

Classifying and measuring the creative industries: consultation on proposed changes.

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Preamble:

The DCMS definition of the creative industries was a portmanteau term, not perfect, but pragmatic. It was driven by the recognition of particular industries, and especially the growing import of intellectual property rights as economic assets.

Since this time the DCMS has produced further mapping reports, and RDAs produced regional data. The Mapping document inspired nation states and regions across the world to emulate it, and examine the import of their own creative industries. The EU has collated data on the employment in the creative industries, as has WIPO for many countries, as has the US. All of these sources has been a wake up call: they indicate that the creative industries are contributing as much, or more, to economies than most other 'industries' (e.g. car making and the chemicals industries). Moreover, a standardized definition of the creative industries has been adopted by UNESCO. It is important to note that this international benchmark report is developed an earlier version developed for DCMS (the Data Evidence Toolkit), and represented a development of the task force/mapping document definition.

In other cognate developments the concept of the creative industries has been applied to international trade. Reports by UNCTAD - based upon a revised definition of the creative industries - have indicated the global importance of trade in the creative industries, especially in the Global South. Moreover, it has shown that global creative industries continued to grow in the recession (unlike most other industries). Finally, it also demonstrates the importance of benchmarking and comparative performance indicators.

The measurement of the creative industries is based upon a concept, and requires a valid data set that satisfies it. Both of these issues are a major challenge. This consultation document does not provide an underpinning concept; hence the appropriateness of the data cannot be adequately discussed. The prize is a fuller understanding of what is one of the most vibrant parts of the world economy. The UK needs such understanding in order to compete. Competition implies the best use of limited resources, and the support for future growth. Hence, a robust understanding of process is vital if governance and regulation is to be efficient and effective.

Consultation Topic 1: Creative intensity

Creative intensity is a mis-identification based upon a false dualism of creative and non-creative work/ers. Creative products require both sets of activity. The creative intensity argument seeks to triage occupation and industry data to focus on the most creative sectors. This completely runs against the flow of economic analysis of industries that underpins industrial classification (which includes the processes that lead to a final

product). Moreover, it runs counter to all of the trends that are apparent in the creative industries.

The result is a hunt for the Holy Grail: finding the creative essence; an exercise that completely misses the nature of the creative industries, their nature and operation.

The DCMS Mapping Document and the Task force identified an important trend; they sought to provide an initial measure of its significance. Others have extended this and it is clear that the creative industries are a significant part of our economies.

However, times have changed. The creative industries continue to evolve and grow. The international adoption of creative industries ecosystem models has provided a more robust conceptual basis, and practical basis for data collection. A fully worked up example can be found in the UNESCO Framework for Cultural Statistics (2009); and a variant, but closely related in UNCTAD Creative Economy report (2008, 2010).

There will never be resource to re-classify industries and collect new data extensively for the creative industries. Thus, we have to be pragmatic, we can use data collected and recombine it, and we extend existing classifications to populate new data frameworks. These moves have to be based on explicit methodology and rules (and debate about them). But there is an international debate and scholarship advancing on the topic. DCMS should adopt best practice. An additional advantage is that it will progressively enable benchmarking UK creative industries against the competition.

Topics 2 and 3: List of Occupation and Industry Groups

Whilst it is clearly vital that we know about relevant skillsets (new and old) in the creative industries a measure of creative occupations is only ever going to be partial. Accordingly, this is why researchers have stressed the import of creative industries. Not in the truncated sense of the DCMS Mapping Document, but as the creative industries ecosystem. An industry includes workers and technologies across a variety of expertise, the result is a combination and application of these resources. It is this unique amalgam that produces creative industry output. Accordingly measures of the creative industries need to register the whole process, that includes creative and 'uncreative' labour (or more or less 'intense' creativity); it should measure industries their inputs and outputs, trade and investment.

Measures appear simple, but they are required to be mapped onto real data, and an agreement that the data measures what the concept represents. Moreover, pragmatically, the data need to exist. To a large part the data do not exist. Here we have a problem the economy has changed, but our measures have not (or have changed very slowly). This applies to all 'new' areas of the economy, but especially to the creative industries. Simply, there is no census classification for most of the activities. As a result they go uncounted (being bundled up with other activities). So, taxonomies, concepts and measures are vital: the actually create visibility of the object.

To an extent this is a chicken and egg situation: until you understand a process, you cannot select the right taxonomies or collect the right data. We have a long history of analysis of manufacturing that has honed such analysis (note, the proper term is industries, the sector is a grouping of industries; there is terminological and theoretical

debate about the ways in which interlinking is conceptualized, clarity about such debate is critical for strategic analysis¹). This is not reflected with newer industries, especially those that are not an outgrowth of previous industries (like the creative industries). As we know the computer games industry is a major income generator. But, as far as UK industrial and occupational classification is concerned, it is invisible not having a unique code.

Items 4 and 5: Other proposed groupings, adequacy

Changing industrial classifications (that is taxonomies used by national statisticians) happens at glacial pace, due to the lockstep with international protocols. However, it is relatively easy to add finer classifications (5 or 6 digit taxonomies) without the problem of incompatibility, or backward compatibility. This should be done immediately for the creative industries: a review could be undertaken and new 5 and 6 digit classifications generated and then proliferated in subsequent census collections.

Adding such detail could refine employment, industry and trade data. However, there is a real barrier in the latter case: measure of 'invisibles'. In the field of banking and insurance data new measures of trade have been created such that the operation of these important industries can be monitored and understood. Precisely the same case can be made of the creative industries and copyright revenues.

Without doubt new data will need to be collected, and finer sub-classifications adopted. However, the most pressing case concerns invisible trade, and specifically that associated with copyright in relation to the creative industries.

It is clear that the economy is changing, one aspect of this change is the relative import of the creative industries. It is clear that the initial creative industries definition produced by the task force is in need of revisiting. We need to be clear of what those reasons might be.

The 1997 DCMS mapping document rightly picked up a trend, and sought to give it a provisional economic value. This report marked a step change in how governments, industry and society viewed what - up until that point - had barely been regarded as a serious industry.

It is very apparent that economies have changed. Previously extractive industries were important, clearly, the creative industries were not: today they are. Along with other service industries the creative industries contribute substantially to trade and employment, but also as inputs to many other industries. However, we fail to recognize this contribution, and where we do we tend to see the creative industries as subservient to them. These are unhelpful characterizations.

The DCMS 1997 report was ground breaking at the time, although methodologically weak (see later). However, since that time the creative industries has grown substantially. 1997 was before substantial digitization and the ensuing convergence; let alone the revolutionary impact of the internet. In 15 years much has changed. Even in the last 5 years we have seen the growth of social networking, and the migration of sales and advertising to online platforms. The creative industries affect everything now.

So, if it was hard to measure and track the creative industries in 1997, it is more so now. The problem is that the very 'statistically or taxonomically invisible' factors are the drivers of change. So it is not because of the weak definition (although that does not help), but it is mainly due to the fact that much of the value is in 'invisible assets' as well as 'material products'. Historically, we have regulated and measured physical goods for trade and taxation purposes. Immaterial goods have been less closely scrutinized ; but it is precisely in this field where the transformation has taken place. This puts the UK economy at a potential disadvantage.

It will be particularly problematic if Crafts and Fashion are excluded from the creative industries. Yes, they are difficult to measure (the latter especially), but 5 and 6 digit classifications could achieve this. Moreover, conceptually they are vital if any strategic governance of the sector is to be addressed. Both areas of activity are integral to the creative economy and creative clusters.

The inclusion of 'relevant IT industries' is problematic. First, conceptually from the position of 'creative intensity': it is completely illogical (the report is at pains to stress that it is excluding manufacture). Second, from the notion of a creative industries ecosystem, limited inclusion of manufacturing, distribution and IT, and retail is logical. The precise choice of which SIC and SOC describe this is problematic; but, as noted elsewhere this has to be guided by concepts not simple pragmatism. IT and software include a multiple of activities outside the creative industries ecosystem, and their inclusion would completely undermine the conceptual validity and reputation of the concept.

Item 6: indicators that are useful

We must revisit the question: What are the creative industries? This question needs answering assertively and finally. The first point to make is the creative industries are a noun, not a noun modified by an adjective. Industries that employ creativity, or creative people, is as unhelpful as discussing the innovation industries. Creativity and innovation are important but they are effects of forms of economic organization, not inputs. The initial DCMS definition avoided such a trap (although many commentators have not) very clearly stating that the focus was on a class of industries that dealt with intellectual property: copyright intensive industries. Whilst in spirit this captured an important (albeit limited) truth, it also had some consequences that obscured the picture.

The definition was concerned with industries that were concerned with capturing value from IP. Hence, the focus is on for profit and the marketisation of activities. It misses complex and vital upstream and downstream activities. This is pointed up in the recognition of the recursive and iterative nature of creative production summed up in the notion of pro-sumption. Moreover, studies of clustering and innovation point to lateral and networked flows of knowledge and activity. Simply, we have moved from a product, to production chain, to creative ecosystem.

One unexpected dimension of this ecosystem like development of the creative industries is the growing significance of design related activities, advertising and marketing to new product development. Rather than the 'creative' being an add on, or decoration, it is driving new products. (see Appendix, and see Pratt, A. C. (1997). "The cultural industries production system: a case study of employment change in Britain, 1984-91." Environment and Planning A **29**(11): 1953-1974. Pratt, A. C. (2011). An economic geography of the

cultural industries. The Sage handbook of Economic Geography. A. Leyshon, L. McDowell and R. Lee. London, Sage: 323-338. Pratt, A. C. (2009). Cultural economy. International Encyclopedia of Human Geography, Volume 2. R. Kitchen and N. Thrift. Oxford, Elsevier. **2**: 407-410.)

Another overlooked dimension is the fact that a significant amount of new creative activity enters the for profit system from the informal or not for profit field. This has been referenced in the notion of 'Pro-Am' activities. There is an interdependency that is important but has not been fully investigated to quantify or qualify. This is needed, as it points to a powerful synergy between the 'above the line' creative industries, and a 'below the line' creative society. It is with particular concern that we note the proposal to exclude craft from the creative industries. Not only is this a vital strand of the creative ecosystem, but internationally it is one of the most robust parts of global trade.

The notion of the ecosystem has taken over for one of looking at selected inputs and outputs of the creative industries. It also alerts us to the fact that 'creative workers' or creative occupations cannot exist without correspondingly non-creative ones. The movie star may be the talent, but without the film crew, the specialist accountants, distribution and cinemas, etc. films cannot be marketised, and IP realised as income.

Appendix

Extract from Pratt, A. C. (2013). *The Cultural and Creative Industries: new engines for the city?* Culture: City. W. Wang. Berlin, Las Muller Publishers: 36-42.

The Cultural Ecosystem

I want to now return to the central idea, namely, the idea of the cultural and creative industries. In recent years there has been a focus on the idea of cultural and creative core activities from the point of view of the individual artist that ultimately proliferate into and blend with the rest of the economy and society. This is an idea that fits comfortably with a traditional, romantic notion of artists in their garrets. In this sense, artists are seen as playing only a marginal economic role. They can be kept separate from society. However, this conception of culture fails to attend to the way culture is made. The recent work in the field of the culture and creative industries has transformed this conception, and this work now underpins the framework of cultural understanding of the UN Commission of Trade and Development (UNCTAD), of UNESCO, and of many national cultural agencies.

This new concept of culture is more nuanced; it does not just involve the relationship of activities, it also involves processes as such. These processes relate to the production chain or ecosystem of the cultural economy. This new concept does not just involve the artist or the creative moment, it also involves processes of manufacturing, of reproduction, of distribution, of exchange, and other kinds of processes, along with the process of critical reflection. Once all of these processes are brought together, then a viable environment exists that constitutes a reproducible ecosystem, rather than a unique "one-off" item. This kind of expanded view of the cultural production ecosystem—rather than of the isolated artist, or of the artifact—has enabled a lot of research to be carried out in the cultural and creative economies and has brought these industries some respect in relation to both society in general and economic development in particular.

The new conception of culture can be further elucidated by contrasting the two visions of cultural creation: the aforementioned traditional (romantic) view of the starving artist in his garret, an individualistic, atomized, or fragmented view that sees the artist without connections to anything else; and, a different perspective, that of culture as a pyramid. Consider the making of a film; the actor is simply a person in front of the camera. Many skills and types of expertise are required in order to make the film, both in front of and behind the camera, both on and off the film set. The cultural and creative industries in general are the same; the focus cannot be solely on the artist. More generally it is helpful if we look at them in two dimensions: field and ecosystem. The CCI are comprised of a number of overlapping fields: from visual arts performance, the audio-visual, books, and press; this can be extended to heritage and tourism, or even to health and well-being. A cultural and political debate exists in each locality regarding the precise boundaries of CCI. Such a debate is central to the reproduction of local cultural identities. Times change, and in different cultural environments these lines are drawn differently: variation, or diversity, is a fundamental characteristic.

Behind whatever definition of the range of activities one deems to be the CCI, there lies a critical cycle of creation that is necessary for any production. Particularly for cultural products, all of the skills and all forms of knowledge need to be recognized, along with the activities that sustain, maintain, and curate these. The notion of the ecosystem is tremendously important because it provides a different lens with which to look at the cultural sector. This lens looks at interrelated activities that enable ideas to be extended either into social, not-for-profit-activities or into full-profit activities for them to develop and migrate into a further range of activities that require different sets of infrastructure, such as a social infrastructure or a knowledge infrastructure, to sustain them. These infrastructures are shared and are often seen as a massive resource for the rest of the economy.

Examples of this logic are deployed by UNESCO in the 2009 Framework for Cultural Statistics, and UNCTAD 2008, 2010 Creative economy report

¹ See Pratt AC, 2001, Local economic development, Dictionary entry in *Routledge Encyclopaedia of International Political Economy*, Ed. R.J. Barry-Jones *Routledge, London*

Pratt AC, 2001, Sectoral planning, Dictionary entry in *Routledge Encyclopaedia of International Political Economy*, Ed. R.J. Barry-Jones *Routledge, London*

Pratt AC, 2001, Cultural industries, Dictionary entry in *Routledge Encyclopaedia of International Political Economy*, Ed. R.J. Barry-Jones *Routledge, London*