



Image Source: During JakTent (Jakarta Content Week) festival, in Taman Ismail Marzuki culture and science area, Nov 11-13, 2022. 'PIBO Storydate' is a storytelling session for children, by the artist Kak Hendra. JakTent is an international creative festival pioneered and organized by Yayasan Tujuhbelasribu Pulau Imaji (17000 Islands of Imagination Foundation) in collaboration with Frankfurter Buchmesse (FBF). Photography by Nicolas J.A. Buchoud, all rights reserved ©.

“Developing countries that used to base their global integration on their natural resources or cheap labor applied to manufacturing are exploring strategies to promote high-skilled, creative service sectors.”
-Ramiro ALBRIEU



Ramiro ALBRIEU
Center for the Implementation
of Public Policies for Equity
and Growth (CIPPEC)
and Red Sur
Argentina

to aging. In the same timeframe, the Global South will see an increase of 17%. All three-quarters of a billion new potential workers will be in the Global South. Sub-Saharan Africa will be the most dynamic region, with an increase in the population aged 15-64 to around 720 million, more than doubling the current size of its working-age population in just three decades.

Why the creative economy matters to the future of work

The Job Challenge

Several challenges are associated with the future of work for the global economy. Perhaps the most frequently mentioned one is population aging: by 2050, 15% of the world's population (some 1,5 billion) will be 65 years of age or older. Before that, in the next decade, countries like China and Brazil will follow Japan and Germany and start experiencing the prototypical challenges of aging societies, from the sustainability of the pension system to shortages in labor markets.

However, another less popular challenge will largely determine whether the global economy can sustain and extend the twentieth-century welfare gains. We are referring to the quality and quantity of jobs that will be created in low and lower-middle-income countries in the near future. To put the challenge into perspective, between 2020 and 2030, the Global North will lose 2% of its working-age population due

Been there, done that

In the past, Europe, the United States, and Japan also underwent a similar process of unprecedented expansion of the working-age population. These countries and regions managed to accompany the growth of the labor force with a manufacturing-oriented structural transformation that represented a “triple win”:

- It generated lots of jobs (directly and indirectly through supply and demand linkages).
- It fostered innovation and productivity growth.
- It allowed these regions and countries to play a privileged role on the international scene.
- But the emergence of new technologies brings into question the feasibility (and desirability) of manufacturing-led development strategies. AI-powered technological solutions, from

predictive stock management to large-scale robots along the production stages, are revolutionizing manufacturing with little potential for job creation. In the meantime, there are increasing opportunities for innovation and productivity associated not with manufacturing (or agriculture) itself, but with the “servicification” of the economy. Lastly, international trade in manufactured goods seems to have peaked in the last decade, raising concerns about the fading connection between manufacturing growth and pro-development globalization.

The power of creativity

If job creation through manufacturing no longer offers a “triple win” on jobs, productivity, and globalization, then low and lower-middle-income countries must create their own path to development and sustainable growth by exploring possibilities beyond industrialization.

Global South countries are going through the same demographic phase as the Global North was undergoing around the 1950s. But their ability to emulate high-income countries’ aging journey with a comparable virtuous structural transformation requires them to create a new development path. As they would say in Thailand, aging in the Global South is “same same, but different.” And this is where the creative economy comes in. So how can creativity be part of the solution to this job and development challenge?

First, as it expands, the creative economy has a significant potential to create “future-proof” employment. Indeed, the service sector is where displaced manufacturing workers are moving to. If we look at creative jobs beyond their heterogeneity, we can see that these are employment-intensive activities (see for example Megha Patnaik for the Indian case). As an economy incorporates new technologies, some sectors tend to reduce labor demand (it is the case of manufacturing), while others move in the opposite directions, as they tend to be complementary to (rather than substitutes for) new technologies. This is true in the computer programming sectors which are reliant on appealing UX/UI-designs in applications or by producing e-games for example, beyond the pure programming tasks.

Second, the creative economy as a sector is “special” because it triggers innovation dynamics, which brings opportunities for productivity boosts in Global South countries. Currently, the bulk of productivity gains is not concentrated in the manufacturing industry but in highly skilled virtual services. To what extent is the creative economy comprised of high-productivity, high-innovation sectors? Probably to a very large extent if we consider that it encompasses the set of creative activities we as a society continually engage in.

Third, the creative economy is at the center of a new globalization paradigm. The most dynamic global markets are those for ICT-intensive services -like publishing, audio, and video production, information services- and professional and

technical services -such as architecture, advertising, and design. As a result, developing countries that used to base their global integration on their natural resources or cheap labor applied to manufacturing are exploring strategies to promote high-skilled, creative service sectors.

Not so fast

But the story is more complicated. In the past, manufacturing growth generated strong spillover effects to the rest of the economy, leading to productivity and income improvements that managed to reach all other sectors. In addition, the large factory was associated with high-quality, low-informality jobs, with plenty of benefits that helped workers manage domestic risks throughout their lives. Can the expansion of the creative sector lead to these dynamics of balanced growth and improving working conditions? More research is needed to answer this question. But, for now, it is clear that policy frameworks need to pay more attention to generating spillover effects and to guaranteeing fair working conditions for the increasing share of creative workers.

The creative economy will surely be a central part of developing Global South strategies. Let's make it happen.