creating a network of creative and economic links. The Siggraph (*Special Interest Group in Graphics*), international conference dedicated to interactive techniques and digital graphic design, took place in Los Angeles in August 2008. During this its 35th meeting, the focus was on digital graphic art and emerging interactive technologies, with evermore innovative systems (movement detection through the players own joy pad, 3D impression systems which mean it is possible to personalise the objects that are produced).

Los Angeles has implemented a high-return strategy in terms of funding for Research and Development in the cultural sector, replying on an alliance forged between public and private players

- ▶ **Los Angeles boasts four main universities, in which film occupies pride of place.** They are located on campuses that have two main selling points for cultural development: the sheer volume of students and highly developed cultural infrastructures at the very heart of these universities (cinemas, auditoriums and theatres). The city has :
 - Two public universities :
 - *University of California Los Angeles (UCLA)*, which has its own film studios
 - *California State University*
 - Two main private universities:
 - *University of Southern California (USC)*, which is renowned for its school of cinematic arts, founded in 1929. It has taught some of the greatest names in American film: the *George Lucas* foundation announced in September 2006 that it would make a donation of 175 million dollars to construct or renovate buildings. The University of Southern California also holds its own welcoming the highest number of foreign students in the year 2004-2005 (23% of the total number of enrolments, ahead of the *University of Illinois*: 14%).
 - *California Institute of Technology*, highly selective university based in Pasadena, in the suburbs of Los Angeles
- ▶ **Funding for the Research and Development departments in American universities is prodigious, and contributes to the abundance of laboratories and research programmes, therefore enabling these establishments to become a real hub for innovation.** This funding comes from the federal government and private funding:

- The federal government allocates funds for research and development in the form of contracts with the universities. For 2008, the **American budget set aside a sum of 91 billion American dollars in grants** for a total of 10.4 million students at university level. Each State also has its own budget for its universities. The United States are the biggest investors in education, allocating 28% of the national budget to higher education.
- There are two **extremely important and specific sources of private funding** in America, in addition to the traditional sources of public funding:
 - **'fund raising'**: campaigns to raise funds from former pupils (1st source of donations), and from businesses, and other economic players. In 2004-05, the total amount of donations collected from all these establishments was valued at 25.6 billion dollars, in which 28% were from former pupils, 27% from private foundations, 20% from individuals, and 17% from businesses
 - **'endowment funds'**: financial capital for the universities, built up and added to by donations received and a proportion of the yield from this capital (their investments earned a return of 9.3% in 2005)

▶ **In the United States cultural R&D (Research and Development) is part of the everyday norm.** American universities do not operate in accordance with a system of disciplinary compartmentalisation: exact, human and social sciences, and artistic and cultural sectors are run side by side. There are a number of connections in cultural engineering between the private and public domains. The key feature of cultural R&D in universities is blending purely artistic disciplines with sectors such as architecture, city politics, computers and sciences. Therefore, at the film studios at the University of California in Los Angeles (UCLA) there is a clear goal – to invent the cinema of tomorrow. Supported by the film industry, but sheltered from the pressures of the market, these studios genuinely open doors for researchers and students to innovate, design and to take risks. The culture of the future is created there, at the art, media and sciences crossroads.

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