

## **Creative Industries, Economic Opportunities and New Global Identities**

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First of all I would like to express my pleasure at being here at the EEC Shanghai International Creative Design Industry Peak Forum and to thank the European Economics College International Education group for their invitation and hospitality.

Today I will address some key questions around the importance of the creative industries for global financial recovery and the key role of education in this sector.

As European economies have moved from reliance on manufacture to a knowledge economy the importance of strengthening the relationship between artistic and creative practice, the education sector and financial and creative industries for economic prosperity and political stability has become clear.

This paper will explore the role of creative and cultural production in individual national economies and its prime potential as an agent of economic prosperity, international diplomacy and social well-being.

There has been a transformation in the economic logic of cultural production with the transition from discrete, often national, cultural industries to a global cultural industry. Globalization has instituted a different mode of operation for global creative industries, culture has been transformed from a system of representation to a system of commodification - what Lash and Lury call “the mediation of things”.<sup>[1]</sup>

In the contemporary mediascape of globalized creative industries products are no longer determined, or even controlled, by the intentions of their producers but instead take on a dynamic of their own through circulation, transposition, translation and transformation as they flow through a range of cultural, financial and social landscapes. Brand culture, and the economic power of brands, is central to this process of commodification.

This paper will explore how globalization can provide **beneficial opportunities for efficiency through standardization** – the cohesion and streamlining of bureaucracies so that people, money and knowledge can flow efficiently and productively across national borders in order to maximize economic prosperity; and conversely how globalization encourages **the maximization of cultural diversity and difference in order to create and sustain new audiences and consumer demand for cultural products**. The university as an institution has been transformed, once they acted as gatekeepers and were centres primarily involved in the creation and dissemination of canonical knowledge transmission now they are at the centre of the knowledge economy. This paper will consider and evaluate how they can live up to their new role as the primary powerhouse of the knowledge economy.

**The move from reliance on manufacture to a knowledge economy.**

The history of the first wave of economies to industrialise has shown us that economies move from the manufacture of things to the manufacture of ideas. Broadly speaking, this was driven by several factors:

1. The **technological** imperative: to find ways of maximising production through **innovation**.
2. The labour imperative: manufacture will move **beyond national borders** to ever cheaper labour costs, making manufacture an unstable and less productive industry base in any country which recognises and operates human rights regarding labour conditions. National economic stability requires a global knowledge economy as well as a national manufacture base.
3. The market imperative: to stimulate and **create** new consumer **identities**, demands and **desires**.

The move from an economy reliant primarily on mass brute labour engaged in the making of things to a knowledge based economy is engendered by the need to nurture technological and scientific expertise and cultural creativity in order to enable the economy develop and flourish. The manufacture-based economy is driven by the imperative to keep labour costs down as much as possible. This will not necessarily enable a local consumer class to flourish. An educated and active consuming class is necessary both as a market and as potential skilled labour. Such consumers quite quickly develop consumer expectations at odds with the conditions necessary to keep labour costs at a minimum and can cause social tension. Therefore a less labour intensive, less 'thing' based, a knowledge economy which values individual creativity becomes necessary.

**Culture, creativity, social welfare and economy are intimately related.** The distinction between base and superstructure becomes difficult to explain let alone quantify in the information age. Let us take as an example the potential value to the global economy of an abstract superstructural activity like daydreaming in a café. Fortuitously the British State still affords its most vulnerable citizens modest welfare benefits on which to survive. Joanne Rowling was one such single mother passing the time, writing in cafes with her sleeping child to escape her unheated home. Harry Potter has generated a total of \$7.2 billion dollars for books plus movies, (this is likely to be hard to quantify as it is hard to measure unauthorised merchandising and indirect benefits such as tourism.[2] A welfare state and educational state subsidy not only ensures social benefits it has direct economic benefits.

Harry Potter exemplifies the creative industries range across production industries, service industries and arts and crafts industries: the idea became the book, the film, the game, the toys, the t-shirt, the fun-fair ride, the tourist experience, the biscuits etc.

The creative process is specialised and highly skilled, with two stages in the supply chain – the creative process, and the production and distribution of end products: the artistic first part of that chain is often highly individualistic and its market value very difficult to predict beforehand. One can't predict whether it will emerge in a teenage bedroom in Sheffield like the band The Arctic Monkeys, an Edinburgh café like J.K. Rowling's Harry Potter, or on a Harvard undergraduate's laptop like Mark Zuckerberg's social networking site Facebook.

It is vital that economies find a way to efficiently connect diverse and disparate talents, to help them to form mutually beneficial and productive networks with each other and develop relationships with large and multinational firms in order to maximize the consumer potential media convergence provides where an idea can become not only a consumer experience but an

environment.

## **Defining the Creative Industries**

Worldwide, **the creative industries have been among the fastest growing sectors of developed economies** such as the UK and the US. In the European Union, the overall growth of the creative sector's value added was 19.7 per cent in 1999–2003. Its turnover amounted to over €654 billion in 2003, contributing to 2.6 per cent of the European Union's gross domestic product (GDP) and accounting for 3.1 per cent of total employment, or 5.8 million jobs.

The creative industries account for 8.2 per cent of UK GDP and are growing at twice the rate of the economy as a whole – averaging 5 per cent a year between 1997 and 2004. Exports grew even faster, averaging 11 per cent, to contribute 4.3 per cent of the country's overseas sales.

The official **origins of the concept of the Creative Industries** can be traced back to the newly elected UK Labour Government's establishment of a Creative Industries Task Force 1997. The Department of Culture, Media and Sport (DCMS) then proceeded to map activity in the creative industries, and to identify policy measures that could promote their further development. The 1998 Creative Industries Mapping Document defined the creative industries as 'those activities which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property'.

The terms creative industries and cultural industries are sometimes seen as synonymous but the two are distinct concepts with differing genealogies. Adorno and Horkheimer used the term cultural industry to distinguish between industrially produced cultural forms and more traditional arts and their work uses the term to consider mass-produced media industries: publishing, broadcast media, cinema and recorded music[3]. Blair's government indicated a desire to recognize and embrace the shift from the knowledge-based to the knowledge economy by replacing the term 'cultural industries' with 'creative industries'.

**Cities are central hubs for the creative industries.** London contributed £21 billion to the total creative industries output of £85 billion (2000). According to the Mayor's Office, creative industries account for 525,000 jobs (one in five) in the capital, with a growth rate of 9 per cent a year, compared with 5 per cent for financial services. [4]

The Department for Culture, Media and Sport's (DCMS) definition of the creative industries encompasses advertising, architecture, art and antiques market, craft, design, designer fashion, film and video, interactive leisure software, music, the performing arts, software and computer services, and television and radio.

The sector's strengths lie in the UK's global reputation for **creativity and innovation**, together with London's role as a leading cultural centre. The development of the knowledge economy has given the UK an added advantage, as has international dominance of the English language (particularly important for the copyright-based creative industries) and the perceived strengths of UK education and training. The sector is largely fragmented and dominated by SMEs, many of whom are **micro or sole-trader businesses**. [5]

Emerging global economic leaders such as China have reported similar levels of **urban creative industries activity**. According to The People's Daily Online (15 Dec 06) the creative industries in Beijing contributed to 10.2% of GDP (value added of USD 9 billion) to the national economy.[6] Successful creative industries tend to have a **global span, ideas multiply and mutate and become brands, experiences, goods and services** which keep consumer demand buoyant (ideas become things, a folk legend like the legend of Hua Mulan becomes a Disney film, becomes a doll etc.) More than at any other time in economic history, **ideas and imagination have become not merely the motors and facilitators of economic opportunities and growth, but assets in themselves**.

### **The relationship between artistic and creative practice, the education sector and financial and creative industries for economic prosperity and political stability.**

The Work Foundation report identifies 8 key factors which impact on the creative industries. They are:

1. Demand enhanced by stimulating cultural activities all around the country
2. Greater diversity to foster creativity and increase productivity
3. A level playing field: small numbers of large distributors may restrict innovation and experimentation
4. Education and skills ensuring balance and the appropriate supply
5. Networks harnessing capacity to fully exploit market opportunities
6. Public sector fit for purpose public architecture, grants and institutions
7. Intellectual property a clearly defined and enforced regime
8. Building greater business capacity

Regarding education and skills, the report notes a shortage of specific skills in some creative industries, such as knowledge of how to commercialise creative ideas and wider soft skills. It also calls for further analysis of the creative sector to produce more up to date and comparable data.[7]

A buoyant knowledge economy calls for a creative, diverse and socially equitable environment that maximizes the knowledge, expertise and the creative productive potential of its citizens thus stimulating consumer desires – creating a domestic market and producing creative workers who can meet the demands of the national and global market. Increasing educational and cultural capital leads to cultural eclecticism and diversity – a ‘long tail’ of niche markets which may seem insignificant on a domestic scale but can be significant in a global context. Thus educating the workforce in a way that places a priority **encouraging excellence, individuality, diversity and multiplicity**, rather than uniformity and conformity becomes a priority for economically buoyant creative industries.

The American economist Richard Florida[8] looks beyond the DCMS definition of the creative industries, and argues for a wider focus on the ‘knowledge economy’ and on ‘knowledge workers’ whose power and wealth derive from the ownership of knowledge and the ability to use that knowledge to create or improve goods and services.

### **The Knowledge Economy**

Whereas all societies from the most traditional to the industrial operate a knowledge-based economy where knowledge is a tool; postindustrial societies are transforming into knowledge economies in which knowledge itself is a product, an economic asset in itself rather than a means to an economic end. McLuhan's global village[9] has become a virtual and hyperreal megapolis in an age of digital convergence. The transition from global village to global powerhouse requires a reexamination of what feeds the creative impulse, and an appreciation of the free-flowing global interconnectedness necessary for the maximization of that idea into an economic asset.

### **The Creative Class**

Florida identifies the creative class as the key drivers of the knowledge economy. They are the class of workers whose job it is to create new forms and ideas which will become realizable economic assets. The creative class is wide-ranging and includes mathematicians and musicians, software designers and lawyers, poets and sociologists, economists and engineers, chemists and novelists, artists, physicists, psychologists and architects. These are all professions which are knowledge intensive, they are careers usually require a high degree of formal education, skills acquisition or apprenticeship.

Florida's focus leads him to pay particular attention to the nature of this creative workforce. In a study of why particular US cities such as San Francisco seem to attract creative producers, Florida argues that high proportion of workers from the 'creative class' are key drivers of the knowledge economy. They are both a collective asset to a society and an economy as well as the labour force which produces knowledge.

Florida's study seeks to establish, quantitatively, the importance of diversity and multiculturalism in the cities concerned, for example the existence of a significant public gay community, ethnic and religious variety, and tolerance.[10]

### **The Creative City**

The main sources of economic growth in the twenty-first century he argues are not 'competition', 'knowledge' or 'technology' as most analysts contend. He says that economic growth is primarily driven by human creativity, and because creativity flourishes most in an urban environment, it is the city as a creative real and virtual megapolis that will be the ultimate powerhouse of future global economic development.

Florida's research of census and economic data has shown that cities which attract and retain the creative class prosper, while those that do not stagnate. In *Cities and the Creative Class*, Florida devotes several chapters to a discussion of the three main prerequisites of creative cities which distinguish them as creative magnets. Basically, for a city to become a magnet for the creative class, it must be have a high concentration of:

Talent : a highly creative, educated, skilled population;

Tolerance :a diverse community with a socially liberal ethos;

Technology: the technological infrastructure necessary to fuel an entrepreneurial culture.

In order to flourish and to serve as the economic powerhouses of the knowledge economy cities must strive to attract the creative class who will seek and congregate in cities that best accommodate their particular and diverse cultural, creative, and technological needs. Florida found a strong correlation between those cities and states which provide a more tolerant atmosphere toward gays, artists and musicians for example (exemplified by Florida's "Gay Index" and "Bohemian Index" developed in *The Rise of the Creative Class*), and the numbers of creative class workers that live and move there.

Creative workers, rather than simply following the work, much of which is virtual are looking for the most congenial cultural, social and technological amenities/environments in which they can realize their creative potential. They are often motivated by lifestyle (perceived quality of life) as much as straightforward economic incentives and whilst often vulnerable to the vicissitudes of the market as SMEs and freelancers they are also more likely to have professional self-worth and a greater self-awareness of their potential as an agent of economic prosperity, global connectivity and social well-being than the working classes produced by industrialization and manufacture-based economies.

The applied arts and sciences have been traditional drivers of the knowledge-based economy. In the knowledge economy more abstract and arcane forms of knowledge have creative potential and provide the ground for new cultural hybridities and markets. We are at the transition from discrete, often national, cultural industries to a global cultural industry, from a system of representation to a system of commodification. The commodity fetish is now both the auratic value (idea) evoked by the object, (the idea of luxury and quality evoked by a Louis Vuitton case) as Marx defined it, and the object brought forth by the idea (the Chinese legend, the epic poem, the Disney film, the doll). In the former ideas add value to objects, in the latter ideas become objects.

The growing ubiquity of brand culture, and **the economic power of brands in all sectors of society from consumer goods, education to nation states and political parties** illustrate how globalization provides beneficial opportunities for efficiency through the standardization of supportive infrastructures and systems – for the cohesion and streamlining of bureaucracies so that people, money and knowledge can flow efficiently and productively across national borders in order to maximize economic prosperity and enable knowledge centres like universities, think-tanks, nongovernmental organizations, media producers and galleries to connect and collaborate internationally.

Globalization of community through digital connectivity also encourages the creation of formal and informal global networks which enable the maximization of cultural diversity and difference in order to create and sustain new cultural forms, audiences and consumer demand for cultural products.

I'd like to conclude my presentation by considering the knowledge economy from my own position within it and evaluate how universities can live up to their new role as one of the primary powerhouses of the knowledge economy:

1. Global collaboration

By facilitating close creative and educational collaboration between academics, creative

professionals and students across global creative cluster communities in cities like Shanghai, Sydney, London, Istanbul, New York, Mumbai, Beijing and Seattle. Such collaborations will be both culturally and economically beneficial.

2. By teaching across the disciplines and multiskilling students.

Knowledge has traditionally been specialized. The academy is organised around disciplines of specialist knowledge, and ways of understanding the world. There has traditionally been a divide between the arts and sciences, between the cultures of applied and abstract knowledge. It is the role of the modern university to provide students with the ability to approach problems with multidisciplinary approaches and perspectives; to bring together aesthetic theory and industrial practice, and offer perspectives into other, relevant knowledge, so the film-maker has insight into the relevant aspects and skills he'll need to have or buy in regard to legal issues, distribution, entrepreneurship, public relations and marketing.

3. By engaging in global cultural debates.

The philosophical and practical issues pertaining to the commercialization of ideas and of what the concept intellectual property rights is and whether it will have to radically transformed in the age of convergence.

The central problem of attaching economic values and rights to ideas is ripe for serious debate across the disciplines. Copyright is problematic on a global scale, both in territories that do not enforce copyright and within the European and US copyright zone itself, especially for a new generation of street-wise, technologically savvy consumers who resent being criminalised for making use of digital networks in order to share culture and ideas and comprise a large number of citizens who oppose the intellectual property paradigm which perceives sharing music, or the creative 'ripping' and mixing of images, the 'mash ups' of music, image and text as illegal activities. The new digital creative class has a strongly open source ethos.

Thriving innovative creative cultural forms problematise sole authorship and authenticity and feed on hybridity and eclecticism. The academy has a key philosophical and practical role to play in the debate on how we can best benefit commercially from creativity and the logic, limits and efficacy of current intellectual property rights.

4. Tolerance, innovation and diversity

By promoting and creating an environment that fosters social tolerance, social welfare, cultural diversity, individuality and innovation along with technological development and accessibility.

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[1] Scott Lash and Celia Lury *Global Cultural Industries* Polity Press, 2007.

[2] [www.heritagetidbits.com](http://www.heritagetidbits.com)

[3] Theodor Adorno, and Max Horkheimer, *Dialectic of Enlightenment*. Stanford University Press, 2002.

[4] <http://www.ukinvest.gov.uk/UKTI-publications/4017730/en-GB.html>

[5] <http://www.ukinvest.gov.uk/UKTI-publications/4017730/en-GB.html>

[6] <http://english.peopledaily.com.cn/china.html>

[7] [http://www.creativeportal.org/news/stories/creativeper\\_150807.html](http://www.creativeportal.org/news/stories/creativeper_150807.html)

[8] Richard Florida (2002), *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life*. New York, Basic Books.

Richard Florida (2005), *The Flight of the Creative Class: The New Global Competition for Talent*. New York, Harper Collins.

[9] Marshall McLuhan (2005) *The Medium is the Massage*. Gingko Press.

[10] Richard Florida (2002), *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life*. New York, Basic Books.