

CREATIVE ECONOMY REPORT 2010

Creative Economy: a Feasible Development Option

UNDP - UNCTAD

Box 4.1 Reality and numbers

There is a memorable remark, “The map is not reality”, made by a Polish mathematician and philosopher named Alfred Korzybski. Although Korzybski was born in Warsaw in 1879 when it was occupied by Russia, I do not believe he was referring his homeland’s confused status. Rather, he was making a pithy encapsulation of his belief that we should not confuse reality with our descriptions of reality. He distrusted humanity’s tendency, faced with reality, to give it abstract qualities that were often unnecessary, illogical and in many cases simply wrong. He wrote in the great tradition of the Englishman William of Ockham, born over 800 years ago, who said we should not add anything that is not necessary. Both men were saying, keep it simple! So, leaping back to today, if I say that Matthew Carter, who designed the ubiquitous Verdana typeface now found on every computer, is a wonderful designer, I could be right, I could be wrong. The only certainty is that he designed a wonderful typeface.

I first heard about Korzybski when I was working at the International Institute of Communications in the 1980s and we were trying to understand the new communications ecology. We were working on a map of the global flows of television programming and a report to the Government of Norway on electronic information. The Swedish director, Eddi Ploman, used the quotation to warn us against generalizing wrongly from raw data.

His remark popped into my head again this year as I was considering the state of research into the creative economy. On the one hand, we know how we have ideas and how we develop and share them. We have a feel for how creativity works, or doesn't work, in our neighborhood, in our culture. On the other hand, data and maps seek to quantify the numbers, the scale, of what is happening. We need both, of course. We need the ground reality, and we need the numbers. But we must not confuse them.

In recent years, there has been an explosion of interest in collecting data on the creative industries, often called “mapping” after the United Kingdom’s first mapping document in 1998. These show the creative industries to be larger and generating more wealth than was previously supposed. The data became powerful tools in persuading governments to promote the creative industries. Fast forward 10 years and mapping the creative industries is now widely accepted as the first step on the agenda of any government that wants to develop its country’s creative economy.

These maps provide a quick and easy answer to the question, “What exactly are the creative industries?” They provide the information that politicians, industry and the media rely on. It is therefore important we get it right. Yet I believe that many maps offer shaky guidance for

understanding the creative economy and therefore for choosing the right policies. My own business interests cover TV and film. I know the reality of film production and distribution.

No map comes close to reality.

Here is one example. A frequently quoted survey says the United Kingdom exports more films than the United States. This, frankly, is nonsense. The survey makes the mistake of categorizing licence income as belonging to the licensee. So if a United States company licenses a film to another country, the revenue counts as local business. Perhaps the same mistake is the cause of the frequent statement that the video games industry is bigger than the film industry. The video industry is, in some countries, bigger than the cinema industry but the cinema industry makes up only one-third of the film industry.

This kind of data is not only wrong in financial terms but also misrepresents the industries' structure and operations. As a result, any policymaker who used this data would be likely to have an incorrect idea of their strengths and weaknesses and propose policies that had little relation to reality.

The art market is also liable to misunderstanding. Art is often called a copyright industry. Strictly speaking, this is true. But the bulk of its revenues comes from the sales of manufactured objects, with copyright licences contributing only a few percentage points, most of which are earned by the estates of dead artists who put little back into the market. By and large, the art market distrusts copying, which is why even original prints rank behind one-off works and why reproductions are not considered to be art at all.

Why are we in this position? There are several factors. The first is that a lot of data is collected by organizations that have little knowledge, or even contact, with creative workers and businesses.

My own criteria for good data are twofold. Data that is collected under government supervision, where failure to supply accurate data is an offence, are usually reliable. Company reports and some employment data are good examples (but the latter can be misleading if many people are self-employed or part-time). But this is a small proportion of the total and, anyway, often fails the second test.

The second test is, Who is paying, and Why? The acid test of good data is data that are collected by an organization that has the right to check it and to challenge the provider and that are then sold (not given) back to the provider. This kind of data is common in America, Japan, most of Western Europe and most other OECD countries and virtually unavailable anywhere else. By this criterion, I trust data on box office admissions in these countries. I trust commercial companies that collect, organize, analyse and sell back industry data to the industry. Not much else can be trusted.

We know that all data give their own view of reality. Film companies collect information to make and sell films profitably. Governments collect information to levy taxes and to correct market failures through subsidies and tax breaks. Academics collect data to support their research. Every map has its own point of view.

In the film business, data on production finance and net income are virtually unobtainable by anyone outside the companies involved. We tell each other what we know. Nobody even attempts an official survey. There is one exception, which is that national subsidy schemes may oblige recipients to provide data, but this distorts the picture in favour of the subsidized sector. The commercial deals that represent the bulk of licensing revenues go unrecorded.

The ideas, projects, scripts, screen tests, contracts and personal relationships that constitute the main assets and added values of film development are not caught by data mapping. The same is true for most creative work.

The reliance on industry data itself is coming into question. There is increasing recognition that many creative workers do not work in creative industries.

In Australia, the United Kingdom, the United States, the proportion of creative workers outside the creative industries is over 50 per cent. There is anyway increasing doubt whether “industry” is the right way to describe what is happening. The term captures what happens when big companies make lots of identical copies (music, film, High Street fashion, etc). But it does not capture people making one-off expressions of an individual aesthetic (art, architecture, craft, etc.).

There are other factors. Trade data are especially weak. Ideas flow easily across borders, especially with the Internet and inexpensive travel. Creative workers are nomads. Customs data do not begin to account for everything that is happening and may be so partial that they distort reality. Finally, most data, whether compiled by government or business, lag behind reality. Too often, the categories are out-of-date. This is especially true for business models that depend upon digital technology. Too many policymakers try to plan for the future by doing what Marshall McLuhan described as “driving ahead by looking in the rear-view mirror”. What then, is the answer? We will always need maps, because we need to navigate. How do we get a better map?

A way forward

My research at ITR suggests a way forward. We need to rethink the reality of creativity and the creative economy. We need new coordinates and a new compass.

The new coordinates must take account of the environment in which people have ideas in their ordinary (or extraordinary) lives. I call this the “creative ecology”. An effective ecology provides the habitat where an organism can live and flourish. A creative ecology is one

where all people have the freedom to pursue their own ideas and where markets allow them to exchange ideas. Its main characteristics are soft infrastructure, social networks and social markets. We are developing parameters to measure this ecology.

Then, we need to relate this creative ecology to global economic developments since the 1950s, and especially since the Internet really took off in the mid-1990s. The rise of the creative economy is part of the restructuring and reshaping of the global economy. There is a tendency for work on the creative economy to be isolated from general economic analysis. We need to bring the two maps together.

It follows, I believe, that we need to give proper weight to both commercial and other activities. There is a tendency for policymakers and researchers to put most emphasis on activities that are not sustainable or not profitable, on the reasonable grounds that profitable businesses can look after themselves within the framework of competition policy. It may also be true that many policymakers in this area have more experience of the public arts sector than of the commercial world. There is a danger that the creative economy becomes biased towards non-profit work. This would be profoundly limiting.

We need maps not only to tell us the size of a creative industry but how creativity and innovation play a role in the wider economy. In my view, the United States and many European countries are now mass creative economies. By this I mean that any primary, manufacturing or service sector in these countries that is not creative is uncompetitive and unsustainable. The good news for all countries is that this requires a new approach to both culture and business. We need new theories and new practices, new ways of working.

For the past three years, I have been mapping the “creative divide” alongside the pioneering work by the International Telecommunication Union on the “digital divide”. The creative divide shows why, say, a person in the South who is as creative as a person from the North is prevented from taking part in the global creative economy. In this, the United Nations surely has a major role to play. It can draw on the best of advice across a wide range of disciplines and agencies. It can set standards and share information. In the same way as UNCTAD strives to enable developing countries to join the international trading system, so we now need to ensure that developing countries can join in the global creative economy. This would be a natural and much welcome initiative.

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