

Small Towns' Creator Economies Are Antidote For AI Labor Market Fears

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Villages in the Hudson Valley, including Catskill, have seen their economies improve slowly as ...
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Locally owned businesses line the main streets in Catskill, N.Y. You'll find a cidery, the Left Bank, along the Catskill Creek that flows into the Hudson River. An article in a local magazine, Hudson Valley, says the cidery was founded in 2020 by husband and wife Tim Graham and Anna Rosencranz after they started making homemade cider from bad apples, for fun. Their friend Dave Snyder joined the company as a founder, too.

One street over, the Stinging Nettle Apothecary carries herbal tinctures, creams and teas, among other things. A sign advertises a geranium essential oil to lift your mood, and I think it does. Stinging Nettle is across from a store selling handmade tables, several of glossy hard black walnut. And antique shops and coffee shops — one called Citiot, selling locally grown mushroom tinctures and various other supplies for the artistic soul — dot the rest of the way down the street.

In the wake of the pandemic, and as a wave of AI-wrought automation is set to roll over the U.S. economy, more people have been turning to the idea of opening their own businesses, especially in hands-on creative occupations. The rate of entrepreneurship reached a 24-year high in 2022, the Information Technology & Innovation Foundation reported. I thought of this on my Thanksgiving trip to Catskill, where there's nary a chain store and not many computers in sight at all.

A decade ago, the people operating these shops and the people working there would have been seen as stay-behinds. The jobs and the money were in knowledge-based jobs in the city. But artificial intelligenc is set to replace many entry level jobs comprising routine cognitive tasks, especially in marketing, coding and sales.



In a best-case scenario, artificial intelligence takes over some of the online economy, while humans ... [+]
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The creative, or maker economy may be one antidote for the labor market. In supporting these small-scale innovators, artists and entrepreneurs, the United States may be a little behind. Some countries, including Saudi Arabia, have been pouring money into developing arts economies, and others, like France, have trade protections built around what Americans might think of dismissively as craft.

I've seen this kind of economic development at work in small cities and towns across the country, however. Nearby in Saugerties, N.Y, there's an initiative to support a local film industry led by actress Mary Stuart Masterson to start a studio. In Frankfort, K.Y., bourbon is a resurgent industry. There are furniture makers, farms and bakeries around the country.

Laura Callanan is one of the leaders, in America, in the effort to recognize this part of the economy as important. She started talking about the creative economy back in 2016, with the idea that if investors, such as foundations, institutions such as museums, and wealthy families, put more money into creator small businesses, they would be initiating the kind of healthy economic development that creates middle-class jobs and lifts people up who have a hard time climbing corporate ladders.

She founded a New York City-based nonprofit called Upstart Co-Lab, with the aim of creating a new category of investing among impact investors, people who wanted to make money and to do good.

A former senior deputy chairman of the National Endowment for the Arts, Callanan defined the creative economy as fashion, food, film & TV, video games and other creative industries. She's partway toward the goal of raising a \$100 million fund to invest in other funds, like the

Colorado Enterprise Fund, and directly in companies in creative industries. Some of them are online, but many have physical products, like paskho, a clothing maker.

The fund's investors include foundations making program-related investments; donor advised funds making recoverable grants; and endowed nonprofit arts and culture organizations.

These days, Callanan looks prescient in the United States. Funds like Upstart's already exist in Europe, Latin America, and Africa. The appeal of the small-scale economy may spread as fears of the economic impact of artificial intelligence rise. In fact, if you ask Chat GPT which are the jobs most insulated from the effect of artificial intelligence, it lists creative professions, like artists and musicians, right at the top.

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I'm the author of the upcoming *Little Book of Robo Investing: How To Make Money While You Sleep*, and founder of *New Builders Dispatch*. I write about turning