

Culture & Creativity

EU-Eastern Partnership Programme



INFLUENCE OF CULTURE ON URBAN DEVELOPMENT AND ECONOMY



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Introduction

The fact that cities are centres of industrial growth and cultural expression is not surprising but the idea that when brought together and managed efficiently, culture and creative industries (CCI) can significantly contribute to the economy, employment and cultural diversity of a city is something relatively new. Decline of the cities as industrial centers in mid 20th century coincided with the rise of new knowledge economy that gave the cities their chance for rebirth.

It was the rise of the new economy, which relied on knowledge and creativity, and whose form is increasingly informational and global, that enabled development of CCI. It saw culture processed as having a significant impact on all spheres of life. Culture and creative industries that embrace spheres from arts to design, architecture, media and ICT, proved to be indispensable element of sustainable development for contemporary city. They do not just have their share in the economic growth, but contribute to the overall quality of life and social cohesion, which, in due turn, forms the cities' image for the residents and tourists. It's important to take into account: researches show that contemporary skilled workers attach a high value to a stimulating cultural climate, these factors come to influence their mobility choices, and ultimately, the competitiveness of a city.

Nowadays cities and city-regions on every continent are emerging as major economic and cultural motors, as reflected by developments in Bangkok, Lagos, Mexico City, Mumbai and Seoul, amongst others. UNESCO Creative Economy report emphasises that "cultural and creative activities emerge organically from communities and places, and cannot be easily "invented" into industries. Assessing the potential of the creative economy in any given place therefore requires careful tracing of what has come before. In other words, the particularities of geography and history still matter enormously."

Similar can be said about the development of creative economy in general. While creative economy is up and running in quite some countries around the globe, to a large extent the region of Eastern Partnership is just leaving industrial economy and facing the challenges of deindustrialization. Due to the broad range of impacts that they can generate, CCIs proved to be an important tool to turn the challenges of deindustrialization into a growth opportunity. Many cities and regions across Europe have called on CCIs to regenerate former industrial areas with a view to address both social and economic issues. CCIs have a significant role to play with a view to help cities and regions to re-invent themselves and give abandoned areas new purposes and identity.

Facts and Figures

- Creative economy is based on local traditions, knowledge, skills, and specific know-hows. It is majorly rooted in cities and regions, **showing them how they can reposition and renegotiate** themselves in the global market.
- One of the major key points about CCI is that **it does not just show significant numbers in GVA (gross value added), exports and job creation, but that it also demonstrates stable growth, sometimes higher than other sectors of economy.**
- The European Parliament recognises the important contribution CCI make to jobs and growth, representing **4.5% of total European GDP** in 2008 and accounting for some **3.8% of the workforce.**
- Beyond CCI's direct contribution to GDP, they **trigger spill-over in other sectors of the economy** such as tourism and fuelling content for ICT (information and communications technology)
- The Ernst and Young (EY) paper, published in 2014, on 'Creating growth: Measuring cultural and creative markets in the EU', provides an **analysis of the revenues** coming from 11 creative and cultural industry sectors. Amongst the most important activities in 2012 were the "visual arts" (€127b), "advertising" (€93b) and "TV" (€90b), which together accounted for more than half of the total CCIs (€535.9b).
- In many ways, CCI are **a model for future types of employment and lifestyle in other sectors of the economy** – as concluded by the BMWi (German Federal Ministry for Economic Affairs and Energy) monitoring for 2010.
- Most researches on CCI show that **this sector is less susceptible to economic fluctuations than other industries.** It keeps demonstrating stability or even slow growth in periods of economic crises.
- PriceWaterhouseCoopers in **The European Cluster Observatory Report on Creative Industries** (2013) highlighted that cultural heritage, owned and operated by public institutions, is a major asset in creative economy and it should be recognised as such by governments. The report places cultural heritage at the core of the development of CCI and creative clusters.
- Research on **the association between performing arts institutions and the growth of creative class** in the USA showed that one type of such organization is associated with a 1.1% change in knowledge class employment over the period from 2000 to 2010, two types are associated with a 1.5% change, and all three are associated with a 2.2% change. Between 2000 and 2010, the presence of at least one professional performing arts organization is associated with about 540,000 knowledge class jobs, generating about \$60 billion in annual income.

Solutions

Case 1

Economy of the Ruhr's region in Germany has been based mainly on industry and exports. When its heavy industry declined in the 1980s and 1990s, the region faced a restructuring challenge. One striking example of evolution and decline of the mining industry, and then regeneration of the area through creative economy is **the Zollverein** in Essen – an industrial complex, consisting of the complete infrastructure of a historical coal-mining site and coking plant, with some 20th-century buildings of outstanding architectural value. It was inscribed into the UNESCO list of World Heritage Sites since 2001.

Mine's preservation strategy is focused on a **responsible redevelopment** of the existing buildings for the purpose of culture and design, entertainment and tourism. The strategy paper "Essen and the Ruhr Area: The development of tourism and the role of small firms and entrepreneurs 2010" identifies culture and (industrial) heritage as priorities for city tourism and the area's sustainable development.

Zollverein is an important example of transformation of the liability into a major asset. Today it acts as a heritage and CCI site, hosting a university department, a modern museum, visitor and exhibition facilities, stage performances, international festivals and other events, and a business park with incubation facilities focused on design and creative industries.



- Some examples are PACT Zollverein (a centre for performing arts, visual arts, media, theatre and music), Red Dot Design Museum (world's largest contemporary art exhibition) as well as iconic projects by designers, artists and architects (such as the SANAA building, La Primavera, the Palace of Projects).
- The Zollverein Park with almost 70 hectares offers facilities for leisure activities, such as a swimming pool, ice-skating rink, industrial nature, restaurants and cafes.
- The site has been of the major drivers for transformation of the region. The process has taken 20 years and was celebrated in 2010, when Essen was the European Capital of Culture.
- The Zollverein demonstrates how sustainable contemporary cultural area can contribute to local development by stimulating creative businesses, creating new jobs (1,000 new jobs and 170 enterprises – 70% of which in the creative sector), and attracting visitors (1.5 million visitors per year (2011-2014), generating a gross turnover of €68.4 million and safeguarding through tourism almost 1,500 jobs in the hospitality sector) and investment.
- Approximately €11 million of VAT and €1.5 million in pro rata wage and income tax as well as business and real estate tax arising from Zollverein tourism are recouped in public finances.
- The Zollverein Foundation received funding to cover the costs from the state and federal governments as well as grants from the Ruhr Regional Association (RVR) and other funding bodies in the remarkable amount of almost €316 million in total.
- It is now partly self-financed by the income generated by activities that take place on the World Heritage Site Zollverein. In 2014, the main revenue streams came from rentals, management fees and tourism-related activities.

Case 2

The small town of **Aquileia** is a rural town, populated by 3,500 people, with its economy based on agriculture. It's located near Venice in the Friuli Venezia Giulia region and shares important heritage sites from the Roman times. Aquileia's archaeological site has been on the UNESCO World Heritage list since 1998. The site includes the remains of ancient houses and paved roads, numerous mosaics, residential neighbourhoods, revealing the city's urban history, late antique walls, market structures, burial places and a basilica complex. Some of the remains date back from the first century BC.

The region has set culture, creativity and tourism as a specific priority. Special developmental policy envisages support for cultural organizations, such as the Fondazione Aquileia, the body in charge of the management and valorisation of the archaeological site, which is active in the fields of archaeology, restoration of mosaics and stones, architecture, graphic design, communication and ICTs. Being aware of the close proximity to Venice as the main touristic attraction in the region, Fondazione Aquileia developed various tools to engage more audience through participatory processes and implemented new cultural and promotional activities, thereby strengthening the positioning of the archaeological town as a hub for culture.



- **The following events and activities have been developed in order to attract new audiences:**
 - The Aquileia archaeological film festival,
 - “Tempora in Aquileia” (“Reenactment of the Foundation of Aquileia”), a three-day annual event with re-enactments of historical scenes from the Roman times,
 - The “Aquileia Lab”, an educational laboratory for young children inspired by the lives of the ancient Romans.
- **Fondazione Aquileia has developed a series of innovative tools and products to increase the attractiveness of the archaeological site, including:**
 - 65 3-D reconstructions of the most relevant parts of the archaeological site, 12 videos, and interactive information boards,
 - The “Antica Aquileia 3-D” app, which provides an overview of the city as it appeared in ancient times, thanks to 3-D reconstructions.
- Due to promotional activities and new presentation strategies the number of visitors in Aquileia has been increasing.
- In Aquileia, the average expenditure of foreign tourists per day (€107) is above the national average.
- Important change in local mentality and identity has occurred to Fondazione Aquileia activities. Archaeology is no longer seen only as an obstacle to agricultural activities but as an important part of the local economy.
- Fondazione Aquileia benefits from great autonomy thanks to its specific status of “participatory foundation” under Italian law. This model, between a foundation and an association, facilitates the transfer of cultural goods or money towards the valorisation of cultural heritage, for non-profit use.

Results and Impacts

- Creative industries contribute to a **city's social fabric, cultural diversity and aesthetic charisma and enhance the quality of life**, reinforce a sense of community and shared identity and can promote cultural tourism.
- **The recognition of a community's arts and culture assets** (and the marketing of them) is an important element of economic development. Creatively acknowledging and marketing cultural assets can attract a strong workforce and successful companies, as well as help sustain a positive quality of life.
- Economic development is enhanced by **concentrating creativity** through both physical density and human capital. By locating companies, artists, and cultural facilities together, a multiplier effect can result.
- The roles of **local government** are multiple and crucial. Investment and creating supporting and developing mechanisms for cultural enterprises are of utmost importance. But government's role is not limited to funding. Creating and promoting public-private partnerships, supporting capacity building activities for cultural institutions, lobbying, and providing necessary links between different sectors of local economy are decisive.
- The **challenges** include a simple lack of awareness or underestimation on the part of planners and the general public of the value of creativity for the community, a lack of political or artistic figures to champion the role of culture, the shortage of administrative resources, skills and capacities to manage such projects and a lack of clear and useable indicators to measure their success.



Recommendations

- Tangible and intangible cultural heritage and cultural resources need to be **acknowledged as vital to the city's economic development**. The vision of the creative sector needs to be expanded from arts to entertainment, fashion, publishing, and media.
- **Comprehensible policy** has to accompany development of cultural sector, providing the conditions necessary for its vitality and ultimately for the endurance of this model: spatial balance, social mobility and access to cultural resources, but also networking and cross-fertilisation with other sectors of economy.
- Designating special quarters of cities for creative economy, by creating **clusters or hubs** around existing heritage sites, is one solution that proved viability. Innovation comes through constant interaction between different cultural workers and different industries. City governments can provide links and facilitate strategic networking between artists and with creative businesses and property developers.
- Recently cultural tourism is taking larger share in city's economies. Policies and specific activities targeted at **improving visitors' experience** are needed to be developed on the level of cultural institutions, creative businesses, and cities in general.
- Especially at the initial stages, **creative economy needs support** that can be provided through investment, creating joint public-private bodies to accumulate and facilitate funding, additional financial incentives like micro-credits etc, certain protective measures (ex., price bans and safety measures on property).
- A key ingredient for the success of creative cities is the creation of **public-private partnerships** that help unlock the entrepreneurial and creative potential of small enterprises which play an important role in industrial restructuring.
- Competitive knowledge economies **rely on creative workforce**. Thus, on one hand, integration of tangible and intangible heritage to the education system is crucial to keep creativity as a vital part of the curriculum. On the other hand, art and design schools are seen as crucial part of developing creative force. Their role should not be underestimated.

Additional Resources

UNESCO Creative Economy Report, 2013

<http://www.unesco.org/culture/pdf/creative-economy-report-2013.pdf>

The Cultural and Creative Industries: a literature review, by Justin O'Connor, 2007

<http://www.creativitycultureeducation.org/research-impact/literature-reviews/>

Why do creative industries cluster?

An analysis of the determinants of clustering of creative industries, 2009

<https://ideas.repec.org/p/esg/wpierm/0902.html>

Creativity, Culture & the City: A question of interconnection, by Charles Landry, 2010

https://www.forum-avignon.org/sites/default/files/editeur/ECCE_report.pdf

How the Arts and Culture Sector Catalyzes Economic Vitality

<https://www.planning.org/research/arts/briefingpapers/vitality.htm>

The Association Between Professional Performing Arts and Knowledge Class Growth. Implications for Metropolitan Economic Development Economic Development Quarterly December 7, 2015

<http://edq.sagepub.com/content/early/2015/12/04/0891242415619008.abstract>

How the Arts Add to Urban Economies, by Richard Florida

<http://www.citylab.com/work/2015/12/how-the-arts-add-to-city-economies/421191/>

The arts and culture as economic drivers: Ideas and US best practices

<http://economicdevelopment.org/2014/08/the-arts-and-culture-as-economic-drivers-ideas-and-us-best-practices/>

Culture for Cities and Regions

<http://www.cultureforcitiesandregions.eu>

Stiftung Zollverein

<http://www.zollverein.de>

Fondazione Aquileia

<http://www.fondazioneaquileia.it>