

# CREATIVE ECONOMY AND MECHANISMS OF ITS FUNCTIONING

## An economic geography perspective

### Summary

The creative industries are those industries where a significant proportion of the value added is intangible and where the cultural value of the products created, such as their symbolic meaning, brand or design is at least as significant as their use value. The creative industries include advertising, architecture, film, music, media, publishing, computer games, but also art or crafts. The role of these industries in economy is constantly growing, as has been shown by a number of empirical studies over the last 20 years. The impact of the creative industries, however, is not limited to the creative sector only, but spills into other economic sectors within both manufacturing and services either through people working in creative occupations within these sectors or through creative inputs. These spillovers and wider economic linkages have led to the emergence of a new concept: the creative economy.

The creative economy refers to all the activities that result from an individual creativity, encompass a cultural element and that have an economic value. The roots of the concept of the creative economy can be traced to the reflection on culture that took place in the 1940s, especially to the critique of the early 20<sup>th</sup> century mass culture. The Frankfurt School and its main scholars, Horkheimer and Adorno, compared the organisation and production of mass culture to an industry; this gave rise to the metaphor of the “culture industry”. These scholars wanted to draw attention to the changing nature of culture and its products, characterised by standardisation and mass production. Later on, in the 1970s and 1980s, the cultural industries were seen as a remedy for the decline of central areas of Western cities, with French and British cities starting to use culture as a tool to revitalise their neighbourhoods. As such, the cultural industries became part of economic, social and urban policies. At the end of the 20<sup>th</sup> century, the role of culture has widened. In the 1990s, many researchers and policy makers re-emphasised its contribution to the overall economy and a conceptual shift from ‘cultural industries’ to ‘creative industries’ took place. The creative industries were defined as “those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property”. At the dawn of the 21<sup>st</sup> century, another shift towards a new concept, the creative economy, could be observed. As mentioned, the creative economy includes the contribution of both the individuals who are in creative occupations outside the creative industries as well as individuals employed in the creative industries. As a result, the creative industries became a subset of the creative economy and they embrace only those working in the creative industries themselves (and who may either be in creative occupations or in other supporting roles e.g. finance).

The main aim of this book is to develop a deep understanding of the creative economy and to explain how it functions. Particular attention is paid to the spatial dimension of this economy. In

doing so, the book complements and broadens standard economic or cultural research undertaken so far and aims at constructing a theory of the creative economy highlighting the systemic nature of existing creative phenomena. These are not just creative cities or just creative businesses, but as Howkins (2010) pointed out this is a whole “creative ecosystem”. There is therefore a need to develop a more thorough theoretical basis that would, on the one hand, take into account existing knowledge and, on the other, allow for a coherent integration of that knowledge. The book aims to contribute to this theoretical effort and offers a systematic and up-to-date overview of the concepts and key theories relating to both the creative industries and the extended creative economy. These are multi-disciplinary and come from cultural studies, cultural economics and economic geography. The book builds on implications from all these studies and disciplines and theorises the creative economy in a systemic way. In doing so, the book explains what the creative economy is and how it works around a number of key mechanisms. Rich empirical material and various illustrative cases are presented to exemplify this general theoretical understanding.

The book aims to answer the following research questions: 1. How have the views on the creative industries developed? Why has the concept of the creative industries not ceased to exist and how has the idea of a creative economy emerged? 2. Is creativity a constitutive feature of the creative economy? What other characteristics are inherent to this type of economy? What is its relationship with the knowledge economy and the spheres of culture and art? 3. What is the composition and structure of the creative economy? 4. What are the mechanisms for the functioning and development of the creative economy? What model of the economy arises as a result of these mechanisms? 5. What are the spatial implications and consequences of these mechanisms? 6. Why are the circulation of creative goods and the content of culture not fully free? 7. What distinguishes the creative economy from other types of economy?

The book consists of seven chapters. Chapter 1 contains an introduction and presents the aims of the book, main research questions and methodology. It also gives an overview of Polish research on creative industries in a synthetic way. The second chapter explains why the new concept of creative economy has begun to play an increasingly important part in the study of the role of culture in economic development. The evolution of views on the creative economy is presented, which explains how this new concept emerged. The origin of the concept of the creative industries is exposed as well as an explanation of why it has become insufficient to fully understand existing creative manifestations. The analysis in this chapter points to the fact that the creative economy concept is now more relevant in identifying phenomena related to creativity and creative activity. The third chapter explains in detail what a creative economy is and how to define it. A closer look at the essence of the creative economy and its current definitions raises a number of questions with regards to the inherent nature of the creative economy. As a result of this systematic definition review and building process, attempts are made to answer the question whether creativity is a constitutive feature of the creative economy. It turns out that asking such a question can lead to quite unintuitive conclusions - creativity does not necessarily have to be a distinguishing feature of the creative economy. It certainly plays an important role in the economic exploitation of culture, but it is not its only attribute. Cultural competences, knowledge or cultural value are also essential to the creative economy besides creativity. Chapter four presents the composition and structure of the creative economy, and thus explains how it is built. A number of terms are introduced in this chapter, such as cultural value, cultural capital, creative good, cultural intermediaries; these allowed characterising in detail a descriptive model of the creative economy and understanding of its core elements. This model is later used to describe the main mechanisms for the functioning of the creative economy presented in chapters five and six. These two chapters describe and explain why the creative economy works in certain ways. The characteristic feature of the creative economy is that its economic processes are linked to cultural and spatial ones. Therefore the economic, cultural and spatial aspects of these mechanisms

are presented and analysed together in these chapters. The mechanism of commodification is a decisive one as it explains how products of culture become goods or services sold on the market. The value chain mechanism then makes these goods and services circulate in the economy, generating specific benefits for the entities and places that are “connected” to that circulation. Globalisation and its mechanisms then allow the circulation of these products on a larger scale. However, some rooting or regulating mechanisms make this circulation not as loose as it might seem. Chapter seven summarises the main contributions of the book and offers its conclusions.