



BOOK REVIEW

The creative economy: How people makes money from ideas

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This is the review of the book titled “*The creative economy: How people make money from ideas*” written by John Howkins. The book was published by Penguin Books in 2007.

The book is famous when it was launched into the market just at the right time when the world needs something to change her whole economy. Scholars and politicians spot the creative economy as a new hope to push the economy of countries toward prosperity.

The definition, classification, principles and laws in the creative economy that John Howkins has set the standards in this book are alike the bible of the scholars for the study in the fields of economics, marketing, management, international business and related fields.

The book is frequently quoted at the definition of the creative economy. First John Howkins defines the creative product as *an economic good or service that results from creativity and has economic value*. Then he defines the creative economy as *the transactions in these creative products*. He includes four major industries into the creative economy which are the copyright industries, the patent industries, the trademark industries and the design industries.

The book classifies the creative economy into fifteen sectors. They are advertising, architecture, art, crafts, design, fashion, film, music, performing arts, publishing, research and development, software, toys and games, TV and radio and video games. Most of the sectors are labeled as *soft innovation* by Stoneman later in 2010.

In the first part of the book, John Howkins defines what creativity and creative economy are. He explains how to create them. After that, he describes how to protect these intellectual properties. He ends the third chapter by illustrating the global trends of the fifteen sectors of the creative economy.

In chapter 4, he develops the creative management principles. They include 10 principles which are creative people, the job of thinker, the creative entrepreneur, the post-employment job, the just-in-time person, the temporary company, the network office and the business cluster, the teamwork, the finance and the deals and hits.

Moreover, John Howkins also develop ten rules for success in the creative economy. They are to invent yourself, put the priority on ideas not on data, be nomadic, define yourself by your own (thinking) activities, learn endlessly, exploit fame and celebrity, treat the virtual as real and vice versa, be kind, admire success openly and be ambitious.

In chapter 5 and 6, he gives examples of the film making industry and the linkage between internet and the economy. Later in chapter 7, he propose the so called *the fourth capital*. He links the concept to the existing three capitals which are human capital, structural capital and intellectual capital. The fourth one is creative capital. He ends his book by leaving the idea of the creative capital to the academic world for further research and comments.

Through the book, he constructs seven laws for the creative economy and writes them under the title of each chapter. Law 1: create or die. Law 2: Patents and copyright are the currency of the information age. Law 3: $CE = CP \times T$ which means the value of the creative economy equals to the price of the creative subject times the rounds or copies of its sales. Law 4: Creativity is a proper job. Law 5: Stories come first. Law 6: The new economy is creative plus electronics. Law 7: Creative capital arises whenever someone holds back an idea, or part of an idea, for the future.

Although the book is not an economic text book, scholars use this book as an important reference for the academic study. It provides a clear cut which sectors should be included into the calculation of the creative economy. Moreover, it forms a boundary that the public policy should target to these specific sectors.

The book is successful in the construction of conceptual framework for further research on the creative economy. It beautifully delivers the message to readers with comfortable writing style of the authors. It is not too much that *Director Magazine* reviews on the cover of the book as “*The first really practical guide for people working in the creative industries*”. John Howkins has created it. I am absolutely sure that his name will last long both in the academic and practical worlds of the creative economy in this century.

REFERENCES

- Howkins, John. 2007. *The creative economy: How people make money from ideas*. London: Penguin Books.
- Stoneman, Paul. 2010. **Soft Innovation: Economics, Product Aesthetics and the Creative Industries**. Oxford: Oxford University Press.