# THE ECONOMIC CREATIVE, COLLABORATIVE AND INNOVATION CHALLENGES IN BRAZIL $^{\rm 1}$

# JOSÉ FRANCISCO SIQUEIRA NETO<sup>2</sup> DANIEL FRANCISCO NAGAO MENEZES<sup>3</sup>

**Abstract:** The theme of "creative industries" is the focus of discussions in international bodies and communities in recent years, being highlighted as strategic for growth and economic and social development in developed and developing countries, either through job creation and income, either through the promotion of social inclusion, cultural diversity and human development. There is, however, a theoretical basis on the "creative economy" or in economics or in the laws regulating the economy. What little has been discussed about the creative economy in Brazil takes the initial conclusion that this sector is necessarily linked to technological innovation processes, without which there is no need to talk about "creative economy." Even the origin-based Collaborative Economics is mentioned in academic debates, especially the Brazilian. The overall objective of this article is to analyze the situation of the creative economy in Brazil and, as is the necessary relationship (dependency) to innovation and also its impact on economic development, contributing to the consolidation of Social Economy and the construction of a theoretical and legal framework.

Keywords: Creative Economy; Social Economy; Innovation; National Development.

#### 1. INTRODUCTION

The Brazilian economy has in recent decades a profound transformation going with the emergence of new economic sectors adapted to the new technological reality. These changes, together with the changes in orientation of national economic policy lead to the need

<sup>&</sup>lt;sup>1</sup> Article developed in the Research Project Creative Economy and National Development funded by Mackenzie Research Fund.

<sup>&</sup>lt;sup>2</sup>Lawyer, Master (PUC-SP) and Doctor (USP) Law Professor Graduate Program Holder in Political and Economic Law.

<sup>&</sup>lt;sup>3</sup> Graduated in Law from the Catholic University of Campinas, specialization in Constitutional Law and Civil Procedural Law both from PUC-Campinas, Specialization in Didactics and Teaching Practice in Higher Education from the University Center Padre Anchieta, Master and Doctor of Political and Economic Law University Mackenzie. University Professor of Law School of Mackenzie Presbyterian University, campus Campinas.

to adapt and create new tools of economic law capable of supporting the new production arrangements.

The Creative Economy fits within one of these new production arrangements, with a term - although no precise definition - designating business models or management that is based on activities, products or services developed and run from the knowledge, creativity or intellectual capital of individuals.

Unlike traditional economy - industry, agriculture and trade - the creative economy is to focus the potential individual or collective to produce creative goods and services, tangible or intangible, intellectual and artistic, with creative content and economic value, emerging a new form of production wealth.

The activities "creative" are located in sectors such as culture, fashion, design, music and crafts. Another important part is found in the technology and innovation sector, such as software development, electronic games and mobile devices. Also included are activities television, radio, cinema and photography, as well as expansion of the different uses of the Internet.

The United Nations Report on the Creative Economy<sup>4</sup>, drafted in 2013, reports that the global trade in creative goods and services generated US \$ 624 billion in 2011, doubling its value in the last ten years. The same report points out that the contribution of private cultural activities is on average 5.2% of GDP (Gross Domestic Product) in 40 countries surveyed by UNESCO<sup>5</sup>.

In Brazil, according to the 2012 Report of the FIRJAN<sup>6</sup> - Federation of Industries of Rio de Janeiro, the contribution of the creative segments was 2.7% of GDP in 2011, based on the total payroll generated by companies in the creative industry that year<sup>7</sup>. The result puts

<sup>&</sup>lt;sup>4</sup> <u>http://unctad.org/pt/docs/ditctab20103\_pt.pdf</u>. Acess 19/03/2016.

<sup>&</sup>lt;sup>5</sup> Are cited countries such as Bosnia and Herzegovina, with the creative industry contribution at 5.7% of GDP, Ecuador (5%), Argentina (3.5%) and Colombia (3.4%)

<sup>&</sup>lt;sup>6</sup> <u>http://www.firjan.com.br/EconomiaCriativa/pages/default.aspx</u>. Acesso em 19/03/2016.

<sup>&</sup>lt;sup>7</sup> The study also shows that the Firjan the formal labor market sector consists of 810,000 professionals, representing 1.7% of Brazilian workers. The segment employs more labor is the Architecture and Engineering, with 230,000 workers, followed by Advertising and Design, which employs 100,000 professionals each. The fashion chain also appears highlighted in the study, given that accounts for almost 30% of the creative industry chain, with 620,000 establishments in the country.

the Brazil above countries like Spain, Italy and the Netherlands, however, well below the United Kingdom, France and the United States.

As for the Ministry of Culture of Brazil, in 2010 Creative Economy generated R \$ 104 billion in wealth (approximately 3% of GDP), higher than the wealth generated by the mining sector, estimated at \$ 78 billion. Also according to the Ministry of Culture in Brazil there are about 400 000 formal companies linked to the Creative Economy (MASI, 2015, p. 172).

In addition to the economic benefits above pointed out, that occurs with the addition of a new form of wealth production, the creative economy also contributes significantly to the social development time employment relationships occur differently from the traditional economy, valuing entrepreneurship and self -management, whose consequence is inclusive and sustainable growth and diversification of the generation mechanisms and distribution of wealth.

Due to the growth potential of the creative economy in Brazil, it was established in 2011 the Secretariat of the Creative Economy, under the Ministry of Culture with the task of driving, formulation, implementation and monitoring of public policies for local and regional development, prioritizing support and encouragement to professionals and micro and small Brazilian creative endeavors.

However, being an economic sector still in consolidation, the creative economy has not yet reached an adequate level of legal regulation and the existing public policies parkas deal with specific issues not existing points of connectivity between them, coordination absence this which ends up cluttering the growth of the creative economy in the country given the situation of legal uncertainty.

The legal uncertainty framework stems from the lack of relationship (dialogue) with the processes and economic development programs, there is no relationship between Creative Economy, Innovation and National Development.

#### 2. NATIONAL DEVELOPMENT

Economic development is a historical phenomenon that happens in capitalist countries economic matrix, characterized by the sustained increase in productivity and per capita income, accompanied by systematic process of capital accumulation and incorporation of technical progress.

Economic development demand state and market mechanisms involving incentives for the continued increase in the stock of capital and technical and scientific knowledge. However, economic development rates are not equal in all countries, and, on the contrary, variable depending on the capacity of each country to use their respective states, especially with regard to control of the market, to achieve development.

The accumulation of capital in a technologically dynamic and competitive economy, as is the capitalist, especially in globalized times, becomes the key element of corporate survival. However, economic growth and capital accumulation rates are so disparate, that the economic development of countries is not ensured only with the improvement in growth rates and accumulation, serving the Brazil of the 80s as a great example.

The two main factors that determine economic development are: a) capital accumulation rate in relation to the national product and; b) incorporation of technical progress capacity production. The main factor to determine the greater or lesser capitalist development from the above factors, it is the existence or not of a national development plan.

Productivity growth depends, in, of capital accumulation and the incorporation of technical progress to production. capital and technical progress accumulation, in turn, depend directly on the quality of formal bureaucratic institutions (public policies, legislation) and informal (social practices and civil society). The better the relationship between formal and informal events in a particular country, the better the economic strategy, thus increasing the development rates.

Economic development theory says that institutions are called "positive" when facilitate the accumulation of capital of companies and also the scientific technical progress of development, and therefore fundamental to economic development and, therefore, the state, main economic agent and rules is the instrument par excellence for the formulation of national development strategies.

BRESSER-PEREIRA (2006, p. 04) pretty much sums up what was discussed, saying

that

"a idéia do desenvolvimento se constitui em dois momentos históricos e está intimamente relacionada com o processo de racionalização que caracterizará o mundo moderno. Em um primeiro momento, a racionalidade se revela pelo objetivo econômico definido com clareza (o lucro), e pela adoção da acumulação de capital como meio de atingi-lo. Esse é o momento da Revolução Comercial. Em um segundo momento, com a Revolução Industrial, a racionalidade se expressa em um meio mais especificamente racional de alcançar o lucro: a aceleração do progresso torna sistemática a incorporação de novas tecnologias, e o conseqüente aumento da produtividade passa a ser uma condição de sobrevivência das empresas. 3 Em outras palavras, o que hoje chamamos de desenvolvimento econômico configurava-se pela primeira vez historicamente. E definia-se a estratégia de alcançá-lo. Entretanto, nessa análise faltava uma terceira transformação fundamental, que ocorreu entre as duas citadas: a Revolução Nacional, ou, mais precisamente, a formação dos estados nacionais. É a partir do momento em que as nações se dotam de estados e formam estados-nação que a industrialização se viabiliza. São os estados-nação e seus governos que serão os condutores do processo de desenvolvimento, através da definição de instituições necessárias ao desenvolvimento capitalista, como a garantia da propriedade e dos contratos, a proteção da indústria nacional, e os mais variados sistemas de estímulo ao investimento produtivo, e também através da institucionalização da educação pública universal que permitirá o aumento da produtividade em toda a economia."

#### 3. COLLABORATIVE ECONOMICS

The collaborative economy, spurred an unprecedented way by the advent of the internet works with plenty, and this is not only the premise of industrial capitalism that comes overthrow. This emerging society that many call post-capitalist, supplants the ownership of assets and also the idea that man is merely a being competitive. Thus, in addition to the pursuit of efficiency, we see a redemption of the interpersonal relationships of exchange, support and cooperation that once saw themselves at the community level, but which were lost as the population grew and the world has become more complex.

This heritage is recovered by the digital age, that somehow reconnected people of the global village and created mechanisms to manage the reputation and credibility. All this self-regulated, with no institutions or hierarchical positions of power. The time that a drill is

stopped is much higher than it is in operation, generating opportunities in idleness - just connect people and their interests and extrapolate this example emblematic of an entire economy.

Collaborative processes ever happened, and the company would not have to remain as social structure if they did not exist. However, collaboration became less present as q most things were becoming product or service, for example, food. Before it did not make sense to pay to eat, people cooked indoors. And more things were converted into product or service as we were reaching a certain pattern of development. inherently social and collaborative processes were moving away. But the current model is obviously in crisis, both financially and in terms of natural resources.

Moreover, the phenomenon of the internet was very important, because, as you realize that a person can connect with another. This possibility has always existed, but with the internet became more tangible, and the Internet as the first distributed human organization, non-hierarchical. The no hierarchy and horizontality are the prerequisite for any collaborative organization is constituted. collaborative economy is basically it, a network of connected people to do things and solve problems independently of the institutions.

Collaboration and competition are inherent in the people, but an economic system that encourages only one side was created. Collaborative economy may be just a framework of other things, but does have a very transgressive and revolutionary aspect that challenges two basic assumptions of the economy. One is scarcity, it need only be managed that is scarce, and only has economic value that is scarce. artificial scarcity is then generated to create economic value, ie creates scarcity in trying to manage scarcity, which does not make much sense. And the other premise is the *homo economicus*, which according to the classical concept is competitive and need to create a system that transforms competition into more social welfare, on the grounds that the more self interested and competitive the individual is, the more you generate products and services that are good for society.

In short, it is the rationalization of supply and demand in order to occupy the productive potential of goods and services, transforming the office time of goods and people in production. For this competition must be replaced by cooperation, a fact that implies the use of organizational and ethical principles of social and solidarity economy.

Thus, the share of the economy is changing not only the way we understand supply and demand and our relationship with material goods, but also our personal relationships.

The work itself tends to work in networks of cooperation and communication. For Negri e Hardt (2005, p. 14):

"Todo aquele que trabalha com a informação ou o conhecimento – dos agricultores que desenvolvem determinadas sementes aos criadores de softwares – dependem do conhecimento comum recebido de outros e por sua vez criam novos conhecimentos comuns. Isto se aplica particularmente a todas as formas de trabalho que criam projetos imateriais, como idéias, imagens, afetos e relações. Daremos a este novo modelo dominante o nome de "produção biopolítica", para enfatizar que não só envolve a produção de bens materiais em sentido estritamente econômico como também afeta e produzem todas as facetas da vida social, sejam econômicas, culturais ou políticas."

It is as if the technology at some point away from us, was now putting us back to a movement in which we behave like a village, but with ties taking place on a global scale. The reputation back to have a once-forgotten importance, our values change and meet people in the middle of this path makes the experience even better.

From time to time emerge new revolutions, revolutions able to change everything, the way we work to the way we relate. We are in the center of a change of era and any reflection made today may make less sense today. So, not to insist on obsolete models is best to see the opportunities that the sharing economy gives us not only survive, as we leave even better the economic crisis that has put into question the way we understand markets and the economy.

#### 4. NATIONAL DEVELOPMENT AND CREATIVE ECONOMY

The Bresser-Pereira analysis transcribed above is current to the 80 merit increases, especially questionable reforms it carried out in Brazil in the 90s This is because the concepts of classical economic development are focused on industry and national economies, leaving the role of services and international marginalized economies. Services are set aside on the grounds that there is no innovation capacity and international economy to be dealing with mere trade, not adding new value to the accumulation process.

However, from the improvement of the knowledge economy concepts, economic development idea had to be revised. Knowledge is now considered an intangible wealth and its management and improvement lead to the accumulation of capital and demando permanent innovation processes, as well as innovation processes are global because not only the universality of knowledge as well as the outstanding features of the current information.

The data provided in the introduction shows that increasingly what we call creative economy is to have a large share in GDP of countries so that it can not be ignored by economic development policies, and the creative economy be incorporated into economic growth policies and innovation.

Currently, there is this incorporation in economic development policies in Brazil, only if summarizing the existence of a National Secretariat of the Creative Economy under the Ministry of Culture that little power features beyond simple policy formulation to encourage Creative Economy, existing only the title registration, initiatives in some states and municipalities.

In addition, there is no legislation able to regulate the Creative Economy, existing legal hotchpotch that to permit the operation of creative endeavors legislation Valley that is not originally intended for Creative Economy, not respecting thus their peculiarities.

This prevents and / or hinders the creation of public policy that atrelem Creative Economy to permanent innovation processes and hence the accumulation of wealth. With this, not so-called creative industry, which is, the industrial complex and of services that is based on culture or natural means (aimed at tourism), in the country.

In this sense:

"A importância econômica das indústrias criativas é crescente (DCMS, 2005; HOWKINS, 2001; 2005; LANDRY, 2005; MITCHELL e outros, 2003). No entanto, além de ser visto como um fenômeno econômico, relacionado a políticas públicas de desenvolvimento, o surgimento das indústrias criativas também deve ser associado ao que se chamou de virada cultural (BONNELL e HUNT, 1999; GIBSON e KLOCKER, 2005), uma transformação de valores sociais e culturais, ocorrida no fi nal do século passado. A virada cultural surge da combinação de dois fenômenos simultâneos: a emergência da sociedade do conhecimento e a transição de valores materialistas para valores pós-materialistas. A emergência da sociedade do conhecimento (ou sociedade da informação) está relacionada à passagem da sociedade industrial para a sociedade pós-industrial (CASTELLS, 2000; LASH e URRY, 1994). Tal passagem se dá pela mudança de uma economia fundamentada no uso intensivo de capital e trabalho, e orientada para a produção em massa, para uma economia na qual o capital tem base intelectual, fundamentando-se no indivíduo, em seus recursos intelectuais, na capacidade de formação de redes sociais e na troca de conhecimentos." (BENDASSOLLI, WOOD JÚNIOR, KIRSCHBAUM, CUNHA; 2009, p. 11)

The creative industry, which can not be established in Brazil date its legal and bureaucratic structure (state institution) fails to add value and improve the living conditions of the population.

Register the Creative Industries transform the culture and knowledge in intellectual property, thus generating economic value. This is because immaterial production chains dominate in terms of economic relevance in a post-industrial context marked by the dominance of the service sector and signs of economy and also because the consumption of cultural goods and knowledge prevails on consumer goods materials such as were produced and consumed in industrial society.

The main source of wealth generation is more the industry does not, but the service sector which includes the Creative Economy and consequently the Creative Industry, and this paradigm shift was not yet perceived by theorists of economic development and jurists .

However, the implementation of the Economy (Industry) Creative in Brazil is by changing economic paradigm, moving from competition to collaboration economy economy. In fact, creation and collaboration are synonymous only can occur if there is creation collaboration.

### FINAL CONSIDERATIONS

What we can see from the studies and analysis already done is that the Creative Economy is gaining an importance (share) higher each passing day in the Brazilian economy.

This importance that the economy has not been noted by economists, public officials and lawyers, which, to treat it as a secondary, minor issue.

The lack of importance and recognition of the Creative Economy to prevent them from forming a political agenda able to create improvement mechanisms that dialogue with scientific and technological innovation policies making these also MIREM the service sector and hence the economy Creative.

Economic development, as discussed in the text, necessarily involves the incorporation of scientific and technological development processes and they should return to the Economy and Creative Industry whereas these, every day that passes, plays a major role in the national economy, especially considering the global context and dependency in which Brazil is.

This is because the creative economy needs to be the formation of collaborative networks, and only the principles of collaborative economy are able to do. With the emergence of plural economies increasingly perceive the presence of productive networks, which have the cooperation as a condition for their development.

In the post-capitalist productive rearrangement highlights the collaborative production, as the possibility of widespread immaterial labor. Opens a range of opportunities for live and live in this new society. In contrast to the industrial mode of production, collaborative production allows the worker participation and product display. The product shows the producer individuality characteristics. You can see there another counterpoint: the product is at the service of human performance and no more human activity in favor of production.

The new context shows that the economy is no longer a single sphere, with its own rules and dynamics. Today the lines between the economic, social and cultural, in this new society tend to be thin to the point of discard. Note is an economic plurality, since the economic to react to new forms of social relations and cultural diversity. To meet this new dynamic, the gift economy, whether traditional or virtual, can be understood as a direct result of this new social rearrangement.

However, as discussed above, the creative economy depends on elements of the collaborative economy, which is why we propose some actions to bring development, innovation, creative and collaborative economy, especially in a scenario like the Brazilian.

- 1) partnerships between traditional and collaborative business;
- adaptation of traditional logic collaborative: sometimes by chance, others by necessity of survival, some companies with solid roots in the traditional economy are adapting to the collaborative logic;
- 3) Insert the collaborative economy in the chain of production value.

## **BIBLIOGRAPHIC REFERENCES**

BENDASSOLLI, Pedro; WOOD JR, Thomáz; KIRSCHBAUM, Charles; CUNHA, Miguel
Pina e. Indústrias Criativas: Definição, limites e possibilidades. In RAE • São Paulo • v. 49
• n.1 • jan./mar. 2009 • págs. 10-18.

BRESSER-PEREIRA, Luiz Carlos. **O conceito histórico de desenvolvimento econômico.** In <u>http://www.bresserpereira.org.br/papers/2006/06.7-conceitohistoricodesenvolvimento.pdf.</u> Acesso 24/05/2016.

HARDT, M.; NEGRI, T. Multidão. Rio de Janeiro: Record, 2005.

MASI, Domenico de. **2025 – Caminhos da Cultura no Brasil.** Rio de Janeiro: Sextante, 2015.