

CREATIVE INDUSTRIES - A NEW PATHWAY

The creative industries have become a key part of the economic development of many nations, with a particularly lively debate in the developing world taking place now, writes **TERRY FLEW**

There has been much talk over the last two decades about creative industries and the rise of a creative economy. The term 'creative industries' had its origins in the UK with Tony Blair's New Labour governments of the late 1990s and 2000s, but it has since been taken up in Europe, Asia, Latin America, the Caribbean, Australia, New Zealand and, most recently, Africa.

The European Union has recently combined its media and cultural programmes into a 'Creative Europe' strategy that aims to safeguard and promote cultural and linguistic diversity and strengthen the competitiveness of its cultural and creative sectors. In China, where the term 'cultural industry' is preferred for political reasons, the central government has developed an ambitious strategy to double the contribution of cultural sectors to the national economy, aiming for these sectors to account for 5% of China's GDP by 2016.

Many of the strategies to develop the creative industries have been national in their scope, bringing together elements of media and cultural policy, as well as related policies in fields such as tourism, education, ICT development, and copyright, to promote creativity as the 'new gold' of the global economy. But one limitation of national creative industries strategies is that they can only develop cultural policies within the nation-state (the EU being a possible exception here), whereas media and cultural production is becoming increasingly international in its scope, while also being as likely to be focused on particular cities and regions as on national economies.

Recent reports coming out of the United Nations Educational, Scientific and Cultural Organisation (UNESCO) and the United Nations Conference on Trade, Aid and Development (UNCTAD) have been discussing global creative industries and the global creative economy. The recent UNESCO Creative Economy Report summarises this new thinking about the relationship between culture, creativity and development:¹

"A much greater proportion of the world's intellectual and creative resources is now being invested in the culture-based industries, whose largely intangible outputs are as 'real' and considerable as those of other industries. Human creativity and innovation, at both the individual

and group level, are the key drivers of these industries, and have become the true wealth of nations in the 21st century."

The UNESCO report builds on the 2008 and 2010 UNCTAD Creative Economy reports. These emphasised the opportunity for developing countries in particular to tap into the global creative economy by approaching cultural policy as being not simply about support for the creative and performing arts or the protection of cultural heritage, but as a form of industry policy:²

"Consideration of the creative economy becomes a key element of industrial policy, whereby industrial development strategies can exploit the potential dynamism of the creative industries in generating growth in output, exports and employment. A positive outlook for industrial policy in which creativity and innovation are important drivers of growth is well suited to the conditions of globalisation and structural change."

WHAT ARE THE CREATIVE INDUSTRIES? TOWARDS DEFINITIONAL COHERENCE

Anyone familiar with academic debates about the creative industries will be aware of definitional disputes surrounding the term. In some instances, it is essentially a restatement of the case for supporting the arts and culture, couched in economic language as preferred by funding agencies. For others, it marks the convergence of the arts, media, design and ICT sectors, while some associate it with the tsunami of cultural democratisation associated with networked social media and DIY online publishing. Others reject the terminology altogether, seeing culture and economy as basically incompatible, and being fearful of the creative industries agenda being a Trojan horse for the further diminution of public cultural funding.

One feature of the greater involvement of international agencies in these discussions has been greater clarity in what the creative industries mean internationally. The extended definition offered by UNCTAD proposed that creative industries:

- Are involved in the creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs
- Constitute a set of knowledge-based activities, focused on but not limited to the arts, →

- ◀ potentially generating revenues from trade and intellectual property rights
 - Comprise tangible products and intangible intellectual or artistic services with creative content, economic value and market objectives
 - Are at the crossroads among the artistic, services and industrial sectors.

Drawing attention to the interconnected nature of creative industries, UNCTAD identified nine sectors across the domains of the arts, media and design, as well as heritage and what they termed functional creations (software, games, advertising, architecture, creative services and recreational facilities). These sectors, and their interconnected relationships, are shown in the figure opposite (p13).

There remain a number of issues with the collection of statistics relating to the creative industries, particularly those relating to the risk of double counting with other sectors. Nonetheless, on the basis of various studies now available – which include those of the World Intellectual Property Organisation (WIPO) as well as UNESCO and UNCTAD – creative industries account for about 5-8% of total income and employment in advanced industrial economies such as the US, the UK, Sweden, the Netherlands and Australia, and about 2-4% of GDP in countries such as China, Malaysia, Singapore, South Africa, Romania, Poland, Argentina and Colombia.³

Creative industries tend to cluster in cities, and many of the world's leading cities are also global leaders in the creative industries. The proportion of creative workers as a percentage of total employment in cities such as New York, Los Angeles, London, Paris, Tokyo, Beijing and Shanghai are considerably higher than those for their nations as a whole. At the same time, so-called second tier cities can successfully develop their creative industries through proactive policy strategies. Cities as diverse as Berlin, Brisbane, Buenos Aires, Medellín and Manchester are examples of cities that have developed successful creative city strategies.

The significance of creative industries and the creative economy can be expected to grow for at least three reasons. First, international trade in cultural goods and services have been growing at a faster rate than overall international trade, and digital technologies and the global internet are important drivers of this growth. Second, under Engel's Law, cultural consumption is positively correlated with economic development. As shown above, the creative industries have a greater significance in developed economies than developing ones, and as developing nations experience economic growth their citizens devote a larger share of their total income to cultural goods and services.

Finally, it would appear that official statistics understate the significance of these sectors. In the most sophisticated study of the creative industries yet, a NESTA report found that the creative industries accounted for 5.3% of UK GDP and that the creative economy – which includes those in creative occupations outside of the creative industries – now accounts for 8.7% of the UK workforce and 9.7% cent of the UK national economy.⁴ These figures are considerably higher than earlier estimates undertaken by UK government agencies.

THE CREATIVE ECONOMY AND DEVELOPMENT

There is a lively global conversation taking place, particularly in the developing world, about possibilities for development strategies based around the creative economy. A focus on culture and creativity is seen as potentially enabling a more human centred development that achieves both economic

goals of job creation, innovation and export growth while also contributing to social inclusion, cultural diversity and environmentally sustainable growth. One factor that makes creative economy strategies particularly appealing is that they can draw on human capacities and small-scale initiatives, rather than being reliant on large-scale capital investment, drawing on the stock of intangible cultural capital associated with people's identity and values. By drawing on local cultural practices rather than needing to bring in expertise from the outside, creative industries strategies can maintain cultural diversity and promote cultural sustainability. Moreover, the rapidly falling costs of production and distribution associated with the global dissemination of networked digital media technologies further enhances such possibilities by opening up new markets for such cultural products and practices.

At the same time, the richness of their cultural diversity and abundance of creative talent has not enabled most developing countries to develop strong creative industries and draw on the potential of their creative economies to advance development gains. In this respect, digital technologies and globalisation present both opportunities and threats to indigenous cultural activity in developing nations. The enhanced speed of flows of, and greater global access to, global cultural products presents the significant risk that cultural production in smaller developing nations will be overwhelmed by the products of the global media and entertainment industries, which can take advantage of scale economies in production and global reach in distribution.

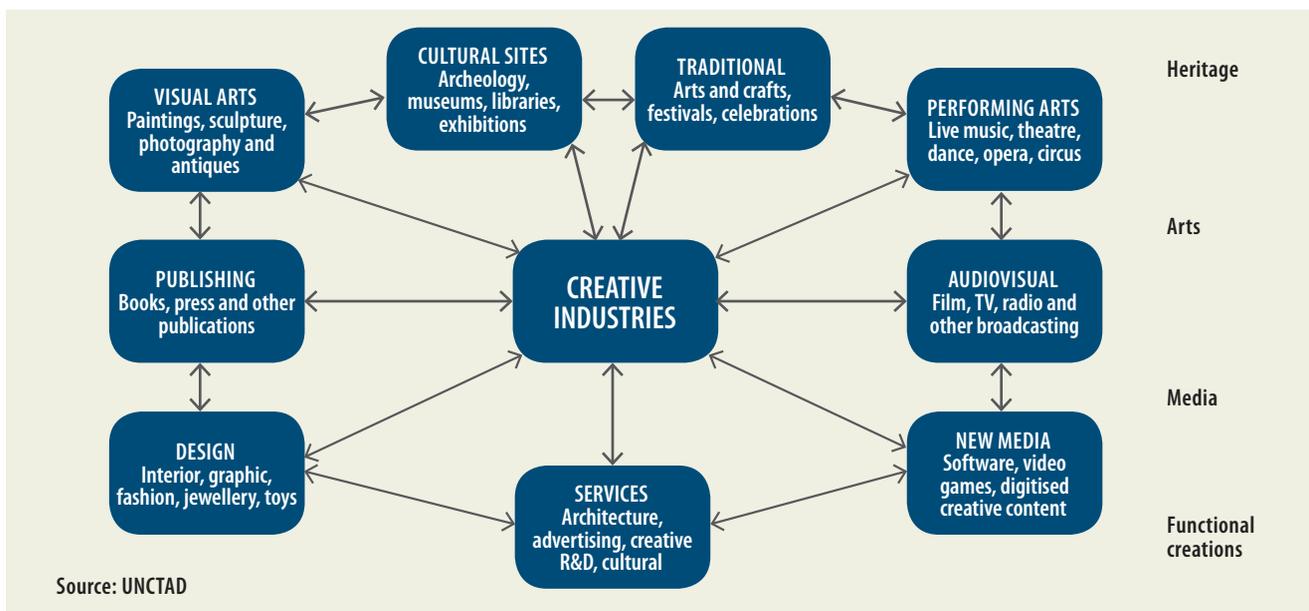
Further, digital media empowers small-scale producers in the informal economy, which operate at the fringes of official cultural policy and receive little tangible government support. The massive adoption of mobile media in developing countries, where access to fixed line telephony remains restricted, provides an example of a leapfrogging technological innovation that advances the linkages of local cultural producers to global audiences and markets.

Policies that could promote the creative economy in developing countries include:

- Investment in education and human capital, with particular reference to the intersection between creative capacities and relevant technical skills
- Provision of improved digital infrastructure and access to high-speed broadband networks and ICTs
- Strategies for cultural asset management and community cultural development
- Innovations in financing small businesses in the creative industries, and enabling better access to micro-finance
- Establishment of creative clusters that can be gathering points that bring together those engaged in both the formal and non-formal sectors of the creative industries
- A 'whole-of-government' approach to cultural policy that recognises links to education, trade and industry policies, and the roles of local, regional and national governments
- Advances in data gathering in order to better understand the size, significance and linkages arising in national creative industries. There is a particular need to better capture the role played by the informal sector in order to promote better understanding on the part of policymakers.

PARADOX OF IPR AND THE INFORMAL ECONOMY

In contrast to the West, the creative economy in developing nations has been strongly linked to the informal economy. The Nigerian film industry, known as Nollywood, is illustrative. Producing almost 1,000 films annually, and



employing over 350,000 people, it has been rooted in the informal economy, with locally made films sold in street markets and viewed in shops, bars, hairdressers, and by informal video clubs. Very few of these films are sold through mainstream distribution networks, and copying and piracy are widespread.⁵

The international extension of copyright laws and intellectual property rights (IPRs) is viewed with some suspicion in developing countries. The global copyright industries are commonly seen as exploiting consumers in the developing world by charging excessive prices for cultural products, as well as being based on 'old economy' business models unsuited to the world of ubiquitous and freely downloadable digital content. Almost all developing nations are net importers of intellectual property, and it is hard to muster support for crackdowns on the sale of pirated copies of *Avatar* in the teeming cities of the developing world so that James Cameron can build more extensions to his Malibu mansion. Piracy is commonly seen, not as theft, but as street-level entrepreneurship in the informal economy, and as resistance to rapacious transnational media and entertainment conglomerates.

At the same time, there is a strong case for acting to strengthen IPRs in developing nations in order to promote the creative economy. IPR regimes are linked to the need to enhance the overall quality of institutions and forms of governance to achieve better and more equitable economic and cultural development. Compliance with global copyright regimes will encourage creative businesses to invest in developing economies, and hence improve production and distribution facilities and enable technology transfers to occur.

They also provide important opportunities for creative producers themselves. Widespread content piracy in developing countries has its major impacts, not on global media conglomerates, but on local creative producers, as it promotes a culture where not paying for works appears to be the norm, while transferring wealth to those operating illegally in the informal economy. Since pirate distribution chains are well resourced, and local enforcement regimes are weak (and often administered by corrupt officials), piracy

subverts development of sustainable local creative industries.

In the case of Nollywood, its production models have been rooted in the informal economy, where low-budget films are distributed in pirated formats through street markets in major cities. While this has enabled an alternative global network to emerge, a tipping point has now been reached where producers need to make bigger-budget films to maintain their audiences and attract new ones, but lack the means to do so in the absence of more secure, legal and sustainable distribution arrangements. There is thus a formalising imperative, or a need to move beyond the low-cost, fly-by-night arrangements to viewing Nigerian film as a successful local creative industry. This would also require that local state agencies act, not only to reduce content piracy, but to develop industry policies for the sector that enable creative artists and businesses to develop appropriate production and distribution networks and sustainable business models across the value chain.

The challenge in emerging nations for developing creative economies is how to harness the undoubted energies that arise out of informal arrangements in the creative industries, but enable them to become 'formalised' to the degree necessary to build local sectors that can be viable and can provide equitably distributed opportunities for more of a nation's citizens over the medium-term. In addressing the institutional conditions necessary for meeting such a challenge, there will be no simple off-the-shelf model for all circumstances.

To speak of global creative industries, then, is to acknowledge the complexities of local, national and regional circumstances. Creative industries strategies need to be considered in the wider context of debates about public policy, development, and the institutional capacities of nation-states in the context of globalisation.

TERRY FLEW is professor of media and communications in the creative industries faculty, Queensland University of Technology, Brisbane, Australia. He is vice-chair of the Global Communications and Social Change Division of the International Communications Association, and author of *The Creative Industries: Culture and Policy* (Sage, 2012) and *Global Creative Industries* (Polity, 2013).

REFERENCES: 1 UNESCO. Creative economy report: widening local development pathways. 2013 p15. 2 UNCTAD. Creative economy report 2010 pp217-18. 3 UNESCO. Creative economy report. pp164-72. 4 Hasan Bakhshi et al. A dynamic mapping of the UK creative industries. NESTA. 2013. 5 Ramon Lobato. Shadow economies of cinema: mapping informal film distribution. BFI. 2012 chapter 4.