

Cases of Creative Economy Promotion and Their Implications

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1. Introduction

With the concept of “creative economy” emerging as a new paradigm of economic growth in Korea, the frequency of debates over related topics are being held, including the meaning and aims of the concept, as well as policy measures needed to realize it. While there is no consensus yet on the meaning of a creative economy, it is generally understood and referred to as a new economic system where creativity plays a central role. It is already being accepted as a new policy paradigm in many countries. This report analyzes cases from the United Kingdom, Finland, Germany, Japan, and Singapore, as well as the debate at the Unit-

ed Nations Conference on Trade and Development (UNCTAD), and derives pertinent implications for Korea.

2. Cases of Selected Countries

A. Concept of Creative Economy

The concept of creative economy had previously been elaborated with focus on creative industries. The concept, however, has acquired a broader meaning today, incorporating the importance of creativity and the role of knowledge and other intangible assets for the economy as a whole.

According to John Howkins,¹ creative economy is a new economic system that is based on creative people, creative industries, and creative cities, revolving around transactions of creative products that combine creative activities with economic values. Joseph Stiglitz² argued that the economic recession in the United States can be overcome only with a major transformation of the real economy, with its center of focus shifted from industry to service. Stiglitz's argument echoes that of Richard Florida's,³ who predicted the emergence of a creative class, especially in the high value-added service sector that values individuality, meritocracy, diversity and openness. Steve Denning⁴ took Stiglitz's argument further and concluded that the U.S. economy needs to make a transition into a creative economy where both manufacturing and services play their roles. At the same time, large firms, Denning argued, have to overcome mindsets fixated on economies of scale.

The debates on creative economy in the United Kingdom and Finland, focus on creative industries and the related economic conditions. The term creative economy is often used in the United Kingdom to refer to creative industries, the conditions needed to keep these industries active, and an economic system led by those industries. The Finnish Ministry of Employment and Economy has defined creative economy as "the economic added value generated by creative expertise and creative industries for the entire national economy." The creative economy in Finland, in other words, refers to the creative industries as

well as the related industries affected by them. The UNCTAD sums up the diverse debates on creative economy as follows: creative economy is "an evolving concept based on creative assets potentially generating economic growth and development." The UNCTAD also noted that it has cross-cutting linkages to the economy as a whole.⁵

B. Concept of Creative Industries

Creative industries are industries that generate economic values on the basis of individuals' creativity and knowledge assets. It places greater emphasis on creativity and creative activities. In the United Kingdom, for instance, creative industries are understood as "those activities 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".⁶ In Japan, a creative industry is understood to be comprised of products (Mono), services (Koto), and human resources (Hito) that are selected in the market not on the basis of their prices, but their creativity as a potential value-added. Creativity, in this line of thought, reflects traditional, cultural, or innovative properties, or includes the techniques and talents possessed by creative human resources, in the manufacturing and distribution of products and services.⁷ Singapore has introduced the concept of "creative clusters," which encompass not only the creative industries per se, but also the industries specialized in distributing the products and services from creative industries.⁸ Summing up these diverse, yet similar, views on creative industries, UNCTAD (2010) defined it as gener-

¹ Howkins, John(2001), *The Creative Economy: How People Make Money from Idea*, London. Penguin.

² Stiglitz, Joseph(2012), "The Book of Jobs," *Vanity Fair*. (January)

³ Florida, Richard(2002), *The Rise of the Creative Class*, New York: Basic Books.

⁴ Denning, Steve(2012), "Is The US In A Phase Change to the Creative Economy?" *Forbes*, Jan. 31, Internet.

⁵ UNCTAD(2010), *Creative Economy Report 2010*.

⁶ DCMS(2001), *Creative Industries Mapping Document 2001*.

⁷ 鎌田純一・中野かおり(2013), 「クール・ジャパンの海外展開支援株式会社海外需要開拓支援機構法案」.

⁸ Economic Review Committee(2003), *Economic Contributions of Singapore's Creative Industries*.

ating trade and income based on intellectual property, and not necessarily limited to arts.

C. Background

What has prompted the shift to creative economies? The reason can be found in the need to find new sources of growth and employment in response to the changing economic structure and the decline of manufacturing. The UK Department of Culture, Media and Sports released Creative Industries Mapping Documents in 1998 and in 2001. These documents argue that the roles of creative firms and cultural activities are becoming increasingly important economic issues. Creating and disseminating new knowledge has become an integral part of national wealth and new major sources of jobs. Facing the shrinking manufacturing sector and a consistently high unemployment rate, the German government has also come to realize the need to promote cultural and creative industries as independent realms of economic activities, catalysts for innovation in other sectors, and sources of continuous economic growth.⁹ Finland and Singapore also adopted creative economy policies, aiming to diversify their industrial structures and foster new sources of growth. The Finnish government was increasingly realizing the limits of its technology-driven economic growth strategy and sought to increase its investment in creativity and cultural know-how, which were, by then, still novel concepts.¹⁰ The Singapore Economic Review Committee, in 2003, proposed the new national economic goal of making Singapore Asia's new hub of creativity, focusing on the potential of creative industries to generate jobs and values.

Noting the potential of creative industries to provide an impetus for economic growth of de-

veloping countries, the UNCTAD sought to provide a comprehensive perspective on creative economy, encompassing not only its economic benefits, but also its effects on society, culture, and development. The 12th UNCTAD Ministerial Conference held in 2008 introduced the concept of creative economy, thus prompting research and debates on the concept worldwide and seeking international cooperation on creative economy and related policies for developing countries. UNCTAD (2010) provided a broader view of creative economy, outlining its role in economic and industrial activities, as well as in society, culture, and development.

D. Strategies

Policy packages for creative economy in selected countries have common key components: improvement of education, promotion of start-ups, support for creative small and medium enterprises (SMEs), reinforcement of capability for innovation, awareness of intellectual property rights and related policy measures, and globalization, etc. An approach known as creative ecology is reflected, especially with emphasis on providing better conditions for business creation, especially for small-sized start-ups and developing creative clusters. Another key policy issue is pioneering new markets. The overseas marketing and globalization of industries form important policy goals. Finland and Japan, for example, both pursue the globalization of creative firms as a core aim of creative economy policies. Singapore is also aiming to become a global hub of creativity.

⁹ Bundesministerium für Wirtschaft und Technologie(2009), *Culture and Creative Industries in Germany*.

¹⁰ SITRA(2004), *Towards a Creative Economy: Cultural Know-How as a Resource for the Future*.

Table 1. Policy Measures for Creative Economy in Selected Countries

Country	Policy Measures
United Kingdom	<ul style="list-style-type: none"> -Start-up loans for entrepreneurs aged 18 to 30; tax exemptions (up to 78%) on start-ups -Talent Pathway Scheme; promoting entrepreneurship among college students (e.g., Royal College of Arts) -Intellectual property consultancy for SMEs (e.g., Own-it Program) -Regional development through developing creative clusters (e.g., London, Sheffield, Gateshead, etc.) -Public-private partnership on marketing efforts of seven strategic industries, including creative industries -Improvement of ICT environment
Finland	<ul style="list-style-type: none"> -Operation of venture capitals specialized for creative industries (e.g. Vision+); connecting technology start-ups with international funding sources (e.g., Vigo) -Establishment of Aalto University: promoting interdisciplinary education and research and managing linkage programs of education and entrepreneurship (e.g., AVP) -Building City of Tampere as a leading creative cluster -Cultural Export Promotion Programme 2007–2011 (Ministry of Education and Culture, Ministry of Employment and the Economy, and Ministry of Foreign Affairs) -Luovimo program of Finpro (Finnish governmental agency for trade and investments), supporting the globalization and exports of chosen creative companies
Germany	<ul style="list-style-type: none"> -<i>Mikrokreditfonds Deutschland</i>, providing special loans for micro firms - Cultural and Creative Industries Initiative of the Federal Government -“Mannheim Model” for bridging education and business creation -Programs for enhancing the awareness of intellectual property rights among entrepreneurs and SMEs. -Establishing Berlin as a creative cluster -Berlin Partner Initiative of Berlin for attracting foreign investors, supporting exporting firms, and organizing various events for overseas promotion. -Culture and Creativity Support Centers in eight regions.
Japan	<ul style="list-style-type: none"> -“Cool Japan Strategy”, promoting globalization of creative industries - Law of promoting globalization by advancing Cool Japan, promoting public-private partnerships on funding the overseas “Cool Japan” businesses
Singapore	<ul style="list-style-type: none"> -Renaissance City 2.0: developing creative capabilities, high-end demands, and creative industries -Design Singapore: promoting designs and media industries. -Media 21 and the Singapore Biennale, the world’s largest international visual art exhibition

Sources: Compiled and summarized from multiple sources by the authors.

3. Korea’s Creative Economy

Raising creative economy as the new economic policy agenda, the Korean government released the Creative Economy Action Plan on June 5, 2013. Creative economy in Korea was mainly prompted by the decreasing viability of its traditional “catch-up” strategy amid global economic crises and the rise of emerging economies. The Korean government also noted that the major source of values-added in the international economy is shifting to innovative technologies and creative ideas. Korea’s creative economy is a

new economic strategy that creates new industries and markets as well as enhancing existing industries by combining the imagination and creativity of Koreans with science and technology, thus creating quality jobs. This policy encompasses the whole economy, including the following:

- agriculture and traditional industries (e.g., traditional open markets), manufacturing, infrastructure, contents industries, software, new Internet industries (e.g., Cloud computing, big data), security industry; and
- other prospective industries, including, but not limited to: genetic analysis and treatments, graphene technology, biomedical

technology, nanotechnology, environmental technology, satellites and nuclear reactors, unmanned airplanes, etc.

Creative Economy Action Plan has three goals:

(1) creating new jobs and markets through creativity and innovation; (2) strengthening Korea's global leadership through a creative economy; and (3) building a society where creativity is respected and made manifest. It has also proposed six strategies, as follows:

(1) Properly compensating for creativity and building an environment that promotes

the creation of startups

- (2) Strengthening the role of ventures and small-and medium-sized enterprises (SMEs) and boosting their ability to enter global markets
- (3) Developing growth engines to pioneer new markets and industries
- (4) Fostering global creative talent
- (5) Enhancing the innovation capacity of science, technology and ICT
- (6) Promoting an environment in which the government and the people work together to build a creative economy

Table 2. Policy Measures for Creative Economy in Korea

Policy Measures
<ul style="list-style-type: none"> - Promoting angel investment; systematizing crowd-funding; raising the Future Creation Fund (KRW 500 billion); and tax relief for mergers and acquisitions - Expanding inter-disciplinary curriculum at the college level; organizing technology start-up camps for students; supporting adventurous R&D projects; and perfecting the Korean grant system - Developing the blueprint for a new national patent system; raising KRW 200 billion for a patent investment fund. - Developing local innovation clusters (for environmental technology, fishery logistics, food industries, aviation recreations, industrial complexes, etc.). - Supporting start-ups with potential international competitiveness; setting up overseas support centers. - Creating new industries on the basis of software and internet; fostering future industries such as bio technology, graphene technology, etc.

Source: *Creative Economy Action Plan*, 5 June 2013.

4. Implications

A. Comparing Creative Economies of Korea and Selected Countries

The UK and Finland's concept of creative economy was formed on the basis of creative industries. Therefore, UK and Finnish debates on creative economy focus on promotion of creative industries and the necessary economic conditions to that end. Meanwhile, Korea's concept emphasizes the role of creativity and knowledge throughout the whole economic sectors. Although the Korean government stresses creative industries as core elements of creative economy, Korea's policy for creative economy seeks to utilize creativity to achieve transformation across all industries.

The creative economy of Korea shares a similar background with those of selected countries in that it seeks to transform the economic structure, discover new sources of growth, and create jobs. Specifically, Korea has seized upon innovative technologies and creative ideas as alternative engines of the nation's future economic growth, as its "catch-up" strategy for economic development centered on manufacturing is no longer viable.

While Korea's policy package for creative economy shares similarities with that of selected countries focused upon fostering creative industries, the Korean version stands out for the strong emphasis it places on pioneering a diverse array of new industries and markets. Like its UK, Finn-

ish, and German counterparts, Korea aims to form an environment for creative entrepreneurship, promote the growth of SMEs, foster global creative talent, enhance sciences and ICTs, etc. However, its focus is wider in that it aims to find a broader range of new industries and markets.

B. Policy Implications

Because it aims to achieve innovation and transformation across all industries, Korea's creative economy needs to develop its own philosophy and suitable policy measures for its realization. More debate is needed as to whether other countries' concepts of creative economy, focused as they are on creative industries, can be applied to manufacturing and other sectors. As the Korean economy still largely depends on manufacturing, Korea needs to formulate its own theories on how to update Korean manufacturing by utilizing creativity.¹¹

The Korean government will need to carefully decide and select which industries it will promote centrally. The Korean government needs to reflect seriously on which industries to select and focus on, while also reviewing in depth the sources of competitiveness for existing Korean

industries. As the sciences and ICTs comprise the basis of Korea's creative economy, ongoing research and investigation are needed to identify the points of their interaction between other industries. Research is also required to identify the industries with greater potential for values added and ripple effects.

Now that the Korean government is raising the banner of creative economy, it needs to set the rules of the game anew. Creative economy requires a new culture that encourages entrepreneurship. The current debate needs to have a broader scope, to include not only specific products or industries, but also the development of an invisible, creative environment consisting of creative clusters and other elements. As the growth of creative economy will impinge crucially on interdisciplinary exchange and collaboration, different government departments need to coordinate their efforts. At the same time, the government should focus more on playing the role of a mediator between the demand and the supply sides rather than seeking to solve all problems on its own. It needs to provide active support to help creative firms extend their business abroad, with services specifically tailored to their needs. **KIEP**

¹¹ The United States and China provide good examples in this regard. *A Strategy for American Innovation* released by the White House in 2011 provides a road map to economic growth based on creativity and imagination, stressing the need to innovate manufacturing with greater creativity and create more jobs. China, in its 12th Five-Year Economic Plan released in 2011, has disclosed its plan for innovation through the convergence of ICTs and manufacturing.