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The UK Creative Economy – So What Next?

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The creative industries have become a significant part of the U.K. economy. In a parliamentary statement in January, the now former Secretary of State for Culture, Media and Sport, Ben Bradshaw, said that the areas covered by his department now account for ten per cent of GDP. As the financial and moral failings of the City have shaken our collective faith in the ability of the financial sector to replace jobs lost in agriculture and manufacturing, the creative economy has emerged, alongside environmental sciences and biotech, as our Last Great Hope. As Lord Puttnam puts it: 'Look into the toolbox – creativity is the only tool we have left.'[1] On a more upbeat note, a recent paper from the European Commission's Directorate-General for Enterprise and Industry asserts '… the creative industries are not only an important economic factor in themselves but also fuel the economy with knowledge and dynamism.'

A pity then, that the creative industries are so misunderstood, not just by government, but by most of mainstream business and finance. Creative workers are motivated not only by money, but also by their creative practice – and, often, by a sense of social entrepreneurship. When they build businesses they don't always want those businesses to grow in conventional terms of adding headcount and increasing turnover. When they need credit, they have ideas, instead of assets and cashflow, to pledge as security. They operate through networks as much as through traditional institutions. Creative businesses are often micro-scale, so banks and government departments find it hard to talk to them.

Official statistics prove that the creative industries generate new jobs cheaper and faster than any other sector of the economy, which makes it hard to understand why ministers prefer to throw money at foreign car companies through scrappage schemes rather than invest in sunrise businesses; why research budgets continue to be ridiculously over-weighted in favour of the sciences and against the humanities; and why the London Development Agency abolished its dedicated creative industries team, in spite of the fact that there are 797,000 creative workforce jobs in the capital.[2]

Put simply, there are big gaps between today's reality and the practical possibility of a creative, fulfilling, greener and more equal society. To create the bridges that can carry us from our current malaise to a solid and sustainable prosperity, we need action at every level: individual, organisation, government, and society.

Here are 12 big issues that need to be sorted out:

1 Global players: There's not much value in replacing the existing global power elite with a digital power elite. International trade agreements and tariffs need to recognise the expression of creativity as a universal human right, and see cultural expression as fundamental to human existence, like DNA, and not as a commodity. Who gets a voice in the creative economy is a big issue. Until now, culture and creativity have been parked as the 'exceptions' within international trading arrangements, often with very good reason, but the time has come to address the issue directly.

2 Intellectual Property: The single greatest impediment to the success of the creative economy is our failure to balance effective rewards for creativity with the transformative power of universal access to digital content. Faced with this dilemma, the UK government walks backwards into the future armed with dangerous and draconian legislation. The old models of exploitation and enforcement are utterly redundant. How can we force the pace to find new ways through? A stronger commitment from government? An open-source forum? Can we get government, finance, academia, creative producers and consumers to work together for a solution?

3 Open-source and free content: The UK probably has more publicly owned content than any other country in the world. The public service broadcasters, academia, libraries and archives could take the lead in beginning to build a global commons of data, knowledge, news and entertainment. How can they be encouraged to do that?

4 Competition: There is a common assumption that the UK leads the world's creative economy, but the truth is that competition is intense. Other governments are investing heavily in education, skills and infrastructure. Financial institutions in other parts of the world are quicker to engage with innovative business ideas. How can we make Britain's public and private institutions bolder, quicker, and more reflexive?

5 Understanding policy: The UK has a long history of being good at invention and creativity but bad at investment and management. We generate the microbusinesses that drive innovation, but we own almost none of the big distribution businesses that reap the benefits. An unqualified enthusiasm for competition as the driver of change has overlooked the economic and social force of collaboration and partnership. Ditch linear models of knowledge transfer and replace them with analyses of how the world works in reality. New circumstances demand new solutions: how can government become an enabler of self-organising solutions?

6 Administrative coherence: DCMS, Business Innovation Skills (BIS), the newly renamed Department for Education (DFE), Department for Communities and Local Government (DCLG), Department for Work and Pensions (DWP), Treasury, the entire alphabet soup of Whitehall now spends a lot of money in the name of 'creativity' and 'innovation', but much of their effort is frustrated by the lack of a coherent approach. What's more, big government speaks a different language from small creative businesses. How can we broker a more effective relationship between the two sides, and re-configure government and its agencies so they are fit to manage the new economy?

7 Metrocentrism: Scotland's open and experimental initiative of Creative Scotland, the work of local and regional agencies and clusters in England, all provide strong evidence that the small-scale nature of creative industry enterprises connects more easily, and more productively, with smaller-scale government. Can we reverse the trend of the last half-century and begin to see policy thinking flowing upwards from the communities and regions of the UK to inform thinking in Whitehall?

8 Digital Britain: Making super-fast broadband freely available to all, including the poorest, has the potential to release mass creativity, transform lives and galvanise the economy – but only if the services, tools and content available are sufficiently attractive and accessible to engage individuals and businesses. What more can we do to achieve the high ambitions of 'Digital Britain'?

9 Short-termism: The events of the last two years, coupled with the reality of climate change, highlight the inadequacy of consigning too much power to the short-term energy of the market. We need to invent new ways to incentivise longer-term thinking, including investment in people and infrastructure. How do we integrate the strengths of the creative industries into that process?

10 Data collection and analysis: The UK has a poor record in collecting and analysing data on the creative economy. In the US comprehensive data is an integral part of business planning, much of it built on close co-operation between academia and business. Can we do the same, through our research councils and others?

11 Public procurement: Government, local authorities and public agencies purchase more than £140 billion worth of goods and services each year. Five years ago the Cox Review urged government to use 'the massive powers of public procurement… to encourage more innovative solutions from suppliers', but little has changed. How can citizens more directly influence procurement, and how can it be made more local, green, creative and open to SME's?

12 Credit: In common with every other part of the economy, the creative sector is suffering in the continuing credit crunch. But its situation is worse, because it creates wealth from ideas and newness rather than assets and well-tried formulas. With several of our biggest banks now effectively in public ownership, there needs to be firmer direction to ensure that the investment needs of the creative economy are met. Given the lack of engagement in the past between the finance sector and the creative sector, this means there is a substantial brokerage task to be done in teaching the two to talk to each other. How can we do that – and do it quickly?

Some of these issues will need inter-governmental co-operation to achieve real change, some are issues for our government structure, and some for local businesses and communities. The one certainty in the present circumstance is that no-one can claim a monopoly on wisdom. As the International Monetary Fund (IMF) recently said, we are in uncharted waters. The question is – do we attempt to forge a new and creative way forward, or do we retreat to what we know to be environmentally and economically unsustainable and socially inequitable? We got into the current financial mess by believing in the rhetoric and subscribing to the values of big business. We will not get out of it by listening to the same voices. Instead of turning to the models that have already failed us, we need to find creative solutions.

1 Holden et al (eds) *After the Crunch*, CCSkills, 2009 p14.

2 Freeman, A, *London's Creative Workforce: 2009 update*; GLA Economics Paper 40, Greater London Authority, 2010, p5.