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CREATIVE ECONOMY REPORT 2010

Creative Economy: a Feasible Development Option

Box 1.2 The creative city

The notion of “creativity” has moved centre-stage given the dramatic shifts in global terms of trade, the operating dynamics of the economy, the rise of the talent agenda and the repositioning of cities worldwide. Everyone is now in the creativity game. Creativity has become a mantra of our age, endowed almost exclusively with positive virtues. At my last count, over 60 cities worldwide called themselves “creative city” from Creative Manchester to Bristol and, of course, Creative London in Britain. And ditto Canada: Toronto with its Culture Plan for the Creative City; Vancouver and the Creative City Task Force and Ottawa’s plan to be a creative city. In Australia we find the Brisbane Creative City strategy; there is Creative Auckland. In the United States, there is creative Cincinnati, creative Tampa Bay and the welter of creative regions such as creative New England. Partners for Livable Communities in Washington, D.C., launched a Creative Cities Initiative in 2001; Osaka set up a Graduate School for Creative Cities in 2003 and launched a Japanese Creative Cities Network in 2005; and since 2004, there has been Yokohama: Creative City. Even UNESCO, through its Global Alliance for Cultural Diversity, launched its Creative Cities Network in 2004, crowning Edinburgh as the first member for its literary creativity, and since then, over a dozen have followed. To simplify, there are four ways in which the term “creative city” has been used.

The creative city as arts and cultural infrastructure

Indeed, on closer examination, most of the strategies and plans are in fact concerned with strengthening the arts and cultural fabric, such as support for the arts and artists and the institutional infrastructure to match.

The creative city as the creative economy

Increasingly, there is a focus on fostering the creative industries or creative economy, which is seen as a platform for developing the economy and even the city. At its core there are three main domains: the arts and cultural heritage, the media and entertainment industries, and the creative business-to-business services. The latter sphere is perhaps the most important since it can add value to every product or service. Design, advertising and entertainment in particular act as drivers of innovation in the broader economy and shape the so-called “experience economy”.

The creative city as synonymous with a strong creative class

Richard Florida, who introduced the term “creative class”, makes an important conceptual shift by focusing on the creative role of people in the “creative age”. He argues that the economy is moving from a corporate-centred system to a people-driven one and companies now move to people and not people to jobs, and cities need a people climate as well as a business climate.

Florida develops indicators to measure the attributes of places that attract and retain the creative class, which in turn attracts companies. Artists constitute one group at the core of this class, as are creative economy people and importantly, scientists, so the city with a strong creative class is broader than the first two definitions. Cities are locked in competition to attract, keep or grow their own creative classes, and the factors that contribute to this, such as good air connections, research capacity, venture capital investment, and clusters of producers, are all well known in the widely copied “Silicon Somewhere” model.

The cities that are succeeding in the new economy are also the most diverse, tolerant and bohemian places. Cities that are investing heavily in high technology futures but that also are not providing a broad mix of cultural experiences will fall behind in the longer term. The central concern raised in *The Rise of the Creative Class*¹ is the “quality of place”, captured by inquiring: What’s there? Who’s there? and What’s going on?

The creative city as a place that fosters a culture of creativity

The three definitions described above are helpful, but this is not what the “creative city” is exclusively concerned with. The “creative city” notion is broader than that of the “creative economy” and “creative class”. It sees the city as an integrated system of multiple organizations and an amalgam of cultures in the public, private and community sectors. It claims that in a period of dramatic change, the disparate bodies in a city need to each become more inventive and work together to address the challenges; otherwise, they will go backwards.

*The Creative City*² argues that “Cities have one crucial resource – their people. Human cleverness, desires, motivations, imagination and creativity are replacing location, natural resources and market access as urban resources. The creativity of those who live in and run cities will determine future success. As cities became large and complex enough to present problems of urban management so they became laboratories that developed the solutions – technological, conceptual and social – to the problems of growth”.

The idea of the “creative city” emerged in the late 1980s. It was a response to the fact that globally, cities had been struggling and restructuring as global terms of trade shifted to the East and elsewhere. When the “creative city” notion was more publicly introduced in the early 1990s, the philosophy was that there is always more potential in any place than any of us would think at first sight, even though very few cities, perhaps London, Tokyo, New York

or Amsterdam, are comprehensively creative. It posits that conditions need to be created for people to think, plan and act with imagination in harnessing opportunities ranging from addressing homelessness to creating wealth or getting artists to unsettle conventional attitudes. The concept is that ordinary people can make the extraordinary happen and that if everyone were just 5 per cent more imaginative about what they did, the impact would be dramatic.

In the “creative city”, it is not only artists and those involved in the creative economy who are creative. Creativity can come from anyone who addresses issues in an inventive way, be it a social worker, a business person, an engineer, a scientist or a public servant. In the urban context, interestingly, it is combined teams that, with different insights, generate the most interesting ideas and projects. This implies that the “creative city” is a place that is imaginative comprehensively. It has a creative bureaucracy, creative individuals, organizations, schools, universities and much more. By encouraging creativity and legitimizing the use of imagination within the public, private and community spheres, the idea bank of possibilities and potential solutions to any urban problem will be broadened.

The “creative city” requires infrastructures beyond the hardware – buildings, roads or sewage. Creative infrastructure is a combination of the hard and the soft, including, too, the mental infrastructure, the way a city approaches opportunities and problems, the atmosphere and the enabling devices that it fosters through its incentives and regulatory structures. The soft infrastructure needs to include: a highly skilled and flexible labour force; dynamic thinkers, creators and implementers; being able to give maverick personalities space; strong communication linkages internally and with the external world; and an overall culture of entrepreneurship whether this is applied to social or economic ends. This establishes a creative rub as the imaginative city stands on the cusp of a dynamic and tense equilibrium.

Being creative as an individual or organization is relatively easy, yet to be creative as a city is a different proposition, given the amalgam of cultures and interests involved. This usually implies taking measured risks, widespread leadership, a sense of going somewhere, being determined but not deterministic and, crucially, being strategically principled and tactically flexible. To maximize this requires a change in mindset, perception, ambition and will, and an understanding of the city’s networking capacity and its cultural depth and richness. This transformation has a strong impact on organizational culture.

It requires thousands of changes in mindset, creating the conditions for people to become agents of change rather than victims of change, seeing transformation as a lived experience, not a one-off event. It requires bureaucracies that are themselves creative.

The built environment – the stage, the setting, the container – is crucial for establishing a milieu. Essentially, the city is seen as a complex adaptive system where a more holistic

approach creates “systemic creativity” and where creativity is leveraged in the entire community. This milieu creates the mood of the city, the atmosphere and its culture.

¹Florida (2002).

²Landry (2000).

By Charles Landry,
who wrote *The Creative City: A Toolkit for Urban Innovators* in 2000
and more recently *The Art of City-Making* in 2006.

Box 8.1 Shanghai creative industries: The Chinese way

The concepts of “creative economy” and “creative industry” have had great impact on China’s social and economic development, the most important being the discovery of the economic value of culture. The academic and public sectors in China have focused on the value of the creative economy as “a kind of newly emerging culture perspective and economic practice that stresses the support and promotion to the economy of art and culture”. Therefore, in many cities of China, instead of “creative industry”, the “cultural creative industry” is a more commonly used term.

As a country with a long history and rich cultural heritage, China has always experienced a strong demand for cultural products. The industries are manufacturing products for international brands, making China one of the biggest exporting countries in the world, but these products are “made in China”, not “created in China”. As a result, China’s new generation is playing Korean games and watching Japanese cartoons and Hollywood movies. Chinese people are increasingly surrounded by products originating in the creativity and culture of other countries. A 2006 survey on the consumption of creative products in Shanghai showed that the group between 20 and 35 years of age prefers international brands much more than local brands, and this tendency is even stronger in younger groups. This tendency is caused by the dominant idea that culture and economy are separate entities; however, the creative industries may help to reverse this trend. Creative industries focus on culture and creativity and then extend to other related industries in the form of a value chain, providing broader ways of generating value-added products and services.

In China, Shanghai was a pioneer city in the promotion of the creative industries, with the Municipal Government playing a key role. In the 11th Five-Year Plan of the Shanghai government, promoting creative industries has been listed as a key issue in developing modern service industries. In the past, Shanghai was very strong in manufacturing, but now it is shifting towards the service and finance industries. Hence, in 2007, it was a government priority to accelerate the development of creative industries so as to promote the structural

reform of industries with a view to building a new framework focused on the service economy. In the “Key Guide for the Development of Creative Industries in Shanghai”, the five main areas of creative-industry development are:

- *R&D*, including advertising, animation, software and industrial design;
- *architectural design*, including engineering and interior design;
- *culture and media*, including art, books, newspaper publishing, radio, television, film, music and performing arts;
- *business services*, including education, training and consulting services; and
- *lifestyle*, including fashion, leisure, tourism and sports.

Creative industries already account for about 7 per cent of Shanghai GDP. Seeking to turn Shanghai into a creative city, the government has set a target of 10 per cent for the contribution of creative industries to total Shanghai GDP in 2010.

Stages of development of Shanghai creative industries

Shanghai has divided its development of creative industries into three stages: creative-industry parks, creative-industry clusters and creative-industry projects.

- *Stage 1: Creative-industry parks* – the model of old factory warehouses plus artists. In the first stage, many old warehouses in the downtown area were renovated and furnished to become modern office buildings while retaining some of their original equipment and appearance. These buildings are usually spacious with high ceilings, making an ideal environment for the start-up of creative businesses by artists and entrepreneurs. Since these buildings were almost useless in the past, the rents were comparatively low and thus good for creative companies and individual artists. This model has proved to be quite successful: by the end of March 2007, 75 creative-industry parks had already been built in Shanghai.

Since most creative businesses start small and are modestly capitalized, these creative-industry parks play an important role at bringing such businesses together and providing an enabling environment. In addition, they may facilitate marketing such companies since the clients may approach creative-industry parks when searching for suppliers. M50, an old warehouse converted into painting and sculpture galleries and studios, is a very good example of these creative-industry parks. Numerous very creative artists are now concentrated in M50 and receive many visitors and clients. Some of the artists at M50 became very successful and now have their artwork listed in Sotheby auctions.

With the support of the government, owners of culture-industry parks are able to convert unprofitable warehouses into prosperous office buildings. In turn, the surrounding environment also improves. This model has proved to be very successful from a business perspective. However, it has some shortcomings. Creative-industry

parks remain owners, while creative businesses are renters. As real estate values increase and rents rise, some companies and artists are forced to relocate, consequently hindering the industries' development.

- *Stage 2: Creative-industry clusters* – clusters formed according to the local art and cultural resources. Eventually, creative-industry parks were found to be insufficient to fully support the development of the creative industries. The Shanghai Municipal Government has stopped building new creative industry parks but continues to maintain and develop the existing 75 parks. Based on the latter, the government starts to explore the development of creative-industry clusters, which take into consideration the characteristics of the local art and culture and intentionally focus on certain industries. As a result, a full range of companies and businesses in the value chain are concentrated in these clusters so as to foster the development of that particular industry. The main industries include: the theatre and performance-art cluster, the film and television cluster, the comic cartoon and game cluster, the gallery cluster and the intellectual-property cluster. For example, the Zhangjiang Culture and Technology Creative Cluster has attracted enterprises relating to comics and cartoons, games, television and movies, and post-production services. At present, this cluster concentrates 70 per cent of the total production value of game software in China, including some of the top game businesses.
- *Stage 3: Creative-industry projects* – big and important events and projects based on the value chain. Shanghai is also trying to promote such projects in the creative industries. For the 2010 World Expo, a creative project is being carried out that will place in one service system all the elements attractive to a participant in the World Expo, including clothing, food, accommodation, travel and entertainment. This kind of big project has great potential to promote the creative enterprises in Shanghai.

All these quick developments require strong support from the government. A long-term policy and related strategies are necessary for the stable promotion of the creative industries. Moreover, five-year plans are an effective way of informing people of the direction of development. Government initiatives take the leading role and must continue to be the main impetus, particularly when facing competition from more developed creative industries in other countries. For China, the development of creative industries involves almost all industries, and people are increasingly aware of this trend. Our target, however, extends beyond GDP increases and includes the exploration of the potential of deeply-rooted Chinese culture for making creative products rich in Chinese culture and heritage. The cultural value of the creative industries lies not solely in its products but also in the emergence of culture as a core element of industrial and economic activities. Much progress remains to be made, though, as Chinese industries have been mainly manufacturers.

However, as exemplified by the experiences of other countries, creativity will become a driving force in the whole economy.

China is facing the twofold task of promoting new industries and improving traditional industries. Fostering cultural development is also paramount. The creative industries provide us with a new perspective on our current gap vis-à-vis developed countries and a new way to explore the potential of development as a big country rich in cultural resources.

Awareness of the value of creativity is just beginning in China. In the last two to three years, many cities have begun to explore the creative industries. In the 16 cities that belong to the Yangtze delta, 14 are boosting creative industries. Moreover, Beijing has taken powerful measures to support its creative industries. The value of creative talents is also increasingly recognized in society, with schools encouraging greater creativity among their students, a change that may influence China's entire education system. To properly understand and take advantage of this trend, the Ministry of Education has started a three-year research project on China's strategy for the creative industries. This exemplifies China's commitment and vision for development. Though its experience may not be easily replicated, it could be an interesting reference for other countries, especially developing ones.

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