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What's Wrong with the Concept of Creative Industries?

Creative industries is a concept used recently to assess the relationship between culture and the economy. The idea of creative industries can be criticised from two perspectives: first, by questioning the sense of the concept itself, and second, by questioning the policies undertaken in its name. This paper focuses mostly on the first perspective.

Creativity is a very popular concept these days, not far from hype. It is charged with positive associations and used virtually everywhere. And who would be willing to oppose creativity, except perhaps in accountancy and statistics, where the idea carries connotations of some kind of transgression. Partly because of my background in statistics, I take a critical view of the excessive use of the concept, such as dividing the economy into 'creative' and 'non-creative' industries. I am also very sceptical about whether creativity can be examined statistically at all. I have tried my hand at it myself.

However, criticism of the concept cannot be understood unless we compare it to some other concepts closely allied to the economy of culture.

Cultural Industries

Statistics institutions in many countries use the concept of cultural industries. It covers profit-making, public and non-profit cultural activities, and uses such indicators as value added or employment. For example, in Canada and Finland, cultural industries account for slightly under 4 % of the GDP. (Statistics Canada, 2004; Alanen 2004). The Finnish figure includes somewhat more trade in cultural products than the Canadian one, which means the actual figure is slightly below that of Canada. The percentage was over 4% in the late 1990s, but has since lagged behind in Finland.

As a concept, cultural industries implies that all cultural activities have economic consequences, even when the activity itself has only artistic objectives or other primary goals that only relate to its content.

Any attempt to define culture theoretically is fraught with difficulty. Yet the idea of what the notion of culture actually covers is quite similar in most countries. In the case of creativity, however, no such tradition exists. In a sense, the core determinants of culture are axiomatic, even though the specific boundaries of certain cultural areas might be contested. One of the possible common starting points could be definitions of international organisations such as UNESCO.

Copyright Industries

The term copyright industries describes those areas of economic activity that make use of copyright. Copyright refers to creations of the human mind: commercially utilised inventions, literary and artistic works and symbols, names, images and design. Copyright protects the physical, actual form or manifestation of a product or service, but not its idea. Copyright industries cover largely the same area as cultural industries, with the exception of public and non-profit activities, although software is included (WIPO concepts). WIPO divides copyright industries into four groups according to the degree of interest they have in copyrights. The

most important of these are core industries, which are generally regarded as synonymous with copyright industries. 'The core industries are industries that are wholly engaged in the creation, production, and manufacturing (producing), performance, broadcast, communication and exhibition or distribution and sales of works and other protected subject matter.' (Wipo, 2003, 29). Countries have in practice slightly different ways of interpreting which industries are included in core industries and which are not. For example, the above-mentioned four-tier classification is used in the USA. The share of copyright industries of GDP in US in 2002 was 6% (Copyright Industries in the U.S. Economy, 2004). The corresponding figure for Finland at that time was 4.3%, although it is now growing due to growth in the software industry. (Alanen, 2005.) There is one important point, however: not all companies in these industries are active users of copyright. If we want to be precise, the modified 'intensive' should be used before the title.

The role of core copyright industries in the economy is greater in Great Britain than in any other European country (Innovation in Europe, 2004; Contribution 2003). This also explains why these issues are politically important for Britain.

Experience Industries

Experience economy is one of the many concepts that seek to describe the increasing importance in recent years of the role of aesthetic, cultural and symbolic elements in the consumption (and thereby also in the production) of products, in addition to purely utilitarian use. Experience industries and products are those industries and products where experience plays an exceptionally important role along with purely utilitarian properties.

The concept was in use already in the 1950s and 1960s, but it was not until the 1990s that it became a topic of broader discussion. The discussion has somewhat different emphases in different places. In America it is associated above all with branding, which is very close to the idea of business potential. (Pine & Gilmore 1999).

The rather diverse middle-European approach owes much to its German roots and is rather holistic, examining the issue from the perspective of the entire society (e.g. Schulze 1992). This approach focuses on the individual, the client and the learner. It also tries to connect consumer and supplier and carries a strong element of product-centred thinking.

The third approach is connected to the Nordic way of thinking. (Tarssanen – Kylänen, 2007) It seeks to combine the best of the first two approaches. The focus is above all on how experiences are produced and how contexts or frameworks are created for them. Calculation models of different coverage have been devised in Sweden, Finland and Denmark on which industries and sectors should be included in experience economy. The scope of the concept has perhaps been broadest in Denmark and narrowest in Finland. In most cases, the experience industries are, in the Nordic countries, seen to encompass tourism, sports and most areas of culture. (Alanen 2007, forthcoming)

Open Source or Access Industries

The concept of open source industries differs from the others in that it has never before been even suggested as a basis for statistical classification, even though there are sound arguments why it should. The concept covers those activities that are a sort of opposite to IPR-based creative and cultural operations and use. Such a classification may well be a key division in statistical work in the future.

In empirical terms, open source activities can be divided into three categories. 1) Business-oriented activities: how businesses are run using open source; 2) non-profit activities and vol-

untary work in the third sector within a variety of cultural fields, such as the Linux operating system and its development, Wikipedia, related organisations, etc.; and 3) certain operations of the public sector, such as those cultural industries excluded from the so-called creative industries: library services, museums etc. The most problematic areas in the classification are 1 and 2.

Corporations using Linux, such as IBM, are paid for their services, while the code itself is free. Statistics would therefore need to divide the activities of IBM into IPR-based and non-IPR-based operations. Another possibility might be to include entire corporations for which open source code represents a noticeable part of their operations, especially since copyright-intensive industries also include companies that do not make use of open source, even though many others in the same sector do. A compromise might be a category of open source intensive enterprises. Even then we would not be able to speak about the foundation for an entire branch of statistics. The title should in that case perhaps be changed to open source *activities* instead of open source *industries*. Assessment of the economic value of open access would always have to be done by making a survey among relevant businesses, in which case they would have to divide their operations accordingly into two separate areas. Open source businesses are represented in Finland by an organisation called COSS (Centre for Open Source Software), which maintains a register of open source companies. (<http://www.coss.fi/fi/palvelut/>). One possible option could be to divide open source based business operations into those that use completely open source software and those that use partially open source software.

The problem with category 2 is not only empirical, but theoretical as well (Drahos 2003). These products have great utility value, but no direct exchange value. Calculating their exchange value one would have to use the same kind of alternative calculations as in the case of household work. Calculations of the value of household work has always returned considerable sums. The results of calculations on the use of open source software could also be quite high. It has been estimated that the development of the Linux operating system would have cost approximately \$8 billion by 2004 if done for wages; this is a cautious estimate and may well be too low. (Upgrade 2005) See also <http://www.dwheeler.com/> -> Source Lines of Code <http://www.dwheeler.com/sloc/>

Content Industries

The concept of content industries is used in a variety of different contexts, but mostly in two senses: as the production of digital content (such as computer games, animations, etc.) as opposed to mere software programming. There is also the traditional sense of the term, with content produced by a writer and the rest of the product by other people. It is such a nebulous concept, however, that it is impossible to define it statistically, and I take a somewhat critical view of its use, unless what we are talking about is defined more precisely. This makes the problem more of an empirical one: it is hard to find a list of industries that would belong under the heading 'content production'. It is difficult to apply the concept in practice, because some activities constitute content for some, and something entirely different for others.

Creative Industries

Creative industries is another concept that has different applications and carries different political weight in different countries. It began gaining wider currency in Great Britain after the mid-1990s. When the Blair government came to power, it wanted to distance itself also terminologically from the rhetoric of the information society and of cultural industries. It should be noted, however, that there was no proper discussion about the change of terminology in Britain. The Ministry of Culture merely started using the term creative industries instead of cultural industries (Pratt 2005),

However, in later comments, Garnham, among others, has argued that the real reason for the rhetorical change was the growing importance of ICT. (Garnham 2005) The idea seems to have been to bring cultural economy into the discourse on the development of the modern economy. To accomplish that in terms of statistical classification, a simple trick was needed: software would have to be included in some cultural industry.

The so-called creative industries developed faster than average in the British national economy in the late 1990s, although in the 2000s they have lost their drive with the busting of the dot-com bubble. The share of creative industries of the national economy has remained at approximately the same level in recent years (DCMS, http://www.culture.gov.uk/creative_industries/). The same trend would seem to hold in Finland and elsewhere with the disappearance of the hype for the so-called new economy.

In terms of substance, the British concept of creative industries is a fairly straightforward application of frame of copyright industries. In fact, copyright industries (or to be more precise, copyright-based creative industries) would in terms of substance be the **more** correct term for the concept of creative industries as used in Britain. Or, at least then I would personally have nothing against its use. The concept of creative industries has also spread to some other countries and there are a few different versions of it in use. In most countries and most contexts (in Finland, for example, it does not cover software) it merely denotes those areas of culture that operate on the business profit-seeking principle. It would thus seem to lack a broader cultural-statistical dimension. Library and museum services, for example, which are vital to creative culture, are not included in creative industries in Britain or anywhere else in Europe.

Another point worth noting is that the concept of creative industries has in no way been grounded in the extensive body of educational and psychological research that is available.

Why Not Creative Industries?

Conceptual Reasons

Creative industries cannot be used to describe the entire field of the creative economy, because cultural industries in general, or copyright industries, do not have a monopoly on creativity. It would be absurd to think that creativity would not exist or not be used in areas other than culture or copyright. Indeed, it is difficult today to find an industry where the incorporation of creativity or aspects of it in their operations would not be under consideration.

Some cultural actors and even cultural researchers tend to understand or at least use the term 'creativity' narrowly, applying it only to artistic or cultural creativity. This would seem to reflect a narrowness of vision typical of cultural circles, where the only visible sphere is that of one's own. In the field of construction, for example, the work of a joiner, carpenter or bricklayer can be just as creative as that of the architect. Or we might consider a therapist who seeks to establish contact with an autistic child using body language. The degree of creativity demanded by the task is at least comparable to pantomime in the theatre. Similarly, a product or a service does not automatically become creative just by being performed in a cultural field.

At its simplest, creativity means doing or thinking something in a new way. Alternative action and thinking is a vital aspect of creativity. In reality there are all kinds of areas of creativity, technological, commercial and social, in different walks of life, in all areas of the economy, in all professions and in all social classes, although it can manifest itself in very different ways.

There is another conceptual misapprehension in that creative industries as a concept places too much emphasis on profit-seeking activities based in immaterial property rights. After all, creativity is not subject to profit-making to any degree. For example, open source, Linux and

Wikipedia have all opened new views on creativity without a profit motive. Creativity can in many ways be inhibited or obstructed by being founded in IPR, which ascribes a monopoly or an oligopoly on the products it represents. (<http://eon.law>. Harvard 2006) Recreational cultural activities are also an important source of creativity.

A third problem is that the concept of creative industries focuses on the supply of cultural products within the value chain. However, distribution and demand of cultural products are extremely important for the dissemination of creativity. Libraries as mediators of creativity are just as much a creative industry as industries on the supply side. The potential of a book to foster creativity can only actualise when it reaches a reader, who can get something out of it. The same applies to products and industries like museums.

The fourth problematic issue is the exclusion of educational and research industries from the purview of creative industries, which seems rather odd when we look at it from the perspective of the creative economy, especially since education and research are by their very nature part of the creative economy.

To sum up, we might say that the concept of creative industries is only relevant to the relationship of creativity and economy in a very narrow sector of supply and gives a very distorted picture of it.

Methodological Reasons

The presence or absence of creativity in a given venture can only be assessed in retrospect, not forecast. In this respect creativity is clearly different from culture. At least in principle, cultural industries can be evaluated or determined beforehand, although traditions differ from country to country. Even indicators may be different in different areas.

It is my contention that the results of creativity could be evaluated empirically with the same methods as the assessment of innovations and research in technology, where two types of indicators have been devised.

First, there are certain IPR-related indicators. In the case of technology, the key indicators are patents, while in the area of marketing innovations they are brands, and registered designs in the field of design. The number of these can be related to the population in EU Member States, for example. The most valuable patents are the so-called triadic patents, which are filed for the same invention in the EU, USA and Japan (OECD 2004a and 2004 b). Great Britain has a fairly poor ranking in the field of triadic patents, coming number 10 among the old EU countries. Finland ranks number 1 in this respect, whereas in the use of trademarks Finland is not nearly so high, while the UK is number 5. In the case of registered designs, Finland is number 5 and the UK number 10 in a comparison among the EU-15 (Alanen 2005).

I have used IPR indicators as an example only because it is technically easier to use IPR to construct indicators, since they have been used for so long and there are available databases on them. Another question altogether is whether IPR indicators can be used to measure creativity. I personally am convinced that it can be done, as long as we remember that IPR is only one part of the measurement of creativity. Not all innovations are protected by IPR. The use of IPR is very much concentrated on specific industries. (Alanen 2005)

Another idea that might be borrowed from innovation evaluation is the survey of proprietary products and processes. This could be modelled on innovation surveys based on the OSLO Manual (OECD 1997). In these surveys, businesses are asked about their innovation rate, that is, how often they implement new products or new processes. Surveys conducted to date have been Community Innovation Surveys (CIS) which focus on technological innovations. In the future, the surveys will be complemented by marketing and design related indicators.

Real Search for Creative Industries

If we really want to divide industries into truly creative and non-creative ones, we would first need to establish a similar survey system to that described above. It would be the only way to create a trustworthy indicator for creative industries. This would in turn require that we define creative products, which can be very different depending on the context. The survey would have to cover both IPR and open source solutions. In practice, it is probably impossible to find a definition that would simultaneously satisfy all industries. That in turn would entail the creation of separate sets of indicators for creative products for each industry.

Another way would be to assess the preconditions provided for creativity in each field; to measure the input of industries to creativity instead of their outputs. One way to do this would be to measure how much time each industry gives for creativity. The more hurried employees are, the less chances their industry offers for creativity. Such measurements would be new and might yield some very interesting results. In Harvard Business School in the USA, for example, Teresa Amabile (2002) has studied the preconditions and results of creativity both in the business world and in art circles. In the business world, people often thought they were most creative when they were working to tight schedules, but results indicate otherwise. Doing things in a hurry led to a kind of self-deception. In the work of artists and writers, tight schedules led to considerably fewer creative products than a looser schedule.

Another possible indicator for calling an industry creative is how much it employs people from different backgrounds (ethnic, sexual, education, etc.). The more similar the backgrounds, the weaker the conditions for creativity.

If such input or output indicators of the creativity of industries can be found, we may start talking about creative industries in earnest. Until then, the concept is more or less like hype or props.

Cultural Versus Creative Industries

We might of course be tempted to think that, in spite of all the conceptual and methodological caveats presented above, we could agree to regard the concepts of creative and cultural industries as synonymous and mutually exchangeable. There are two objections to this. Firstly, one would have to get all the other industries to be party to the agreement. I do not think the representatives of cultural or copyright industries have any reason to try to appropriate the term 'creativity' for themselves, since it cannot be done unilaterally in any case.

Secondly, they are not treated as synonymous in the statistical reports of different countries, because creative industries as a term is commonly used to refer only to profit-seeking activities, which in the cultural industries refers to a broader category.

Politics and Creative Industries

Actually the only level where use of the concept of creative industries might be justified is the political-tactical level. In politics, the ability to distinguish oneself is often more important than substance. Creative industries is of course sexier than the more neutral terms cultural or copyright industries. Because some copyright industries in Great Britain are genuinely very strong internationally, such as design, advertising and the mass media, the British government had a real motive in the 1990s to raise some indicator of cultural economy to the political limelight. Unfortunately it chose the easiest and sexiest of all alternatives, creative industries. Now, in the 2000s, these industries are no longer distinguishable, yet the rhetoric remains.

On the other hand, we might think that creative industries and cultural industries could ultimately be used to promote all kinds of cultural policies, both good and bad. In my opinion,

cultural industries clearly offer a more correct foundation for good policy. In what follows I will try to argue my case.

One interesting interpretation of the cultural policy background of the concept of creative industries was offered by Nicholas Garnham in Great Britain (2005, 27). According to Garnham, the change of the modifier from 'cultural' to 'creative' in the 1990s signifies a return to supply-oriented, partly artist-centred cultural policy of subsidies. The earlier British policy using the term 'cultural industries' signalled a focus on consumption and demand, while the policy that preceded it was focused on supply and artist subsidies. 'It is for that very reason that the arts lobby favours it'.

This is probably the reason why some business-based cultural industry organisations favour the term in Finland. By contrast, the non-business field of art in Finland has not been overly enthusiastic about the concept. Changing the term from cultural to creative industries may also be in conflict with the desire to broaden the use of cultural goods socially. This conflict can be argued by further developing Garnham's idea. Britain remains a class society in terms of the use of culture. British households in the top fifth income bracket spent more than three times as much money on culture in 1999 as the bottom fifth (Table 1, European Commission 2002). Changes tend to be slow in this area, and we may assume the situation remains largely the same. This also shows paradoxically that things are not too well in Finland, either, the old vanguard of equality. One of the purposes of cultural policy is to promote the equal use of cultural commodities between different income brackets and social groups, directly by means of public support, and also indirectly, through support of the third sector. However, there are no commensurate statistics on how cultural subsidies are targeted socially.

Table 1. Expenditure of cultural goods 1999
Relation of highest income quintile to lowest income quintile

Greece	5.95
UK	3.17
Spain	3.17
Germany	3.00
Luxembourg	2.78
Finland	2.61
Italy	2.47
Holland	2.25
Belgium	2.24
Denmark	2.15
Austria	2.13
Sweden	1.76

Paradoxically, low-income households are not content to wait for public support, they in fact use more money on culture in all the Nordic countries, Finland included, than high-income households. (Table 2). (European Commission 2002)

Table 2 %-share of cultural expenditures
of total household expenditures

	Lowest income quintile	Highest in- come quintile
Greece	1.70	3.30
Spain	2.61	3.87
Italy	2.73	3.43
Holland	5.33	5.81
Luxembourg	3.32	3.78
Belgium	4.67	5.05
UK	4.74	4.82
Germany	5.51	5.42
Austria	5.08	4.91
Finland	6.11	5.82
Sweden	6.77	5.74
Denmark	7.27	6.20

In terms of historical development, Garnham's periodisation at first seemed to fit only Britain, but after studying the situation in other countries, it began to seem more and more like a European-wide phenomenon. At least it seems to fit partly in the development of Finnish cultural policy and the analyses made of it (Koivunen, 2006) with the exception that in Finland some artists will not perhaps accept policies under the name of creative industries on a general level, but would be prepared to accept support based on supply. If we compare the situation of cultural supply in non-EU countries (the role of labour in culture may be one aspect of supply, see Table 3 (Eurostat 2004)), the situation in Finland does not seem to require more attention on the quantity of supply. It is another matter that, even in Finland, the situation is not particularly good in terms of the income levels of cultural workers, because the majority earn their living in some other activity.

Table 3. Share of
cultural employ-
ment of total em-
ployment in EU
2002

Finland	3.5
Netherlands	3.3
Sweden	3.3
UK	3.2
Denmark	3.1
Ireland	2.7
Germany	2.7
Greece	2.5
Belgium	2.3
Italy	2.2
France	2.1
Spain	2.0
Austria	2.0
Luxem- bourg	1.8

The main problem, and probably an inherent one at that, in a cultural policy which makes use of the concept of creative industries is that it gives too much weight (or all of it) to the supply side, IPR-based activities and profit-seeking cultural operations. It turns culture **merely** into business. That can in the long run be also bad thing for the cultural business. There has admittedly been a clear shift in recent years to commercialisation in culture. It is a fact that needs to be acknowledged and one that we have to live with. Giving it too much weight, however, will even further undermine, not only opportunities for the development of cultural content (creative works are not made primarily for money, Linux, open source, etc.), but also cultural equality, or equal opportunities for disadvantaged groups to partake in culture. Of course, we cannot say that this development would be a result of the use of the concept of creative industries, but concepts do play a role in the evolution and formulation of policies. In my opinion, creative industries as a term tends to muddy things more than it helps us to understand, and it steers cultural policy in the wrong direction.

Creative or cultural economy can much better be described and examined statistically using concepts that precisely describe and denote different areas of creativity, such as copyright industries, or the entire field of culture using the term cultural industries. Creative industries is too narrow and slanted, but also too ambiguous to serve as a general concept of the economy of creativity or culture. It is a bit too much like the Emperor's new clothes in H. C. Andersen's tale.

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