

QUT Digital Repository:
<http://eprints.qut.edu.au>



Hartley, John (2007) *From creative industries to creative economy: flying like a well-thrown bird? [in Chinese]*, in Hartley, John, Eds. *Creative Industries*, pages pp. 5-18. Tsinghua University Press.

© Copyright 2007 John Hartley
Posted with the permission of the copyright owner for your personal use only.
No further distribution is permitted without permission of the copyright owner.

CREATIVE INDUSTRIES

Preface to the Chinese edition

FROM CREATIVE INDUSTRIES TO CREATIVE ECONOMY:

FLYING LIKE A WELL-THROWN BIRD?

JOHN HARTLEY

In 2001, I established the world's first 'Creative Industries Faculty' at Queensland University of Technology in Australia. The idea behind this initiative was to bring together the performing and creative arts, media and communication, and design disciplines, in order to train graduates for the creative aspects of the new knowledge economy.

However, it was not clear to everyone, even among my colleagues and students, what the creative industries were. So a group of us got together to scour the world for thought-leaders, scholars and 'creative entrepreneurs' whose work, taken together, might explain both the creative industries as an overall concept and various contexts in which creative enterprise is making its mark. This book is the result. It contains excellent work by some of the best writers in the field across the world, and each section is introduced by an analysis provided by members of the editorial team. The book was commissioned in the

USA, edited in Australia and published in the UK. So it was very much an international project, and it includes both writers and examples from around the world, including China. Now, the publication of a Chinese translation by Tsinghua University Press is itself a symptom of the rapid globalisation of the idea of the creative industries.

While working on the book, I was awarded an Australian Research Council ‘Discovery’ grant to investigate the internationalisation of the creative industries with special reference to China, together with colleagues from QUT led by Dr Michael Keane. We began our work in Shanghai and Beijing in 2002. Even in these fast-developing and international cities, however, we found few signs that the idea of the ‘creative industries’ had taken hold at that time. People we talked to were used to the idea of the Cultural Industries, referring to publishing and broadcasting in particular.

Their attention was focused on the burgeoning manufacturing sector of the economy, rather than on services or the consumption of creative products.

Partly in order to introduce the concept of the creative industries to the Chinese environment, in July 2005 we organised the first international forum on ‘Creative Industries and Innovation in China,’ working with colleagues from the Chinese Academy of Social Sciences, Renmin University and others.¹ The forum was addressed by Dr Wu

¹ The ARC research team is Prof John Hartley, Dr Michael Keane, Prof Stuart Cunningham, Prof Stephanie Hemelryk Donald, Dr Christina Spurgeon and Dr Terry Flew. The ARC’s financial support is gratefully acknowledged. The forum was co-sponsored by QUT Institute for Creative Industries & Innovation, Chinese Academy of Social Science Humanities Research Centre (Prof Zhang Xiaoming), and Renmin University of China Humanistic Olympics Research Centre (Prof Jin Yuanpu). It was supported by the Administration Committee of Zhongguancun Science Park, the Home Affairs Bureau of the Government of

Qidi, Vice-Minister of Education of the PRC, and Senator Rod Kemp, the Australian Minister of the Arts and Sport. Speakers representing government policymaking, businesses enterprise, academic research and creative professions came from all over China and from Britain, the USA, Australia, Hong Kong, Japan, Singapore and Taiwan. Many of the presentations have been published in a special issue of the *International Journal of Cultural Studies* (volume 9:3, September 2006, Sage Publications, London).

By the end of the forum, the idea of the creative industries was a hot topic. Within those three years since 2002, much had changed. Leaders were beginning to focus on the service sector of the economy, on the dynamic growth of small to medium-sized enterprises (SMEs), especially in the knowledge, IT, creative and consumer sectors, and on the need for China to diversify its export profile beyond manufacturing.

It became clear that new challenges were emerging. For instance, despite its strength as a world leader in manufacturing exports, China suffers from a significant trade deficit in creative and cultural goods and services. Film, television, software, music, design, architecture, popular fiction – in all these areas there remains stronger demand in China for foreign imports than international demand for Chinese exports. What might China do to harness the creative talents of its own population, and benefit economically from its own cultural heritage? How to link China's cultural and symbolic values with economic values? What needs to be done to develop a thriving trade in consumer services such that

people all over the world will want to buy products that are ‘created in China,’ not simply ‘made in China’?

This challenge requires more than a simple ‘catch up’ strategy based on copying successful models from the West, because creativity, culture and symbolic values require sensitivity to the local context for both inspiration and exploitation.

The trick is to make something from a specific origin appeal to audiences on a global scale. For example, the far from common experience of attending an English boarding school has sustained generations of popular fiction and comedy, from Billy Bunter or Monty Python to Harry Potter, accruing for the creators both cult status and commercial success on a global scale.

Chinese culture and experience can stimulate the international imagination, as already occurs, for instance in the tradition of Shaolin martial arts as the inspiration of innumerable *gung fu* films and games, or the intrigues of the Imperial Court, which make excellent television serial costume-drama. However, apart from the recent success of Chinese filmmakers such as Zhang Yimou, not enough of this creative and cultural production is exported from China itself. It comes from Hong Kong SAR, Taiwan, even from Korea and Japan, all of which are ahead of China in the export of consumer products based on cultural traditions. The same applies to contemporary entertainments, including fashion, visual design, media, software, internet, music and games – China is a

net importer of formats and fashions, not an international trend-setter or directional leader.

To improve national competitiveness in the creative industries, entrepreneurs, policymakers, researchers and creative personnel need to understand the concept and its development as a whole, rather than seeking to copy existing models. This is where the present book is useful. It outlines the origins and evolution of the idea, and shows how it applies in an ever-wider frame of analysis, from the individual right up to the global economy.

Below, I consider some of the issues that are important if the challenge of the creative industries is to be met. My argument is that the idea of the creative industries – as elaborated in this book – is in process of evolution. Starting as a mere cluster of industries with creative *outputs* (and sometimes not much else in common), the creative industries have more recently been identified by looking at creative *inputs* across the economy. It is here that high added value, innovation and competitiveness are often at their most intense. Think of the importance of design in the motor industry.

However, extending the idea of the creative industries from creative outputs (e.g. movies) to creative inputs (e.g. design) still leaves room for a further evolution. A number of Western countries have begun to discuss the extension of the idea of creativity to the economy as a whole and to all citizens. Their thinking is based on the need to encourage

innovation. In knowledge-based economies, this is perceived as the only means to sustain national competitiveness. So the real question is:

What can be done to encourage innovation?²

Pragmatism might say that if something works well, it's a good idea to keep on doing it, preferably at lower cost. Using that logic, there is one very simple answer to the question of what can be done to encourage innovation: 'Copy BMW!'³

Like other innovation-conscious companies, BMW does indeed exemplify some of the key values of the creative consumer economy:

- global branding;
- focusing on prestige (including the Mini and Rolls-Royce brands);
- creative design (integrated with technical, engineering and industrial-process solutions) at the centre of the enterprise;
- globalised production and marketing;
- strong focus on customers, corporate ethics and user-feedback.

But unfortunately such advice, practical though it is, does not go the heart of the matter; it does not explain why one kind of solution works, while another does not. Why copy BMW rather than Mercedes-Benz? Why pick on any particular firm, when so many have done *something* right: Virgin, Nokia, Dell, or any other existing success story? Besides,

² The remainder of this Preface is based on a talk I delivered to Director-General-level leaders at the China Executive Leadership Academy Pudong (CELAP) in March 2006, at the invitation of Professor Jiang Haishan, Director General of CELAP's Department of International Exchanges (www.celap.org.cn).

³ For BMW R&D philosophy explore: www.bmwgroup.com

such advice would come too late, since BMW is already doing very well in China, more than doubling its sales in 2005.

So I'm not going to 'reverse-engineer' an existing innovative firm to see what it's made of, not least because that entails looking at something created in the past, which may not be what's needed for the future. Instead I hope to establish the principles that ought to encourage innovation. What is the 'driving principle' behind any innovative success in a global competitive marketplace?

My perspective is not that of an economist or even a policy-maker. My own research interests are in the creative content and social impact of popular media – from Shakespearean drama to reality TV; and in education (formal and informal), including the educational possibilities of popular and new digital media. Over the past decade or so, however, both of these domains – popular creative expression and education – have shifted to the centre-stage of policy and economic debate, partly via the recent concept of the 'creative industries.' In order to show just how crucial this shift is, I must turn to a bird, a rock, a teenager and a pig.

Calling the 'toon'

In February 2006 the Hollywood trade newspaper *Variety* reported what they called 'one of the more bizarre orders' from China's State Administration of Radio, Film and Television (SARFT):

‘TV shows and films featuring human thespis [actors] with animated companions will be banned.’⁴

Variety commented that the order was issued to protect the ‘still struggling’ homemade animation industry from foreign competition. It also reminded readers that this was not the first such move by SARFT. The 1995 Australian movie *Babe* had been ‘banned on the basis that animals can’t talk and some viewers would be confused.’

In fact neither reason is all that ‘bizarre’ – both are standard government actions in a control-led policy environment. One is designed to protect the local industry from foreign competition. The other ‘protects’ the domestic viewer from negative media influence. Both are also calculated to remind everyone that the government ultimately ‘calls the “toon”,’ even in the world of fantasy. Notwithstanding any government’s right to act in this context, and noting that this sort of behaviour is by no means confined to China,⁵ such decisions are nevertheless a symptom of old-paradigm thinking. So why would good policy favour an Australian talking pig?

⁴ ‘China applies toon taboos,’ *Variety*, 21 February 2006 (‘toon’ = cartoon); www.variety.com/article/VR1117938596?categoryid=19&cs=1&s=h&p=0. For *Babe* see www.imdb.com/title/tt0112431/. I have been unable to find a reference to the original ban imposed in China, but *Variety*’s story was carried very widely; see for instance www.boston.com/ae/tv/articles/2006/02/23/china_bans_tv_toons_that_include_live_actors/ - *The Boston Globe* via Reuters.

⁵ See the Wikipedia – Malaysia is listed as banning both *Babe* films, China is not (however ‘most foreign films are banned’); Australia is listed as ‘historically, possibly the country with the most banned films’ (en.wikipedia.org/wiki/Banned_films).

Bird not rock

Control-based policy seeks precision, predictability and principles that allow for large-scale replication. This is like throwing a rock. You need to control everything in advance. The science of ballistics will tell you what forces and calculations are needed to make the rock hit the target. Such calculations are useful until you ask yourself a troubling question. What if the projectile in your hand is not a rock at all, but a bird?

How to get the bird to go where you want it to land? The upfront control model would tell you to do something to the bird – tie a rock to it, for example – and make it behave like a projectile not a bird. But a better policy is to ask what would make the bird – or the talking pig – go to the desired place by itself. Put birdseed down for it to ‘find.’

Attracting the bird to go there out of self-interest is a good solution. *Educating* the bird to associate its own goals with yours, as in falconry, is better still. ‘Throwing the bird’ allows it to do what it knows best, which is to fly – something no control agency can do for itself. A well-trained falcon will perform dazzling feats, catch prey for the hunter, and return to hand for a reward: a classic ‘win-win’ outcome. Best of all is learning to live in an environment where the *system* is complex and adaptive enough to ensure that desired outcomes will be achieved without external coercion. Enough birds will go to the desired spot because that’s what they want to do: this is a *smart system*.

Turning attention from the mechanical control of passive objects towards attention to what agents in a complex system want to do for themselves is the basis of innovation

policy.⁶ A ‘creative economy’ is just such a ‘complex adaptive system’ – it’s a bird not a rock – with internal ‘forces’ that need to be ‘unleashed,’ not thrown at targets.

Banning *Babe* (and mixed live-action/cartoons), is an example of ‘rock’ thinking. ‘Bird’ thinking would know that a good animation industry needs rivalry not protection, and that audiences too are ‘complex adaptive systems’ that don’t need protection from ‘knowing.’ Quite the reverse in fact. So, returning to my opening question – ‘what can be done to encourage innovation?’ –, the answer becomes clear: ‘throw birds, not rocks.’

Future not past

If a nation will have just one economic and cultural policy, says evolutionary economist Jason Potts, it should be about fostering innovation. Why? Because you can’t control the future:

No one knows where the economic future lies because the components of that future, namely the knowledge base of the economy, are being worked out continually ‘on the fly.’ All economic predictions are wrong because they are based on looking backwards. ... The path of a stone is easy to predict because all you need to know is where it has been. But to predict the path of a bird, where it has been is less relevant than what it is now thinking. Innovation policy, and therefore competition, trade, industry and cultural policy, should be likewise.⁷

⁶ I’m using a metaphor borrowed from the evolutionary biologist Richard Dawkins, elaborated by Paul Plsek (‘directed creativity’), and applied by *Demos* thinkers in the UK in relation to modernising the public sector services like the National Health Service; e.g. Jake Chapman: www.demos.co.uk/HPAPft_pdf_media_public.aspx..

⁷ Jason Potts (2006): personal correspondence.

This means that policy based on structures or institutions (like the firm) is not enough; copying BMW simply re-invents the past. Innovation policy requires that we enable agents to think for themselves about what they want to do.

Individuals drive innovation

As John Howkins reminds us, when thinking about creativity and imagination it is important to start with the individual.⁸ But no-one lives in a vacuum even in their dreams; our imagination is tutored and drawn out by our encounters with others, through direct and mediated contact. Mediated contact includes everything from music to literature, news to movies, computer games to high culture.

Whether it's Li Yuchun, winner of the *Mongolian Cow Sour Yoghurt Supergirl* pop-singing contest (who garnered 3.5 million popular votes), or fine-artist Chen Yifei (whose work has sold for 5.5 million yuan),⁹ the individual remains the 'unit' of creativity, no matter what scale is achieved in distribution or sales.

But such talent can generate new commercial ventures. Chen Yifei himself returned to China to found a business conglomerate with magazine, design-emporium, model agency, restaurant, film production and fine art interests. The Yifei Group pioneered the concept of the creative industries in China.

⁸ John Howkins (2005) *The Mayor's Commission on Creative Industries*. In J Hartley (ed.) *Creative Industries*. Oxford: Blackwell, 117-25; Howkins (2001) *The Creative Economy*. London: Penguin.

⁹ See english.people.com.cn/200508/28/eng20050828_204953.html for Li; for Chen www.chenyifei.com/; english.sina.com/life/p/1/2005/0630/36739.html.

Teenagers: daydreaming and mischief

How to encourage individual imagination within a complex system? Imagine a typical teenager. Her day is divided between two *structures*: home and school (this would apply equally if ‘she’ was a ‘he,’ and at work). In both she is subject to institutional ‘rigidity’: at home, parental authority and household duties; at school, discipline, organisational routines and assessment. But every day this teenager walks or catches the bus between home and school. As she goes she might lose herself in her own thoughts. Or she might join with her peers and go downtown. Let’s call these two activities *daydreaming* and *mischief*. Naturally, both are discouraged by parents and teachers, the controlling institutional authorities in her life. Perhaps this explains why they have the feel of both wastefulness and courting trouble.

But youthful daydreaming and mischief might also be seen as ‘nest’ in which future possibilities are growing. This is the reason that such apparently unworthy private pursuits are of interest. As Paul Plsek puts it, the ‘tools of creative thinking’ are simply ‘to focus *attention*, *escape* the current reality, and continue mental *movement*.’¹⁰ Teens’ desire to escape from established routines is a model of creative thinking.

It also underlies popular entertainment, live and mediated, driving the imaginative content of the most important of the creative industries. Narrative and drama (both factual and fictional) are the ‘industrial,’ scaled-up form taken by adolescent wish-fulfilment and peer-group play or conflict. The popular media have grown up in the gap between elite

¹⁰ www.directedcreativity.com/pages/Principles.html

systems (of government and business) and general populations, giving highly capitalised expression to people's desires and fears, wishes and conflicts, plots and games.

Normally government is devoted only to controlling and minimising such tendencies. But teenagers seem opposed to parental or institutional control only because the latter are 'maps of the past' while the teenager is intuitively oriented to the future. Policy needs to think of the daydreaming mischievous teenager as a bird not a rock. How to evolve a complex adaptive system that grows knowledge, with enough attractions and training in place to encourage the innovations that otherwise waste away in daydreams and mischief?

Scale up imagination

In 2006 there are 1.2 billion people between the ages of 10 and 19 globally. That's over a billion people around the world looking for their first job over the next few years. An estimated 227 million of these youngsters are Chinese.¹¹ What sort of jobs will they want; what sort of dreams will carry them forward?

Many are already aware of the global environment via media entertainment and local changes. Many would like to work in this setting. They want to join the international current of business, culture and experience. They also want to keep a connection between work and personal life, preferring jobs where professional outputs overlap with self-expression, and where their own ideas may be turned into things or services that can be

¹¹ Source: U.S. Census Bureau, International Data Base (www.census.gov/)

bought and sold.¹² In short, very many of the coming billion will want to work with knowledge, culture, and creativity, in jobs that draw on their individuality and imagination.

In such a world the test of government will not be how well they control institutions, but how successfully they enable those daydreams to be fulfilled; that mischief to find creative rather than destructive outlets. The desire of a billion teenagers – 227 million of them in China – is the demographic driver of innovation and change. The challenge for government and business alike is how to nurture individual creativity and channel it towards wealth-creating innovation. And that challenge is immediate, because by the time today's teenagers have become middle-aged, they will not be replaced by equal numbers of 'new' teenagers – numbers of teenagers will decline absolutely, and as a proportion of China's population, by 2025.

So China's main competitive advantage now is not so much its vast pool of labour, which is the fact upon which manufacturing industry is based, but its 'creative human capital' – a significant proportion of the world's daydreaming, mischievous, creative and innovative young people, who will drive the creative economy as both producers and consumers.

Knowledge is power

The production and circulation of knowledge has been analysed across many different fields, including by many of the writers in this book. Knowledge is the resource and the

¹² See www.china.org.cn/english/China/72321.htm

output of creative firms. It is the proper object of any innovation policy. It is also the object of study of ‘evolutionary economics,’ which Jason Potts characterises as follows:

Evolution is the process by which knowledge grows. ... And knowledge is what the economic system is made of. In an evolutionary economic process, it is *knowledge* that evolves. Capital is knowledge in operational form. Labour is knowledge in active form. ...It is the growth of knowledge that ultimately underpins the wealth of nations ... And when knowledge grows, societies progress.¹³

Therefore the stakes are high. But success relies on integrating individual incentive with economic system, something that Potts reckons the market-capitalist system does uniquely well. He writes:

Human minds are, amongst other things, creative and enterprising. When provided with opportunities and incentives, the basic instinct of humans is to develop better ways of doing things by socially coordinating and re-integrating complex specialisations.

Those ‘opportunities’ and ‘incentives’ are the ‘education and the ‘attractants’ that also underlie successful bird-throwing. ‘Co-ordinating and re-integrating complex specialisations’ becomes a self-regulating mechanism of the market.

¹³ Jason Potts (2004) ‘Evolutionary economics: An introduction to the foundation of liberal economic philosophy.’ ideas.repec.org/p/qld/ug2004/324.html; all quotations from Potts are from this paper.

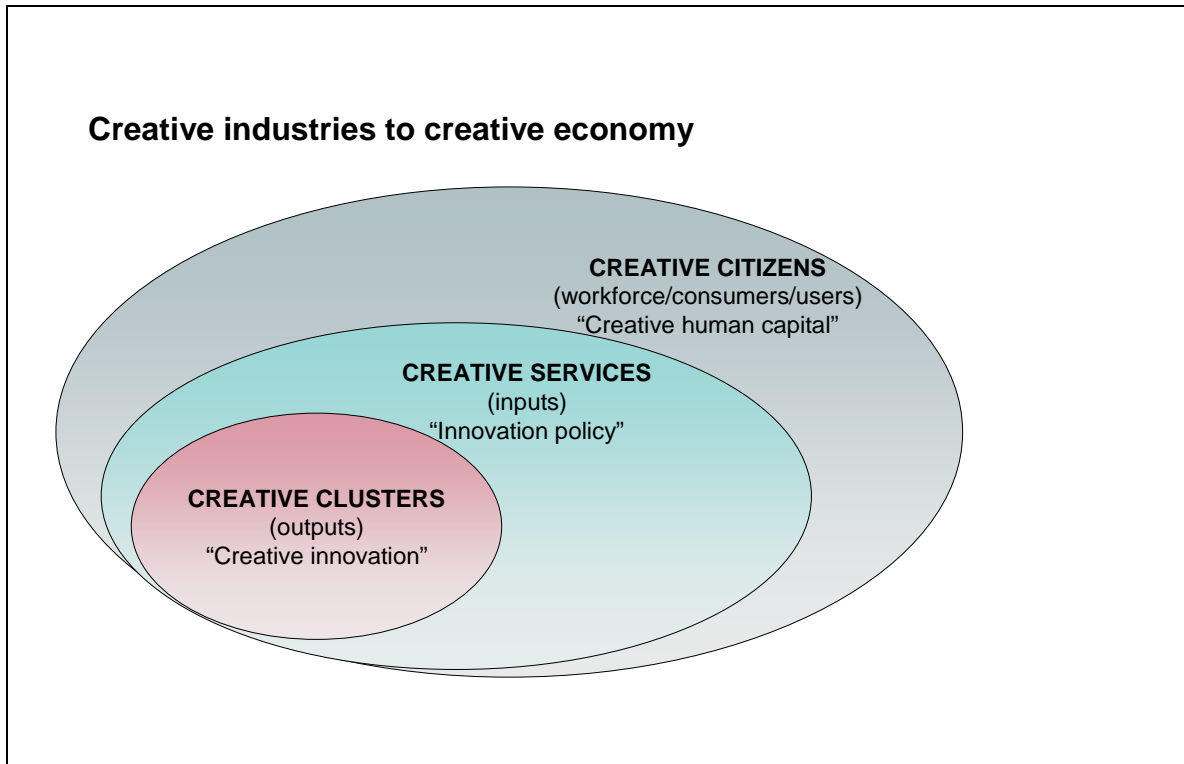
Change, says Potts, ‘if it is genuine change, will be *surprising*.’ If the goal of policy and planning is to grow the wealth of nations and to progress society, ‘then this will invariably involve growing knowledge, and the best way to do this is to unleash evolutionary forces. A liberal market-based economic order works because it *harnesses the creative energies of all the agents in the system*, and the more diversity and rivalry there is, the greater are the possibilities that better solutions will be found.’

The ‘surprise’ of change in which ‘the creative energies of all’ are harnessed is a big challenge – Potts argues that neoclassical economic theory has failed the test.

But so will any arrangement that puts authority above the open system. Instead, markets work best when ‘people take responsibility for their own actions and react to the perceived incentives and opportunities around them.’ Potts has no faith in control by external mechanisms, no matter how ‘enlightened or highly trained they might be.’ They are ‘never smarter or more capable than the systems they try to control.’ What is that system?

What are the creative industries?

Three phases can be isolated, gaining momentum over the past decade:



1. Clusters of outputs (Creative innovation)

The term 'creative industries' emerged in the 1990s. Over a dozen rather different industries that relied on individual creativity were clustered together, including film and TV, publishing, architecture, design, software and computer games, and performing arts. The list was context-dependent, including activities that were important to London or the UK (for instance the Antiques trade) which would not be significant elsewhere.

However the idea became influential in regional policymaking worldwide. Each region or nation 'clustered' industries to fit their own circumstances; one favouring design, another games, a third film and television production. Because of the opportunistic nature of

regional policy, the term was criticised by some commentators, especially those working within an academic context.¹⁴

A further problem was that different types of creative enterprise had little in common with each other. Nowhere was this more clear (nor were the stakes higher) than in the failed merger between AOL (Internet-culture) and TimeWarner (media-culture).

Some commentators feared that the entire idea of the ‘creative industries’ would fade as public policy began to lose interest in cluster theory. Of course, if the creative industries *were* merely a cluster of otherwise unconnected urban cottage industries with creative outputs, then the value of the idea would be limited. But the creative industries as cluster is only the first phase in their evolution.

2. Creative *inputs* (Innovation policy)

The real problem was not the idea of the creative industries. Despite its origins in regional planning rhetoric the term is an excellent label for the convergence of business, technology and creativity in the knowledge-based economy, in the context of the integration of computing, telecommunications and media industries. The problem with the original idea of the creative industries is that by confining creative to outputs (in line with traditional definitions of industry) it confined creativity to one sector, albeit a dynamic and fast-growing catalyst to the rest of the economy.

¹⁴ See especially Jing Wang (2004) ‘The Global Reach of a New Discourse: How Far Can “Creative Industries” Travel?’ *International Journal of Cultural Studies*, 7:1, which considers this problem with reference to China.

Confining the creative industries to *outputs* means that the high added value gained from creative *inputs* into other products and services is not counted. The importance of this is demonstrated by reference to a recent study in Queensland, which calculated that when the contribution of design professionals across the board is aggregated, the design sector in that state is *four times* bigger than traditional statistics show.

The same is true of music, performance, writing, and audio-visual production, the more so as each of these creative forms develops digital and online scale. Creativity already contributes more to economic wellbeing than most governments or observers care to count. Therefore the creative industries should be understood to include business-to-business creative inputs to manufacturing and especially service industries.

Services comprise up to 80 percent of developed economies such as the USA, UK and Australia. Even in China services comprise over 40 percent of the economy, and growing.¹⁵ The highest value-add services are those that use digital media, design and other creative inputs.

In the West, Virgin is a good example of a firm (or ‘cluster’ of firms) that uses creative inputs and new technology to capture the ‘culture’ of consumers in order to attract them to its ‘cool’ version of financial, transport and household services as well as more obviously creative ones like music and entertainment.¹⁶ Many product manufacturers are turning themselves into services. A good example is IBM, which sold its manufacturing

¹⁵ en.wikipedia.org/wiki/Economy_of_the_People%27s_Republic_of_China

¹⁶ www.virgin.com/atoz/?all=show

capability to Chinese-owned Lenovo, while transforming itself into a provider of 'business services' rather than hardware. Dell computers similarly outsources production while ensuring that its brand is associated with price, speed of delivery and other service elements. The latter include commitment to ethical and environmentally sustainable business (like the 'do no evil' motto of Google), and a customer-orientation that focuses on developing open standards within the industry rather than locking consumers into proprietary solutions.

The same applies to health, education and government services just as much as to more obviously commercial sectors like travel, tourism, retail, financial services etc. The trend is to blur the distinction between products and services, and increasingly to use creative and design elements to win consumer approval and competitive advantage.

3. Consumer co-creation and user-led innovation (Creative human capital)

Our research at QUT suggests that the concept of the creative industries has evolved further again, to encompass the latest economic driver and socio-cultural phenomenon, namely consumer-led innovation. Digital interactive technology allows non professionals and ordinary consumers to engage in creative innovation, ranging from the open source movement (e.g. Linux) to digital storytelling.

Some of what they do remains at the level of self-expression and social networking, which itself sustains important enterprises like deviantART.com, flickr.com, or MySpace.com (now owned by Rupert Murdoch) and many others. Elsewhere consumer

innovation may feed back as a kind of R&D into further commercial development, as happens in evolving computer-game content.

As broadband access extends, consumer or user creativity is emerging as the most dynamic source of innovation – blogging, the Wikipedia, citizen journalism, YouTube. New forms of open network relationship have evolved to connect co-creators and to encourage a much broader social base for creative inputs. These include the Creative Commons for innovative ways to share copyright content.¹⁷

The ProAm (professional/amateur) movement has developed to contribute valuable but not commercially traded inputs, especially into ‘third sector’ and voluntary work around delivery of medical, scientific, educational and political services.¹⁸

In each case, the creative talent of the ‘consumer’ – i.e. more or less everyone in contemporary commercial democracies – is available to add value to interactive enterprises, both commercial and community-of-interest based.

Chinese creative industries?

China currently focuses its fiscal, trade and economic policies on manufacturing, barely recognising the existence of the service sector, as demonstrated by the widely reported undervaluing of services which, when corrected, elevated China’s world GDP ranking to

¹⁷ creativecommons.org/.

¹⁸ www.demos.co.uk/catalogue/proameconomy/.

fourth in 2004-5.¹⁹ If sole traders and SMEs in the ‘grey’ economy of services and construction were also included, this might boost the sector by a further 10 percent of GDP, making services over 50 percent overall (and growing), which is the same as Brazil.

An innovation-driven policy would focus on services, not merely on manufacturing. It would promote the growth of small business, venture capital, education and skills, R&D (in ‘culture’ as well as science and engineering), and regulation based on managing risk rather than imposing compliance.²⁰

But discomfort may also be felt. The focus on individual talents, the life of the imagination, and the creative artist, have all provoked concern in Western contexts. Presumably they would inspire worries in Chinese official circles too. However, the point is that the shift to ‘smart systems’ rather than ‘control systems’ is actually assisted by a new focus on the creative arts. The perception of ‘the artist’ has changed because the artistic values of the modernist era can be represented in a new light. Artists have long been ‘trained’ in working with risk, intuition, and constant change. As Justin O’Connor has recently put it, the cultural sector was ‘constantly innovative, anticipating and responding to the market through an intuitive immersion into the field, willing to break the rules, going beyond the 9-5, thriving on risk and failure, mixing work and life, meaning and money – this was a cutting edge sector which the others could look to as a

¹⁹ www.chinadaily.com.cn/english/doc/2005-12/20/content_504977.htm

²⁰ www.lse.ac.uk/collections/CARR/pdf/Disspaper33.pdf

model.’²¹ In other words, *artists* became the template for *entrepreneurs*, and creative enterprise the model for the ‘new economy.’ Culture shifted from its position as a sphere of opposition to the modernising fury of commercial enterprise, becoming a vehicle for its implementation.

While there are plenty of entrepreneurs in China, less attention has been given to nurturing the values most admired about both entrepreneurs and artists in an innovation economy – perhaps especially those with modernist, avant-garde or intellectual leanings, which are often expressed in opposition to the dominant commercial values of the day. Such values lead to an ability to use creativity to produce genuine surprises.

There is also that massive ‘trade deficit’ in popular culture exchanges with the West. While China has become the world’s manufactory, it has weak exports in culture, media, publishing, design, heritage, software – in the creative industries. It is still governed by the slogan ‘made in China’ not ‘created in China.’

Here it differs from both Korea and Japan, which are design leaders, influencing world trends in both ‘high’ and popular arts, contributing to the development of fashion, games, architecture, visual arts, music, film and animation, as well as traditional electronics.

Why should China strive to become a creative as well as a manufacturing powerhouse?

²¹ Justin O’Connor (2006) A New Modernity? The Arrival of ‘Creative Industries’ in China. *International Journal of Cultural Studies*, 9:3.

Why are the creative industries important?

In Western economies the creative industries are already a significant component of GDP, exports and jobs.

- They have been growing at twice the rate of the rest of the economy.
- UK estimates made them worth £112.5bn in 2001.
- The Creative Industries are now nearing 10 percent of the economy in Britain;²² and near 8 percent of GDP for the USA.²³
- In Britain they contribute more than four per cent of export income and provide jobs for over two million people.²⁴
- Estimates put the world market at over \$3.04 trillion (2005). By 2020 this sector will be worth \$6.1 trillion.²⁵

The creative and innovation sector also models 21st Century enterprise development – shifting from closed expert system to open innovation network

Many commentators have noticed a growing disconnect between the general population and elite institutions. The intermediate space between expert systems and consumer choice is the ‘medium’ for growing user-led, consumer co-created innovation. Creative industries occupy that space.

²² www.hm-treasury.gov.uk/budget/budget_06/bud_bud06_speech.cfm

²³ E.g: www.culture.gov.uk/global/press_notices/archive_2005/creative_economy_conference.htm.

²⁴ Source: UK Creative Industries Minister James Purnell, November 4 2005
www.culture.gov.uk/global/press_notices/archive_2005/147_05.htm

²⁵ Source: www.sdi.qld.gov.au/dsdweb/v3/guis/templates/content/gui_cue_cntnhtml.cfm?id=2223.

National innovation systems are vital for international competitive advantage.²⁶ But ‘innovation systems’ should not be built on the ‘rocks’ of patentable science, engineering and technology R&D alone. They need to ‘throw the bird’ of cultural context and the human element.

Innovation systems are complex open adaptive systems built on *knowledge* and *network* not *structure* and *control*, exploiting the interface between users and technologies, elite expert systems and lay populations, creative ideas as well as technical fix.

Creative workforce

Creative industries are also important because they generate and attract highly skilled and mobile occupations that Richard Florida calls the ‘creative class.’ He divides this between a ‘super creative core’ who generate the ideas and ‘creative professionals’ who manage the implementation. The core comprises:

- Computer and mathematical occupations
- Architecture and engineering
- Life, physical and social science occupations
- Education, training and library occupations
- Arts, design, entertainment, sports and media occupations²⁷

Florida has more recently argued that creative talent is becoming an international scarce resource. Cities compete for ‘creative class’ workforce.²⁸

²⁶ Shahid Yusuf, M Anjum Altaf, Kaoru Nabeshima (eds) (2004) *Global Change and East Asian Policy Initiatives*. World Bank/OUP.

²⁷ Richard Florida (2002) *The Rise of the Creative Class*. NY: Basic Books.

Creative human capital extends beyond the formal economy. There is a need to extend access to and ‘literacy’ in digital and multimedia among the general population, both to minimise the digital divide or digital exclusion, and to extend the capabilities of consumers, professionals and culture.²⁹

From Creative Industries to Creative Economy

My analysis suggests that the term ‘creative industries’ describes the dispersal of creativity from the output of a tight cluster of specialists, via intermediate applications in services, to the creative contribution of potentially the entire population (creative citizens).

The creative industries are becoming the model for modernisation of traditional industries, leading to a concept of a ‘creative economy.’ This is what is happening in the UK, with the powerful backing of the Treasury.³⁰ As British Culture Minister Tessa Jowell announced in October 2005:

We must also recognise that the innovation, design and enterprise that are currently the trade marks of our creative industries will also give us the blue print for revolutionising our more traditional industries ... Because in the future, the only successful industries will be those that have incorporated a strong streak of

²⁸ Richard Florida (2005) *The Flight of the Creative Class*. NY: Basic Books.

²⁹ See for instance creativitymachine.net/2006/06/14/kguv-digital-stories-now-online/

³⁰ www.hm-treasury.gov.uk/budget/budget_06/bud_bud06_speech.cfm

creativity into their businesses. Every industry must look to become a creative industry, in the broadest sense of the word.³¹

The fundamental importance of the creative industries therefore lies in their role in fostering the growth of knowledge and creative participation among the general population as part of a complex, open innovation system.

A Chinese Creative Economy?

This is not a model to ‘copy and cash in’; it is a call to invest ‘patient capital’ in education, R&D and the ‘creative economy.’ To create a ‘smart system’ – open, complex, adaptive – that is the ‘big step.’³²

‘Little steps’ along the way would include any initiative designed to encourage innovation. For instance:

- *Encouraging individual innovation* in production (small enterprise) and in consumer/user inputs to both commercial and community innovation.
- *Liberalising the control culture* of permit, authorisation and censorship.
- *Developing an IP regime* that rewards creative inputs, branding, and copyright while stimulating public access to ideas, knowledge and creativity, perhaps along the lines of the Adelphi Charter.³³

³¹ www.culture.gov.uk/global/press_notices/archive_2005/creative_economy_conference.htm

³² The German evolutionary economist Carsten Herrmann-Pillath argues that historically and culturally China *is* a complex open system (see ‘Culture, Economic Style and the Nature of the Chinese Economic System,’ 2005 (accessible at www.bm.ust.hk/~ced/iea/Herrmann-Pillath%20CultureChina.pdf).

³³ www.adelphicharter.org/

- *Recognising the importance of intermediate agencies* which express the true force of market demand, e.g.:
 - reliable agencies to audit ratings and circulation of popular media content
 - independent polling and public opinion agencies
 - active consumer-protection agencies
- *Supporting the service sector*, which is potentially more important than manufacturing.
- *Focusing on young people as the creative citizens of the future* – in China and around the world – who are currently looking to Korea, Taiwan, Hong Kong and Japan for design, style, creative flair.
- *Addressing the ‘cultural trade deficit’* that persists despite the almost unlimited market potential of China’s rich heritage in design, fabrication (crafts), performance, production, writing.
- *Promoting ‘creative China,’ as opposed to ‘copy China’* – which is still too readily associated with fakes, copies, corruption.

China is already initiating many of these steps.

Education

Dr Wu Qidi, Chinese Vice-Minister of Education, recently recognised the importance of creativity in her speech to the international forum in Beijing. Dr Wu said:

The real wealth of humankind is ideas, knowledge, and creativity—which comes from human minds. With the development of the knowledge economy this becomes more evident. Therefore, in order to vigorously promote the knowledge

economy we should not only develop new technologies but should energetically develop creative industries.³⁴

This is a far-sighted statement of the direction for innovation policy. Minister Wu continues:

In saying that the resource of creative industries is talented personnel, the fostering of creative talents is a key to the development of creative industries.

At QUT we are concentrating on the educational aspects of this vision in both teaching and research. Several years of planning and experimentation have resulted in new teaching programs at both undergraduate and graduate levels, from introductory units to a unique Doctorate in Creative Industries. We have launched two new research centres, funded by the federal government, representing the most prestigious and competitive schemes in Australia (see www.cci.edu.au, www.interactiondesign.com.au).

But we have tried to orient this educational initiative towards the external environment physically as well as intellectually. QUT has built a Au\$60m Creative Industries Precinct that houses our teaching and research facilities, which is also a major public destination and venue for creative events. It also includes an Enterprise Centre that houses a dozen or so commercial companies active in creative business, including advertising, post-production, software and content-creation. We are also major stakeholders in the local community TV station, which brings community projects to our students and their work

³⁴ Wu Qidi (2006) Address to the Creative Industries and Innovation Forum, Beijing, July 2005. In M.Keane and J. Hartley (eds) *Creative Industries and Innovation in China*. Special issue of the *International Journal of Cultural Studies*. 9:3.

to the community. All of this within Australia's largest inner-city development – an 'urban village' that when completed will include commercial, residential, educational and recreational facilities across 16 hectares.³⁵

We have made unique progress but much remains to be done. Fostering creative talents requires attention to formal education and institution-building, but in the end the life of the imagination, among consumers and citizens more generally, is more important. That is why I have been talking about a pig, a bird, a rock and an imaginary teenager, and not about BMW. I hope you find some of these ideas of practical value, and enjoy the stimulating and incisive analysis provided in this book.

John Hartley (j.hartley@qut.edu.au)

Brisbane

August 2006

³⁵ www.creativeindustries.qut.com/, www.ciprecinct.qut.edu.au/, www.kgurbanvillage.com.au/.