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Creative London

By James Heartfield

A magnificent destruction of creative industries hype by someone who has been on the money about this for 10 years. [It's so good, I can't help but write a micro-review.]

The productivist vein running through his analysis is problematic (who wants a truly productive capitalism instead of a decadent one?) but don't let it put you off, the basic economic arguments are rock solid. Briefly: industry contracts, 'creative' sector, parasitic on finance, in turn parasitic on the world's industrial producers, expands, but not for long, indeed it seems already to have reversed... exploitation overseas and at home are the secrets of the creative economy, but it is not the exploitation of creatives and the financial mediators whom they serve.

This account needs supplementing with a sense of how the financial system more generally - as well as IP (intelligently discussed here as rent seeking) - is a machine for looting the world's more productive nations (cf Michael Hudson), but again that does not invalidate the argument or the excellent research work here. In fact, Heartfield is great at capturing the Stakhanovite absurdity of Britain's economy:

"Mayor Livingstone's GLA is no stranger to advertising. Its spending is running at around £18 million. That is some of what those 37 000 advertising industry employees are doing in London: preparing brochures on how marvellous it is that there are 37 000 advertising people working in London."

Heartfield is still 10 years ahead of post-autonomist academia on this issue, not to mention the various wonks making a living out of repackaging the same dodgy post-industrial spiel. If you are planning to use the phrase 'creative economy' or 'cultural industries' (not to mention 'cognitive capitalism') at any point in the future, please read this text first!

Ben

Creative London

London's Creative Job Creation

—James Heartfield

London's creative industries remain at the forefront of its global status, Mayor Ken Livingstone tells us, citing the statistic that 12 per cent of London's workforce (554 000 people) are creatively employed, 57 per cent of all creative workers in the UK. The report he introduces, London's Creative Sector 2007, prepared by economist Alan Freeman, is part of a trend among policy makers to elevate the importance of the creative industries, and their supposedly special contribution to wealth creation. Its premises and conclusions, however, are plain wrong.

In what sense is it a good thing that there are 37 000 people working in advertising in London; or that 7000 people work in the antiques trade? Perhaps they might be better employed making the things that people advertise; maybe it would be more honest to throw all that old crap away than to sell it to gullible Yanks. Certainly it is a good thing that there are 78 000 people working in publishing, but is it necessarily better that they work in London rather than, say, Runcorn, or Malaysia? Does the fact that there are 77 000 people working in computers really mean that London is more creative, or just that there are 77 000 people keying in computer codes? Does your chest fill with pride, or shrink in shame, when you hear that 4500 of us Cockneys work in the fashion industry? Would the world be a worse

place if all 554 000 creatives were issued overalls, trowels and wheelbarrows and redeployed to build new homes in the Thames Gateway?

The fashion for counting the creatives began in the 1990s when people like Andy Feist, Jane O'Brien and John Myerscough started tabulating the census to estimate employment in the 'arts sector'. People have forgotten, but at the time this was a rearguard action. The Arts Council, where a lot of that original research took place, was on the defensive. It had lived through a decade of cuts in public money for the arts (Heartfield 2007a) – so different from today. The point of their various papers and reports was to make the argument that far from being a drain on the exchequer, the arts were a boon to the country.

Some of the results of those early surveys surprised people. Look, they would say, there are more people making CD ROMs than motorcars, rock musicians earn more than the steel industry (Puttnam 1996: 54). But instead of drawing the obvious conclusion that this was evidence of problems in the manufacturing sector, the Blairistas all got the horn for the 'creative industries'. Top politicians were fighting over the Culture Secretary's portfolio, but turning their noses up at the Department of Trade and Industry. When Blair twisted Peter Mandelson's arm to accept Industry, the spin doctor-in-chief set about re-modelling DTI policy on the apparently more successful Culture Ministry, with the net outcome that Britain was declared 'Creative'.

Changes in the Cabinet pecking order were reinforced by other trends, especially in London. A hothouse art scene, bankrolled at first by Charles Saatchi's buying, developed in Hoxton. Decades of inner city decay were arrested when galleries and coffee shops blossomed in the emptied warehouses and industrial shells. With his Comedia consultancy, Charles Landry marketed this Shoreditch template of the Creative City as far afield as Denver and Melbourne (Heartfield 2007b). Pop enjoyed one of its decennial blossomings by retailing the British vernacular: Blur and Oasis then; Lily Allen and Amy Winehouse now.

More subliminal was the increasing appeal of the two magic words 'creative' and 'design'. Suddenly everyone was creative, everything was designed. Design solutions for creatives. Creatives for design solutions. Designer creations; creative designs. Creative was the thing to be. Lots more students signed up for design courses: one in 20 of all students compared to just one in 60 a decade earlier. Not many of them got design jobs, but this was always an aspirational not an actual development. Others made bands in their bedrooms, or wrote screenplays, or more often just dreamed of doing it. The internet, all new then, seemed to herald the dawn of an information era, in which the meaty world of manufacturing would be left behind.

Hitherto sober, even geeky people, economists, were swept up in the excitement. Former Financial Times journalist Charles Leadbeater wrote the Trade and Industry policy, the Knowledge Economy, promising that:

'We are all in the thin-air business these days...most people in advanced economies produce nothing that can be weighed: communications, software, advertising, financial services. They trade, write design, talk, spin, and create; rarely do they make anything.' (Leadbeater 2000: 18)

Let the Koreans build ships and other lumpy goods; knowledge is our business. Richard Florida identified a new class, the creative class 'whose members occupy the power centres of industry, media and government, as well as the arts and popular culture' (Florida 2001: xi)

Alan Freeman has got the Creative Industry bug, too. In 2003 he was speculating that the Creative Industries were uniquely placed in the economy, just as farming or manufacturing were to previous ages. The strategic position of the Creative Industries, he said, is that they are drivers of productivity, attractors of capital and inputs to all other industries. The age of the factory had been superseded by the age of steam, and that in turn by the age of electricity; now we are entering the knowledge era (Freeman 2003). Echoes of Tony Blair's own echoes of past glories when the new prime minister dubbed Britain [if not the workshop of the world] the design workshop of the world (Blair 1998) - though even that proved optimistic.

Ken Livingstone might seem an unlikely recruit to this post-industrial luvvie-fest. When Margaret Thatcher's government launched the Canary Wharf development, Ken led a People's Armada up the Thames against it, demanding a 'redirection of finance capital' to 'investment in manufacturing industry' (Livingstone 1989: 274-5). But even in those days Ken knew the value of advertising: he paid Boase Massimi Pollitt £25 million to cover London in groovy posters protesting the abolition of the GLC. Designer socialism on the rates. PR substituted for a mass campaign, a model that inspired New Labour.

The breathless boosting of statistics generated by the Department of Culture Media and Sports (DCMS) fell below respectable standards. With every new Mapping Document, the definition of the creative workforce was enlarged to embrace greater numbers. The documents abound with 'expanded definitions', 'evidence toolkits' and 'experimental definitions' – statistical steroids to pump up the numbers. There are methodological caveats but these are buried in annexes, so that editors regularly reported the statistical inflation as more growth in the onward march of the Creatives.

The DCMS numbers were greatly boosted by the inclusion of software writers (almost half of the UK total creative workforce) – a practise which the GLA's Alan Freeman follows – even though their relationship to artists and designers is tangential to say the least. Furthermore, Labour Force statistics are based on a census of firms, meaning that all those that work in a company that has been designated 'publishing' are listed under the same head. When they are then added in with other headings, like Television to make up a 'Creative Workforce' all those that work in the company, whether they are writers, cleaners, drivers, or desk clerks, are included.

But even this does not boost the numbers enough for the GLA. It wants to include those 'creatives' that are employed in workplaces that do not fall under the 'creative' categories. Far be it from me to question the creativity of the violin teacher at my daughter's school, who is very good. But her addition to the GLA statistics is not matched by any parallel deduction of the BBC's night porters or receptionists. Such statistics are only ever inflated, for a good reason: they are not objective statistics intended to help understand London's economy; they are propaganda, factoids to catch headlines. 'One in every eight Londoners is a creative worker.' But they are not.

The boosterism in the Creative Industries numbers is infamous. Elvis lives in the DCMS data. When Will Hutton's Work Foundation took the Culture Secretary's shilling to write the report *Staying Ahead: the economic performance of the UK's Creative Industries*, earlier this year, they stuck all of the DCMS numbers in an annexe surrounded by health warnings: 'the DCMS recognises the imperfections of the definitions', 'sectoral boundaries may be rewritten', just a 'snapshot' and so on.

This statistical squirming is the result of a growing scepticism towards DCMS boosting. I wrote the first critique of DCMS propaganda (Heartfield 1998), enlarging on it in 2000 and 2005; since then I have been joined by other sceptics, like Warwick University researcher Elenora Belfiore, Cultural Trends editor Sara Selwood, Paola Merli and Munira Mirza. Most recently Larry Elliott and Dan Atkinson dealt with Creative Industry PR in the pungently titled chapter 'Bullshit Britain: multiple

hallucinations of a “Creative Economy” of their book *Fantasy Island* (Elliott and Atkinson 2007).

Sad to say, Freeman’s *London’s Creative Sector* (GLA Economics July 2007) shows no sign of the more self-critical approach that we can see, for example, in the Work Foundation’s *London’s Creative Economy: An Accidental Success?* (Work Foundation August 2007).

What we have instead is a Stakhanovite adding up of the numbers. More creative workers wanted over here, there’s a gap showing! One of the embarrassing facts for the GLA is that in fact the Creative Industries, especially advertising, design and architecture, all contracted in the period 2001-04 (as I reported in 2005) something that Freeman works overtime to explain away. The problem with getting stuck on definitions is that it leaves no room for asking what is happening underneath the numbers. Freeman lards on more fashion designers, between the advertising executives and performance artists, without ever really asking what these additions tell us. Never mind the quality, feel the width.

What is more, lumping all these different activities together disguises their differences. Freeman might have convinced himself that there is a discrete ‘creative sector’, but he is wrong. In fact there are lots of different trends that have coagulated together.

Nine years ago I argued that not every symptom of the emerging Creative Economy is positive. For example, artists are understandably pleased that the art market is booming. But that does not mean it is a good thing for society as a whole. Freeman writes that ‘creative industry products are in economic terms luxury goods ...sensitive to cyclic shifts in the disposable income of the high earners’ (2007: 5), and that other creative services are investment goods (2007: 29). This is what is attractively known as the ‘Pig Market’ - the market for the super-wealthy, the eight million pound homes in Kensington, private aeroplanes and Damien Hirsts from the White Cube.

What Freeman does not say is that the Pig Market booms when investment in industry is low. Decadent Britain has some very large industries that generate big surpluses, but are too bloated to absorb much more investment and deploy it productively. Thus when American economist Michael Porter looked at the British economy for the DTI, he found that British business was good at setting people to work but invested much less in capital stock than the USA, Germany or France (Porter 2003: 12). According to the DTI British capitalists are peculiarly risk averse (2001: 68). But with investment rates low, the surplus cash has to go somewhere. The place it goes, in the form of hundred-thousand pound bonuses and spiralling share prices (always subject to losses, of course) is to the already very rich, who spend it on luxuries. Because more of Britain’s cash is directed towards luxury consumption than investment, as has been the case for at least a decade (Heartfield 1998: 47), major destinations for this surplus include the art market and the antiques boom. Good for Damien, not for London.

For quite different reasons, other businesses that fall under the category of the creative sector are problematic, too. As he struggles to dismiss the decline in creative sector employment from 2001-04, Freeman alludes to the truth of the matter, namely that some of the key creative industries are intimately tied to London’s financial services sector. A few years ago, I identified the relationship directly: ‘UK design companies are, then, closer in structure to financial institutions than they are to other “creative industries”’ (2000: 35). Advertising and Design consultancies all declined after the Dot.Com bubble burst because they are in effect a part of the City of London’s financial intermediation business.

But Britain’s orientation towards business services is not something to be proud of. The City’s specialisation in financial intermediation is really just making money skimming off the big deals for which the Square Mile acts as middle-man. Britain’s financial sector is parasitic on healthy growth elsewhere, mostly in East Asia. In the past, as Freeman himself has explained (Freeman 1988), Britain specialised in exporting capital to the rest of the world. Nowadays, with most investment banks in the

City either US- or German-owned (Augar 2001), British firms are only facilitating the introduction of American investors and East European or Asian businessmen.

The City's advantages are, as Freeman has also said (Freeman 1998: 8) 'artificial conditions sustained in the metropolis by the superexploitation of the rest of the world.' The big British advertisers and design consultancies are integral to that rip-off. As Chinese manufacturers will tell you, British business services are always trying to get paid twice for their work, under the guise of defending intellectual property rights. This is what economists call 'rent-seeking behaviour' - the attempt to turn East Asian industry into a profit-stream for London-based companies. Legally enforced intellectual property titles are just the latest form of Western exploitation of Asian labour. This, presumably, is the strategic relationship that Freeman thinks creative industries have toward the global economy, not so much an input to other industries, as a continuing claim on their output.

If the GLA had done more talking to designers, they would have a greater understanding that much of what goes on under the rubric of Design has a very different relationship to the productive economy. Product design like Anthony Haston's bespoke television edit suites for AKA Furniture, or Tangerine's luxury reclining chairs for BA can increase productivity overall. That is one way that design can have a strategic relation to the rest of the economy.

But talk to designers today, and discover how few have picked up a pencil lately. They are more likely to be designing business models than paper cups. This is what Guy Julier at Leeds Metropolitan University calls the 'dematerialisation of design'. Too often it turns out to be another example of rampant consultancy disease. Designers, like other business consultants, are parasitic on the indecision that grips the boardroom. They tout for business by persuading nervous executives that they have it all wrong, and need to 'think outside the box'. After six months driving the workforce mad with workshops, flip charts and other 'imaging' methods, design consultants report back to board members what they were going to do in the first place, and they, relieved, pay them an extortionate fee. This, too, is a strategic position that design has in relation to wider business. It is called messing it up.

Sadly, there is a lot less product design than redesigning business models going on in London. Two thirds of all firms surveyed think design made no contribution at all to their turnover or their profitability (Design Council 2002: 11); more than made no use of design in house, or out (Design Council 2002: 13). And that was not so surprising, because 58 per cent of all the firms surveyed had neither developed nor introduced any new products or services in the previous three years (2002: 12).

As well as leveraging consultancy fees out of private industry, designers and other knowledge entrepreneurs are adept at sucking the government tit. David Kester at the Design Council has artfully wrung yet more cash out of the government, operating such schemes as the DTI's Design Immersion Programme and the Sector Skills Council for the Department for Education and Skills. Government departments, scared of being caught behind the curve, have all read in the Cox report that Design will help re-position business, and are suckers for buying in yet more consultants.

Recently I talked to a designer whose business was almost entirely preparing glossy reports, four fifths of it for the government, and most of that for the Ministry of Defence and the Environment Agency. You might have seen these things, stacked up in a vacant office: A4 size, just thick enough to earn the right to a spine, with big blocks of flat colour, whole page illustrations, bullet points, boxes, shiny plasticated paper, unread by millions. 'You should see what they did before we helped them out - twenty sheets photocopied on headed paper and stapled', he sniffed. Sounds ideal to me. Just what an unread Environment Agency report should look like. But no, my taxes are keeping this business afloat, because its sales people are smart at preying on the anxieties of office jockeys that they are not quite design-conscious enough to justify next year's budget.

Of course it is not just designers who boost their business by playing upon managers' fears of falling behind (Heartfield 2004). Designers are just infants compared to the advertising business. The £18.5 billion that advertising extorts from business each year represents 1.5 per cent of the country's output. Just over one per cent of the advertising market, £189 million, comes from the government. Our government spends this much each year on glossy brochures and other advertising. We do not read them. But they help Whitehall persuade itself that it is 'at the cutting edge'.

Mayor Livingstone's GLA is no stranger to advertising. Its spending is running at around £18 million. That is some of what those 37 000 advertising industry employees are doing in London: preparing brochures on how marvellous it is that there are 37 000 advertising people working in London. They are not the only ones with their fingers in the GLA pie. GLA Economics, which published Freeman's report, uses the services of Volterra Consulting, run by economist Paul Ormerod. Its other clients include Transport for London, Scottish Enterprise, the Department of Health and Crossrail. Perhaps they write briefs for the GLA on the importance of the knowledge economy for London, where they are based. What any of this has to do with making Londoners' lives any better is anybody's guess.

Elsewhere, the Creative Industry boosters have backed down. Of course you cannot live on thin air, Charles Leadbeater conceded. The DTI never meant to give the impression that it preferred the internet to manufacturing, (then) Industry Secretary Patricia Hewitt explained. Richard Florida's subsequent book was titled *The Flight of the Creative Class*. The 'Creative Industry' label is a ghetto that makes these businesses unattractive to investors, the National Endowment for Science Technology and the Arts (NESTA) has explained. Having been late to the feast, though, the GLA is equally late to recognise that it is over.

The news just in is that British manufacturing is enjoying something of a renaissance, with output rising through the last four quarters. Capital goods, aerospace and pharmaceuticals are all doing well, which is good for the regions, where these industries tend to be concentrated ('Surprise Renaissance of UK Manufacturing', *Guardian*, 7 August 2007). Not so good for London which is overburdened with underperforming advertisers, playwrights, and image consultants. As Freeman's figures make abundantly clear, this is a specialisation that has depressed London's economic performance in recent years, not improved it.

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