

The economy of the imagination



On 27 June 2001, Lord Evans, Chair of Resource: the Council for Museums, Archives and Libraries, delivered this year's New Statesman Arts Lecture. In it, he spelt out his interpretation of the obstacles facing public sector cultural institutions, and identified a series of practical steps that could be taken to create a better framework for funding and managing these institutions. Here, we publish an abridged version of the lecture.

'Culture' is a word that is difficult to define. It defeated T.S. Eliot, so what chance do I have? In his tellingly titled book, *Notes Towards the Definition of Culture*, published fifty-three years ago, Eliot attempted to define culture but actually ended up describing it. He said in a well-known paragraph, 'The reader must remind himself, as the author has constantly to do, of how much is here embraced by the word "culture". It includes all the characteristic activities and interests of a People – Derby Day, Henley Regatta, Cowes, the 12th of August, the Cup Final, the dog races, the pin table, the dart board, Wensleydale cheese, boiled cabbage cut into sections, beetroot in vinegar, nineteenth-century gothic churches, and the music of Elgar. The reader can make his own list.' Obviously, in a multicultural Britain the list would be very different. Eliot also takes issue in the same book with Karl Mannheim, who argued that the more people who take part in cultural activities, the less significant these activities are. Clearly, Mannheim was promoting a 1940s version of the 'dumbing down' argument that we regularly hear nowadays from right-wing cultural commentators. Eliot says of Mannheim's statement, 'I cannot admit to this view. According to my view of culture, the whole of the population should take an active part in cultural activities.'

Eliot goes on to take a sly dig at politicians who have become interested in culture: 'We observe nowadays that culture attracts the attention of many men of politics. Not that politicians are always men of culture, but that culture is recognised both as an instrument of policy and as something socially desirable, which it is the business of the state to promote. The fact that culture has become, in some sense, a department of politics, should not obscure, in our memory, the fact that in other periods, politics has been actively pursued within a culture.' Eliot is making the important point here that culture is not something over there, as it were, self-contained or separate from us. It is not a department of politics. It is part of us, we are all part of it, as is the political process. The drip-feed of culture.

Nowhere has this interdependence between politics and culture been clearer than in the conditions that prevailed in Northern Ireland over the past three decades. It is clear, for example, that the extraordinary flowering of artistic talent there, especially in the field of poetry, arises from the same passions and contradictions as those that animate the politics. It is even arguable that the measure of progress that has been achieved derives as much from the leaven of cultural activity as it does from the input of the politicians. In a recent

Edinburgh lecture, sponsored by the Scottish Assembly, Seamus Heaney argued that 'because of this specifically literary effort, the political effort to imagine a workable future is reinforced, insofar as the common language and the common mind eventually benefit from the uncommon drip-feed of poetry itself'.

Heaney's lecture was entitled 'Transfusions', and his main point was that the shapes thrown by the imaginative artists in a society can be conducive and suggestive when it comes to shaping institutions for the future. There should be no separation of powers.

I share that belief and tend to interpret the conditions we are in at present in the light of it. What has changed since Eliot wrote about culture over 50 years ago is the development of a significant economy, based on culture and creativity. What I want to do this evening is to talk about this New Economy, to argue its importance, and to suggest ways in which we can develop it further. It is because culture in its broadest sense is so vital to us that I believe we need to reinvigorate our publicly-funded cultural organisations. We need to develop a new framework designed to liberate their creativity and initiative. But we need to do much more.

A new framework

I believe that a new framework has to be designed in order to reinvigorate our publicly-funded cultural institutions for the exciting decades ahead; and, in suggesting how this framework might be designed, I want to make four main points.

First, while it is clear that culture will continue to grow in its economic significance, many people find it difficult to come to terms with what that means. For all sorts of reasons, Britain finds itself with a strong position in creative industries with a growing global outreach, from media and fashion to music and computer games. Yet we still find it difficult to measure, describe, value and mobilise this economy of ideas and imagination. And these difficulties, it should be said, are not simply practical, to do with accounting. The new economy creates worries that arise from our notions of who we are, from our sense of identity. It is both liberating and profoundly unsettling to think that our livelihoods depend upon something as impalpable but as important as ideas.



The award-winning new Peckham Library is typical of the new cultural institutions creating civic pride

Second, the question for publicly funded cultural institutions, 'What does this new economy of the imagination mean for us?' should be absolutely pressing. It should mean that they have become more needed, vital and respected because they play a more central role in the economic and social life of the nation. And yet many people in the sector feel under-valued and under pressure. They are not ready to take the opportunity the economy of imagination offers because they feel cowed by the risks, even if they recognise the challenges.

Third, while there is a great deal the institutions can do themselves to move more into the mainstream of public life, many obstacles to such a move lie in the nature of central government's relationship with the institutions that it funds. This is an issue that comes up in many areas of public life, from the new Regional Development Agencies to the Health Service. That relationship is too heavy-handed and there is too much micro-management. The government is right to expect us to account for how we spend public money. But the demand for accountability has spawned a stifling undergrowth of targets, measures and inspection. Is it not particularly ironic that the sector is grossly over-regulated, inhibiting the very creativity and innovation for which it should be known!

Fourth, we need to break free from the smothering embrace of this culture of accountability to find a new basis for the relationship between central government and cultural institutions. There should be a new framework: a framework based on trust. That does not mean I think we should give cultural institutions a blank cheque: trust is not the same as faith. Instead we need to find a new balance, in which the legitimate need for accountability is weighed against the equally urgent need to promote initiative, innovation, risk taking, diversity and creativity. Let me stress: this is a proposal not a plan. It will, I hope, mark the start of a debate.

The cultural economy

Let me say something about the nature of the cultural economy in which we live: the economy of the imagination. I see three kinds of capital employed in the modern economy: financial, human and social.

Take finance first. The cultural economy is an increasingly large part of how we make our living. In the UK, the creative industries account for more than 5% of GDP. They have been growing at more than 16% a year over the past years, a far higher rate than GDP as a whole. Britain, thanks in part also to the role of English as a global language, has an enormously strong position in some of the world's fastest growing cultural industries.

Our publicly-funded cultural institutions play an absolutely essential role in supporting industries in our country which turn out animators, designers, architects, musicians, performers and visual artists with a depth and breadth of

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skill, talent and artistry envied around the world. Our cultural and educational institutions are a vital part of modern industrial and economic policy, because they produce the specific and often highly technical skills that are transferable and used in the high-growth private sector industries.

But their role does not stop there. The second reason culture matters so much is not the specific cultural skills we need but the outlook and attitude that exposure to culture encourages. Creativity is increasingly a vital input to all business. Cultural experiences feed creativity. The capacity for creativity and action – the ability to work in teams, to mix new and old ideas, to identify problems and think laterally in order to find new solutions – all this is increasingly important in all walks of life, in scientific research as much as in the arts. Children who are encouraged to enjoy cultural experiences – through drama, art, music-making – are more likely to acquire this creative outlook. Creativity, we should remember, is not just self-expression. It requires team-work and discipline. That is something all children learn when they perform in a play or a band, or design a school magazine together, or undertake a project in their design and technology class.

I believe our cultural institutions need to widen and deepen their role in education to help provide the context and background for this disciplined, creative education. This approach lies at the very heart of the work that *re:source* is doing, tackling issues across the cultural domain that have never been tackled before.

Finally culture helps – or more importantly 'cultures' help – to build social capital: that sense of shared commitment and inclusion which, many economists argue, binds a society together, promotes trust, provides a sense of shared perspective. In a world in which many people fear that social bonds are fragmenting, culture still provides many of our most important shared experiences: a common bond.

Museums, galleries and libraries play an absolutely critical role in social regeneration: from the Guggenheim in Bilbao, to the Pompidou in Paris, to Tate Modern at Bankside, and the award-winning new library in Peckham, they are all symbolic of national and civic pride. In both the East End of London and in Silicon Alley in New York, art galleries and artists were the precursors for the creation of clusters of new media and digital businesses. As new galleries in Walsall and Newcastle, Glasgow and Liverpool testify, cultural institutions can have an inspirational effect on how a town or neighbourhood is seen and sees itself. Culture can give access to hidden depths of self-confidence and vitality in communities.

So culture and our cultural institutions create economic value in at least three ways. First, through the supply of highly skilled individuals who create products and services people value: books, films, music, clothes, buildings, products. Second, by encouraging creative problem-solving and the team work which is vital in all industries. Third, by helping to create social capital and thereby helping to give confidence back to otherwise run-down communities.

Embracing the cultural economy

Why do so many people still feel so uncomfortable with the idea that culture should be taken seriously as a mainstream part of economic life? Why do we find it so difficult to come to terms with the fact that more of what we value comes from our imaginations rather than out of the ground?

One reason culture is not taken more seriously is that proponents of the creative industries can sometimes oversell their case. The cynical over-inflation of Cool Britannia and the subsequent bursting of that bubble was a case in point. Moreover, while we have ample creative talent, that does not mean we have equally strong creative industries. We need more cultural entrepreneurs as well as more creative talent. For example, over the last decade we have won on average 21 per cent of the major creative and technical Oscars in Hollywood. Yet for 40 years or more we have lacked a domestic film industry capable of building on this talent. South Wales is awash with talented pop bands, but it does not have a pop music industry.

We need something like *Groundforce* for the rules, regulations, targets and procedures of accountability that now ensnare the cultural sector

A second reason we find it hard to come to terms with the role of cultural industries is simply that they are so difficult to measure. Traditional accounting, whether for companies or the national economy, is good at measuring the value of buildings, cars, equipment, land and machinery. It is ill-equipped to tell us the value of ideas, brands, creativity and innovation. We need innovation in the way we talk about this new economy, we need a vocabulary and language to explain how this new economy creates wealth and well-being. The need for a proper vocabulary of cultural economy is all-important, and perhaps we need to find a new Keynes to provide it for us.

But our problems go deeper than that. The rise of the cultural economy challenges deep-seated assumptions about our identity: how we make our livings and what we are known for in the world.

To call for a debate in the House of Commons on the future of shipbuilding, now a tiny industry, would be seen as real politics. To debate the future of music and design, which between them employ more than steel, cars, shipbuilding and textiles, would be seen as frivolous. Too often in this country, manufacturing has been identified with 'real work', while imagination and culture are dismissed as mere supplementary pleasures. This is a mistaken antithesis. We should begin to understand that imagination and manufacturing are not opposed, but complementary.

Our publicly funded cultural institutions have a vital role to play in helping us towards an awareness of the nation we have become and in making us conscious of our growing reliance on cultural industries. They have a direct economic role in providing and supporting the skills those industries need. They have a major role to play in education, through initiatives such as Culture Online, to expose more children and parents to the transforming power of culture. And they have a vital social role to provide the social binding element of shared experience we need in a fluid and secular society.

But more than that: our cultural institutions can help ground the modern Britain of the cultural economy in its history and traditions, to show that the modern cultural economy has deep roots, roots which go back to the Victorian traditions of philanthropy and improvement. Our cultural institutions should be the foundations for the new cultural economy. How can we make sure they fulfil this role?

Clearing the undergrowth of accountability

You may think that the BBC television programme *Groundforce* is an unlikely place to start. On *Groundforce*, an expert gardening team redesigns someone's garden in secret over a weekend, clearing away the junk and weeds

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which once blighted it. We need something like *Groundforce* for the rules, regulations, targets and procedures of accountability that now ensnare the cultural sector. Our cultural institutions are over-regulated and micro-managed from the centre. Until that changes, they will not be able to play the role they should be playing in the modern cultural economy.

At the heart of this is the idea of accountability, which sets the tone for government's dealings with the bodies it funds. We are all accountable to somebody or something, but if accountability becomes the beginning, the middle and the end of a reporting chain, as I believe it has, then it becomes the mindless mechanism for the protection of people's backs. Of course, it is public money that is at stake, and there should be controls, but controls that liberate the recipients of money, not controls that bind the clients up in bureaucracy and diminish the very free spirit that the monies are aimed at. The right piece of paper, in the right filing system, with ticks in the right boxes, is all the evidence that is needed for the central control mechanism, the Public Accounts Committee. That is, for them, the accountability job done.

This over-developed notion of accountability is stifling, debilitating and ultimately insulting to the people who run cultural organisations. The danger, I believe, is that this government, in its drive to invest in modernised public services, is imposing too many controls and engaging in too much counterproductive micro-management. Those at the centre don't seem to trust people on the ground, and because of this we have a proliferation of targets. And to oversee this proliferation of targets we now have an army of inspectors. The UK public sector has a far higher ratio of measurers, checkers and inspectors of performance than most other countries, and yet there is no evidence that this has produced better performance in the public sector. For every person delivering a service, there seems to be another person looking over their shoulder to check what they are doing.

And to make sure money is spent only to reach targets, we have an increasingly myopic culture of accountability in which everyone runs in fear of the bogeyman of the Public Accounts Committee. The following quote, from an excellent but little-known paper on policy delivery, published in March 2001 by the government's own Performance and Innovation Unit, could not sum up the situation better:

'The current structures and cultures of audit militate against effective delivery: they are too focused on processes and rules rather than outcomes; too focused on micro issues rather than strategy; and they are strongly skewed against entrepreneurship.'

My own research into where this thicket of targets, inspection and accountability has come from led me to conclude that it is not the Treasury that is to blame, but rather the ingrained governmental culture of targets and rules, which creates strained, risk-averse relationships at every turn: between ministers, wanting to show they are active and financially responsible, and the media; and between civil servants, wanting to protect their own positions, and the extraordinarily powerful Public Accounts Committee, a body to which they alone are answerable. As a consequence, risk aversion becomes all-pervasive. It filters and flows out of the senior civil service into the organisations it funds.

Added to this, the culture of accountability runs through a civil service addicted to 'departmentalism'. The impediments created by the lack of joined-up thinking and the absence of a culture of collaborative working are by no means unique to the cultural sector. It is not just that we get

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different initiatives from different departments, but that one department often finds it difficult to win the cooperation of another in an initiative it has launched. Effectiveness and efficiency are compromised as a result of turf wars in Whitehall. This is an obstacle that we in public service, facing a sceptical and demanding electorate, can ill afford.

My bet is that the government's new and much welcome 'delivery unit', housed in the Cabinet Office, will find that it is not resistance from recalcitrant managers and front-line staff or unions that is the impediment to better public service. The impediment is more likely to be found in Whitehall's inability to work collaboratively to identify and solve problems and develop initiatives which often involve several different departments.

The end result of this culture of accountability, combined with the turf wars among Whitehall departments, is that, as the public bodies get more money, they also get:

- more special initiatives;
- and with more initiatives they get more targets, more hoops to jump through to get the money and more detailed rules on how it should be spent, often set by different departments which are responsible for different, sometimes ill-coordinated initiatives;
- and to check everything is on the very straight and narrow, we get a shadow workforce of inspectors looking over our shoulders: a giant machinery for second-guessing, with the Public Accounts Committee at its pinnacle.

The consequences of all of this are alarming. As public investment goes up, so does bureaucracy, at the expense of front-line service delivery. People delivering services lose motivation, in part because they do not feel trusted. They become excessively cautious. They feel their scope for creative input is taken away from them. They do not even want to take risks that are unlikely to land them in hot water. If this continues, there is a strong likelihood that our publicly funded cultural institutions will not be able to take the opportunities before them, or to play the driving role they must play in the developing new economy alongside the private sector.

Trust in public services

If the cultural sector is to play a much fuller, more dynamic and effective role in the economic, educational and social life of the nation, then it needs a new framework for public funding. We must renew ourselves from within. That new framework should be built on trust rather than accountability.

Trust is very difficult to pin down, although it is generally agreed to be a 'good thing' – a bit like dolphins, green spaces and washing regularly. You trust someone when you are prepared to depend upon them to do something they have promised. If you can trust someone to get on with a job without checking on what they are doing, it means you do not have to waste time looking over their shoulders, second-guessing them. A host of firms in the private sector find that by trusting their staff they get better results. Trust is vital to creativity and innovation: a lubricant for efficiency. Those are the very characteristics we need in a framework for government's relationship with the public bodies it funds in the cultural sector.

We need a framework through which each side can earn the trust of the other. At the moment the rigid rules of accountability are corroding trust. We need a framework that helps to build trust. The benefits of that would accrue to both sides. Government would be able to rest assured that money was being well spent without the need for such wasteful and distracting bureaucracy. The cultural institutions would feel they were trusted to get on with what they are good at without constantly looking over their shoulders. As a result they would be more likely voluntarily to exceed the terms of their contract. Let me make something clear, though. As I have already said, trust is not faith. It is not signing a blank cheque.



'The governmental culture of accountability and risk-aversion needs to be replaced by one of trust and collaboration'

What would that framework for trust-building involve?

A few months ago, Chris Smith, the then Secretary of State, asked me to chair a task force to look at the problems being experienced by the regional museums – problems of funding, access, storage and much more besides. The task force is composed of professionals from within the museum world – both national and regional – and eight other groups have debated specific issues. Everyone in these groups is from the museum world or related to it. The report will be published in a few weeks' time. It proposes a comprehensive framework that embraces not just regional and national museums, but collections in universities and other institutions as well. I do not want to say much about it except to note that many of the ideas in this speech have emerged as we thought through a new framework to sustain the regional museums. It will have a significant bill attached to it, but we believe there will be high returns for this increased investment.

The first step, I believe, is to show clearly that the people running cultural institutions deserve to be trusted because of the mix of specialised skills and competences they have. The second step is to attend to the way that our institutions are governed. We don't trust people who seem to have something to hide. We therefore have to be open about the way we make our big decisions: to be trusted we have to have first-class corporate governance. We need to get away from the large, unwieldy boards and arcane decision-making procedures still in place at many large institutions, and adopt our own code of corporate governance, to show that our boards meet the highest standards set in the private sector.

The same applies not just to regional museums but the entire role of culture in devolution and regional economy development. The trustees of a local museum ought to be drawn not only from local authority members and officials, but from those people who have a very strong sense of the importance and value of cultural organisations in their area. Civic institutions which are seen to represent their area are more likely as a result to be a focus for civic pride, a vital prerequisite for thriving local galleries, libraries and theatres.

The third step is to offer some cast-iron guarantees to our funders and customers. People trust John Lewis because it guarantees that, if you can find the same item at a lower price, it will pay you the difference. A company that offers a free extended warranty is trusted because it puts its money where its mouth is in terms of quality. It is better for us to devise pledges and guarantees we make to our own customers and funders, rather than have them imposed upon us.

All the same, a framework based on trust should be just as demanding as a framework based on accountability, but in a quite different way. For instance, if we want to win the trust of politicians, civil servants and taxpayers, we have to be honest about our failures. A crisis that is confronted honestly and openly can be a cathartic experience, which can in turn deepen trust. Failures that are covered up ultimately lead to a loss of trust. Trust has to be open to challenge and contest. If our trust in someone goes unchallenged and untested, then trust can quickly turn to complacency. Trust can be abused. The cultural institutions need to be open to peer review of their activities.

Fourth, trust is rarely totally open-ended. Contracts can provide the baseline for a relationship of trust, a reference point to start from and return to.

Excess accountability is like pulling a plant out of its pot every day to check its roots and then being surprised when it withers and dies

Most of us would not start a job, for example, without having a contract of employment. But if you are at all like me, the contract goes straight into a desk drawer and is never looked at again once you start work. A contract can be vital to get a relationship going on the right footing. But once the relationship is in place, the contract should become irrelevant. Perhaps our publicly funded cultural institutions should sign up for five-year – or even longer – contracts with DCMS that set out their goals, responsibilities and funding.

The route forward

We need to sweep away the climate of excess accountability. In the name of protecting the taxpayer it threatens the quality of our public services. As Christopher Frayling once put it: excess accountability is like pulling a plant out of its pot every day to check its roots and then being surprised when it withers and dies.

Instead we need a framework based on the following:

- Long-term contracts between public bodies and the Department of Culture.
- Fewer, clearer targets based on outcomes rather than outputs – on actions rather than structures. That requires politicians to set a clear vision for what they expect from the cultural sector – and perhaps other sectors as well – but it also requires for them then to remove themselves from day-to-day management.
- More attention and investment from within the institutions to: strengthen their managerial competence, open up their governance, set themselves high standards of performance and quality to which they will be held, with a clear expectation that poor performance and failure will be tackled decisively.

This new framework would be even more demanding for our institutions than the current approach, but it would allow them to grow, innovate and take risks. It is designed as a recipe not just for better government, but for better self-governance among the institutions themselves. As I stressed at the outset, it is not a plan but a developing proposal which I hope people will feel they want to debate.

This government, over the next few months, has an historic opportunity to reinvigorate our public services so that they can play a more central and dynamic role in national life.

We will not achieve that if the regime of accountability and targets, initiatives and inspection, is simply intensified in what would be a mistaken and counter-productive effort to make the creaking machinery of state work faster. Instead what we need, in this as much as in other areas of public service, is a new framework of trust in which improvements in performance are rewarded with greater freedom from central control.

This is a plan designed to revive and restore the standing of the public sector. To give it more independence and scope for imagination but also more responsibility. It is not a recipe for privatisation but for renewal from within. And it is based on trust, once that trust has been earned.

From what I understand, such a framework is beginning to take shape in education and health and for the Regional Development Agencies. We need just such an approach in the cultural sector. If we can put such a framework in place then I believe our museums, galleries, libraries, archives and cultural educational institutions can play an absolutely central role, renovating the possibilities of British society in the age of the economy of imagination.

What we must not allow is an economy of imagination to work in the other sense of the phrase, to hold back those people and those cultural institutions who are going to make such a decisive contribution to our future.

The complete text of Lord Evans' lecture is available as a PDF on the Resource website, at www.resource.gov.uk.