

Introduction to Creative Industries: The Case of United Kingdom and Implementation Strategies in Hong Kong

Definition of “Creative Industries”

The term “Creative Industries” was a concept gradually evolved since the establishment of the ‘Task Force on Creative Industries’ by the Department of Culture, Media and Sports of United Kingdom in June 1997. Acting in accordance with the prudence and modesty of the British, the Task Force has not offered a definition for the term but only listed out its content which contained 13 types of industries: advertising, architecture, arts and antiques market, crafts, design, designer fashion, film and video, interactive leisure software, music, performing arts, publishing, computer software and computer services; and television and radio. These categories were classified conforming to the actual situation and business development in UK, and hence not necessarily applicable to other countries.

The use of the term “Creative Industries” in the UK has avoided in the first instance the negative implications of the term “Cultural Industries” (a term originally used by the Frankfurt School to criticise cultural consumer goods of multinational¹). Secondly, it got around the pointless controversy over the definition of ‘culture’, this choice of words aptly demonstrating the smartness of the government. Thirdly, it succeeded in evading the question of evaluating public culture funded by the government (i.e. the assessment of property rights and output value as a result of marketisation of public cultural enterprises) and allow it to dominate mainly by private enterprises. Consequently, the working definition laid down by the UK Task Force on creative industries was as follows: “(Creative industries refer to) Those activities which have their origin in individual creativity, skill and talent, and which have their potential for wealth and job creation through the generation and exploitation of intellectual property.”²

¹ Under the criticism of the Frankfurt School, cultural industries (especially multinational enterprises run by consortia) are characterised by duplication, mass production and an aesthetic character of kitsch, hence is considered a betrayal of the artistic spirit.

² CITE, Creative Industries: Mapping Document. Department of Culture, Media and Sports, London 1998.

This is a definition that stresses on economic efficiency and social benefits derived respectively from property rights and employment opportunities. Nevertheless, to avoid policy inclination, it is plausible for us to adopt a minimal definition and define creative industries as the industries that rely on cultural creativity as its means to add value.

Why the concept of Creative Industries?

Art means manual labour and the artist is a producer, a labourer, but who has now turned into an ogre that produces nothing and feeds on others. Capitalism has on the one hand created the myth of the sacred arts, and derived huge profits from the production of mass culture on the other hand. Under this myth, the art practitioners embrace the arts but lose the economy. The concept of creative industries is such that arts practitioners need to think positively about cultural industries: to actively participate and exert influence on cultural industries with the aim of resuming control of the economy, rather than keeping aloof and awaiting for money to come in (government funding and enterprise sponsorship). On the side of the government, as a response to the American-led multinational cultural enterprises, through restructuring of national cultural industries and a smart government, it hopes to consolidate the status of national culture and encourage citizen creativity; reform the thinking of cultural policies through rearming the arts profession for its return to the market and avoid improper intervention to the ecosystem of arts by the government.

The American government has not deliberated a plan for creative industries, mainly because of their solid foundations within the United States. They are the largest export industries in the country and which reign the world under the leadership of private enterprises (such as Disney, the Hollywood etc). At a glance, this is 'govern by non-interference', the fact is the American government has pioneered in conducting systematic, regular researches on cultural industries as early as 1970. It was not until 1991 that the Labour Department of UK undertook the longitudinal survey on five types of cultural industries. They are creative writing, visual arts, stage performance, music and photography (the fashion industry was later added). Moreover, Germany (15 types), Australia (35 types), New Zealand (11 types), all have different classifications. Civic education, community services and religious services are included in New Zealand's classification, and cultural industries are seen as a component part of the national economy.

Despite the incessant promotion and discussion centred around creative industries, there are still many people in Hong Kong who do not understand what it is all about. Some think it means innovative technology (i.e. breakthroughs in high technology); others consider it as alternative cultural products, that creative industries aim to drive more audience to appraise the forlorn alternative theatre. As mentioned, creative industries are industries that rely on cultural creativity as their means to add value. Hence, the new high-definition television is not creative industry, but television programmes and video products are; television is not creative industry while Teletubbies

are; computer is not creative industry, but the software and network design which involve cultural concepts are; the mouse is not creative industry, but Disney and Mickey Mouse are.

In the UK, the annual value output of creative industries reaches 50 billion pounds which is greater than the gross output of British manufacturing industries and is 16% of GDP; for the record industry alone, it attains a gross output of 2.6 billion pounds and provides 115,000 jobs. The move to create value-added industries through culture constitutes part of the important strategies of the 'Second Industrial Revolution' launched by the British Labour Government.

Singapore, which is forever a step ahead of Hong Kong, has designated the creative industries to be the strategic industries in the 21st century. Its National Arts Education Programme known as 'Creative Singapore' was also launched in 1998.

In the United States, the number of positions for arts practitioners achieves an annual increase of 3.7%, reaching 1.9 millions in 1997, an increase rate that surpasses all other professions. Like other business activities, creative industries provide job opportunities, create wealth, produce consumer goods and services for local and overseas markets, enable growth in overall consumption, promote social solidarity as well as export cultural influence. There is continual increase in the annual output value of creative industries in the United States, Australia, New Zealand and the like, they are strategic enterprises designated for development by the respective governments.

Production Mode of Creative Industries

Creative industries are high value-added industries, they also represent a concrete mode of production within the 'knowledge economy' that has stark difference from traditional industries. Traditional industries rely on their scale of production as the means to add value. In order to expand the scale of production, intensive capital input, automation (include mechanisation), intensive labour input (include precision labour) as well as all-direction market share (include monopoly and cartel) have become the dominant mode of business. Nevertheless, traditional industries are vulnerable to the classic crisis of capitalist production, such as saturated market, capital insolvency, excessive stock, import dumping which led to diminishing return, the inability to afford research and development fund, labour dispute and national protectionism etc. Creative industries flourish mainly on the investment of cultural creativity characterised by intelligence intensive, intelligent production (computer aided); their practitioners are intelligent labour that feeds on sustained innovation rather than repetitive technical and physical labour. To conclude boldly, the first industrial revolution witnessed the use of animal force (the force of cows and horses), the second industrial revolution was the use of mechanical force (steam engine, internal combustion engine, electric motor etc), while the third one saw the use of intelligence and creativity (computer, artificial intelligence, databank, software, network etc). Creative industries are part of the third industrial revolution, whereas other industries look upon the innovation of scientific technology as creativity, creative industries feed on

the innovative ideas of arts and culture. Profits are generated from the promotion of creative industries, which also results in the promotion of national culture as well as national influence overseas.

Regarding profit, there exists a fundamental difference between the products of creative industries and those of traditional industries: the consumer demands for creative industrial products can be driven and initiated by the producers. To cite a simple example. What traditional industries produce is a television, while the production of content for audio-visual products is what the creative industries specialise in. There is a limit to the sales of television, the consumers will not replace their home television with a new one simply because the producer produces a new model; but the sales of audio-visual products can be boosted by new productions which stimulate the desire to buy.

The plastic toy Snoopy wearing different cultural costumes sold by MacDonald in 1999 and 2000 in Hong Kong has generated huge profits; the range of Hello Kitty products from Japan, ranging from stationery to credit card, looks like great business without a cost.

Compared to traditional industries, the start-up capital for creative industries is relatively low, which makes it more attractive for beginners and small and medium-sized enterprises to invest. There are also more job flexibility, frequent use of contract labour, self-employed professionals that suit the needs of young people, women, part-time and free-lance workers, and greater mobility of labour among different occupations. The creative personnel is itself a company. This will be an employment trend in the labour market for the next century, greatly conducive to the business environment in Hong Kong characterised by simple and perspicacious business regulations, taxation system and labour laws. However, because of the low start-up capital for creative industries, it is vulnerable to piracy of creativity that results in forgeries and pirate copying. The protection of intellectual property emerges as an urgent task of the government.

Culture as the ‘Base’ and Industry as ‘Applications’ – the Relationship between Creative Industries and Arts and Culture

Arts and culture are undoubtedly the cradle of creativity, but they are not the money spinning machine of creative industries. They are but stocks of talents and ideas. There is a certain distance between arts and culture and industrial consumer goods, all successful creative products carry an artistic spirit and certain human touches, but are not unattainable and impossible for appreciation. Short-term goods like cheap imitations and kitsch are not a sustainable way of business.

In a fair and stable society where emphasis is given to life enjoyment, personal taste and human concern, we see the coexistence of relics and heritage and novel architecture, an enriched life offered by a multicultural society, and the provision of cultural education, research and archive. Only then can creativity which is formal and profound be nourished, otherwise, there will merely be short-term

speculation, imitation and forgery, damaging others for one's own benefits, deception and perverted creativity.

Training in creative industries focuses not only on novelty but also on the basics. The technical aspect of creative industries involves continual rejuvenation (such as computer aided drawing), but the basic concepts in arts, the taste and senses, and human sentiments are elements that require long-term immersion and which has no essential connection with high technology. The difference between the American movie 'Matrix' and the local films, 'The Stormriders' and 'Chinese Heroes' has nothing to do with computer, it is about the brain. The brain is more crucial than the computer.

Not Merely Talents and A 'Quick Mind', Hong Kong Needs Infrastructure

An effective infrastructure is conducive to the growth and development of creative industries. For example, the television station shares its means of production by contracting out programmes to independent production companies. This can reduce the business cost of both parties and provide diverse and creative programmes for the audience. If there exists a mediating agency between the many independent production companies and the television stations through which information are exchanged and resources shared (such as leasing of filming studios, stage properties and photographic equipment), further reduction of cost is possible and it allows green producers to join the competition. Hong Kong has no lack of expertise in movie and television production (renowned Hong Kong directors are qualified to direct Hollywood movies), what it lacks is the sort of foundation that American movie and television production builds on – an infrastructure that fosters cultural creativity, such as mediating agency for talented personnel, financial arrangement, bank loan, insurance company to carry out the contract and rules and regulations that monitor the filming of movies etc.

Creative industries are not just noble and refined arts, nor are they totally 'low brow' commercial culture. They are industrial products of culture that cater for different levels and taste in the market. Hence, creative industries which are flourishing, can engender a cultural life filled with diversity and richness, and make it difficult for products of little creativity and kitsch to monopolise the market. In other words, in a full-fledged competitive market, even tabloid papers are forced to engage in creative work, there is no way for them to copy others' successful model.

When the citizens have the chance to choose from a range of newspapers and magazines, those tabloid papers may need to turn back to old time pornography and find their own niche market.

Take movies for example again. In a healthy competitive market, movies could be arts movie for niche audience, or they could be popular comedies and stories about the life of vagrant heroes, they can even be a successful commercial film tainted with humanistic values, such as some of Steven Spielberg's late productions, 'Schindler's List, Saving Private Ryan etc.

Role of Government: Co-ordination and Mediation

At the same time when the Chief Executive delivered his Policy Address, the first 'High Technology Trade Fair' took place in Shenzhen and Premier Zhu Rong-ji visited the Guangdong Province. Although economic integration and regional co-operation between Hong Kong and the mainland are still at the initial stage, it appears to be a promising development strategy for Hong Kong in the long run. Through the integration of personnel, products, capital and cultural resources within the region, Hong Kong is able to take advantage of its information free-flow and diversity of culture to develop creative industries, build brand names for industrial products as well as opening internal and international sales market.

What is the role of the government in creative industries, to promote development or opt for market intervention? From the analysis of UK's 'Task Force on Creative Industries', it is clear that government actions are necessary, and must be limited and smart. They do not involve direct investment nor will the government manipulate investment decisions, what it does are only recognising strengths, create and develop the necessary conditions and environment, leaving the rest for the market to take care of. Hence, it is facilitation rather than intervention.

The core duties of the government laid down by the Task Force are as follows: to protect intellectual property and oversee the effects of the new global transmission technology on copyrights; stimulate creativity among the youths through educational reforms and train successors who are highly creative; acknowledge the synergy facilitate between public-funded cultural enterprises and commercial enterprises, the communication between creative industries and other cultural enterprises, promote an active life of cultural diversity; provide training on technical and business management and assist in starting business; ensure mutual contact and understanding between business starters and venture capital; pay attention to global market and promote exports by the government, assist in removing the obstacles to free trade and promote the image of UK as the world's leading creative production centre. Government assistance to the industries is essential and with precise and impartial goals. This is a classic example of the Labour government's new governance – smart governance.

An Open Industrial Alliance

The government should not invest in a particular industry, what it does is to provide the necessary infrastructure for the promotion of creative industries, including protection of property rights, training of qualified personnel, fair trade, customs and duties negotiation, and to assist in the establishment of a strategic alliance among a host of industries in relation to cultural creativity. The alliance is not a cartel, rather, it encourages free competition and fair trade, and helps a novice locate risk funds and explore markets. It is not a closed circle for self-profit, but an expanding agency working for mutual benefits. It forms coalition with cultural policy-makers, manpower resources,

youth employment, national export and cultural diplomacy to ensure the benefits of creative industries can be shared by the entire society.

For instance, the American government has not offered subsidies to Hollywood movies, but through international influence of the United States, it facilitates movie export, opens overseas markets and combats piracy, and enables Hollywood movies to be the largest enterprise in the world promoting American humanism and American way of life.

Successful creative industries will make arts practitioners wealthy, rich people will have cultural industries. Bill Gates, the richest man in creative industries, has promised to donate all his estates for charity, this is a move of nobility and with great meaning.

To Take Advantage of Hong Kong's Strengths

Over the years, Hong Kong is doing well in its product design, advertising sales, entertainment and movie industries. However, because of the predominance of small and medium-sized enterprises, the difficulty in finance and markets for the newcomers, and the lack of a supporting environment for locally trained personnel in design and cultural industries, Hong Kong, despite its achievements during the 1970s and 80s, shows slackness in recent years. Since creative industries have great significance for the cultural life of the people and the image of the state, governments all over the world will offer considerable attention and assistance.

As Hong Kong's future builds on manpower and intellectual resources as its strengths to compete, the government should therefore concern itself about the development of local creative industries.

Currently, the aim of government subsidies for arts practitioners and arts activities in Hong Kong is to promote the quality of arts and appreciation level of the public. There is little consideration towards the impact of cultural activities on the social economy, and how funding policy of the arts has affected the livelihood of the arts practitioners, such as promoting their economic status and self-earning ability, which will in turn provide resources for creativity. These creative resources include ideas, manpower, social atmosphere, cultural consumption habits etc.

Apart from being high value-added and employee intensive, creative industries also serve as a bridge facilitating communication between high arts and commercial production. They promote connection between the arts and commerce, and contribute to improving the environment for commercial sponsorship, opening of cultural markets, cultivating healthy cultural consumption habits and fostering social harmony.

In order to understand the ecosystem of the arts and cultural market, it is essential to carry out a comprehensive survey on those who work in the creative industries. Having grasped the basic data of

arts practitioners, the government, public organisations and other arts sponsors can then devise more effective funding strategies and subsidy approaches.

Three Progressive Stages of Strategic Development

The planned development of creative industries can be implemented in three stages. The first stage involves concept building and the choice of statistical methods, and to conduct pilot survey or cost-effective 'pilot scheme', such as the 'Creative Industries Quarters' inexpensively developed by the British at Sheffield's desolate industrial region. The second stage is to set up an inter-disciplinary 'Task Force on Creative Industries', responsible for mapping the situation of creative industries, reporting on the availability of infrastructure, resources and market, and devising reference data collection capable of long-term update and renewal.

The third stage sees the elevation of the Task Force to the 'Development Group on Creative Industries', responsible for the implementation of strategic development, exploring the strengths and obstacles of the development of creative industries in Hong Kong, identifying possible ways for the invigoration of the industries as well as looking for profitable strategic partnership outside Hong Kong. The work of the Task Force requires high-level collaboration among business elite, creative workers and government departments.

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Appendix

Summary of the Research Report on UK ‘Task Force on Creative Industries’ (November 1998) (edited by the Arts Development Council)

The Task Force was formed under the direction of Prime Minister Tony Blair in October 1999. Chris Smith, Director of the Department of Culture, Media and Sports, acts as the chairman, members include senior officials of all the relevant government departments and nine business leaders renowned for their exceptional creativity, such as Richard Branson and Paul Smith.

Responsibilities of the Task Force

- Collect comprehensive and reliable data, evaluate the performance and growth rate of creative industries within UK and among overseas countries, devise actions to promote development;
- Analyse performance data, identify common goals and incorporate into the procedures of policy formulation;
- Protect intellectual property, monitor effects of new global transmission technology and combat piracy;
- Stimulate creativity among the younger generation, advocate educational reforms and train successors endowed with high creativity for UK in the next century;
- Identify and train talented personnel;
- Provide technical and business management training, assist in starting business;
- Ensure mutual contact and understanding between business starters and risk investment fund;
- Stress on global market, active promotion of exports by the government, remove obstacles to free trade and international measures that weaken British competitiveness in exports, promote the image of UK as the world’s leading creative production centre;
- Ensure the benefits of government assistance for the industries and correct objectives;
- Increase the opportunity for new technology and reduce threats;
- Recognise the synergy between public-funded enterprises and commercial enterprises; open communication between creative industries and other cultural enterprises, promote an active British life of cultural diversity;
- Strike the balance between the encouragement of business growth and protection of consumers, employees and the environment;
- Regular meeting with representatives from relevant industries, establish partnership between government and the industries for development opportunities.

General Account of Creative Industries in UK

On 6th November 1998, the Task Force on Creative Industries under the British Department of Culture, Media and Sports delivered the ‘Creative Industries Mapping Document’. This is the first

attempt by UK to analyse the economic impact of the different sectors under the ‘creative economy’.

The UK creative industries create an annual income of nearly 60 billion pounds (approximate to HK\$720 billions), employ over 1.4 million workers (in total); including the 450,000 creative workers whose occupations are outside the range of creative industries according to the ‘Survey on Labour’ by the Labour Department. The 1.4 million workers represent 5% of the total labour force. The following describes the general conditions of creative industries:

Occupation	Estimated income (£ in million)	Manpower employed
Advertising	>4000	96000
Building and Construction	1500	30000
Arts and Relics Market	2200	39700
Arts and Craft	400	25000
Design	12000	23000
Designer’s Fashion	600	11500
Film	900	33000
Interactive Entertainment Software	1200	27000
Music	3600	160000
Performance Arts	900	60000
Publishing	16300	>125000
Computer Software	7500	272000
Film and Television Programs	6400	63500
Total	>£57 billions	1 million employees

In 1995, when the last survey was held, the economic contribution of creative industries was 25 billion pounds estimated by additional output value, near 4% of the GNP, their output value was higher than any one of the manufacturing industries within UK.

Except for computer software which was hard to estimate, the total export value for creative industries was 7.5 billion pounds. Details are as follows:

Occupation	Export Value (£ in million)
Advertising	565
Building and Construction	250
Arts and Relics Market	1300
Arts and Craft	40
Design	350
Designer’s Fashion	350
Film	522
Interactive Entertainment Software	417
Music	1500
Performance Arts	>75
Publishing	1900
Film and Television Programs	234

It is difficult to obtain accurate data on the import and export of creative industries, the industries that estimated to have trade surplus include; publishing, music, building and construction, advertising, artwork market. In order to promote the export of British products, the government has set up the 'Consulting team for the promotion of export for Creative Industries'.

General Situation

Contrary to other industries, creative industries witness continual growth. Information revolution, broad band and digital broadcasting have widened the global market and increased demands. The income of developing countries increases and English becomes common usage, all of which are beneficial for the export of British products and design. The situations of different industries are as follows:

- Steady growth in **advertising**, long-term active international market.
- British **architecture** and design are renowned worldwide; good design is respected within the country for the social benefits it brings about, the industry will be benefited from recent infrastructure projects.
- The British **arts and relics market** is only second to the American market, will be affected by the re-conveyance measures adopted by the EC countries.
- **Art and craft work** pursue for quality, continual growth.
- Global demand for **design industry** on the rise, vigorous growth.
- Tense competition for the **fashion** industry, brand names must improve themselves.
- Rise reputation for the **film industry**, but with imperfect structure and finance.
- Speedy growth of **interactive entertainment software**, the new work stations launched in 2000 will stimulate further growth.
- **Performing arts** receive government and private combined funding, the 125 million pounds investment in the next three years will be beneficial to its development
- Enjoy the benefits of free and open information, growth of the **software** industry, but lack of talented personnel.
- **Film and television** will have double growth in the next decade, digital technology will enhance its export potentials.

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