



**National Campaign for the Arts**  
**Debate summary : Creative Industries,**  
**20 March 2008**

**Margaret Hodge (Lab)** (Minister of State (Culture, Creative Industries and Tourism), Department for Culture, Media & Sport) rose to speak to the chairman Mr. Weir and hon. Members about the Government's recently published strategy on the creative industries, *Creative Britain—New Talents for the New Economy*.

- The creative industries are a key part of the UK's knowledge-based economy, on which our future prosperity as a nation depends. Contributing 7.3 percent of UK gross value added, and growing at 6 per cent (double the rate of the UK's economy overall), they export £14.5 billion of goods and employ nearly 2 million people.
- Instead of referring to individual industries, it has become valid to speak of an overall creative economy, which recognises the economic potential of creative expression, whatever its form.
- The creative economy programme was launched in November 2005. After debates, research, consultation and reports, this led to the publication of Will Hutton's report *Staying Ahead: the economic performance of the UK's creative industries* in June 2007. This set out the excellent performance of the UK's creative sector and attempted to capture the reasons for its success. The report forms the basis for taking forward work on the creative economy.
- There is growing recognition of the creative industries' vital significance to the UK economy, with both the Prime Minister and Chancellor referring to this.
- Like other sectors of the economy, the creative industries need the Government to provide conditions in which businesses can prosper (macro-economic stability) and enable them to take advantage of the opportunities and challenges of globalisation and new markets.
- Other challenges are specific to the creative industries. Firstly, the rapid technological changes which affect intellectual property rights. Secondly, the need for creative and innovative people with graduate level skills, and the question of whether there is sufficient training available to provide the appropriate competences for those in the creative workforce.
- The UK is an exciting and innovative place for creative entrepreneurs to live and work in. We must nurture that and encourage innovation. Businesses need the skills of our talented, high-quality population and we need to capture and use them.
- Plans are made to ensure the UK's status as the world's creative hub and help to develop the ongoing and important dialogue between the creative and the financial sector
- Along with the other initiatives, the *Find Your Talent* programme will help young people to develop the creative talent which is at the heart of the creative economy and will allow it to continue to thrive and prosper.
- An ambitious target has been set of 5,000 apprenticeships a year by 2018.
- The Technology Strategy Board will support research and innovation by with £10 million for new and collaborative research and development and measures to engage small creative firms. The National Endowment for Science, Technology and the Arts (NESTA) has launched a £3 million creative innovators growth programme, focusing on creating high growth in existing businesses. A knowledge transfer network is due to open soon.
- The UK Intellectual Property Office's plan of action on IP enforcement will help, eg by improving information management by internet service providers.

- Because the sector works in clusters, the DCMS and Local Government Association are developing advice for local authorities on improving their creative infrastructure.
- Work on deregulation supports small and medium businesses. The Budget gave additional capital allowances for investment which will help business to grow.
- The sector is fragile and operates in fast-changing circumstance (eg the introduction of broadband, the convergence of technology, and the competition from globalisation). Government must respond quickly and can only do so in partnership.

**Joan Walley (Lab)**

- Wondered if the ceramics industry were at the core of the commitment to creative industries.
- Hoped that the creative industries would play a big part in regeneration projects.
- Emphasised the importance of the arts within the creative industries, giving the example of the ceramics industry where small art potteries are driven by design, use of colour and finely tuned hand skills. Their principal defences against counterfeiting are copyright and trademark.

**Mark Field (Con)**

- Asked if there would be Government action to maintain the creative industries including potteries in the UK, in the face of cheaper labour and lower costs in places such as China.
- Raised concerns regarding patents and breaches of intellectual property rights in China, which is an important trading partner for the century ahead.
- It is both positive and negative that many young people who are not UK citizens work in these industries. The UK attracts young computer programmers from the Indian sub-continent and eastern Europe, but too many among our indigenous population have insufficient skills. We must ensure that the vibrancy in the creative industries is fully recognised at home and promoted to an outside world that is increasingly hungry for developments in that field. The UK needs rigorous education in the creative arts and its allied subjects.
- Policy making in this area carries inevitable tension and strain because creativity, rather like entrepreneurialism, cannot simply be taught but skills learned on a degree or diploma course should be made as practical as possible.

**Don Foster (Lib Dem)**

- Asked the Minister to be more forthright about her position on copyright and accept that the UK needs an extension of copyright with some additional protections.
- Agreed that the *Find your Talent* programme could be exciting, but questioned the funding that was analysed by the press.
- There is an urgent need for detailed discussions with all Lottery distributors about their responsibility regarding the creative industries.
- The Creative Partnerships programme was beneficial and plans to build new structures rather than develop the existing structure are misguided.
- Argued that the Cultural Offer of five hours of culture per week treats culture as an add-on and noted that the commitment to two hours of physical education in school had not been met.

**John Whittingdale (Con)**

- Noted that the Gowers report's conclusions on the economic benefit of extending the copyright term could not be made, as an analysis carried out by LECG showed that the model is based on a fundamental error.
- Voiced concerns about what *Find your talent* amounted to in financial terms, and raised the capacity to squeeze the programme into the school day.

- Called for an update of the law to deal with online piracy, noting a 20 percent drop in revenues in the record industry in the past four, largely due to piracy.
- The industry must adapt to changing consumer behaviour as well as continue to educate people about copyright laws and to make the access to illegal material much harder.
- Asked for a firm decision on the copyright term based on moral grounds and the rights of the artist rather than economic benefit.

#### **Edward Vaizey (Con)**

- Asked if Creative Partnerships would become the Youth Culture Trust and how the work of Creative Partnerships would change as a result, noting that the question was unanswered.
- Commented on the £5 billion UK's advertising and the sale of TV programmes. Sky, ITV, and the BBC are a huge success and the UK's contemporary arts/ fine art trade have large sales e.g. Frieze art fair contributes £100 million to the economy.
- The Government fails to realise that the real way to help the creative economy is by breaking down the barriers of over-regulation, excessive tax, poor infrastructure and low educational performance, rather than with unfunded, re-announced gimmicks.
- Creative businesses are predominantly small businesses and sole traders. However, the Budget was not a Budget for the creative industries or for business. Capital gains tax for entrepreneurs increased by 80 per cent, and the 10p starting rate of income tax was abolished.
- Some artists in London have expressed anger against Ken Livingstone because of what they perceive as his bias in favour of developers. They make the point that many small spaces in London for artists are disappearing.

#### **Ian Gibson (Lab)**

- Business should help to pay for universities and higher education colleges because that is where the innovation and creativity comes from. The UK should emulate the American model of students knowing that they can go on to work in the cities in which they study.
- Patents are important. The success of industries, universities and higher education centres is judged by the number of patents they hold, as a crude measure of success. Copyrights could also be a crude measure of success in some industries.

#### **Pete Wishart (Scottish National Party)**

- There is always a healthy tension between creators and artists and the idea of industry. This is welcome but the government's handling of the creative industries is disappointing.
- Disapproved of the Treasury's occasional interference in the creative industries. The Govers review on intellectual property was Treasury-driven and reported back during the Budget.
- Suggested that there should be a dedicated creative industries Minister, working across departments to ensure co-ordination.
- Proposed that writers, musicians and artists, etc. should be at the heart of policy thinking and the first to be consulted when the Government develops strategies and approaches.
- The Government must recognise the contribution of the UK music industry and its critical role in technological innovation. The industry needs support and protection
- More should be done to show respect for artists and acknowledge and reward their work.

*The motion for the Adjournment of the sitting lapsed, without Question put.*

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