WHAT IS THE NEW SILK?

COMMUNICATION, CREATIVITY AND CULTURE IN THE NEW WORLD ECONOMY

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NOTES FOR TRANSLATOR

KEY TERMS

Geopolitical Economy – a special term. Nations and their political economy.

Non-substitutable labour – a special term. Labour that can't be mechanised

Information and Communications Technology (ICT) – electronic technology

Department of Culture, Media and Sport (DCMS) – a UK government ministry

ACRONYMS

GERG **=** Geopolitical Economy Research Group

ICT= Information and Communications Technology

NESTA = National Endowment for Science, Technology and the Arts

THE TALK

(SLIDE 1)

I would like to thank Xiaoshing Ding and the New Silk Road Academy for the opportunity to take part in this important event.

My topic is Information and Communication Technology (ICT) and the Creative industries. This is giving rise to new technology and a new economy which, I will argue, is bringing a new type of society within reach.

(SLIDE 2)

The emerging new society has two critical elements. The first is a multipolar order of nations, which Radhika Desai has spoken of.

Second is a new technology where *consumer choice* become universal in consumption and *design* becomes universal in production.

The government, the investor, and the financial authorities must understand this new economy, so that they know how to act.

(SLIDE 3)

Understanding depends on evidence. Many data sources and clever ideas about creativity exist. They are not always reliable.

I will present evidence based on a proven scientific method. Research teams in three countries worked for eight years to produce it, together with the UK Ministry of Culture which has officially adopted them. They provide the best data we have.

(SLIDE 4)

I would like to invite the Academy, and those at this conference, to join with us in this research.

In July, a UK-based think tank called NESTA will produce comparable data for North America and Europe. In September, our research institute in Canada will launch an International virtual partnership including Russia, China, and Latin America. We invite interested partners to join.

(SLIDE 5)

Each age has characteristic technologies. The Victorians had coal and steam. The postwar world had oil and electricity. These transformed consumption: we got trains, cars, modern cities, gadgets, mass media. They

also transformed production: we got factories, then the assembly line, then Toyota's 'just in time' methods.

The 21st Century's characteristic technology is creative labour combined with ICT. It too is transforming consumption and production.

The critical new element is *design* or consumer choice. Consumers no longer want 'clothes', 'phones', or 'cars' ; they want fashion, smartphones and designer cars, personalised to their own needs.

Creative and scientific labour are critical in designing these products; also in modern manufacturing, which uses intelligent robotics and flexible manufacturing to be more efficient and to customise, in the new sustainable and resource-reducing energy and materials industries, in modern architecture and construction, and in all industries connected with caring including health and life sciences.

To move 'up the value chain' into the world market, modern manufacturers must put creative labour, design and science at the centre of their strategies.

(SLIDE 6)
What is creative labour? It is not new: actually, it was crucial to the old silk road because it made cloth from silk and exotic meals from spices, for example. But these were consumed only by the privileged European nobility. The new factor is a revolution in the productivity of services, driven by electronics and digitization, which bring creative services in reach of all humanity. This has brought an immense growth in creative products, and with it, an immense growth in types of labour which cannot be mechanised or replaced by a machine.

I call these *non-substitutable* labour. It has two forms: on the one hand direct human-to-human interaction such as care (children, health) and education, and on the other, artistic creation and performance, and scientific invention.

Non-substitutable labour is the major feature of the new economy. It poses unique challenge to old societies who think that all wealth lies in things and machines, and does not know how to invest in people. This is the challenge of the new silk.

(SLIDE 7)
Non-substitutable labour is now the main driver of economic growth.

In 2013, industries using non-substitutable labour were as big, or bigger than, manufacturing, construction and finance.

They are growing faster. By 2030 they will be bigger than all the others put together.

(SLIDE 8)
This growth is quite outstanding: Creative industries grew 44% in the last fifteen years, compared with 10% for the UK economy. E*specially* fast is creative labour itself, which has grown 138%.

(SLIDE 9)
This is because creative labour is the main productive resource. Now nearly 1,700,000 workers, it accounts for over half the employment in the creative industries.

(SLIDE 10)
Scientific labour accounts for nearly three million more jobs. They overlap, but between them, creative and scientific industries account for nearly five million jobs, a fifth of the UK economy.

(SLIDE 11)
This creates two new mass markets: to consumers, and to producers

Silk was consumed by privileged European nobility who wore distinctive clothes and patronised the arts, to show how superior they are.

ICT has created a mass market in cultural products by revolutionising productivity in services: a single song can be heard by hundreds of millions of people, many times.

Paradoxically, consumers use this new freedom to exercise *choice.* So choice is becoming part of every product.

So, consumer-facing manufacturers must incorporate design and cultural content from the beginning. This lies behind the phenomenal success of Samsung and the Android phone.

(SLIDE 12)
There are two new mass markets for production goods. First, for electronics, flexible manufacturing, and everything to make the new consumer goods.

But second, for Russia and central Asia there is a special new challenge. They need to 're-industrialise'. So even old technology must be rebuilt.

However this means *replacing* old, mechanical technology with new, custom-designed, automated systems – the High-Speed train is a classic example. *High Technology* with a large proportion of scientific labour is equally important.

(SLIDE 13)
Creative industries are thus a new marriage of human and machine.

This is not the 'Age of the robots' because human labour is even more decisive. Neither is it 'post-industrial' with machines producing all our needs while we all lose our jobs. Actually, creative labour cannot do without ICT, digitalization, cities, transport and all material needs.

In fact, this is a new fusion of labour and technology. Like all technology, it can be a force for good – or bad, as with the new media controllers like Berlusconi, new hierarchies of labour, and new forms of super-exploitation like 'internization' when people spend long times working for nothing to get their creative skills.

(SLIDE 14)
What resources does the new Silk need? A change of focus is needed. Human creative labour is the primary resource. The nations who concentrate on 'things' – oil, minerals, gold, or agricultural commodities – will be left behind. This is the real meaning of moving 'up the value chain'.

How do we produce it? I am a very bad artist, so I made a toy image. This engine makes creativity. The front wheels are human and they drive it forward. The back wheels are technology and they keep it upright. At the top is society, which gives it direction, and the wheels are connected by the pistons, the front ones are the government and the back ones are the market, if you like analogies, but maybe this is going too far.

(SLIDE 15)
There are many challenges. We don't know how to 'produce' creative individuals; we do know how to make sure they can create themselves – by guaranteeing basic material wants and creative development through education. We have to invest in education, self-development, caring, and mutual respect for difference.

But the back wheels are needed too. Creative human labour cannot function without a substantially higher level of infrastructure and technology than now exists in Central Asia and – because of the de-industrialisation of the 90s – Russia too. Therefore, the task is to re-build this infrastructure in an entirely modern way, so that it can sell the entirely new and modern products that are transforming a privilege of the few into the right of many.

This is the new silk.

(IF TIME: AFTERWORD ON CULTURE)
Consumer choice is associated in western marketing with individualism

Actually, it is immensely collective but it diversities the collectives that people can belong to

When I choose a special kind of music, it is because I share that like with all lovers of the same music.

My individuality is the greater, the more opportunities are open to me to join such collectives.

In class society, choice is associated with privilege; silk was used to prove that you were an aristocrat, just as today, with a flashy car or the large house

Now, if choice remains only available to the privileged, it will choke of economic growth.

Therefore we need a different kind of culture: a universal, human culture, based on a universal respect for difference and universal access to it.

Thank you.