



Not so cool Britannia

The role of the creative industries in economic development

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ABSTRACT ● This article provides a brief overview of current UK policy and practice in the area of the creative industries and economic development and aims to raise concerns about what I see as the problems arising in the implementation of these policies. It argues that the desire to use 'creative industries' as a single weapon with which to turn around economically depressed regions risks creating polarized and unsustainable economic development. Creative industries developments, if they are to succeed, cannot be disconnected from the cultural policies that nurtured them and the social policies that can help to sustain them. ●

KEYWORDS ● knowledge economy ● regional development

The aim of this article is to provide a brief overview of current UK policy and practice in the broad area of the creative industries and economic development and to raise concerns about what I see as the problems arising in the implementation of these policies across the UK. This is an area where, at least some of the time, I attempt to make a living as a consultant, while simultaneously working as a writer and commentator on these issues. Given this, the article is very much rooted in policy and observed practice, although I hope it benefits both from my own previous research and, in

particular, from the conversations with others at the 'New Economy, Creativity and Consumption Symposium'.

I will argue that, just over five years after the election of the New Labour administration in the UK, one that put its commitment to the creative industries very much at the heart of its initial message, a number of severe problems are becoming apparent in its approach. Some are the result of decades of underinvestment and are unlikely to be quickly reversed, whatever policies are adopted; others, I argue, result directly from the current approach. Above all, we face a widening gap between the rhetoric, which continues to grow, and the evidence base that supports these policies, which is small to non-existent.

The article will draw on a number of projects that I have undertaken for regional development agencies and local authorities throughout the UK and in particular on a piece of research conducted for the National Endowment for Science, Technology and the Arts (NESTA, 2002) which looked at barriers to the successful commercialization of creativity.

Where we are now

One thing one can be sure about in opening any policy document, tender for research or brochure on regional economic development in the UK is that the creative industries will merit a mention somewhere. No region of the country, whatever its industrial base, human capital stock, scale or history, is safe from the need for a 'creative hub' or 'cultural quarter'. Each regional development agency in England has a Cultural Consortium (there are eight: one covering each region) where representatives of the arts, heritage, museums, tourism, sport and archives are charged with drawing up a strategy 'that sets out the future of culture in their region'.

Many go further than this and have assembled policy makers at city or local level charged with pursuing the possibility of culturally-led economic development. As industrial decline continues and the strength of sterling further erodes what is left of our manufacturing industries, many policy makers are turning to the creative industries as a way out of the mess and, moreover, one that they believe is more resilient and more rooted in local circumstances.

Many cities, including Liverpool, Sheffield, Birmingham, Newcastle and Belfast, have their 'creative quarters'. London mayor Ken Livingstone has set up a 15-person Creative Industries Commission due to recommend, by the middle of 2004, what his policy should be towards creative businesses in the capital. Furthermore, the Capital of Culture bid was fought out with all the hype and enthusiasm one associates with an Olympic bid. Even at the smaller scale, culturally-led regeneration is often presented as the last great hope of cities with economic or social problems. A proposed

workshop-cum-gallery space in Hartlepool in the Northeast (in a recent call for consultancy advice) is described as helping to provide ‘a sound foundation for the development and consolidation of Hartlepool’s economic base’. Providing a place for people to work and display their crafts is not enough; such an initiative must now ‘contribute to the establishment of a thriving cultural economy in Hartlepool’.

What concerns me is not that cities and regions have seen the creative industries as a vital sector to be supported and nourished, but the weight of expectation now being placed upon these sectors to ‘deliver’ in terms that are not well understood economically and even less so in their social and cultural functions. As the rhetoric and expectations grow, the evidence base on which they rest seems to shrink and we are currently stumbling, fairly blindly, in the belief that the creative industries have a well-understood role in economic development, regeneration and social inclusion.

How we got here

The Department of Culture, Media and Sport (DCMS) was created in its current form in July 1997, shortly after the election of New Labour. It was a time of optimism and hype. Instead of being associated with Britain’s declining industrial base, the new meritocratic Labour party wanted to associate itself with the knowledge-based economy (and made the unfortunate error of making these seem like entirely distinct entities). Pop stars and fashion designers were invited to Number 10. While not exactly claiming that ‘greed is good’, ministers stressed that wealth creation was no longer to be frowned upon.

Of more importance, the DCMS set up the Creative Industries Task Force (CITF) which was charged not only with defining, but also with mapping and measuring the creative industries. To the disappointment of some (see, for example, Howkins, 2002), the terms were restricted to the arts and cultural industries, but excluded science, maintaining Britain’s longstanding ‘two cultures’ tradition. Nonetheless, the two *Creative Industries Mapping Documents* produced in 1998 and 2001 by the DCMS succeeded in raising the profile of these sectors considerably, establishing them as one of the fastest growing parts of the UK economy and putting them firmly on the political map. Criticism of how these numbers are collected and defined has been levelled by many (including other articles in this issue) and have much validity, including concerns that such numbers are often used to ‘mask’ what are often casualized insecure working conditions for many in the ‘creative class’. But, despite that, if the aim was to establish the profile of the sector for hitherto largely ignorant policy makers, it has worked beautifully.

All of this resonated with the belief that Britain’s economic future lay with

the move towards an increasingly knowledge-based economy, with its premium on higher learning and education levels, qualifications (that help to ensure labour mobility) and flexible working, many of which were exemplified in the work patterns already evident in the creative industries. At the national level, therefore, this was bound up with the ‘new economy’ rhetoric, and it is the problems associated with this rhetoric – the idea that the ‘old economy’ did not matter; that the business cycle had been superseded; and that growing income inequality was the price to be paid for increased ‘flexibility’ – that in some ways now haunt the creative industries debate.

In addition, at local or regional level, the creative industries were seen as ways to create local sustainable jobs, less prey to the ups and downs of the global economy and ones that were people, rather than capital, intensive. New models of work, including highly collaborative networked models of production, were seen as the way forwards for other sectors of the economy, as was the value placed on innovation. Even our increasingly fragmented and fractured social consensus was seen to have something to gain from sectors in which we could all have a role; after all, everybody could be ‘creative’ to some degree, couldn’t they?

What’s the problem?

The aim of this article is not simply to challenge some of these assumptions, although I would wish to do that. More urgently, I want to query how we have reached a stage of almost uncritical acceptance of these arguments, many of which are untested and unproven. The remarks that follow apply largely to the UK experience of these issues, which is the one with which I am most familiar. However, I hope and believe they have wider resonance.

The gap between rhetoric and evidence

Much of the evidence for the importance of the creative industries in regional economic development in the UK is currently drawn from work conducted in the US, notably that of Richard Florida (2000). Florida has distinguished himself by being one of the few academics well known to policy makers (as opposed to the many that they don’t read) to try and construct any sort of evidence base to support his assertions that not only is creativity vital to the economy, but that diversity (openness and tolerance) is the force on which it depends. Consistent with the trend for North American thinkers to have a disproportionate influence on New Labour policy makers,¹ such beliefs are now accepted uncritically by many UK policy makers despite the economic, cultural and social differences between the UK and the US and the cultural specificity of Florida’s own work. While

the UK has made many strides in measuring the size and structure of the creative industries themselves, the relationship *between the sectors and the other claims made for it* are largely underresearched and hence poorly understood.

This in part relates to the inherent difficulties in mapping and measuring these particular sectors for reasons that are fairly well understood. But I argue that it also relates to a larger and more fundamental problem in current public policy development, best summed up in a recent comment by a colleague on returning from an environmental conference: ‘the data are rubbish or non-existent or non-comparable, indicators of sustainability are lacking data and any connection to policy making, and no one is linking them to big national datasets.’² What passes for indicators on the environment is equally true for the creative industries, the uses of new technology, regeneration, the links between crime and almost anything, and so on, across a host of policy areas. Of course, all of us trained in qualitative research have always argued that numbers alone cannot adequately reflect reality, but instead of using the numbers and seeking to augment/verify them via other methodologies, we currently get no hard data in a host of areas and are left with anecdote.

This, I argue, relates in part to another area touched on in the symposium – the changing roles of universities, think-tanks, consultants, and so on. Even 10 years ago (when I was in the process of moving from a university to an ‘independent research institute’), the roles of various parties were better understood. One of the roles of academics in the social sciences was to collect and analyse the large, generally national, data sets that think-tanks, consultants and civil servants use to develop ideas, formulate policy, and so on. It was a food chain with (ideally) long-term systematic research at one end and (ideally) innovative ideas and policy making at the other. Changes in university funding and the necessity for academics to raise more of their funding from non-governmental sources have led to increased activity by universities at the policy making/consultancy end of the spectrum. While I, for one, welcome the collaboration and have no problem with the idea of academics who want ‘much the same prospect of influencing opinion, meeting the powerful, and getting your name in the papers’ as others (see Hardie, 2001), *somebody* needs to be doing the long-term evidence gathering. Otherwise, we are left entirely at the mercy of governmental rhetoric.

To take just one example, we understand very little about how the creative industries might help foster a sense of social inclusion. The evidence is that these sectors have a greater representation of graduate labour than other sectors. Black and ethnic minority individuals tend to be underrepresented, and the centralizing tendencies of these industries, their famous ability to ‘cluster’, mean that, in spatial terms, scale is often rewarded. In the case of London, for example, a recent report shows a high degree of

spatial concentration within London's creative industries, with one-third of boroughs accounting for 71 percent of creative industries jobs (GLA, 2002). On the face of it, these look like sectors that have a lot to contribute to social polarization, but very little to inclusion. My argument is not that this *is* the case, but simply that we have very little evidence either way and that the evidence we do have is unfavourable. Nevertheless, the rhetoric persists. Terms like social inclusion, neighbourhood renewal and widening participation are peppered throughout any policy documents relating to the creative industries.

The problematic notion of creative industries

The DCMS definition of the sector³ has done a lot to boost its standing and put it on the political agenda, but it does risk blurring the distinction between what are, in fact, very different industries. Some sectors, such as publishing or art, are extremely high risk, often the product of an individual creative vision rather than the demands of a market. Others, such as designer fashion or architecture, need teams of people to translate an individual vision. The 'market' has a large role to play in determining the output, but individual creativity often leads in creating this market (for example, the annual fashion shows will lead to a host of imitations in high street clothes). Some cultural sectors, such as music or film, span the spectrum from individual creativity to intensely formulaic market-tested products. This is not a value judgement. The point is not to suggest that some creative products are 'better' (more creative) than others, but simply to suggest that different industries work in different ways and hence need different sorts of interventions, a point that seems to be poorly understood in our current approach to creative industries support and development.

Other criticisms of this approach point out that the notion of creative industries is in itself problematic, privileging certain sorts of activities as 'creative' and others as not. While I have no argument with this point of view, it still seems to me that there is some value, from the standpoint of what we used to call industrial policy (and now more prosaically refer to as business support), in delineating the group of industries concerned with cultural production and analysing their needs, identities and responses to interventions. This is not to dismiss the ideological implications of privileging 'creative' industries over others; these, I think, are profound and sometimes disturbing.

The 'cookie-cutter' approach

If the notion of the creative industries is problematic, even more so perhaps is the sense that these are sectors that can be replicated and developed pretty much anywhere, without regard for the specifics of place. Rather than trying

to understand the difference between the creative economy of Glasgow and that of Cornwall, we currently seem hellbent on trying to replicate a single creative industries model across the country. It appears that everywhere needs a university, some incubators and a 'creative hub', with or without a cafe, galleries and fancy shops. In an industrial economy, we had a framework for understanding regional differences; some places had steel or coal or shipbuilding, others traded or just moved money about like the City of London. We seem to have forgotten this in our rush to develop regional creative economies. In other words, all regions are pursuing the same culture-/knowledge-based economic development strategy despite the evidence that their human capital stock cannot support it and they will have difficulty in the short and medium term in attracting or retaining the kind of workers on which these economies depend.

Of even more concern perhaps is the lack of political acknowledgement that, for a time at least, a more knowledge-based economic development strategy will exacerbate social polarization and inequality. The issue is recognized and much handwringing takes place about the ability of successful sectors to coexist with islands of deprivation and unemployment – many of London's 'creative quarters' exemplify this pattern. But the problem is likely to be worse elsewhere. While London's economy can generate a huge number of low-skilled, low-paid jobs in the service sectors, many regional 'creative' economies are pursuing development without this large service sector base. Their local economies simply will not, in the short to medium term, support the range of lifestyle and leisure businesses that surround larger urban creative economies. It may seem perverse to be lamenting that some of the UK's regional economies are too weak to support a casualized underpaid service sector, but the current alternative, as we know, is not that such people will continue to be employed in stable unionized manufacturing jobs.

It is clear, I argue, that much of the rhetoric around knowledge-based economic development (and the creative industries within that) masks a huge number of unanswered (and unasked) questions and a complete lack of political response. In some cases, it will take a generation to improve the human capital and, hence, economic prospects of some of Britain's regions. In the meantime, we need to ask more profound questions about what types of 'knowledge' matter and have value and why. We need to develop a more nuanced place-based strategy for creative industry developments that reflects these differences.

Short-term enthusiasms and long-term erosions

A familiar criticism of current UK government policy is its fondness for short-term projects over long-term systemic funding. In the case of the creative industries, this sometimes leads to sums of money being available for 'new' projects, while what might be called 'non-commercial' creative

activity – ranging from the subsidized arts sector and music teaching in schools to community and voluntary activities – is neglected. The rhetoric acknowledges that a core feature of the creative industries is their embeddedness in a variety of activities and policies. Everything from the public education system to the funding of museums and galleries, urban planning, licensing laws and immigration policy has had an impact on this sector and part of our task is to better understand these many and varied interactions. However, lack of systematic research into these interactions frustrates our attempts to convince policy makers of these relationships, so the wellsprings of our creative life, from the British Museum to school playing fields, continue to be starved of cash.

At other times, policy is simply at odds with the rhetoric. The National Advisory Committee on Creative and Cultural Education report (NACCCE, 1999) was influential in alerting commentators to the discrepancy between the economic challenges, as laid down in successive policy documents on competitiveness (DCMS, 2001; DTI, 1998; DTI/Office of Science and Technology, 2000), and the educational response. For a start, there are concerns about what is seen as the destructive narrowness of the educational curriculum in schools and early specialization. In other words, while the creative economy requires highly skilled flexible self-learners, the need to raise standards in education has led to greater emphasis on outputs and targets, perhaps at the risk of experimentation. In addition, the number of tests has increased, although we know that much testing emphasizes simple recall at the expense of higher critical thinking. Furthermore, while economic commentators stress that the ability to fail is part of the vital training for entrepreneurship and creativity, schools can no longer afford to fail (or have pupils that do) for fear of falling down the performance ‘league tables’.

I argue that some of these problems result, ironically, from Britain’s very success in having made an economic case for the creative industries. The struggle to have these sectors identified as an important part of a modern economy, ones that are worthy of investment as well as ‘subsidy’, has created a level of confusion about the cultural role of the creative industries. This is not helped by the fact that different government departments cover these sectors in their different guises. In recent work on the computer games industry, we were told by policy makers that no case could be made for specialized tax breaks, as enjoyed by the film industry, because, although a country ‘needs’ a film industry, it doesn’t ‘need’ a games industry; in other words, no ‘cultural’ case could be made for games. Making an economic case for intervention, however, involved suggesting that the industry was on its knees and unlikely to survive without help. While this may in fact be the case, it is puzzling for those of us who are arguing that the appearance of having a relatively successful games development industry *is more reason in economic terms* to support it. All this despite the fact that most commentators acknowledge that the *economic value of a product in the creative*

industries is dependent upon its 'cultural value' and that cultural value embodies a whole set of notions – informal, intuitive and sometimes emotional – that are difficult to define or codify (Banks et al., 2000).

The problem of supporting bottom-up organic systems

Nick Couldry's article (this issue) refers to the issues around public support for self-organized systems; in that case, virtual communities, web portals, and so on. Many of the questions can also be asked about the nature of public support for, and intervention in, the creative industries. The ecology of creative industries firms *at the local level* is often an instance of organic bottom-up development, resulting in a confusing, but essentially thriving, system. At the national and transnational level, it is a case of a few dominant media companies (in the broadest sense) and huge concentration. Local and regional creative industries development often sits awkwardly between these two poles, unable to influence the multinational corporations, but too 'top-down' and centralizing to help those, generally very small, firms at local level.

Recent years have seen improvements and innovations in the type of business support available to small creative industry firms. I have written elsewhere about the importance of network support, linking creative workers to higher education, government and sources of funding. Now most regional or local business support or economic development agencies have policies for network development, and initiatives such as the Scottish Games Network, Bristol Interactive Cluster or the Cultural Industries Development Service in Manchester receive public funding. However, there are concerns that the nature of public funding – short-term and concerned with measurable outputs – is ill-suited to the support of fragile ecologies such as entrepreneurial networks. Successful networks take a long time to develop, and trust between partners is a crucial ingredient. This trust can easily be eroded by short-term decision-making. Another problem for public funding is its output-driven nature, as many of the 'outputs' of successful networking are hard to measure. Publicly-funded networks are often forced to use measures such as the number of 'assists' or 'introductions' (of one person to another), regardless of the quality of these linkages.

Conclusions and further questions

My concerns in writing this article have been twofold. One set of concerns is around the complete lack of 'evidence-based policy' in what is a high-profile public policy area. I have recently been involved in writing a paper for the London Development Agency (the city's primary economic development body). The brief was to discuss the type of interventions that can be

made to support commercialization and exploitation in the creative industries in London. It is relatively easy to run through the types of intervention that are commonly used, from network support, to incubation, to industrial-academic links, and so on, but extremely difficult to present *any real evidence* on what works. Many will argue that this is simply impatience. In many cases, new structures, agencies, and so on have only been established in the last few years. My concern is that if we are not putting the long-term research and monitoring systems in place now, we will have no more of an idea of 'what works' in five years' time.

I hope, therefore, that QUT's initiative allows us to kickstart a programme of serious comparative work into the nature and outcomes of support for the creative industries and their role in economic development.

The second set of concerns draws on having been involved (at the think-tank end of the spectrum, so to speak) in influencing policy and thinking in this area and my genuine and sometimes naive alarm at the hijacking of these interests to support the more dangerous aspects of new economy ideology. The development and support of a thriving creative industries sector in many parts of the UK can enable some of those involved to fulfil their talents, aspirations and desires; it can assist in place-making and physical regeneration in many rundown inner city or rural areas; and it will provide employment, some of it insecure and casualized, some of it long-term and sustainable. However, it will also provide some creative products that we may or may not enjoy. It cannot provide the answer to the social and economic polarization threatening the UK and other advanced economies (and much less an answer to the problems of the North/South divide). We need other interventions and political responses for that and we need to start thinking about them soon.

Notes

- 1 The influence of Amitai Etzioni and Robert Puttnam on the debate about 'communities' is a clear example.
- 2 Thanks to Ian Christie.
- 3 The creative industries are taken to include: advertising, architecture, art, antiques, crafts, design, fashion, film and video, computer games, music, performing arts, publishing, software and computer services, TV and radio.

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