



Creative Cities and Economic Development

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[Paper received in final form, October 1999]

It is a great honour to come to Glasgow to honour the memory of Donald Robertson, particularly since I remember him for his well-known dictum that planes flew between Glasgow and London in both directions. He was not only a pioneer of urban and regional economics in this country; he was a great political economist in the old and true sense of the word, an economist who thought that his subject should have a lot to say about policy in the real world, and he was proud to be what John Kenneth Galbraith has called a hyphenated economist. More than that, he believed that his very special skills should be employed in helping the economic development of Scotland. He was one of the most distinguished members of a small but very special group of Scots economists who worked in that tradition. I like to think that he, and they, have played a role in Scotland's present prosperity, even if it does mean that your Highlands and Islands lose their Objective One status, at which possibly Donald Robertson might have rejoiced.

On such an occasion, one must try to say something original and relevant, and that is both easy and difficult. It is easy, because I propose to discuss the central theses of a book recently published, which has been preoccupying my mind for many years. Its concern is with the economic significance of cultural creativity, and the relation of

that creativity to the other more familiar kind that generates technological innovation and thus new industrial lines of production. One might summarise it, in a Glasgow context, by asking what Charles Rennie Mackintosh and James Watt have in common.

The hard part is that, on reflection, I am far from sure that I have a satisfactory answer. In work like this, one is inevitably reminded of the Reverend Casaubon, in George Eliot's *Middlemarch*, who laboured mightily to produce a key to all mythologies, and ended up with nothing except a set of card indexes. Maybe all who try to write history suffer from a similar syndrome: A. J. P. Taylor's wife felt exactly the same about him (Taylor, 1987, vol. I, p. 54).

But whatever the degree of failure, I would argue that the question remains important, because practical men—the ones whom Keynes believed to be the slaves of some defunct economist—seem to be obsessed by the question of what are now called cultural (or creative) industries. Nearly 70 years ago, in a marvellous essay, Keynes predicted that eventually the world might reach the position where we no longer need to care about the basic economic problem of survival that has plagued the human race since beginning of time, but are able at last to do only the things we find agreeable and pleasurable. He unforgettably wrote:

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Thus for the first time since his creation man will be faced with his real, his permanent problem—how to use his freedom from pressing economic cares, how to occupy the leisure, which science and compound interest have won for him, to live wisely and agreeably and well (Keynes, 1930/1972, p. 328).

He described a world in which we could at last:

take least thought for the morrow. We shall once more value ends above means and prefer the good to the useful. We shall honour those who can teach us to pluck the hour and the day virtuously and well, the delightful people who are capable of taking direct enjoyment in things, the lilies of the field who toil not, neither do they spin (Keynes 1930/1972, p. 331).

In the intervening 70 years, something rather remarkable has happened: in the advanced economies, we are almost arrived at that condition he described, in that we can guarantee the resources necessary for at least a decent minimum of existence. But the really interesting point is something that even Keynes could never have guessed at: these agreeable activities have themselves become sources of income and of economic growth, generating new industries of a kind never known to earlier and simpler eras. Nations and cities have passed at extraordinary speed from a manufacturing economy to an informational economy, and from an informational economy to a cultural economy. Cities across Europe, not least Glasgow, have become taken with the idea that cultural or creative industries (a term that 20 years ago no one would have understood, and might even have thought offensive) may provide the basis for economic regeneration.

Culture is now seen as the magic substitute for all the lost factories and warehouses, and as a device that will create a new urban image, making the city more attractive to mobile capital and mobile professional workers. Glasgow, and these other places, seem to have done well enough by pursuing that par-

ticular line, but exactly how? Can it be said that they are genuinely creative cities—creative, that is, in the same way as in the mid 18th century, when Watt took that fateful Sabbath walk across Glasgow Green?

That then is the agenda: a rather tall order, but one that deserves to be addressed. First, we must ask what exactly we mean by the term ‘cultural industries’, and how important they are to our economy. Then, we need to ask what they have to do with the process of creativity.

Cultural Industries: The Empirical Evidence

To answer the first question, the definitional one, there are two standard sources. The first is the report of the Creative Industries Task Force (GB Department of Culture, Media and Sport, 1998). This gives a total of about 1 million employees in the entire sector and an output of some £57 billion (Table 1). In addition, the report notes, some 450 000 creative people are employed in other industries, raising the total creative workforce to around 1.4 million, or 5 per cent of the entire employed workforce. In 1995, the contribution of the creative industries to the economy, net of inputs (‘value added’) was about £25 million or nearly 4 per cent of gross domestic product. The value of the creative industries to the UK GDP is therefore greater than any of the UK’s manufacturing industries. The report gives no indication of the regional breakdown of employment or output, nor of changes in employment.

The other comes from Andy Pratt of the LSE. His definition starts with the products: performance, in the form of fine art and literature; their reproduction, as books, journal magazines, newspapers, film, radio, television, recordings on disc or tape; and activities that link together art forms such as advertising. He includes also the production, distribution and display processes of printing, and broadcasting, as well as museums, libraries, theatres, night clubs and galleries (Pratt, 1997, p. 7).

Of course, he emphasises, not all em-

Table 1. Employment and output in the creative industries

Estimated Revenues	£ millions	Employment
Advertising	> 4 000	96 000
Architecture	1 500	30 000
Arts and antiques market	2 200	39 700
Crafts	400	25 000
Design	12 000	23 000
Designer fashion	600	11 500
Film	900	33 000
Interactive leisure software	1 200	27 000
Music	3 600	160 000
Performing arts	900	60 000
Publishing	16 300	> 125 000
Software	7 500	272 000
Television and radio	6 400	63 500
Total	> £57 000	c. 1 000 000

Source: GB Department of Culture, Media and Sport (1998).

ployees in these categories will be artists. But non-artistic skills and occupations play a vital role in supporting and sustaining the cultural industries. They also provide work. Absent from his definition are sport, tourism and entertainment, to which the cultural industries closely relate. But Pratt is concerned with a sub-group of cultural industries that have a strong internal relationship, which he terms the 'cultural industries sector', so this restriction is surely reasonable.

In his estimate, this cultural industry sector employed 972 000 people, or 4.5 per cent of all employees in Britain, in 1991 (Table 2). Thus it is a significant one, equal in size to the construction industry, or to the combined employment in the agricultural and extractive industries. Of the 972 000, only one-sixth are Sector I (creative artists), the traditional definition of 'the arts'; the largest proportion, over one-third, is found in Sector III (distribution). Women are least well represented in Sector II, the sector dominated by traditional manufacturing activities, and best represented in Sector IV (consumption/retailing); Sector IV also is the sector where part-time employment dominates (Pratt, 1997, p. 19).

The real surprise in Pratt's analysis is that over the period 1984–91 the cultural industries sector actually declined in employment

by 1.7 per cent, as compared with growth of 3.4 per cent in employment as a whole. But the sectors behaved in very different ways: Sector I grew by 3.7 per cent and Sector IV by 15.6 per cent, while Sector II shrank by 19.4 per cent and Sector III by 3.5 per cent respectively. Much of this, Pratt argues, can be explained by technological change and organisational restructuring: the contracting-out of programme-making at the BBC and ITV, the creation of Channel 4, new cable and satellite services, new franchises for national and local radio; developments in communication, capture and manipulation of digital information, affecting not just the electronic media but also 'print' (for example, desktop publishing of newspapers and books) (Pratt, 1997, p. 21).

Just 40 per cent of all employment in cultural industries in 1991, a surprisingly small figure, is found in large urban areas—Greater London, West Midlands, South Yorkshire, Greater Manchester, Merseyside, Tyne and Wear, Lothian and Strathclyde. No less than 59 per cent of all urban, and 24 per cent of all British, cultural employment was to be found in London. The cultural industries have been dispersing out of London and the other urban areas, but not evenly: in the urban areas generally, the out-movement is concentrated in Sectors II and III; in London,

Table 2. Employment in the cultural industries sector, by group

Group	1991		
	Total	Percentage	Percentage change 1984–91
I: Original production	155 000	15.9	3.7
II: Infrastructure	201 000	20.7	– 19.4
III: Reproduction	336 000	34.6	– 3.5
IV: Exchange	280 500	28.8	15.6
Total	972 000	100.0	– 1.7

Source: Pratt (1998), from Office of National Statistics (NOMIS) (1996).

it is highly concentrated in Sector II (Pratt, 1997, p. 26).

Regionally, the cultural industries are concentrated in the South East (Table 3), but there has been significant dispersal out of London, especially in production (Pratt, 1997, pp. 26–27). London, he concludes, is still the heart of employment in the cultural industries; but manufacturing (Sector II) has been lost and ‘artistic’ cultural industries (Sector I) have gained (Table 4). Pratt raises the question: can a ‘creative’ cultural industry, divorced from its ‘infrastructure’, remain truly viable? One answer is that London’s cultural industries are increasingly linked to global markets, not to the rest of the UK economy (Pratt, 1997, pp. 28–30).

Lessons from History

As Pratt emphasises, having creative industries is not at all the same thing as being creative. The question is whether a city can have creative industries for very long without being creative. Glasgow has flourished recently on the basis of the creativity of the past: the creativity of Alexander Thomson and Charles Rennie Mackintosh. That is fine for cultural tourism. It is after all what Athens and Florence do, and they do well enough out of it. But it is not at all the same thing as being genuinely creative in the here and now.

How then does this genuine, current, creativity come about? A long historical examination might just begin to answer the

question—or so I hypothesised in the book *Cities in Civilization* (Hall, 1998). Six studies make up the first part of the book, dealing with cultural and artistic creativity: Athens in the 5th century BC, Florence in the 14th century, London in Shakespeare’s time, Vienna in the late 18th and 19th centuries, Paris between 1870 and 1910, and Berlin in the 1920s.

When we seek to apply theory to these six case studies, rather astonishingly, we find a vast literature on creativity, but relatively little that is relevant, because virtually none of it addresses the question of location. Psychologists and psychoanalysts treat it almost exclusively in terms of the individual personality; so do students of management, who have looked at company innovation. Few studies mention the social context; even fewer are specific.

The most important exception is Howard Gardner’s (1993) study of seven highly creative 20th-century individuals, Freud, Einstein, Picasso, Stravinsky, Eliot, Graham and Gandhi. He finds what he calls asynchrony: “a lack of fit, an unusual pattern, or irregularity within the creativity triangle”. The typical creative person, he finds, comes from a locality somewhat removed from centres of power and influence, but not so distant as to be cut off. Moving in youth to a bigger city, this person soon finds congenial companions, as well as “a problem area or realm of special interest, one that promises to take the domain into uncharted waters”, isolating the person from his or her peers (Gardner, 1993,

Table 3. Regional concentration of cultural industries sector (CIS)

Region	CIS as a percentage of the regional total		Location quotients	
	1984	1991	1984	1991
ROSE	5.7	5.0	1.2	1.1
East Anglia	4.3	4.4	0.9	1.0
London	7.7	7.1	1.6	1.6
South West	4.3	4.4	0.9	1.0
West Midlands	3.1	3.2	0.7	0.7
East Midlands	3.2	3.7	0.7	0.8
Yorkshire and Humberside	3.4	3.7	0.7	0.8
North West	4.0	3.7	0.8	0.8
North	4.0	3.7	0.8	0.8
Wales	3.8	4.2	0.8	0.9
Scotland	3.9	3.6	0.8	0.8

Source: Pratt (1998), from Office of National Statistics (NOMIS) (1996).

p. 361). Gardner finds that creative individuals tended to be socially marginal because of gender or ethnic origin or nationality or social class, but that they exploited their marginality: whenever they risked joining the ‘establishment’, they would again shift course to at least intellectual marginality. He concludes that they actively sought to exploit some “apparent misfit or lack of smooth connections within the triangle of creativity”; and that they got “a kind of thrill or flow experience from being ‘at the edge’” (Gardner, 1993, pp. 381–382).

Gardner admits that “the cognitive story is not the whole story”; there is a social context too (Gardner, 1993, p. 389). But we gain relatively little insight from Marxist analysis. The most notable example, Hauser’s *A Social History of Art*, supplies no overarching theory; he sets his artists in the socioeconomic context of their time, but he does not explain why a certain era was so especially creative or, even more so, why it should have been so creative in one place as against another (Hauser, 1951). Nor do we get much help from the mountain of works on modernity and post-modernity; they deal with a minute part of the phenomenon, and they are rather infuriatingly aspatial.

We find the necessary theory in some disparate places. One is from 19th-century

Paris, where in 1865 Hippolyte Taine, a professor at the Ecole des Beaux-Arts, published in his *Philosophie de l’Art* a concept of the artistic milieu: “the general state of manners and mind” (Taine, 1865/1926, vol. I, p. 55) generating a “moral temperature” that allowed a particular kind of talent to develop in one place at one time. In periods of intense creativity, he found that a group of people had acquired a set of common characteristics, a kind of accumulated culture and style of life. He instanced that the Italians had never really accepted the Gothic revolution that occurred north of the Alps, so that for them the rediscovery of classical forms was hardly a rediscovery at all. Among what he called the secondary characteristics, he listed the culture of the spirit, a kind of accumulated aesthetic sense (Taine, 1865/1926, vol. I, 64, pp. 102–104, 119–120, 127). And there was an additional element, which Taine called spontaneous images: intellectual eminence, as in 19th-century Germany, could actually detract from artistic creativity.

Like any theory, Taine’s will not take us all the way. But it does represent the nearest approach to an all-round analysis of the conditions that are necessary for an urban golden age. Interestingly, it has similarities to Thomas Kuhn’s celebrated notion of paradigm shift, published almost exactly a

Table 4. Group-level percentage change, by core regions, 1984–91

Group	GB	ROSE	London
I Original production	3.7	– 11.3	7.8
II Infrastructure	– 19.4	– 24.4	– 53.9
III Reproduction	– 3.5	– 1.1	– 64.0
IV Exchange	15.6	28.8	15.6
Total	– 1.7	– 7.1	– 13.9

Source: Pratt (1998), from Office of National Statistics (NOMIS) (1996).

century later. Kuhn argued that for long periods scientists accepted a particular ‘paradigm’. But, every so often, scientists would find anomalies: things that the paradigm failed to explain well, or at all. (X-rays are a good example: Lord Lister dismissed them as an elaborate hoax.) Then, science would enter a revolutionary period of turbulence: the old paradigm would be scrapped and a new one developed in its place. Kuhn suggested that the theory worked for art too: he quoted the abandonment of representation, by Picasso and others, around 1900 (Kuhn, 1962, pp. 10, 59, 77). And J. M. B. Edwards has extended this in an essay on social aspects of creativity: all creative ideologies, he argues, go through ideological successions, and major breaks in this succession seem to come through clashes between generations (Edwards, 1968, pp. 445–454).

There is one last theoretical source: in Sweden. In 1978, at the geography department at the University of Lund, Gunnar Törnqvist developed the notion of a creative milieu: a notion similar to that of the innovative milieu that came a little later from the French geographer Philippe Aydalot. Such a creative milieu, he argued, has four key features: information transmitted among people; knowledge, consisting in the storage of this information in real or artificial memories; competence in certain relevant activities, defined in terms of the demands of an external environment, which can be instrument-specific or region-specific; and finally creativity, the creation of something new out of all these three activities, which could be

regarded as a kind of synergy. Creative milieux seem to have some things in common, including specific kinds of ability that take a long time to develop, as happened in Vienna around the year 1900; but these special kinds of competence can be attracted to certain magnetic places—the Vienna case, again. They need communication between individuals and between different areas of competence; so there must be a certain density of communication, which seems to require a rich, old-fashioned, dense, even overcrowded traditional kind of city (Törnqvist, 1983, pp. 97–107).

Törnqvist further argues that such a creative milieu is quintessentially chaotic: it suffers from structural instability, like a river that enters a period of instability in its middle course. Another Swedish scholar, Åke Andersson, has developed a very similar concept of the creative milieu: it will be large in scale but culturally many-sided: it will be rich in fundamental knowledge and competence, and have good communications both internally, with close physical proximity, and externally. The synergy comes from variation and diversity among activities that are often small-scale (Andersson, 1985a; 1985b, pp. 113–116).

What, then, are the critical prerequisites for such creative milieux to happen? Andersson believes that they are six: a sound financial basis, but without tight regulation; basic original knowledge and competence; an imbalance between experienced need and actual opportunities; a diverse milieu; good internal and external possibilities for personal transport and communication; and

structural instability—a genuine uncertainty about the future within the general scientific and technical environment.

Andersson uses the same metaphor as Törnqvist: the creative milieu is like a river which runs through a stylised economic and social landscape. At first, it follows a course that runs quickly and in a defined bed. Lower down, the landscape flattens; the river enters into a zone of bifurcation, where it can seek alternative courses. Similarly, much human activity runs in a stable course. But there are periods of structural instability, with great uncertainty about the future and therefore great potential for creative change—a striking parallel with the Kuhnian concept of paradigm shift. Then, just because everything is uncertain, a small group of creative people can intervene and take the region into a new stable phase. These are what Joseph Schumpeter memorably called ‘new men’ (Andersson, 1985b, pp. 137–138).

How well does such an eclectic body of theory succeed in explaining the cases? These cities varied enormously in size, but they were generally among the bigger and more important places of their time. They were generally rather unpleasant places, at least by the material standards of the late 20th century: even their *haute bourgeoisie* lived extraordinarily squalid lives compared to the average family in Europe or North America today.

What was important was that all were in the course of rapid economic and social transformation. Athens can hardly be called a capitalist city, but it was the first example in the world of a great global trading emporium with a complex system of exchange arrangements. The others were all capitalist cities, but interestingly with strong pre-capitalist features: Florence and London were still essentially guild craft cities; Vienna and Paris likewise had strong *atelier* traditions; only Berlin was a fully fledged capitalist manufacturing city. They were all great trading cities; in the cases of Athens, Florence and London, the true global cities of their time. Out of trade came new ways of economic organisation, and out of those came new forms of

production. Their geographical position, as ports or as national or regional capitals, helped here; but this was no guarantee, because there were other similarly placed places that achieved far less. In economic terms, they were sometimes world leaders (Athens, Florence, London, Berlin), sometimes laggards (Vienna, Paris); there is no clear pattern. But all led their respective polities; these polities were large by the standards of their day, and that made them magnets for the immigration of talent, as well as generators of the wealth that could help employ that talent.

Wealth is important. Athens was not a rich place, but by our standards its citizens had exceedingly modest personal needs, and there was wealth to spare; the other European cities were by far the wealthiest places in their respective domains, and—as seen—that wealth was concentrated in relatively few hands, usually that of the rising bourgeoisie and the more canny of the old aristocracy, who might (though not inevitably) intermarry. That meant individual patronage, but also community patronage—whether at the level of the city or (after the arrival of the nation in early modern times) the nation-state. The role of the community was always vital, whether in creating the Florentine Baptistery or the court theatres of London or the Louvre or the Vienna Rathaus or the great Berlin theatres.

These were all high-culture cities, cities in which culture was fostered by a minority and catered for the tastes of that minority. Athens was the last case, or perhaps the last before mass television culture, where an actual majority of the population could share the same plays or poems; and even then, the majority was a minority, because it did not include the slaves. But in any subsequent place and time, art had a bourgeois clientèle. That implied a very unequal distribution of wealth, because that would be needed to foster individual consumption, and also to generate a surplus necessary for state support. So most creative cities were bourgeois cities; but by no means all, or most, bourgeois cities were creative.

The conclusion is that talent may

be more important than wealth. And notably, recent in-migrants—sometimes from the countryside, but often from far-distant places—provided both the audience and the artists: the Metics of ancient Athens, the artists who came to Florence from the countryside or from further afield, the provincial musicians of Vienna and provincial artists of Paris, the Jews in *fin-de-siècle* Vienna. The creative cities were nearly all cosmopolitan; they drew talent from the far corners of the empires they controlled, often far-flung. Probably, no city has ever been creative without this kind of continued renewal of the creative bloodstream.

But these talented people needed something to react to. We noticed that these were all cities in transition: a transition forward, into new and unexplored modes of organisation. So they were also societies in the throes of a transformation in social relationships, in values and in views about the world. As a huge generalisation, but one that works rather well, they all were in a state of uneasy and unstable tension: between a set of conservative forces and values—aristocratic, hierarchical, religious, conformist—and a set of radical values which were the exact opposite: bourgeois, open, rational, sceptical. In the book, I say that

These were societies troubled about themselves, societies that were in course of losing the old certainties but were deeply concerned about what was happening to them (Hall, 1998, p. 285).

This is more complex than the old Marxist distinction between feudalism and capitalism: during the 19th century, the capitalist bourgeoisie might become a brake on the development of new artistic forms and new values—as in 19th-century Paris. It might need a near-revolution and a total breakdown of the established aristocratic–bourgeois coalition, as in Berlin after 1918, to generate the creative spark. So creative cities, creative urban milieux, are places of great social and intellectual turbulence: not comfortable places at all.

What appears crucial is that this disjunc-

ture is experienced and expressed by a group of creative people who feel themselves outsiders, because they are young or provincial or even foreign, or because they do not belong to the established order of power and prestige; quite often, most or all of these qualities. This is true of the Athenian Metics, the guild craftsmen of Renaissance Florence, the young actor-playwrights of Elizabethan London, the court musicians and later the Jewish intellectuals of Vienna, the Impressionists and later the Cubists of Paris, and all the producers and writers who were drawn to Berlin in the 1920s. A creative city will therefore be a place where outsiders can enter and feel a certain state of ambiguity: they must neither be excluded from opportunity, nor must they be so warmly embraced that the creative drive is lost. They must then communicate—to at least part of the class that patronises them—their uncertainties, their sense that there is another way of perceiving the reality of the world. That seems to demand a social and spiritual schism in the mainstream society, wide enough to provide at least a modicum of patrons for the new product. Creative cities are almost invariably uncomfortable, unstable cities, cities kicking over the traces.

That demands something to react against. Highly conservative, very stable societies will not be creative places; but neither will societies in which all sense of order has disappeared. To a remarkable degree, it appears, highly creative cities have been those in which an old-established order was being challenged or had just been overthrown; consider Vienna 1900, but also London 1600, Paris 1860 or Berlin 1920. That is evidently true of political (or politicised) art, but also of less explicitly political art like most Elizabethan drama, Picasso's Cubist paintings or the work of the Viennese Sezession.

There are degrees of revolution and thus, perhaps, degrees of creativity. The period from 1400 to 1600, beginning with the Renaissance and culminating in 16th-century London, marks the first stages of the transition from feudalism to capitalism, but in parallel it effectively began also to replace

the medieval world-view with the modern world-view; so it was a truly fundamental transformation. Small wonder that it produced great art.

What, finally, is Taine's milieu? Does it represent merely the conjunction of socio-economic forces working on a particular place at a particular time, so that it could be fitted within a Marxist framework? Or is it the result also of more subtle cultural traits that develop in a particular place, almost independently of the economic sub-structure? That I continue to find a very difficult question. Athens' lead over the other Greek states can be explained in terms of Attica's central position and the consequent trading advantages within the eastern Mediterranean; but it seems difficult to express the scale of the difference. Fifteenth-century Italy was the most advanced part of Europe, and Florence was perhaps the most advanced city in Italy; but again, the Florentine achievement appears quite disproportionate in comparison with cities like Siena or Verona, let alone Bologna or Parma or Ravenna. I could give other examples: it seems that an initial economic advantage is massively transformed into a much larger cultural one.

The Marriage of Art and Technology

In *Cities in Civilization*, I considered a phenomenon I called the marriage of art and technology. It is a 20th-century story. It happened especially in the United States, and that is not surprising. America was not outstanding in technological invention, but it was unique in its capacity to turn inventions into commercially useful innovations. It very early developed traditions of mass production of standardised consumer goods for vast mass markets: the American system of manufacturing. It allied to this a populist concept of culture and entertainment, far removed from the European patrician attitude that public corporations should give the masses what was good for them; out of this, for good or ill, came Hollywood and Tin Pan Alley and commercial radio and television. The stories of Hollywood in the 1920s, and

of Memphis Tennessee in the 1950s, were stories of entrepreneurs, flourishing in a uniquely open society, who were able to reach new audiences: the immigrant masses of the eastern seaboard cities, the newly emerging black working class of the post-World-War-II era, alienated teenagers growing up in the new suburban America, all were being ignored by the established commercial interests, all constituted new markets of almost limitless potential. So new entrepreneurs who empathised with their customers—the Jewish immigrants who created the Hollywood studios, the maverick record producers in Memphis—came on the scene. The American media revolution was created by classic Schumpeterian 'new men', who fitted the classic definition of entrepreneurship given by one such entrepreneur, Henry Kaiser: 'Find a need and fill it'. They discovered huge markets for new products. And in doing so, they effectively invented the products themselves: the movie industry was created by trial and error between *The Great Train Robbery* and *The Birth of a Nation*; modern popular music was invented in a few short years between Elvis Presley and the Rolling Stones. The industry was always market-led, but in turn it led the market. In particular, it identified new mass markets—the turn-of-the-century immigrant communities in the cities, the bored and rebellious teenagers of post-war suburban America—and produced a new product that catered directly for their deepest emotional needs.

Almost certainly, it could not have happened in any other country. But the puzzling question is why this should happen in two cities so far removed from the cultural mainstream, from the original New York powerhouse of the mass media revolution. For such huge innovative capacity does not come easily. It can happen only in a society in extreme flux, where new socioeconomic or ethnic groups are defining themselves and asserting themselves. New York in 1900, America's quintessential immigrant city, was one such, but it lost its touch, and its most successful entrepreneurs removed themselves

to the opposite side of the continent. Memphis in 1950, the city where rural migration streams met on the eve of the cotton-picking machine and of the civil rights era, was another.

Both the new industries existed in uneasy relationship, half-symbiotic, half-hostile, with the forces that created them. Movies, once past their nickelodeon origins, were expensive, capital-hungry products that needed yet more capital to exhibit them nationwide and worldwide; so the industry was soon in thrall to the bankers. But the individuals who had forged it were archetypal small and opportunistic entrepreneurs, who retained the attitudes of their youth; often, they rebelled against their bankers. The resulting organisation of the industry, based on constant tension between producers and financiers 3000 miles apart, was in a sense logical; out of it came the legendary hostility between the two urban cultures—New York seeing Los Angeles as superficial and gimmicky, Hollywood viewing Wall Street as stifling and philistine, and the East Coast élite wishing a plague on both houses.

Oddly, Tin Pan Alley was essentially created by the same cultural-ethnic group as Hollywood. It grew up catering for a mass market that it understood viscerally, because the market was people like them. But it destroyed itself, because finally it could not come to terms with the generation gap: it became an industry peopled by old men, catering for a teenage market. And worse even than that: comfortable old men who had forgotten their origins, losing touch with the grassroots of poverty and alienation that had once inspired them. These grassroots were deep in rural America, in the one part that had retained deep folk traditions—one out of Africa, through the blues of the Mississippi delta south of Memphis, the other out of England and Ireland, through the hill country east of the city—ironically because both areas were too poor to share in the media revolution that New York and Hollywood had sold to the rest of America; they could not afford Tin Pan Alley, but they might not have liked it if they had. New entrepreneurs

who knew those grassroots, either because they had grown up with them or because they emotionally responded to them, filled the gap: a classic Schumpeterian situation.

All this suggests that we may be surprised yet again. There may be another untapped market that no one is properly understanding or even knowing. It may be the millions of children playing with their computer games. It may be adults bored with their everyday lives, and seeking solace in fantasy worlds as yet impossible to grasp. Someone will empathise with such a group and produce another industry, the outlines of which are still dim and uncertain. The likelihood is that this will happen in a special kind of city, a city in economic and social flux, a city with large numbers of new and young arrivals, mixing and merging into a new kind of society. This city could be London or Los Angeles, New York or San Francisco. And, indeed, recent research from Allen Scott suggests that in California, the new multimedia industry is taking roots around Hollywood, in Silicon Valley and in downtown San Francisco: the innovative places the last time around look like being the creative places the next time around. But not necessarily; there are no absolute rules in this ultimate game; time and chance happen to cities too.

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