



THE IMPACTS OF CULTURE ON THE ECONOMIC DEVELOPMENT OF CITIES

Jan van der Borg
Antonio Paolo Russo

European Institute for Comparative Urban Research
Erasmus University Rotterdam

The Impacts of Culture on the Economic Development of Cities

A research into the cultural economies and policies of
Amsterdam, Bolzano, Edinburgh, Eindhoven, Klaipeda,
Manchester, Rotterdam, Tampere, The Hague and
Vienna

DRAFT

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J. VAN DER BORG
A.P. RUSSO
Assisted by:
M. Lavanga
G. Mingardo

European Institute for Comparative Urban Research (EURICUR)
Erasmus University Rotterdam



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PREFACE

The present topic has first been proposed to become a EURICUR research during a dedicated workshop of the 2001 EUROCITIES General Meeting in Barcelona, by initiative of the Economic Development and Urban Renewal Committee (EDURC), at that moment chaired by the City of The Hague.

It has since then slowly evolved into a full research programme with, in the tradition of EURICUR research, as many as ten partner cities that individually funded the project and served as case studies for the investigation. The City of The Hague has facilitated the creation of the city network and maintained the leadership of this network during the project.

Fortunately, the study of cultural issues was not new to EURICUR. A sound base of theoretical work and comparative research in related fields such as cultural tourism, culture and heritage planning, economic clusters, and the knowledge-based economy could be built upon. In reality, treating culture and creativity as economic engines for urban areas and applying EURICUR's policy-oriented research approach to a field that today has deserved a very high position on cities' agendas, proved to be a tough challenge. Nevertheless, the authors hope that the timing is appreciated, not only because academic work regarding the economic impact of culture is in full development, but also because empirical work is still extremely scarce and especially this knowledge proves to be essential for urban policy.

The project has been organised and conducted by a EURICUR team consisting of Jan van der Borg and Antonio Russo. Mariangela Lavanga and Giuliano Mingardo have assisted in the writing of a number of case studies (respectively Amsterdam, Edinburgh, Klaipeda and Tampere, and Rotterdam, The Hague and Eindhoven). Moreover, we are grateful with the late Klaus Schussmann for having started this debate and bringing it to the attention of fellow policymakers, and to Paul Zoutendijk for building the network of partner cities that supported the project. Finally, our appreciation goes to all the city representatives that participated in this study and assisted us in the organisation of field trips and data collection, and to all the people that we have interviewed; their names are listed at the end of the single case studies.

EXECUTIVE SUMMARY

The present report is the result of an international research by EURICUR, the European Institute for Comparative Urban Research, based at the Erasmus University Rotterdam. Ten cities have associated in this research, acting both as funding partners and case studies: Amsterdam, Bolzano, Edinburgh, Eindhoven, Klaipeda, Manchester, Rotterdam, Tampere, The Hague, Vienna. The City of Hague is the leader of the network and has been the initiator of this research project.

The project focuses on the conceptualisation and analysis of the effects of culture on the economic development trajectories of European cities. It moves from the recognition that culture is a key ingredient of post-industrial, information-intensive economic activity. A culture-oriented economic development is one that integrates the symbolic and creative elements into any aspect of the urban economy, pursuing distinction, innovativeness, and a higher level of interaction between localised individual and social knowledge and globalising markets.

Presently, cities spend more and more in cultural programmes as well as large infrastructure projects, which are supposed to be drivers of sustainable development: urban landmarks influencing the image and the attractiveness of the city for private investments, but also platforms for the “new creative class” and stimuli to social integration through self-reflection and cultural inclusion. However, there is uncertainty with regard to the type and magnitude of returns expected from such projects. Moreover, seed-funding creativity and cultural dynamism is a complex issue, as traditional institutions and policy approaches are hardly able to come to terms with fuzzy, anarchist social structures.

This EURICUR study sets out to propose a theoretical framework to interpret and possibly steer culture-oriented urban development: the COED model. From the development of a cluster of cultural activities, all types of economic and social externalities arise, in a self-reinforcing process. Policy has to accompany this development caring that the condition that are necessary for the vitality of the cultural sector and ultimately for the endurance of this model are maintained in time: spatial balance, social mobility and access to cultural resources, but also networking and cross-fertilisation within the cluster and at its edges.

The comparative analysis of the ten case studies – ranging in size and European positioning from full-blown European capitals to medium-sized heritage cities and cities in economic transition – confirms some of the intuitions of the COED model. In cities where a certain number of “cultural clusters” have emerged, the urban economy has been structurally modified towards the symbolic. Cultural clusters have become – to varying extents, according to the characteristics, location and governance structures of such clusters – catalysts of a wholesome creative economy, involving a higher attractiveness for tourists, skilled talents, and ultimately for knowledge-

intensive enterprises in search of an innovative climate and high levels of quality of life. Indeed, contemporary skilled workers attach a high value to a stimulating cultural climate and communities open to the new and symbolic; these factors come to influence their mobility choices, and ultimately, the competitiveness of a city.

However, culture-oriented economic development is subject to strong endogeneity, modifying continuously the original conditions that make places culturally rich and viable as creative hubs. Thus COED is potentially short-lived and may bring to irreversible changes in the urban environment: the erosion of social capital, the dispersion in space of cultural activities and the consequent decreasing of clustering effects, and ultimately the fading of local cultural identity and "uniqueness". Urban policy should be careful to accompany the COED process making sure that these limits are never reached. Physical and cultural planning, social and educational policies, infrastructure projects and the implementation of innovative forms of governance and networking may achieve these objectives, but the policy context is made fuzzier and more complex by the unconventional nature of economic and social processes underlying cultural activities and creative production.

The ten cities have been assessed and benchmarked against the development of this model. We find that some cities have progressed more than others to develop their cultural sectors into full catalysts for economic growth, in some cases (Amsterdam, Manchester) the limits which would modify the conditions for sustainable development are close: gentrification and changes in social mix, loss of spatial centrality in creative production sectors, lack of alternative development locations, erosion of cultural identity and character. In Vienna such limits do not appear to be a threat in the short period, though the city still needs to strengthen and diversify its cultural industries to positively influence a wider range of growth sectors. In other cities like Rotterdam, Eindhoven, Edinburgh, The Hague, COED has been limited to internal growth of a limited number of cultural sectors and clusters, missing to affect substantially the development opportunities for other economic sectors by influencing their innovativeness and location potentials. Finally, another group of cities, namely Tampere, Bolzano, Klaipeda, are still at the starting stages of their cultural clustering process and are negatively affected by their relative lack of accessibility and mass. The development and support to selected cultural production sectors (gaming and multimedia in Tampere, visual art and music in Klaipeda, music and performing arts in Bolzano) could result in a more high-quality, knowledge-intensive environment but policy need to steer this process in a more radical way.

A number of policy recommendations for a sustained COED leading to increased urban competitiveness as well as plenty of illustrations from best practices and common mistakes are given. Funding schemes for cultural activity are taken into consideration, like Amsterdam and its four-year subsidy plans as an interesting method to stimulate a strategic attitude in arts and culture; then we turn to support to cultural and creative industries, where the

template is undoubtedly Manchester and its policy to develop creative enterprises turning social idiosyncrasy into a growth sector for the city. In the field of social policy and education, we illustrate various examples of projects of social inclusion through cultural education and programming. Cultural planning regards the integration of culture in urban management. Edinburgh's strategic documents for the cultural sectors or Amsterdam's *kunstenplan* are good examples of cultural policy agendas that do not stop at the boundaries of art and culture but have the ambitions to become levers for generalised urban development. As far as infrastructure policy is concerned, we try to evaluate how far "cultural flagships" like Rotterdam's waterfront redevelopment or Vienna's MuseumQuartier have resulted in a more viable cultural climate, and whether traditional infrastructure works, enhancing accessibility, safety, hospitality, may achieve similar results; finally we discuss innovative networking arrangements and governance models, looking at interesting initiatives taken in many cities in our study.

1. INTRODUCTION

1.1. Research background

Culture counts. And today more than ever, it counts for cities, the powerhouses of the contemporary society. Culture is a full-fledged economic sector that – as any other – generates impacts on the urban environment, ranging from direct and indirect expenditure to employment generation. Cultural industries are typically labour-intensive; their organisation model is rather the network interaction of micro and small producers than the supply-chain hierarchy of Fordist industries. Moreover, cultural production is highly contextual and idiosyncratic. For these reasons, *city centres* are privileged spaces for cultural production and consumption (Scott 2001, Heilbrun 1992).

Cities provide ideal workspace for artists and cultural managers; and the local economy comes to thrive of it, establishing a symbiotic relation with culture. Firstly, culture generates substantial “intangible” or non-pecuniary economic effects. It has a *soft* function of animation and enhancement of the quality of life, which is an increasingly important element of a city’s competitiveness. It stimulates human creativity, and the capacity to innovate. New symbolic meanings and values become inputs to innovative production concepts and processes. A city can market itself as an ideal location for people and firms, and a preferred cultural destination for tourists; its unique, original cultural mix can become a recognisable brand (New York’s *loft living*, Berlin’s underground art, the Bristol sound, etc.).

Furthermore, culture may contribute to a more balanced and sustainable urban development. Culture is part and parcel of urban revitalisation projects in degraded urban areas throughout the developed world. It provides a formidable opportunity for personal development and social interaction among weaker groups, and gives to “excluded” individuals a chance to their own start businesses or to catch up socially.

The relation between a community and its culture extends to concerns of safety and social harmony. In an age in which societies tend to become multi-cultural, identities and ways of life confront one another. In the multi-cultural city, culture can be a lever that stimulates pride, personal development, and self-fulfilment for minorities, and at the same time it can be a common language, a bridge between different groups. For this reason cultural development and planning are regarded as valuable strategies to accelerate processes of urban growth or regeneration. Cities invest in cultural facilities and events, and in the preservation of their historical heritage, to make their transition to a post-industrial economy based on advanced services, sustainable functional mixes, and a high quality of the urban environment.

This means that policymakers and elected politicians have to get the whole picture of the relevance of culture as an economic asset for the city, see where the problems are, and in which ways the synergies between cultural development and local economy can be activated and boosted. This is clearly

not just information regarding the cultural *sector* of a city, which by the way receives surprisingly little attention by most municipal administrations throughout Europe. Clear knowledge of the effects of culture on other functions of the city is also needed, from the economic field to social and cultural considerations.

Today we dispose of a substantial body of literature on the relationship between culture and the city. In particular, works like "The creative city" by C. Landry, "The cultural economy of cities" by A.J. Scott, and "The rise of creative class" by R. Florida, lay the foundations of a new way of thinking about the interrelationship between culture and place. Culture is seen in these works as a "way of doing" which is typical of a particular location, determining a comparative advantage in the production of specialised goods and services. This conceptualisation of culture as "system of social norms" informs the web of strategic relations (production or personal) which comes as part and parcel of modern forms of organisation of the economy. Florida (2000) argues that in the global economy the communication skills of the members of the "creative class" make the strength of the local milieu. Culture also restructures the governance of local growth processes: according to Landry (2001), the governance of a highly dynamic, complex, flexible and creative society also has to have creative and "lateral" qualities. Finally, Allen J. Scott (2001) shifts the discussion to culture as an urban "product", or a set of industries that find their natural environment in cities, occupying a central role in regeneration processes, and generating value by feeding global functions dependent on image creation and valuation (tourism, *infotainment*, media, etc.).

Though rich and path-breaking, this debate is still decidedly "culture-centred". The starting point is culture, and the way it gets embedded in advanced capitalistic forms. The main result is that cities are special places for this "encounter". However, so far, little progress has been made in passing from abstract reflection to know-how that should orient the action of policy makers, both at local and European level. One main reason for this is the difficulty of defining and delimiting culture, given the complexity of the cultural production and consumption processes, and the heterogeneity of the players involved. In short, the European policy agenda is not yet ready to meet the challenges from a "stealth" area of urban development.

We wish to turn the question upside down and start from cities, their present positions and their chances of developing in a new, (more) sustainable way. The implications of the new "cultural economic" paradigm for urban development in terms of opportunities and threats have yet to be explored in deep, starting from this promising basis and integrating it with the traditional and most recent ideas in the field of urban economic planning.

1.2. Objectives of this project and research questions

What is the contribution of a stimulating cultural environment to the location decisions of firms? What is the participation of citizens and tourists to art and culture? How are urban land values influenced by proximity with cultural attractions? What is the status of artists in the city, and what is their level of interaction with corporations? Are innovative businesses exchanging ideas with art organisations and creative talents? Where are cultural organisations located? Are they segregated, unable to reach wide audiences? Do they receive enough attention, public investment and private sponsoring?

These questions are the key to understand the role of culture and enhance it, for the well-being of host communities. Unfortunately, it is very hard to provide sound answers, because they mainly regard qualitative information with strong contextual and historical character.

The formulation of a consistent and effective urban policy agenda addressing culture requires more knowledge on the processes and impacts generated by culture in the city, and on the tools that may bring forward positive synergies between cultural development and other sectors of the urban arena.

Recent research on the cultural economic of cities has polarised between the analysis of prevailing trends and development models (Scott, 2000) and an almost frantic activity of data collection and elaboration on the other, reflecting an urge to re-assess the importance of cultural activities as growth sectors. Little attention has been paid, instead, to the analysis of urban impacts (with notable exceptions, for instance the European project Eurocult21: www.eurocult21.org) with the consequence that data collected in different cities are inconsistent or incomparable, and that the policy makers do not really know what use can be done of these data to justify development programs. In particular, raw cultural industry data can hardly be used to defend public or attract private investments, as more often than not they portray weak, fragile and fragmented sectors, while the heritage industry is often seen as “non rentable”, which – abiding strict economic principles – would play against conservation.

However, the integration of culture in urban studies promises to reveal interdependencies which can hardly be limited to the financial sphere, and can be grasped only by multi-criteria analysis.

This projects aims at understanding these interdependencies, and at integrating them in a methodological framework that could be used by scientists and policymakers to assess the impacts of culture on the economic development of cities.

In particular we would like to address the following issues:

- What is the “cultware” of a city, that is, how can a city be described in terms of its historical identity, cultural heritage and traditions, place distinctiveness, current cultural production activities and creative capacity?

- What are the structure and the dynamics of the relations between the different components of the cultware?
- What kind of impacts and mutual influence can be expected from cultural activities and investments on the current and future social and economic development trends?
- What are the inner dynamics of the cultural production sector? How does the cultware evolve and gets articulated in the fabric of the city?
- What is the scope for policy and the available tools to steer the development of the cultware in the desired direction?

1.3. Working definitions

Thorough analytic research on the impacts of culture risks to be hampered by the lack (or complexity) of such concepts as “culture” and “art”. The very boundaries of the definitions of culture are shifting all the time, as are the architecture of symbols and meanings that underpins the structure of our society. The emergence of the “knowledge-economy” as the main production and value-generation paradigm of our age impinges at strongly cultural element

To master the very notion of culture is by no means easy. Definitional difficulties proved a major obstacle in efforts to streamline the information regarding the economic impacts of culture and propose a widely accepted assessment methodology. In its most general and philosophic terms, culture can be seen as a shared way of doing and understanding things, a system of values and an aesthetic language that binds a community and is formed by the peculiar historical development of that community. At the world conference of cultural politics in Mexico City in 1982, UNESCO described culture as concerning «... all the specific features, spiritual, material, intellectual or affective, that characterise a society or human group. Culture includes, besides art and literature, way of life, basic human rights, system of value, tradition and religions». Though in the global world the information – and therefore the means to understand reality – are converging more and more, cultures still make a difference, and in this sense we Europeans can say that we are different from Americans, Italians claim they are different from Germans, and even Rotterdammers may vindicate their exclusive “know how” distinguishing them from the other Dutch.

Culture is what characterises us as *human beings* and *members of a community*. However, this general, transcendental meaning of culture is itself the reflection of *cultural activity*, that is, the way in which artists and creative thinkers have read and described reality, providing their fellow citizens with an “interpretation code”. Through human creative activity, culture is accumulated, experienced and rooted in the DNA of a community, not only as tangible items like monuments and art objects, but also as symbols, activities,

landscapes or landmarks, traditions of public life and conviviality, festivals, rituals, food.

In addition to the difficulties in rendering the abstract definition of culture more operational, its meaning changes from place to place and over time according to the prevailing cultural paradigms. The distinction between “high-brow” culture and “popular” culture, inherited from the Victorian times, is fading in the present cultural discourse, though conventionally there is talk of “serious art” in reference to theatre and ballet performances, classical music and visual arts. The search for unfamiliar expressions of culture and the endeavour to explore its economic value enlarged the meanings of culture as a product¹.

In this work we are not interested in semantics or in an original definition of *what is culture*, though we are aware of the complexity and relevance of the debate. We are rather concerned with the analysis of the effects that cultural activities as commonly accounted for have on the patterns of economic development of cities. Through time, two fields of analysis have become commonly accepted in the academic world: *culture as a product*, which raises relevant questions regarding the production, the consumption and the economic value of culture, as well as the instrumental use of culture as a tool for urban regeneration and place marketing; and *culture as a process*, which hints at creative thinking leading to distinctive patterns of social organisation and economic growth (Lavanga 2002). The first category involves more closely the tangible elements of culture, the second its intangible aspects.

A complex set of activities and actors with utterly diverse characteristics, functions and objectives are generally included in accounts of the cultural sector. Cultural and art organisations are characterised for their specific products: they focus on the «production and distribution of goods and services of artistic and cultural nature, and can be classified in many ways» (Guerzoni, 1998, p. 241). The identification of what is meant by cultural activity or production leads to the delimitation of the set of actors that constitute the “cultural sector”. All the goods and services characterised by the following qualities can be included in this set: i) uniqueness ii) scarcity iii) idiosyncrasy in production iv) heterogeneity v) low grade of use value vi) aesthetic and semiotic content (symbolic attributes) vii) low grade of technical reproducibility viii) simultaneity between production and consumption.

Though this is particularly evident in the case of museum institutions, cultural organisations are characterised by the fact of managing a complex supply, combining the capacity to preserve culture (for the enjoyment and education of the future generation) with the provision of services for the access and

¹ The controversial but very successful exhibition “Trash Culture: the Potholes of Taste” has been recently organised by the Centre for Contemporary Culture in Barcelona. According to the organisers, «the products of trash culture are those that “official” culture brands as aberrant, but which the consumer, by means of irony, can elevate to the category of fascinating.» (www.cccb.org). Hence, a cultural attitude – irony – redefined the boundaries of what is culture or even art and what is not.

fruition of cultural products (e.g. exhibition to the public) that augment their value. However the most fundamental task of cultural organisations is to be the herald of symbolic meaning towards the community of users, the interlocutor to an audience creating and proposing a culture experience, favouring the interaction between audience and works of art. In this perspective, cultural organisations are at the crossroads between authors and artists and their public, between the public and the private realm, within the framework determined by the local society and the territory.

In this project, “culture” is to be conceived in a broad sense as “cultural activities” (including the activity of cultural organisations, heritage conservators and managers, the organisation of events and the operation of creative industries), following the working definition endorsed by the Cultural Committee of EUROCITIES in the Policy Document «The cultural dimensions of urban governance». As any other field of human activity, cultural activities can get organised in particular models of interaction of different individuals and organisations (*cultural industries*); as such, it is subject to economic assessment (creation and distribution of value).

According to the definition of culture that Member States agreed upon at the close of the LEG EUROSTAT proceeding², activities incorporated within cultural policy are those dealing with the conservation, creation/production, dissemination and trading, as well as education, in all cultural goods and services in the following domains:

- Cultural Heritage
- Visual Arts
- Architecture
- Archives
- Libraries
- Books and Press
- Performing Arts
- Audio and Audiovisual Multimedia.

Activities which cross-cut all or some of these domains will also be included, like the building or management of cultural centres, the support for cultural associations, the promotion of national cultures abroad so on. These sub-sectors are incorporated within an additional inter-disciplinary domain. This said, we include among cultural activities the following entities:

² EUROSTAT, Cultural Statistics in the EU – Final Report of the LEG, Luxembourg 2000

Organisations and institutions that produce, organise and promote cultural goods and services:

Performing arts. Theatres and lyrical companies; open-air theatres and arenas; orchestras and music bands; theatre, song & dance companies; circuses and travelling shows.

Visual arts. Museums and exhibition centres; galleries, antiques shops and auction houses.

Heritage management and conservation. Theme parks and historical sites; heritage compounds and cultural routes; historical buildings and mansions; parks and botanical gardens; zoological and marine gardens, aquariums and eco-museums; churches, abbeys, monasteries, sanctuaries and other worship sites; archaeological and monumental sites.

Cultural events. Various festivals; historical celebrations; fairs and expos; concerts; temporary exhibitions; sport events.

Other cultural / creative industries. Entertainment; radio and TV industry; movies, music recording, cultural tourism (e.g. tourist guides); sport organisations; press and publishing; multimedia.

Organisations and institutions that enhance cultural comprehension and taste, stimulate creativity, develop interpretative capacity:

Higher education. Universities, academies, colleges.

Documentation centres. Libraries, archives, data banks

Cultural associations, circles, foundations.

1.4. Research methodology and project output

1.4.1 Research methodology

As this project focuses on the reconstruction and operationalisation of an “impact model framework” rather than on the actual calculation of financial flows, the research methodology relies much on qualitative analysis and on the use of case studies to test and eventually contradict theoretical intuitions.

Comparative, descriptive research on a number of case studies, supported by all available qualitative information used to reconstruct the profile of the case studies, could be a suitable way to deal with this difficulty.

Starting from a survey or “mapping” of cultural activities in partner cities, mainly based on secondary data, the research will focus on the impacts of culture on sustainable economic development, identifying unbalances and areas of unutilised potential in the dynamic relation between culture and economic development, as well as examples of best practice. General suggestions for policy action will be derived from this analysis, and cities may

“benchmark” their cultural potential and performance in order to calibrate policy action.

The empirical research was carried out through a number of interviews with key players and decision-makers in the cultural sector and its edges. The range of stakeholders to be surveyed is indeed wider than the cultural managers and entrepreneurs, coming to include:

- The business sectors of the city and in particular the “growth industries” that are increasingly involved in the production of culture- and information-intensive goods (idiosyncratic, symbolically valuable)
- Cultural consumers, practitioners, and their organisations
- Policy makers and cultural planners that with their actions and decisions influence the patterns of cultural production and consumption, the value of culture, its spatial organisation, the integration between culture and other urban functions, and the “social returns” of culture.
- The community affected by cultural activity

“Informed” discussion partners were asked to describe and add new knowledge on the links between culture and economic development. Questions regard the existence and structure of the urban networks upholding particular cultural activities, the permeability between cultural and economy and the quality of the exchanges between the two fields, the history of main cultural projects and the structure of stakeholdership, the status and ecology of cultural professions, the social and economic factors that are pushing or impeding the evolution of urban culture, the role of policy, etc.

The information retrieved has been used to substantiate, integrate and revise a theoretical model of culture-driven economic development in the city.

1.4.2 Sample of cities

The case studies in this project are also partners in the project. The City Administrations involved responded to EURICUR’s call to participate and fund this research project within the activities carried out by the Economic Development Urban Regeneration committee of EURO CITIES. Most of the cities are indeed members of this Committee, and the leading city The Hague chaired the Committee at the time in which the project started, under the Dutch presidency of the European Union in 2004.

The city that answered to our call were either cities that are interested in basing their economic regeneration strategies on the cultural economy, or cities where there is a large cultural sector which is being used under its potential as an engine for economic development. In this sense, the sample is biased: the case studies in this study are cities where there’s an explicit political will to make “culture count”. However, this should not be seen as an obstacle for a sound scientific investigation of the matter. In fact, the

evidence collected may be an illustration of policy models and projects which other cities could use to start a culture-oriented policy agenda. Furthermore, the diversity in the government structures and the approaches followed by policymakers in the different cases is a guarantee that this report is not just about a "single way" to do urban cultural policy.

Another methodological difficulty with this sample is clearly that of the large variance across cities in terms of socio-economic, geo-political and cultural contexts which to some extent hinder a full comparability of the cases. The last element of diversity is in our opinion the most challenging: city governments approach cultural development issues following "paradigms" that are a reflection of the local cultural heritage and identity. That is, cultural projects, activities and businesses are being developed based not on an exchangeable placeless "model" neutral to the place, but on the resource base that is already present in a place, and "goals" and "means" intertwine making it difficult to isolate causes and effects.

However, the tagline is that we expect to learn from this diversity and that analysing a wide range of contexts would provide a more complete insight of instruments that are at hand for cities with different problems.

1.4.3 Project output

The project is expected to yield:

- the definition of a *conceptual model* of culture-based urban development, based on theoretical assumptions and literature, to be verified and/or integrated by empirical knowledge derived from the case studies
- the identification of *policy templates* for culture-based urban development
- the identification of best- and worst-practices in cultural projects for development

This final report includes a desk research present the main investigation lines in Section 2; our original of a theoretical framework in Section 3; and the main findings from the case studies as well as their comparative analysis in Section 4. Section 5 concludes with a number of policy recommendations, while the individual case studies are included as an annex.

2. CULTURE AND CITY: THE RESEARCH CONTEXT

The most important and celebrated form of organised human system is today *the city*. Cities are so relevant to modern economy and society that it is argued that their performance determines the destiny of entire regions (Van den Berg et al. 1982: xxi). Conversely, sustainable development requires that *cities themselves are sustainable* (Haughton and Hunter 1997). Cities are the places where unbalance in the use of resources is most evident (they consume more resources than they generate), but at the same time they are the core of economic and societal innovation.

One such aspect is culture. Culture is an engine of social development and economic growth, but at the same time it may be affected or even destroyed in the process. Sustainable urban development makes it necessary to strike a balance, achieving the maximum of development opportunities and preserving at the same time the assets and the intangible elements that constitute the cultural identity of a city.

To see how this can be achieved, the cultural component in the dynamics of urban systems need to be identified.

2.1. The urban life-cycle and the “knowledge economy”

Cities can indeed be described as dynamic systems, which flourish, stagnate and decline as a result of the interaction of the main actors in the urban arena: households, firms, and the government (Van den Berg et al. 1982, Van den Berg 1987). The dynamism of the system is determined by technological progress, by changes in regulations and regimes (e.g. the progressive liberalisation of world markets and European integration), and by the evolution in socio-economic factors such as taste, education, and demographics. Urban actors react to — or anticipate — exogenous changes engaging in a chain of actions that ultimately shapes the structure and the functions of the city at any moment in history.

Households choose a city and a particular location according to the expected utility subject to a set of constraints. As lifestyles evolve and available income grow, these come to include “quality of life” as well as access to markets (commodities and jobs). Firms respond to evolutions in the markets they serve and in technology, and on their turn, create jobs and taxable income and hence influence the behaviour of households and governments. Governments adapt to these changes, or foster them in the desired direction. For instance, they can influence the location choices of households and firms through housing and environmental policies, or managing transport costs and accessibility.

According to the *urban life-cycle* framework, modern urbanisation was triggered by the location choices of firms aiming at proximity to natural resources and input markets. As a result, households — mere “followers” in the job market — were attracted into cities. That explains the rise of the

great conurbations in the industrialising Europe of the 19th century, like the British and Belgian mining and steel cities, the German manufacturing centres and the Dutch and Scandinavian ports. Factors such as generalised rise in the welfare, the greater appreciation for quality of life and the environment, and the availability of public and private transport at low cost, led to a stage of *sub-urbanisation*. Households relocated to the urban periphery and the *soft rings* of cities increased in mass, as happened almost everywhere in XX century Europe.

Proximity to the jobs was no longer an aspiration if fast commuting was available. Firms themselves would choose to relocate to peripheral locations where land was cheaper. This led to a rise in the competitive position of peripheral centres with respect to the central city. Faced with increasing traffic congestion, households would look for jobs at increasing distances from the city centre. At this stage, jobs followed workers; firms could pay lower salaries if they relocated to peripheral centres. Non-radial transit was provided, allowing greater mobility within the urban region, and that led to a proliferation of urban centres. *De-urbanisation* – marking the loss of relevance of central cities in terms of jobs and population – affected urban Europe from the 1960s to the 1980s, in the spread pattern typical of the North-American urban landscape. Severe crises struck city centres, most notably in Anglo-Saxon countries, where the legacy of industrialisation was more important and households maintained a preference for suburban housing. City cores became problem areas, with dense and cheap settlement attracting the urban poor. This in turn led to the degradation of the central housing stock, where old buildings were left to decay. In this period, commentators would talk about the oncoming “death of cities”, as if the very reasons for the survival of metropolises as a form of organisation of human life had definitively disappeared. The cultural identity of urban communities, closely tied to central cityscapes and monuments, could also be lost for ever.

Presently, we face a new stage of urban development in which city centres are becoming attractive again as business and living locations for high-skilled workers. This change is due to a fundamental paradigm shift in the economy: the increase in importance of the production of knowledge-intensive services for firms and citizens.

In the knowledge economy, the traditional urban hierarchies based on central place theory are challenged. That model of spatial organisation was based on the influence of transport costs and productivity in the markets for *physical* goods. Moreover, the idea of local hierarchies was associated with the notion of nation states and closed, national markets (Ohmae 1995). Today, most production and consumption flows are virtual, trade is global in scale, national boundaries have lost relevance, people travel and commute more easily. *Networks*, rather than hierarchies, are the pre-eminent forms of organisation of a diverse society in an increasingly complex economy. Cities are competitive to the extent that they occupy an important position in the world-webs of flows. In turn, this is believed to depend on technical excellence, but

also on creativity in management styles, communication skills, cultural empathy, trust; even so, in a fiercely competitive environment.

Instead of diminishing the reasons for concentration and urbanity, knowledge-intensive businesses derive advantages from mutual proximity and close contact with their customer markets. The incentive to cluster together is provided by idiosyncratic, informal knowledge flows rather than by mere technical interdependence, which is the binding element in the "Marshallian" cluster. Furthermore, producing "intangibles" uses little space, which can be done in inner city locations; this has led to the redevelopment of city centres as the main business districts and meeting-places of the new economy.

Economic change brings with it an evolution in the social mix of cities. Single-person households increase in numbers, and "transient citizens", using urban resources according to non-conventional patterns, are new powerful actors in the regeneration of city centres. Re-urbanising cities also change from the physical point of view: the greater attention paid to leisure and culture in post-modern societies supports a "spectacularization" of the urban landscape, with architecturally challenging buildings, stylish plazas and cosy *quartiers latins*. All this raises the attractiveness of cities for other urban actors, such as the international business travellers, who appreciate the liveliness and diversity of the urban environment. Increased international mobility (with the predominance of *short* breaks) and the rising awareness of the heritage attract cultural tourists, who value the concentration works of art, monuments and events in city centres. International student exchange programs, juvenile and gender emancipation, and the deregulation of the air market with the boom of "low cost" airlines have increased dramatically the familiarity of young travellers with any corner of Europe.

Hence, cities become nodes of a double layer of network relations: the continental or *world network* of places engaged in global functions, such as banking, press and publishing, media, tourism, education; and the *local networks* within multi-polar metropolitan areas, where inner cities are the main accessibility hubs (through their high speed train connections) and specialise in "window" functions.

As confirmed by recent empirical studies (cf. the contributions of Cheshire and Mackensen in Summers et al. 1999; Martinotti 1997: 40-ff.), *reurbanisation* is driven by a number of eclectic, global metro-poles throughout the world, and rapidly extending to most second-rank cities in developed countries. Cities like London, Paris, Milan and Amsterdam, are at the forefront of the "renaissance" of urban centres versus unattractive and dull peripheries, thriving on their mass, centrality, and cultural assets. Other cities whose economy is still dependent on manufacturing – and consequently are to some extent tied to a "fordist" organisation of the economy –, are less advanced on this path. The latter do recognise the need to "catch up" and develop their centres as vibrant economic and cultural social hubs, but as Landry (2001) notes, these objectives often lack consistency and are pursued through uncreative, obsolete governance styles and mindsets.

2.2. Culture and urban development

The importance of culture as an engine of urban development can be fully gauged by considering its role in regenerating cities. In the last few years, interest in the cultural industries as an economic force of its own has grown. The European Commission has identified culture and the various sectors of the cultural industry as a major economic and social force in Europe. The growth of cultural employment has been strong in the past ten years, exceeding average employment-growth figures. Table 1 presents some examples. Employment in the culture and crafts sector is estimated to account for 2% of overall employment in the European Union.

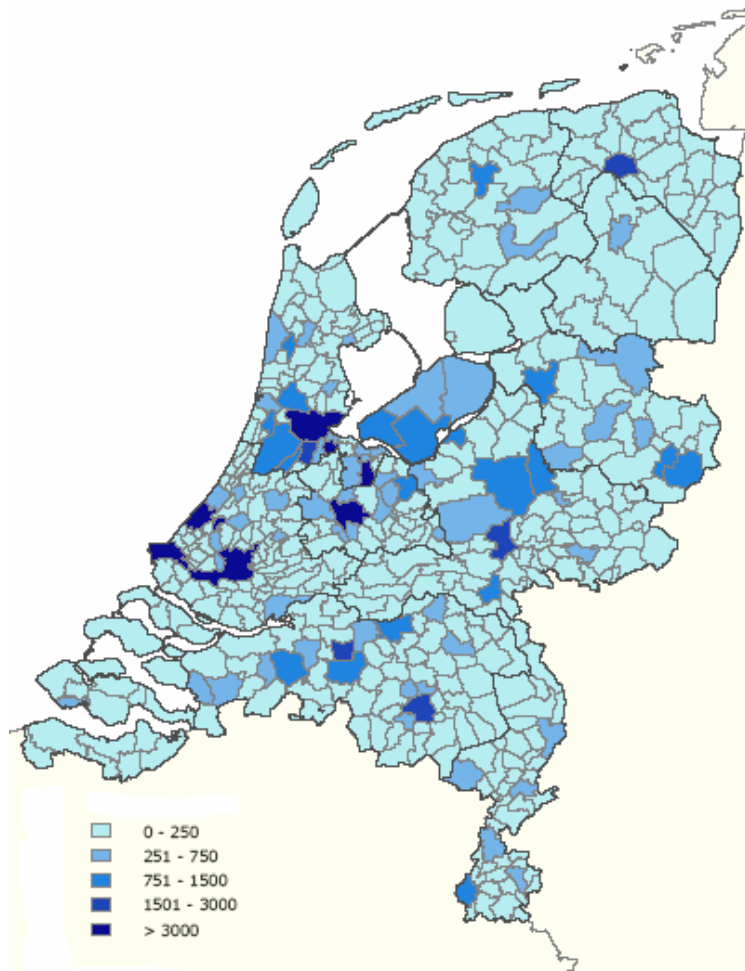
Table 1: Examples of Cultural Employment Growth

Country	Cult. Employment Growth rate	Period
Spain	24.0%	1987-1994
France	36.9%	1982-1990
United Kingdom	34.0%	1981-1991
Germany	23.0%	1980-1994

Source: European Commission, 1998, *Culture, the Cultural Industries and Employment*, Commission Staff Working Paper

Culture is eminently a *city* industry, and more generally an urban phenomenon. Through ages, and in particular since the end of the middle-ages, the most important works of art, the most influential circles of creative thinking, the best schools and universities, and the flourishing of cultural trends and languages, have been closely associated with cities, their power, and their economic strength. It is thus not surprising that as of today, the cultural heritage of most nations – especially in Europe – is concentrated in cities, and that most starting artists or organisations would look for an urban location, preferably in one of those “cultural hubs” like London, New York or Berlin, where land values have now reached levels common to any other global industry throughout the world. Figure 1 shows an example from the Netherlands: the map of cultural jobs in the country reveals unequivocally the four largest urban agglomerations of the country and within them the city cores.

Fig. 1 – Number of jobs in the cultural industries per municipality in the Netherlands, year 2002. *Source:* elaboration Spatial Planning Bureau of the Netherlands on LISA data (Raspe and Segeren 2004).



Despite its *global* articulation, culture – owing to its idiosyncratic, highly contextual and inherently unique nature – is a *factor of distinction* for cities, and this makes it a key ingredient of contemporary urbanisation. Each city has its own culture, partly reflecting the historical heritage of a community, partly its projection into the world. Even conventional cultural products like orchestra performances or museums arguably reflect the typical traits of its host community, through their choice of repertoire and their communication style. Cities are indeed badly in need of such elements of distinction. The post-modern city competes for attention on a planetary scale. Under the levelling pull of globalisation, cities have a chance to build “bridges” (Castells, 1996) that keep together the *space of flows* of the global economy (made of migrant citizens, information, goods, etc.) with the *space of places* of the local, and anchor their destiny to it.

Their cultural specificity becomes a building block of their economic status and an element of the "image" that governments and business communities utilise to attract resources, people, and capital³. At the same time, cities can project an image of modernity and dynamism by investing in new cultural infrastructure and create an "artificial distinction" through grand projects; "flagship museums" like the MACBA, the Centre Pompidou or the Kunsthal in Rotterdam, as well as other stylish new pieces of cultural infrastructure (the Finlandia Hall in Helsinki, the new Bridge by Calatrava under construction in Venice) have the potential to bring in a rupture in the urban environment, be "surprising" and hence remembered. However, there are warnings about the final outcome of flagship investments (Eisinger, 2000) which regards both the social implications of an excessive centralisation of the city's development assets and the possibility of a "global convergence" in cityscapes (same icons everywhere, often designed by the same architects with the same materials in any place) depleting rather than enriching urban uniqueness.

Cultural industries also fit perfectly the requirements of the knowledge economy. On one hand, they are highly transversal to many other urban functions. Their "value chain" is rich; through it, the creative knowledge typical of art and culture, its attitude to reflection, openness and innovation, trickle down to other information-intensive economic sectors. At the fringes of art and culture, there is a whole series of economic activities, the so-called creative industries, in which productivity is linked to the generation and elaboration of cultural content. It should also be remembered that culture is a major driver for urban tourism.

On the other hand, the cultural industries have important social connotations. Cultural jobs are irregular and flexible, so that cultural employment is an "anti-cyclical" factor in periods of industrial decline and transition, and a vehicle for social mobility in periods of revitalisation and expansion. For these reasons, European cities value cultural employment (EDURC, 1997) and agree that there is growth potential in the cultural industries. The demand for cultural goods and services is likely to rise on account of social and economic trends:

- The growing welfare and the changes in the life style have stimulated the demand for cultural services and the proportion of that income going to culture, leisure and entertainment (3% on average);
- People live longer and especially the over-55s consume more cultural goods and services with their increased leisure time and disposable income;
- Higher standards of education have a positive effect on the future demand for culture;

³ Zukin (1995) developed a thorough analysis of the way in which culture and the cultural capital are becoming distinct – though contested – characters of the revitalisation of the most successful cities in the world, using several examples for the "global city" par excellence, New York.

- On average, the free time of European citizens has increased;
- The participation in cultural life has become more diversified;
- Growing urbanisation reinforces the observed correlation between the supply of culture and the degree of urbanisation (European Commission, 1998).

In short, culture can be seen as a driver for a new stage of development of cities based on quality of life, conviviality, creativity as elements of distinction of cities, at the same time guaranteeing *balance* to such development. Hence the importance for cities to invest in culture: heritage management and preservation, art production, events and infrastructure, jobs and creative education.

These considerations induce us to embrace a “prescriptive” analysis of the role of culture in cities. Which kinds of impacts are to be preferred, which organisation model for the cultural sector leads to a more innovative, competitive and liveable city? Calculating the number of jobs generated by a museum’s budget does not answer this question. A more sophisticated approach need to consider the profile of such jobs, the kind of people who get them, their location and time horizon; whether a museum manages to attract private sponsoring or uses public money only; the educational activities that it carries out; the way in which their marketing campaigns are organised; and the degree of “embeddeness” of the museums’ activities in the life and networks of the city that hosts it.

This kind of information is critical for a significant assessment of the role and the importance of that museum for a city. And it allows policymakers to identify their best approach to cultural policy, one where specific actions in the field of marketing, management and planning can boost the impacts of culture for sustainable urban development.

3. A MODEL OF CULTURE-ORIENTED ECONOMIC DEVELOPMENT (COED) FOR THE CITY

How can we conceptualise the role of culture as an engine of sustainable economic development for cities, and evaluate the full range of its effects? A few analytical steps are needed to develop an integrated analytic framework. The logical sequence is the following:

- Understanding what are endogenous forces that are behind the development of an urban cultural cluster and that determine its evolution
- Understanding how culture affects the “rest” of the urban economic environment
- Understanding how the consequent changes in the urban structure feed back on the development of cultural activities.

3.1. The “urban cultural cluster”

The term *cluster* refers to physical proximity, but more importantly to the organisation structure of a production milieu, characterised by a dense network of relations between producers and, vertically, along the chain with customers and suppliers; and by strong, informal ties between the economic sectors and the local society. This model, which is more commonly known with reference to regional agglomerations of small and medium enterprises engaged in the manufacturing of specialised goods, can be applied straightforwardly to cultural production, as have done among others Santagata 2004 and Mommaass 2004.

In an economic perspective that adopts the interpretative discourse of industrial districts – hence in which agglomeration events are at the base of processes of value generation – the city can indeed be seen as a system characterised by the presence of a high density of cultural, artistic and natural assets and by a network of economic, non-economic and institutional actors engaged in conservation, valorisation and management services (Lazzaretti, 2001: 62). Reference to the concept of “art city” allows a closer focus on the network relations characterising the cultural cluster. The city can indeed be seen as:

«... a whole made of [...] non-substitutable components, combined in a historical process that prevents any possibility of separation among them and between them and the city» (Mossetto, 1992: 9, our translation).

The identification of an “urban cultural cluster” has a double value in our analysis. On one hand it emphasises the advantages deriving from spatial proximity of specialised operators (the “Marshallian district” model): agglomeration benefits are not determined only by occasional externalities (for instance, the valuation that the tourism industry may do of a thriving cultural environment) but rather on the possibility to activate *value relationships* between operators, like shared specialised services and scale economies in the management of common functions. On the other, it considers the “urban planning” dimension, stressing that the development trajectory of the city is explicitly tied to its cultural sphere (culture as a strategic asset for the city).

3.2. Evolution of the cluster

The clusters of cultural production thrive in cities that enjoy a large demand for cultural amenities, and where the right “cultural” conditions can be found. This happens in central and highly accessible places, like global cities or regional capitals, and in medium-sized cities with a large tourist demand generated by natural or cultural attractiveness. Additional conditions — underlined by authors such as Bianchini and Parkinson (1993), Scott (2000), Landry (2000), Florida (2002) — regard the structure of the social and cultural networks in the city, which need to be “open”, inclusive, diverse. New symbolic meaning, styles of expressions and social values are believed to derive from the encounter of people with different talents and cultural

backgrounds, and from their engagement in work and social relations. For instance, the concentration in urban areas of relatively well-off young people with lots of free time, erratic working schedule, and dense social agendas is supposed to have led to the emergence of a distinct “café culture”, mingling entertainment, culture and sociality.

Such an environment easily connects with culture and art, seen as the “background” or scenario of social interaction, and catalyses new forms of cultural expression, that are elevated from a more or less underground status to be enjoyed by paying patrons. Thus cultural activities, from the traditional to the more experimental, develop as industries on their own right, and get organised in forms deeply embedded in the urban fabric: part of the café patrons are artists, others they like to be with artists, and presumably do business with other artists.

These industries reach critical mass with government support (e.g. the organisation of events, financial support for starters, funds for conservation and promotion), and in some cases become self-sustainable in time. Only conservation-related activities generally remain subsidised out of “ethical” concerns. The important point, anyway, is that in a complex cultural cluster, the economy generated by cultural consumption may positively affect the chances of sustaining the activity of non-profit institutions through leverage spending and tax income.⁴

The cluster may incorporate “traditional” cultural organisations (mostly in the non-profit sector) and companies that produce cultural goods and services, including the so-called *creative industries* working at the edge of art and commodity production or marketing. The capacity of these two worlds to come in contact and fertilise one another is at the basis of growth, with the traditional, established cultural institutions working as “platforms” for cultural debate and “windows” for the cultural production sector. In this process, friendly competition between cultural producers to access funding and “representation space” will lead to the establishment of a sufficient number of high-quality products which could open the way for a more articulated and diverse sector. At the same time, personal contacts and working relations with small independent producers may stimulate the repertoire of large cultural organisations, also offering innovative solutions in the organisation of the production chain, with the development of specialised services and new distribution channels.

Starting artists and organisations would find it more convenient to locate within a dynamic milieu where they may enjoy immediate visibility, reap economies of agglomeration (for instance sharing marketing arrangements to reduce costs), and derive creative inspiration from the encounter of different

⁴ Such mechanisms have to be accurately planned and resent of spatial externalities; for instance it is not uncommon, especially in the case of heritage tourism destinations (as documented by Caserta and Russo, 2002) that the tourism revenue accrue to communities and administrations that do not coincide with those that bear the management costs of tourism.

talents and styles; a “cumulative” process of development of cultural industries would then be triggered.

Strong, acknowledged leaders in the sector would be key actors behind this cross-fertilisation, building the capacity to sustain high quality in art and culture without recurring to subsidies. For instance, this can be achieved through the development of a business model for art and culture through the development of accessory services, the generation of added value from the “packaging” of cultural services, and the integration of cultural consumption in wholesome urban experiences. Such “addition” to core cultural products and services crucially depend on the structure of the network relations in the cluster.

The initiative could come from enlightened cultural managers in fine arts and traditional state-subsidised organisations, who seek for remedies against the shrinking of public budgets and who care not to isolate their repertoires from contemporary influences. However, it may also come from the bottom; young, aggressive “creative entrepreneurs” with the organising capacity and the ambition to break through the dominant “cultural paradigm” by establishing a local brand which is strongly associated to the “place culture”, and as such, totally expendable in the city marketing discourse.

However, this process may also come to an end. Creativity remains a driving force in the development of a cluster as long as market reasoning does not prevail in production strategies, resulting in the “commodification” of culture. Scott (2000) argues that producing culture “for the market” is inevitable in contemporary capitalistic economies, and observes that the opposite process is also true, whereas the production of commodities is increasingly imbued of symbolic and artistic value. He finds that although this may reduce the time-span of “stylistic cycles”, it also feeds a healthy ecology of the cultural sectors, leading to the development of strong and competitive cultural industries, in which creativity and easy access to capital are the key elements (e.g. the Los Angeles film industry). In Box 1, reference is made to the seminal work by Hans Mommaas in the analysis of the elements that determine the evolutionary pace of the cultural or creative clusters.

Box 1 – A typology of cultural cluster structures. Mommaas (2004) identifies six “critical elements” in the cluster structure which are supposed to influence the pattern of its evolution:

1. The different mix in the “horizontal” portfolio of activities and in the level of collaboration and integration within the cluster (a “mono-actor” or homogeneous cluster as far as size and organisational type of firms involved in it, as opposed to one incorporating a wide variety of firms);
2. The different mix in the “vertical” portfolio of cultural functions along the value chain (mono-functional clusters as opposed to integrated cluster incorporating different “stages” of cultural production – e.g. museums, but also the suppliers of museum services, the ateliers, and the marketing agencies).
3. The structure of governance (inclusion of all players of the cluster as opposed to top-down, planned cluster governance)

4. The financial regime (involvement of private and public financial capital through subsidies and sponsoring, as opposed to hybrid forms of self-financing through cross-subsidisation)
5. the level of openness and adaptability of the cluster to a changing urban-economic environment as opposed to a more “impermeable” and stable location/organisation
6. the growth trajectory and “aims” of the cluster (a planned initiative for regeneration purposed versus a spontaneous development from a localised cultural emergence).

3.3. The economic impacts of culture

Generating added value and jobs, the cultural industries are a straightforward contribution to the urban economic mix. While individual artists’ jobs are hardly counted and economically significant (due to the largely non-institutionalised profile that they have and of the small numbers involved in professional artistic production), art markets, cultural management and the activities of cultural institutions do represent a large employment sector, as demonstrated by some of the cities in this study. This is even more the case if a city builds as a tourism destination on account of such resources, therefore increasing dramatically the market potential for such services.

However, the “merit” nature of cultural production and the consequent subtraction of pricing strategies and management practices to market accountability has for long hindered the possibility of a straightforward impact analysis of the sector. The direct impacts of cultural activity are similarly marred by a large aura of ambiguity. Is subsidised employment, often confused in the staff costs of municipal or national administrations, to be considered a net addition in a city’s economic base? And more importantly, is cultural production — for instance, a new “flagship building” or the reopening to the public of portions of the cultural heritage of the city — to be valued merely at market prices, that is the economic return from their “use” at tourist attractions or production sites of goods and services? In this case, how can its effects (in terms, for instance, of tourist expenditure generated, or larger productivity) be calculated? Or alternatively, which “intangible” values should be also incorporated in this calculus?

The difficulty of similar intellectual problems and their technical articulations have often meant that city managers only have a vague notion of the economic importance of cultural investments and projects. It is sometimes quoted as a joke that if the Eiffel Tower had been built on the basis of mere cost-benefit analysis, it would not be there. However, the issue is pulling, because budget restrictions and the decentralization of public expenditure is putting more pressure on local administrations to defend the “rentability” of cultural project. If a strictly “industrial” accountability would be adopted, it needs nevertheless to extend to all the value generation processes fed by art and culture in a city.

As broader definitions of culture are adopted, which include the creative industries as any other sort of fuzzy combination between art and manufacturing, assessing the effects of culture does not become any easier. Cultural impacts are in those cases embedded in disparate industrial processes; traded culture-intensive services are only an aspect, sometimes negligible, of the integration of cultural content into commodities. Today most manufacturing and service companies employ “creatives”: designers, fundraisers, advertisement specialists, and even “house artists” and cultural managers (mostly as a part of their PR activities). It might even be a meaningless exercise to try to distinguish the cultural industries from any other form of advanced capitalistic production process: today, even washing machines are the creation of designers and fashion experts as much as they are of engineers.

In any case, it is apparent that the real issue with cultural activities is not “calculating the impacts” but it goes one step back. “Understanding” the impacts is the key issue. Once it is realised what kind of impacts can be expected, what their time horizon is and their full structure of causality, a quantitative assessment can be attempted. Instead, one of the real “black holes” of cultural economics (or better, of applying mainstream economic concepts to the fields of art and culture in order to assess the impact of a project or activity) is the lack of solid foundations for such experiments. The data, some data may be available and are used, but the results can be interpreted in many different ways, and can be easily confuted. Box 2 provides an illustration of such ambiguity.

Box 2: the “weight of the water”: a Venetian cultural economy? A recent study (Di Maria et al., 2004) estimated in some 6,250 the jobs directly or indirectly generated by culture in the city of Venice, or the 12% of the jobs in the Historical centre of the Italian city. Tourism impacts are much larger: 22,500 jobs in the city and an estimated billion of Euro per year are pumped into the Venetian economy. Yet they can be attributed to culture only with some difficulty, because the expenditure of visitors in culture is estimated at less than 3% of their budget. Of course, the “cultural image” of the city – fed by its heritage, which is costly to maintain and needs continuous investments, and by events and projects held at a relentless pace — is crucial to attract most visitors. However, tourism is also known to generate substantial *costs* to the city, in terms of diseconomies from congestion, price inflation, environmental externalities and social change (Russo, 2002). Are these costs also to be attributed to culture? If we accept that culture is what attracts visitors to the city, then we ought to admit that it is also at the basis of the many ills that are making of Venice a wasteland. So, the real economic impacts of culture could be anything from negative to a billion Euro a year, depending on the conceptual approach, on the spatial scale involved, on the instruments used. The consequences are that today everybody in Venice is talking about culture as a sector with “development potential” but nobody knows very well what to do with it.

Once “added value” data for the cultural industries are obtained (which is not immediate, especially in the realm of the public sector activity), a research on the effects of culture should then set out to tackle the challenging issue of

"indirect" impacts. To this account, it is argued that the development of cultural industries makes the city more attractive to other urban actors. These would not only be the affectionate patrons, the visiting "gazers", or the related "parasite" businesses, which are nevertheless critical for the internal sustainability of the cluster. A more important magnet effect would be exerted to firms and organisations that expect to draw new creative ideas, a high company profile, and amenities and opportunities for their workers from a given "cultural environment", influencing in this way their location decisions.

In this way, culture becomes a lever to other urban functions, stimulating innovation and uniqueness. It could be argued that to the extent that culture is relevant to the production milieu, it serves to embed "mainstream industries" more tightly to the place. The local specificity becomes a killer ingredient of technical and commercial strategies.

The contact between creative producers and "customers" or business partners adds to the dynamism and synergies in the area, contributing to a further development of the cluster. Knowledge flows upstream from the creative industries to the cultural producers: it is the case of industrial designers inspired by the works of visual artists (and often vice versa, as with Andy Warhol's "serial" works) and wanting to be in direct contact with their workshops, or record producers settling their studios in an area where many local bands are active. But it also flows downstream, influencing the culture, organisation models and commercial strategies of the big firms that buy advanced producer services. In turn, cultural production becomes increasingly "industrialised" in the attempt to accommodate and imitate the strategies of their clients.

Mutual stimulus between the actors, imitative behaviours, and shared projects (Rullani, Micelli and Di Maria, 2000) enhance innovation and experimentation in the city. The *@industries* are (sometimes misleadingly) regarded as a model of success, independence and adventurism by the new generations. Technical, coded forms of knowledge interface with informal communication structures, developing hybrid forms of "know how" for which environmental qualities are as important as subjective skills. These flows are, again, not only traded relationships, but also mark the diffusion of organisational models, firm cultures and lifestyles, which bring forward process innovation in the business sector as well as significant developments in the society: the stimulation of flexibility in production models, the attraction of the most creative and open-minded human resources, the deconstruction of hierarchies and "incremental behaviour", and the establishment of a 24/7 economy geared to the lifestyles and needs of post-modern citizenships.

The study of urban culture needs to reflect this complexity and elaborate on it. Knowledge on the configuration of the system of stakeholders and the institutional network of the city is then fundamental to understand how the cultural activities affect the city and the local economy.

In conclusion, we can identify **three "impact areas"** of culture on the local economic environment:

- direct economic impacts from employment and value generation in the cultural industries and indirect expenditure effect, which are so much larger the more "embedded" in the local are cultural professions
- induced effects of cultural activities on the quality of a place, among which the tourist attractiveness, which leverages additional visitor expenditure, but also the location amenities for companies
- "creative inputs" accruing to the local networks of production (both to products and processes of production, or organisational models). These are "cultivated" in a lively and stimulating cultural environment where a creative class develops, attracted by tolerance, openness, educational and social opportunities.

The last element that needs to be taken into consideration is the effects that culture brings to the fabric of the city, changing continuously the physical and social "scenario" where development takes place.

3.4. The cultural cluster and the socio-environmental fabric of the city

A corollary of the urbanisation model of van den Berg (1987 and other works) is that urban policy should bring forward a "smooth", balanced use of the space, where mobility costs are minimised and social-economic frictions are re-composed in a model of "harmonious city".

A culturally dense urban fabric is today an attractive place both for weak social groups, who see the opportunity to put to value their skills and knowledge, and for the top-end human resources (especially mononuclear households and young couples) who value the high levels of quality of life from cultural opportunities and social mobility. It is argued that an open and tolerant social environment is more resilient to "shocks", and capable of turning heterogeneity into a competitive strength.

Cultural activities do contribute to define the "boundaries" of development from the spatial/functional point of view, favouring the maintenance of the conditions that are needed to keep the development potential in place. Cultural projects affects the spatial organisation of the city, easing the pressure from congested city centres and providing regeneration opportunities even for marginal districts (La Villette in Paris, the Gasometer in Vienna, the Forum 2004 in Barcelona); or alternatively, re-focussing attention and investment towards dilapidated city centres (the Centre Pompidou in Paris, Schowburgplein in Rotterdam, MACBA in Barcelona). Through the promotion of the local heritage and the conservation of the cultural capital, the sense of place and identity can be maintained and nurtured. Culture projects may ultimately contribute to a more cohesive and balanced society, granting a community the possibility to discover their own and other cultures

and histories, and providing access and opportunities of personal development to disadvantaged groups.

Yet successes and failures in cultural development are also likely to change the "initial positions" from which development impulses sprung. In fact, property-led, corporation-driven development strategies could lead to the diminishment of those urban idiosyncrasies which were the original reason to re-concentrate, levelling on the "social" side the economic benefits that may be pursued from agglomeration. Muñoz (2005) talks about "urbanalisation" as the ultimate consequence of a development model which is disrespectful of cultural identity. As creative clusters are closely connected to "locations", the endurance of the cluster may come to an end when the process of revalorisation of the place may lead to the crowding out of the area of the constituting elements of the cluster: people, institutions and functions, and the consequent rupture of the delicate social and cultural mechanisms that made the success of the cluster in the first place.

This process of gentrification does not need to be the end point for cultural vitality in a city, however; the "cultural arena" may simply shift where new favourable conditions are present. Cultural production sectors in large cities like London, Paris, Berlin and Barcelona have shown to be particularly adaptive to fast-changing location opportunities throughout the city (and generally following a centrifugal model "from the centre to the periphery"). The evolutionary process of transformation of cultural spaces — from run-down areas where artists find cheap and inspirational locations to tourism-ridden "latin quarters" — does not prevent the linkages in the cluster from just shifting geographically to other parts of the city, where the process starts again, with new actors and ideas but counting on a stylistic "heritage" which does not fade with location. However, the capacity to sustain such "seek and destroy" model of culture-led development could be limited by the availability of adequate spaces in the city. These should remain sufficiently cheap, with a favourable structure of property rights, and not too eccentric with respect to consumption areas in the city.

In conclusion, the development of a cultural industry may follow fast cyclic patterns and be "erratic" in space, but as long as creative talents are attracted to the city, and the spatial-economic conditions (possibly supported by targeted area policies or entrepreneurial support) allow the sedimentation of a critical mass of organisations and businesses characterised by the typical traits of the "cluster economy", cultural production will emerge and stay as a driver for urban economic development. Culture may then be seen as one of the most important drivers of urban regeneration and change, to the point of representing a veritable new "paradigm" of urban development based on "soft" economic factors, like creativity, mobility, symbolism.

3.5. Integrating three impact areas in one model framework

The three levels of development of culture – as *industry* organised in dense economic clusters of production and consumption of symbolic goods, as *input* that is likely generate change and innovation in other economic sectors and in the urban economy at large, and as *structuring element* of urban growth — are likely to be highly interrelated, and so are their impacts.

We then envisage a *Culture-Oriented Economic Development* (COED) model for the city, based on the mutual influence between inner cultural cluster dynamics, economic impacts, and socio-environmental impacts. By ultimately affecting the social mix of the city, its physical / spatial structure and its very cultural identity or capacity for self-reflection, COED is an inherently dynamic process, continuously altering the capital assets that determine the pace and shape of such developments. It is thus a question for urban policy to keep the process of development in balance, achieving “sustainable” urban development.

In the scheme of Figure 2 we can see the model at work.

The three impact areas devised in this model are the **basic hypotheses** of our study:

1. The development of a selected number of cultural clusters may be the lever for the development of a widespread creative production sector.
2. A creative economy improves the competitiveness of the urban environment.
3. Culture-oriented urban economy is sustainable if spatial balance, social permeability, and cultural identity are preserved in the growth process.

Evidence from the case studies will serve to test and articulate these hypotheses. This study is primarily policy-oriented, and those issues are to be investigated primarily in terms of cause-effect relations between specific government activities and the development of cluster dynamics as specified above, highlighting limits, best practices, and governance structures that are more likely to achieve these objectives.

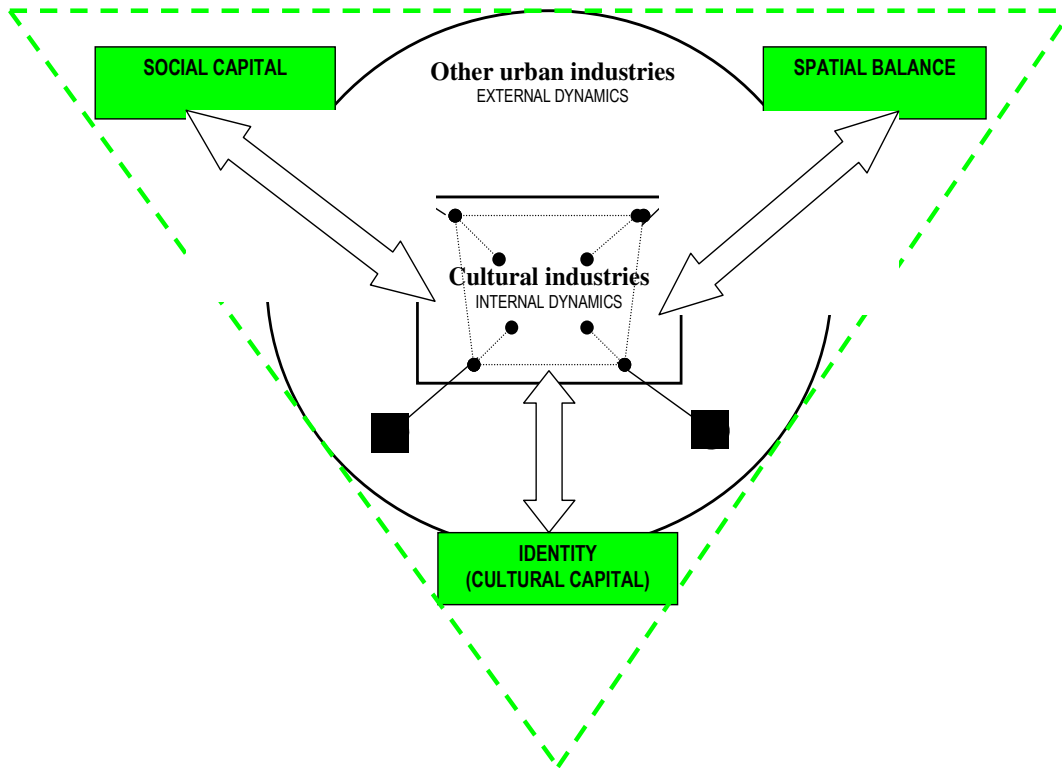


Fig. 2 – COED model structure

The scheme in Figure 2 can be utilised as a reference framework to evaluate the role and effects of culture on the economic development of cities. A list of qualitative and quantitative information may be used to compare the degree of achievement of each city, with reference to the three aspects mentioned.

- A. *The "economic strength" of the cultural cluster.* Sector data as the number of jobs generated by the cultural industries directly and indirectly, their level of economic success (sales) and the return on public expenditure, when available, may be read - in historical trends as an illustration of a city's trajectory, or comparatively across the cities in the sample - as indications of the state of development of the cultural sector. Qualitative information on the structure and dynamics of the cluster (network relations, cluster ecology and collaboration) can also be used to assess the vitality and innovativeness of the creative production sectors.
- B. *The "fertilisation" of the local economic milieu from culture and creativity.* This aspect entails an evaluation of the creative talent embedded in local economic sectors, of the innovativeness of local enterprises, of the value of knowledge transferred from the cultural sector to the creative industries and along the chain of value to the mainstream economic sectors, of the attention and support that culture receives from the business community. This sort of information is more difficult to obtain and complex to appreciate than the mere estimation of

economic impacts. The *mapping* of the “networks of creativity” may provide a clearer identification and explanation of the ways in which culture in the broader sense relates with the urban context to attract resources (human, financial, productive) and sustain and upgrade its production cycle.

- C. The “*sustainability*” of the *process of economic growth* as determined by cultural activities and projects, which involves the level of participation of local residents and other groups to cultural activities, the ease of access, the spatial scale and distribution of cultural activities and their relation with urban regeneration projects, the state and promotion of the heritage assets.

4. COMPARATIVE ANALYSIS OF TEN CASE STUDIES

In this final chapter, the case studies are analysed in a comparative way and the information gathered are used to test the COED model proposed in chapter 3 and the assumptions of our study. This allows the reconstruction of a general framework for policy that is enhanced with practical illustrations of “best practices” and examples from the ten sample cities.

4.1. Main city characteristics and European positioning

The sample cities have different characteristics and thus cover a broad range of situations as far as dimension (in absolute terms as well as relative terms within their national urban systems), stages of development, degree of attractiveness, and geo-political aspects are concerned (Table 2). The ten cities vary in **size** from less than 100,000 inhabitants to more than a million and a half, while their urban agglomerations (whether they are formally considered administrative units or not) range from 0,25m to 2,5m. Within their national systems, their **status** varies from being capitals of important regions to national capitals like Edinburgh, Vienna and Amsterdam, and their **rank** in population terms is as high as first (Amsterdam, Vienna), to low as in the case of Bolzano, while a fair share of them have a “second city” position (Rotterdam, The Hague, Tampere, Klaipeda). With the exception of Rotterdam and Klaipeda, the ten cities are all **growing**, especially in the city centres; they are thus living a stage of “reurbanisation” which is supposed to put culture and recreation under the spotlight. This is aspect is even more important to cities where **unemployment rates** are high, especially if compared to the national figure, like Amsterdam, Manchester, Rotterdam, Tampere.

Their **population mix** is diverse to different extents; the most “multi-cultural” are the three largest Dutch cities, as well as Manchester, Vienna and Klaipeda, and the less “coloured” are Edinburgh, Eindhoven and Tampere. Bolzano is the odd case out of an officially bi-cultural city in the German-speaking part of Italy. Social diversity is also enhanced by student populations, which also add a cultural element to the identity of the place. The largest **student populations** are found in Amsterdam, Manchester, Rotterdam, and especially Vienna, but Edinburgh and Tampere have the largest settlements compared to their size. The Hague is the only city in this sample without a university of its own, but has many university cities at close distance.

Finally, these cities tend to be rather attractive to international and domestic **visitors**; Edinburgh, Vienna and Amsterdam are real “tourism stars” with 6 to 15 m visitors a year, while Manchester, Rotterdam, The Hague, Tampere serve important regional tourist markets; the others (Klaipeda, Bolzano and Eindhoven) are important gateways to other attractive regions.

Tab. 2 – Main information on case study cities (year 2003-2004)

	City size (1,000)	Pop. Growth	Unemployment rate	N. foreigners / N. HE students	N. of visitors
	(city / metro area / national rank)	(city / metro area)	(abs.; in national terms)	(share of pop. / 1,000)	(overnight stays by foreigners / domestic)
AMSTERDAM	739 / 1,184 / 1 (nat. capital)	++ / +	8% / +	32% with ethnic background (50% of < 19 y-o.) / 66	6 Mo / 0.44 Mo (2003)
BOLZANO	94 / 463 (province) / 46	+ (since 2001)	1.7% / --	70% Italian, mother tongue, 30% German, 1% Ladin / 2.2	0.29m / 0.25m (2004)
EDINBURGH	448 / 2,404 (Lothians Region) / 9 in UK; 2 in Scotland and nat. capital	+ (est. to 2011)	2.2% / =	3% / 62	4.9 Mo / 8.1 Mo
EINDHOVEN	208 / 605 / 5	+ / +	7% (2004) / =	6,8% / 18	6,4 Mo / 1,4 Mo (region Noord- Brabant)
KLAIPEDA	190 / 236 (Lithuania Minor) / 3	-	7.1% / -	30% of non Lithuanian ethnic origin / 4.7	141,000 (mostly domestic)
MANCHESTER	402 / 2,500 / 3	+ / -	7.8% (city) / 3.8% (metro area) / +	19% "non white" / 57.5	4.5m overnight stays (approx 50- 50); including excursionists, 17m visitors
ROTTERDAM	599 / 1,362 / 2	- / -	10.6% (2004) / ++	> 50% "non white", 43% foreigners / 50	250,000 / 435,000
TAMPERE	200 / 455 (Pirkanmaa region) / 2	++ / +	13.5% / +	2.6% / 36	120,000 / 480,000
THE HAGUE	469 / 768 / 3	++ (until 2010)	6.3% (2004) / =	< 50% non Dutch origin / 1,8	261,000 / 274,000 (2002)
VIENNA	1,600 / 1,850 / 1 (nat. capital)	+ / +	9.5% / -	17.3% foreigners / 110	6,5 Mo / 1,4 Mo

These different elements contribute to determine the overall position of cities in a European urban hierarchy. Adopting the DATAR classification of European cities (Rozenblat and Ciccile, 2002) helps us to synthesise this information and classify our sample cities in three groups:

A. *Major European Metropolises and European Metropolises*: Amsterdam, Vienna

- B. *Large Cities of European Importance and Large Cities with European Potential*: Rotterdam, Manchester, Edinburgh
- C. *Cities of Established National Position and Other Cities of National Importance*: The Hague, Eindhoven, Tampere

The other cities were not classified by DATAR, being either too small (Bolzano) or not belonging to the EU at the time of the classification (Klaipeda), can reasonably be placed in group C as far as their national positioning and development potential is concerned.

Clearly, the role and relevance of cultural development can be evaluated at different angles in such different urban contexts. The COED model can be expected to have particular relevance for medium-large sized cities in economic transition, like the cities classified under "B" above. These cities aim at achieving a scale-jump in the urban hierarchy by filling the gap that divides them from larger cities in their respective national systems, through a more explicit use of their cultural potential as an addition to the local economic base.

In "A" cities, investments in the cultural realm and the support to creative productions sectors can be seen as a "stabilising" factor for the rapid economic growth which has been experienced in the last 20-30 years, reducing potential disparities through the inclusion of economically marginal groups, and maintaining the attractiveness of the city face to pressure for redevelopment (which could deplete the value of their cultural capital). In any case, culture is also seen as a continuous source for the diversification and internationalisation for the local economy.

Finally, for "C" cities culture at first sight may not seem as the most relevant of fields of action. Cities with a small mass can hardly be expected to develop as global cultural hubs attracting visitors and businesses, but they can still use their cultural strengths to achieve local objectives: raise the profile of the local human capital, increase their attractiveness, and establish as national cultural centres.

4.2. Cultural highlights

Table 3 illustrates the diversity of the sample of cities as far as their cultural highlights are concerned. Each city considered in this sample has something to offer, even though their level of ambition and the "catch" of culture is clearly limited by the dimension and positioning.

Almost all the cities in this study possess an impressive stock of **cultural heritage**, in part visible in monuments, religious building and historical city grids, in part made of intangible, atmosphere-related elements, which are also a legacy of their political and economic history. Thus, Amsterdam, Rotterdam, Klaipeda, cities which were forged in close relation with the sea and the maritime economy, host an impressive civil architecture reminding of

past and present commercial and productive functions, and are relatively open to new cultures and innovative social activities. Vienna and Edinburgh, two millenary capitals, are rich in the “hard” infrastructure of political power and stately institutions, while at the same time being cradles of the national cultural histories and currents. Finally Eindhoven, Manchester and Tampere, whose history is closely knit with industrialisation and the working class movement, have a dynamic, young popular culture and a valuable industrial heritage as icons. Bolzano is the only example of a medieval city which has more or less maintained its appearance and “mass” through ages, though its uniqueness stands in its cultural diversity, which results in bustling cultural activity and in an attraction for two communities (Germans who wish to taste a bit of Italy, and Italians who are willing to experience the German way of life).

Cultural activity in A cities is boosted by the presence of first-class **infrastructure** like the Concertgebouw and the Rijksmuseum of Amsterdam, and Albertina and the Musikverein in Vienna. These national institutions are the house of world-famous orchestras and collections and engage regularly in blockbuster productions of high quality, to the enjoyment of both the local community and of an enthusiastic international audience, thus fulfilling the double mission of educational centres and tourist attractions. B cities have caught up to an enviable position, endowing themselves with impressive new facilities in recent years: the Schouwburg and the Kunsthal in Rotterdam, the Bridgewater Hall and the Urbis cultural centre in Manchester, the new building of The Scottish Parliament and the Usher Hall in Edinburgh; in the latter case, the new facilities would complement and modernise existing strengths in other realms (performing arts and the festivals, literature). C cities have primarily “regional” community facilities which in some cases have risen to national importance thanks to clever programming and marketing: the Municipal Museum of The Hague (with its unique Mondriaan collection), the Tampere Hall and the Sara Hildén Art Museum in Tampere, the Van Abbe Museum and the Effenaar podium in Eindhoven. Bolzano and Klaipeda are mostly known for the natural environment in which they are inserted but can count on state-of-the-art cultural facilities for performing arts, museums and two important conservatories which feed a musical tradition.

Tab. 3 – Cultural highlights

	Main attractions	Main cultural events	Main strengths / weaknesses in city “cultware”
	(city / metro area / national rank)		(city / metro area)
AMSTERDAM	National museums (Rijks, Van Gogh), Municipal museums (Stedelijk), Heritage and historical sites (Anna Frank house), Historical architecture and canals, diamonds’ craft, performing arts venues (Muziekheater, Nationale	Kwakoe Summer festival, Floriade, Art markets in the Spui, Gay Parade, International Documentary Film Festival Amsterdam	STRENGTHS: Liberalism, tolerance, low access barriers to culture, experimentalism in art forms, grassroots art and culture WEAKNESSES: gentrification of city centre, tourism

	Ballet, Stadschowburg, Toneelgroep, Concertgebouw) and companies (le Carré, De Kleine Comedie, Cosmic Theatre, Felix Meritis, Concertgebouw Orchestra), pop music and dance, alternative lifestyles		commodification of culture, conflict between locals and visitors for access to culture
BOLZANO	Medieval city centre with cathedral and palaces; castles; museums (Archaeological Museum and Museion Museum of Modern and Contemporary Arts); performing arts venues (Municipal Theatre and Auditorium, Haus der Kultur) and companies (Teatro Stabile, Vereinigte Buehnen, Haydn Orchestra, Orchestra Giovanile 'Gustav Mahler').	Transart festival, Bolzano Dance, film festival Opere Nuove, Christmas Market	STRENGTHS: Multi-culturalism, grassroots art and culture, experimentalism in art forms WEAKNESSES: small mass, concentration of art and cultural supply in city centre, excessive focus on traditional culture in promotion and funding
EDINBURGH	Historical heritage and architecture (Edinburgh Castle, Georgian city centre), The Scottish Parliament, National museums of Scotland, National Galleries, Fruit Market Gallery and other visual arts, performing arts (Usher Hall, Queen's Hall, Lyceum Theatre)	Edinburgh Festivals: Edinburgh International Festival, Fringe Festival, Edinburgh Book Festival, Military Tattoo Festival, Hogmanay, Ceilidh Culture Festival, and others.	STRENGTHS: Festival tradition, low access barriers to culture, high education levels of population, low poverty rates, welcoming and international urban atmosphere WEAKNESSES: proximity with Glasgow, small ethnic / creative community
EINDHOVEN	Museums and collections (Van Abbe), performing arts and podia (Fritz Philips music hall, Stadschowburg, Plaza Futura), Evoluon, pop music scene and podia (Effenaar); industrial heritage (De Witte Dame)	Ice Sculpture Festival; Virus Festival; Design Week	STRENGTHS: Technological education and the large student community, industrial history and legacy, experimentalism in art forms, compact and cosy city centre, "campus city" WEAKNESSES: unfocused image, small mass and peripherally in Dutch urban system, lack of animation, lack of blockbuster attractions and events
KLAIPEDA	Historical city centre and docks, municipal and national museums and galleries, natural landscape (natural world heritage site), music conservatory, university	Sea festival, SEAS, Jazz festival, International symphonic music and opera festival, International Choirs' Festival of the Nordic countries	STRENGTHS: Young, dynamic society, idle land for cultural clustering, low estate prices WEAKNESSES: small urban scale, poor accessibility, economic-oriented development model, bureaucratic cultural management, obsolete infrastructure, small cultural networks, leakage of human capital, lack of support for cultural entrepreneurship
MANCHESTER	Historical heritage architecture, Victorian city centre, National and municipal museums (Museum of Science and Industry, Manchester Art Gallery, Manchester Museum,	The Commonwealth Games in 2002, Chinese New Year, Caribbean Carnival, Asian Festival "Mela"	STRENGTHS: Reputation of a dynamic sub-cultural hotbed, renovated city centre, tolerance, openness to experimental art, socialist tradition of support to

	Imperial War Museum North, Whitworth Art Gallery), art centres (Cornerhouse, Cube, Castlefield Gallery, Lowry Centre, Urbis), performing arts venues (Bridgewater Hall, Royal Exchange Theatre, Palace Theatre) and companies (Halle Orchestra, BBC philharmonic), pop and rock music, dance clubs, cultural production, media production, universities, sport teams, alternative lifestyles		cultural access WEAKNESSES: low entrepreneurial skills of cultural producers, lack of cultural image for visitors, gentrifying city centre, divided cultural sector
ROTTERDAM	Modern architecture, maritime heritage, national and municipal museums (Boymans), museumpark with Kunsthall, cultural galleries quarter in Witte-de-withstraat, cultural incubators in regenerated areas (Van Nelle, Lloydswartier), performing arts (De Doelen, Schouwburg, Zuidtheater), pop music and club culture, ethnic art, urban culture, multicultural lifestyle, sport events, higher education	European Cultural Capital Event in 2001, Rotterdam Filmfestival, Caribbean Carnival, Dance parade, Gergiev Festival, Jazz festival, Dunya multiethnic festival, Harbour days maritime festival	STRENGTHS: Openness to traditional art forms, modern cityscapes and innovative use of urban public space, large multiethnic community WEAKNESSES: lack of image of cultural destination, conflictive ethnic culture, small cultural networks, lack of blockbuster attractions
TAMPERE	Industrial heritage cityscape, national and municipal museums (Museum Centre Vapriikki, Lenin Museum, Amuri Museum of Workers' Housing, Sara Hildén Art Museum), performing arts venues (Tampere Hall, Tullikamari) and companies (Tampere Philharmonic Orchestra, Tampere Opera), Tampere Municipal Library, natural landscape, modern architecture by Aalto, university, sport activities	Tampere International Short Film Festival, Tampere Music Festivals, International Theatre Festival, Local Culture and Heritage Festival, Pispala Schottische, Tammerfest city-festival	STRENGTHS: Socialist tradition in provision of culture, low access to cultural consumption and production, liberal, tolerant environment, informal lifestyle, existence of youth centres and art centres WEAKNESSES: lack of image of cultural destination, poor accessibility, small city size, lack of blockbuster attraction, leakage of creative human capital to Helsinki, tech-city social mix
THE HAGUE	Medieval city centre and palaces; museums and collections (Mauritshuis; municipal museum); pop music and venues; Spuiplein complex (theatres and movie house)	North Sea Jazz festival and other open-air music events (Parkpop); open-air sculpture exhibitions	STRENGTHS: International, aristocratic environment; multiculturalism, cultural education (conservatorium, national library) WEAKNESSES: small creative community, small student population / no university; proximity to Amsterdam and Rotterdam
VIENNA	Historical and monumental heritage, national and municipal museums (Historical Art Museum, Albertina, MUMOK), art centres (Museum Quarter, MAK), modern architecture flagships (Hundertwasser, Gasometer); performing arts venues (Wiener Konzerthaus, Musikverein,	Mozartjahr 2006, musical theatre festivals (Osterklang, Klangbogen), Viennale Film Festival, NET.NET Internet culture festival	STRENGTHS: World-class cultural infrastructure, cultural education, tolerant urban environment, openness towards experimental art forms, large and dynamic multicultural community, policy support to cultural entrepreneurship

	Staatsoper, Tanzquartier Wien, Dschungel Theatre), and companies (Wiener Philharmoniker, Symphoniker, State Opera for Children), conservatories, universities and music and art schools, creative industries production, alternative lifestyles		WEAKNESSES: lack of overall cultural strategy, lack of cultural platforms, leakage of creative human capital, national "isolation"
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All the cities considered host important **events**: some are world-known events such as the Edinburgh International Festival or the Gay Parade in Amsterdam, other are runners to that status, like the Rotterdam Film Festival (one of the most appreciated in the world film-making community), the Viennale, and the North Sea Jazz Festival in The Hague. "Local" events like the Floriade in Amsterdam, the Tampere Theatre Festival, the SEAS and the Sea Festival in Klaipeda are by no means small as they tend to attract every year thousands of *aficionados*. Many cities have a consistent programming of one-off events with a large international resonance; it is the case of Rotterdam European Capital of Culture 2001, Manchester's Commonwealth Games in 2002, and it is likely to be the case with the Mozart Year of 2006 in Vienna. A new recurrent activity in all important European cities is the celebration of cultural diversity. Large multicultural festivals are held in various cities of our study, among which Rotterdam with its Dunya, and Manchester with its Chinese New Year, Caribbean Carnival, and Asian Festival "Mela". Small, experimental art events are coming out of an almost underground status to establish themselves as important additions to the city's culture and image markers: the SEAS festival in Klaipeda, the Transart in Bolzano, the Virus Festival in Eindhoven, the Tampere International Short Film Festival, and the NET.NET Internet culture festival of Vienna. Finally, it should be remembered that some cities can afford an ordinary programming of such quality and visibility that it could be considered an event in itself: the musical and theatre programming in Vienna and Amsterdam, the temporary and permanent exhibitions at Amsterdam's, Rotterdam's and Edinburgh's museums, the pop music scene in Manchester and, to a lesser degree, in The Hague and Tampere are so well-established that take away the pressure to organise spot events during the year and off-season.

In the end, we may try to associate a typical "**cultural image**" to each of the cities of our sample:

- AMSTERDAM: libertarian, active, world-class
- BOLZANO: vernacular, bi-cultural
- EDINBURGH: festive, strong in cultural identity
- EINDHOVEN: hi-tech, cosy
- KLAIPEDA: maritime, novel, pristine
- MANCHESTER: dynamic, conflicting, open

- ROTTERDAM: eye-catching, diverse, divided
- TAMPERE: aware, experimental, welcoming
- THE HAGUE: bourgeois, slow-paced
- VIENNA: stately, top-quality, inclusive

Amsterdam is seen as a city of tolerance, creativity, and participation, with high cultural standards, and one where the accent is on intangible rather than on tangible cultural assets. Bolzano is especially known for its bi-cultural character. The Hague is a multicultural city hosting important national and international institutions. Edinburgh is the "city of festivals" but also, more recently, the city of literature and a showcase of rehabilitation accommodating emerging "postmodern lifestyles" at Leith. Eindhoven has a young, innovative business environment and has potential to become a creative technological hub. Klaipeda puts its emphasis on heritage and celebration of local maritime culture, and the brand as Lithuania's "Festival city" is now emerging, though there seems to be scarce acknowledgement by the city administration of the role of creative production sectors as dynamic elements of urban development. In Manchester, intangible, atmospheric elements prevail in the definition of its cultural identity. Manchester United and sports are possibly city brand n.1. Pop music comes second: the "trendy place" image stresses diversity of cultural life ("Madchester"). Redbrick-labour identity is also branded as a city icon. The new cultural infrastructure development projects (Urbis, Bridgewater Hall) partly rebalances and threatens to offset this image. In Rotterdam, the highlight is modern architecture, multi-culturalism, experimentation in art and culture for public spaces and cityscape. Tampere provides state-of-the-art education opportunities and high-standard access to culture for the community, with a special focus on young people, and not forgetting the furthering of local traditions. Finally, Vienna's cultural image is tightly tied to fine arts: classical music and the Wiener Philharmoniker, visual arts and Vienna's secession, literature and playwright, but is open to innovation in the new fields of design and electronic music.

On account of their positions and images, the cities in our studies are more or less well-positioned as "cities of culture" and have varying potentials and objectives to engage in COED.

The best-positioned are clearly the A cities, which can count on an international allure and a consolidated know-how as cultural destinations. Amsterdam and Vienna have especially been good at linking their cultural history with modern, dynamic art production sectors, avoiding the risk to fall in a "cliché" of heritage cities in which the stimuli to innovate and experience are sacrificed to the altar of the conservation of an (often superficial) image. However, in order to maintain this advantage and their place in the city face to the increasing pressures from the market, these cities need to have a clear strategy which defends and supports cultural development: especially Vienna

is still coming to terms with the need to make culture “valuable” as an economic input, while in Amsterdam the toughest challenge is to make room for cultural development in an already crowded city fabric, which demands innovative and sustainable solutions in the realm of urban planning. The same holds for Edinburgh, whose consolidated position as a festival city is challenged by increasing international competition and by a certain lack of “rooting” of the cultural strengths in the wealthy local society.

Other cities in the B group, like Rotterdam and Manchester, have emerged as winners in the last decades in their race to restructure their economy as creative places, making the best they could with cultural planning (Manchester) and urban planning (Rotterdam). However, to some extent, they both seem to have arrived at a standpoint where they need to come to terms with some structural weaknesses in order to engage in successful COED. Manchester needs to raise the entrepreneurial skills in its cultural sector, and to establish an appealing cultural image for international visitors, while Rotterdam, now more than ever a divided community, needs to better involve its minorities through focused support to cultural production, and to enlarge the cultural networks generating value from creativity.

C cities do yet not have the “mass” to be cultural hubs. The narrowness of local cultural networks, the limited returns that these cities enjoy in terms of image from cultural investments, the unfavourable national position, all this tends to diminish the perceived importance of culture as a growth asset even for the locals, and it is reflected by policy agendas that – with the possible exception of the more ambitious Eindhoven – consider culture just a service for the community and an element that adds to the quality of life of the place, without even trying to make it become a springboard for economic development.

4.3. Size of cultural sector

How large is the cultural production sector in each city, and what are its estimated impacts? We now face the problem of a great dis-homogeneity in the “accountancy” of the cultural sector, which stems from different definitions used in different countries, differing counting methods, different spatial scales, and a diverse degree of regularity in this monitoring. Moreover, not in all cities considered an overall quantification of the impacts of cultural production or cultural activity has been conducted or made available to the authors. Table 4 offers an illustration of the various information and estimates collected by the authors in the different cities.

It can be roughly said that “traditional” cultural activity, including productions and performances in the fields of fine arts and the arts market, performing arts and entertainment, music, museums & libraries, is a very large sector compared to the size of the local economy in Vienna, Rotterdam, Tampere,

where it represents 4% to 6% of the employment; in a second rank come Amsterdam, The Hague, Manchester, and Edinburgh, with a sector counting for 0.5% to 2.5% of local employment; last come Bolzano, Eindhoven, Klaipeda, where the employment in cultural production is negligible and anyway counts for less than 0.5% of total city or regional employment. In absolute numbers, Amsterdam's cultural sector has probably the largest size with more than 19,000 workers in the sector in the urban agglomeration, followed by Vienna (14,000) and Rotterdam (13,700).

The picture changes dramatically when the creative industries are taken into account. Employment in sectors such as architecture, audiovisual, graphic arts, fashion, design, literature, publishing, music recording and production, print media, software, multimedia, games, and internet is a large sector (and a growing one) in Vienna, where it accounts for 14% of local employment and some 86,000 full time jobs; Amsterdam, Edinburgh, Manchester, Eindhoven, The Hague also have large creative industry sectors, respectively accounting for 4% to 8% of total employment (the urban agglomerations of Amsterdam and Manchester getting the largest cultural industries in absolute terms, with respectively 32,500 and 63,700 jobs). Even in Bolzano, a small job market, creative industries represent the 5% of employment. Rotterdam, with 10,300 jobs, has only 3.3% of its workforce employed in creative industries, less than in the "core" cultural sectors. Creative industries are underrepresented only in Klaipeda and Tampere.

In some cities, accounts of sports sector are included in the evaluation of the creative industries, of which they are considered a component. Especially Manchester is big in sports (1.2%), and so is Eindhoven. Finally, tourism statistics may be relevant in cities that are cultural destinations. Though they can't be considered fully part of creative industries, they help to evaluate the full extent of the impacts of cultural activity. Amsterdam, Edinburgh, Vienna but also surprisingly (Greater) Manchester are the largest tourist employers in this sample, with sectors that may represent up to the 15% of the local economy and that are at least in part closely connected to the cultural attractiveness of the destinations.

Not all cities, as argued before, have attempted a full evaluation of the impacts of culture on the local economy, and methods to effect such evaluation may greatly differ (from total expenditure multipliers to input-output analyses and estimations of total added value). Amsterdam has tried this many times, and the most complete study conducted by KPMG 10 years ago estimated in some € 650 million the total impact of cultural activity in the urban region, in strong increase (+43%) over the estimated impact of 1983, and a regional added value of € 227m, roughly 1.4% of the added value of all sectors in the Amsterdam economy. The impact of culture on the economy of Edinburgh was estimated at €122m in 2003, but other € 360m (and some 4,400 jobs) to the Scottish economy have to be added as a result of the festivals and the induced tourist expenditure that they generate. Eindhoven, with an estimated € 1,200 of total effects, seem to enjoy the largest impact

but this figure regards total visitor activities in the region; the net effect of culture of the city or its agglomeration is likely to be much lower. Manchester, instead, enjoys much larger impacts: the cultural economy injects in the "City Pride" area, including the boroughs of Manchester, Tameside, Trafford, Salford, an estimated € 935m, to which € 1,685m of indirect effects should be added. Rotterdam gets some €400m of added value from culture, or 2.2% of the overall added value generated in the city economy.

Tab. 4 – Size of the cultural cluster

	estimated n. of jobs in core cultural activity sectors*; est. number of producers/organisations	estimated n. of jobs in cultural and creative industries, est. number of producers	sectors considered in statistics**	estimated economic impact
AMSTERDAM	19,190 fte (2.4% of total employment in the region) in 2002. In 1989, Van Puffelen counts 270 organisations in performing arts, 180 in the distribution/exhibition sector, 81 supporting and intermediaries	32,500 fte (4%), 5,592 firms (9%) (2002)	All creative production sectors (sports not incl.)	€ 650m (1994)
BOLZANO	353 fte (0.8%); 151 firms plus 350 public or non-profit organisations involved in cultural production in 2001 (1.6% of firms and 25.7% of institutions) (2001)	2,096 fte in creative productions sectors in 2001 plus 1,125 in tourism (respectively 4.9% and 2.6% of local employment); 484 firms in other creative production sectors and 453 in tourism	All creative production sectors incl. sports, tourism	Not available (presumably small)
EDINBURGH	1,476 fte (~0.5%); 363 firms in cultural production sector (2003)	15,446 fte in 2003 (~6%); 1,228 creative businesses in Edinburgh, 2,500 in Lothians Region	All creative production sectors (tourism and sports excl.)	€ 122m (2003); festivals estimated to account for € 360m and some 4,000 jobs in the Scottish economy
EINDHOVEN	Negligible figures of employment and producers	Est. 30,000 creative industry workers (8% of employment in Eindhoven region); 8,000 firms in creative production sectors (3,000 designers)	All creative production sectors in Eindhoven region, incl. tourism and sports	Est. € 1,200m in Eindhoven region (approx. 3% of total regional turnover)
KLAIPEDA	907 fte (> 1%); 20 organisations public and private (2003)	negligible	All creative production sectors (tourism and sports excl.)	Not available; presumably small with large tourism impacts from summer events

MANCHESTER	3,042 fte in "heritage" in Greater Manchester (2002) (0.4% of total employment), 360 firms	63,768 fte / 5,841 firms in creative industries, 14,795 fte / 1,225 firms in sports and leisure, 65,750 fte / 6,303 firms in tourism in Greater Manchester in 2002 (5.2%, 1.2% and 5.3% of total employment)	All creative production sectors in Greater Manchester region, incl. tourism and sports	€ 935m (+ € 1,685m indirect) in City Pride area.
ROTTERDAM	13,766 fte (4.5% of employment) in 2004 and 920 firms/organisations	10,300 fte in 2004 (3.3%); 100 audiovisual producers in 2002.	All creative production sectors (tourism and sports excl.)	Est. added value produced in 2004 € 400m (2.2% of city economy)
TAMPERE	5,207 fte (5.9% of total employment) in 2002	Insignificant; 31 fte in events. A small number of creative businesses (designers, media, advertisement, cinema related educational activities, national broadcasters, publishing)	All creative production sectors (tourism and sports excl.)	Not available (presumably small)
THE HAGUE	3,172 fte (1.4%) and 660 firms in core cultural production (2.3% of total) (2002)	13,196 fte in "culture, sports and recreation" in 2005 (5.8%); 1,540 firms in other creative production sectors (5.5%) and 2,515 in tourism (8.9%) in The Hague agglomeration in 2002 (unknown employment)	All creative production sectors incl. tourism (sports excl.)	Not available
VIENNA	14,084 fte and 3,943 firms/organisations in cultural production sectors in 2002 (2.2% / 9.2% of total)	86,966 fte and 14,005 firms in 2002 (13.9% / 32.8% of total)	All creative production sectors (tourism and sports excl.)	Not available (presumably very large)

**: Fine arts and the arts market, performing arts and entertainment, music, museums & libraries*

*** : Architecture, Audiovisual, Graphic arts / fashion / design, Literature / publishing / music recording and production / print media, Software / multimedia / games / Internet*

In the other cities only guesses might be tempted. The effects of culture are presumably very high in Vienna, where a large and innovative cultural and creative production sector is accompanied by a strong and motivated tourist economy; these effects might be somewhat diminished, as highlighted in the various reports and analyses on the creative industries in Vienna, by qualitative characteristics of the sector as the small firm size, the immature organisational structure of the creative industries, and the low propensity to export to foreign markets. Yet on the overall Vienna can be considered the city that enjoys most benefits from cultural activity, of the tangible and intangible type, among all the other cities in this study. Bolzano, Tampere and Klaipeda have never engaged in thorough sector evaluations, understandably,

given the small size and immature status of their cultural production sectors, and they are likely to be rather small though with much expansion potential.

Finally, it should be pointed out that not in all the cities the sectors or their sub-sectors are growing, though this is the overall trend in European regions. Some cities have large but stable cultural production sectors, like Vienna and Edinburgh, while other, and namely Manchester, Amsterdam, Rotterdam, have seen a strong growth in the last decade, with some sectors doing better than others; in particular, filmmaking and video production have undergone severe restructuring almost everywhere as are firms dealing with software and ICT applications. In Eindhoven and The Hague, the signals are contrasting, with sectors growing but also a decreasing level of “transfer” of culture to the community. A recent report published by the Dutch Ministry of Economic Affairs confirms the difficulty that especially The Hague has found to translate its cultural resources in economic development potential. Finally, Klaipeda, Tampere and Bolzano, seem to have just the right size of creative firms that serve the demand of the local production sectors and the interests of the community, which are not growing to exceptional levels, though especially Bolzano seems to be changing its orientation to an “imported” demand for its cultural products and services.

4.4. Spatial organisation and structure of the cultural sector

To varying degrees and in different ways, all the cities in this study present some concentration of cultural activity and firms in specific portions of the city (Table 5). In most cases, these concentrations are merely the result of the historical evolution of the urban space and of the location choices of firms.

In this respect, the inner historical cores — rich in historical marks and symbolic sites for the local identity — have emerged as the preferred location for leisure activities where “ambience” has a strong importance. That would provide relevant opportunities for the regeneration of the inner city economy and the conservation of the heritage, which will be discussed later. The tendency for cultural industries to be centrally located is documented and analysed, among others, by Heilbrun (1992). The “heritage quarter” and the “museum district” — the latter focusing on the “active use” that can be done of historical heritage and symbolically valuable sites for education/interpretation — is one of the cultural district models analysed by Santagata (2004). The agglomeration of cultural activity is in a sense “forced” by the location of heritage assets and is fully valorised within a cluster model almost exclusively from the point of view of the maximisation of the “tourist accessibility” of the city, both in physical and in mental terms.

Thus, Amsterdam, Bolzano, The Hague, Edinburgh, Klaipeda, and Vienna all have monumental city cores, mostly of medieval origin, rich in attractions and atmospheric elements, which serve as perfect “stages” for leisure and tourist activities and events. Furthermore, heritage provides status and visibility to all sorts of commercial activities.

Tab. 5 – Spatial organisation and structure of the cultural cluster

	Existence of a cluster or different cluster	Cluster model	Role of public vs. private organisations	Growth rate trends of cultural firms and projects
AMSTERDAM	Main cultural clusters: Museum quarter (museums, galleries, classical music); Jordaan (café culture, art trade); Oud West (ateliers, visual/plastic arts); Westergasfabriek (art, media, events); Oost (architecture); Media cluster (North bank of IJ river); broadcast cluster in Hilversum	Many different ones. Westergasfabriek, Oud West: peer producers, strong internal governance. Division between fine and pop arts, lack of shared platforms.	Local government support clustering and cooperates with cluster members. Cluster dominated by private and non-profit firms.	Growing workforce in the arts and creative industries. New development of cultural spaces and infrastructure: media cluster, art park at the Westerstraat, former shipyard site of NDSM, Danshuis Amsterdam at Oostergasfabriek.
BOLZANO	Aggregation of cultural producers and events in city centre	Museum cluster	Dominating role of public organisations	Moderate growth in events and museums
EDINBURGH	Museum cluster in Georgian Old Town, festival Venues around the Castle and in city centre theatres. Café culture / art market district in Leith.	Peer relations among large institutions and festival organisations. Few cluster leaders in the creative industries.	Cluster dominated by public organisations and development agencies.	Growing employment in the arts and creative industries (16% growth in the period 1998-2001: audio-visual + 1,150 jobs). Growth opportunities in video-gaming, for new courses are being offered in this topic at local HEIs.
EINDHOVEN	Aggregation of cultural facilities in city centre; Strijp S, Dommelzone, Westcorridor as potential new potential creative clusters	Institutional network (museums, podia) with no recognised leader in creative production sector but large "clients" (Philips, TU/E)	Strong public leadership, and potential private networkers (Alice, MU, Stichting City Dynamiek Eindhoven, Trudo)	Increasing number of planning and economic development activities involving creative production sectors
KLAIPEDA	Small art market cluster in the old city centre; event / exhibition cluster around the docks area and Old Castle Complex.	Few leaders in the network of creative businesses. Peer relations among large national institutions. Important role of the Jazz School for local music production and events. Two important artists' platforms.	Independent strategies of local government and art / culture producers	Stable employment in cultural industries. Growth potential from "Tobacco factory" project, presently at a standstill.
MANCHESTER	Creative clusters in Northern quarter (plastic art, music, jewellery, design, fashion), Castlefield (museums and media & broadcasting industry), Oxford Road (university and knowledge economy).	Peer relations between large public institutions. Acknowledged leaders in the pop music scene; lack of leaders and platforms in other sectors of the creative industries. Neat separation between fine arts and pop arts.	Initiative of private sector in clustering processes. Strong role of public sector in business development.	Moderately growing employment in the creative industries. Growth potential in hi-tech creative sectors from knowledge capital programme and in broadcasting from relocation of BBC. No significant impacts from

	Entertainment / lifestyle district in Canal St. Ethnic neighbourhoods in Chinatown and Rusholme.			flagship developments in city centre.
ROTTERDAM	Visual / plastic art, art market and café culture cluster in Museumpark/ Witte-de-Withstraat. Cultural incubators in peripheral regenerated industrial estates. Cultural cluster on the south bank of the Maas river (theatre – exhibitions – restaurants – heritage). Heritage cluster in Delftshaven.	Film festival, Boymans museums and De Doelen dominating actors in cultural sphere. Peer relations between small creative businesses. No sharp divisions among genres / markets.	Central role of public sector (national and local) and public initiative in clustering. Follower behaviour of small creative businesses. Conflicts arising with ethnic communities.	Stable to declining employment in creative industries, growing employment in traditional cultural production. Growth potential in the media industry.
TAMPERE	Creative (design & media / education / museum centre Vapriikki) cluster at Finlayson/Tampella area. Pop music and festival activity concentrated at Tullikamari Cultural Centre of the Old Customs House.	Vapriikki museum centre, Tampere hall and Aamulehti newspaper are leading actors in public cultural policy. Peer relations between festival organisation and small creative producers. Nokia and Sonera emerging as leaders in technology-driven creative businesses.	Central role of public sector (local government, universities) in clustering.	Moderately growing employment in cultural sector (bounded by city budget). Growth potential from gaming industries and Ryanair air link.
THE HAGUE	Aggregation of cultural producers and events in city centre (Spuiplein)	Museum / performing arts “institutional” cluster	Dominance of public actors	Broadcasting among “growth industries” (+25% in 95-01); declining number of cultural events
VIENNA	Large cultural clustering in the city centre (museums, theatres, classical music, heritage). Art production clustering at MuseumQuarter. Creative cluster in Eastern side of the city (slaughterhouse / Gasometer area).	Strong cultural leaders in traditional public institutions and higher with some divisions. Few leaders and absence of platforms crossing across creative industry sub-sectors.	Strong role of public sector (local and national, but on parallel tracks) favouring creative industry clustering and development.	Growing employment in creative industries. Growth potential in tourism and music from Mozart year 2006, and from development activity of Departure.

The actors in these districts are prevailing of the “institutional type” (museums and galleries, theatres, the Church, the public administration), as well as private households maintaining old mansions and palaces, which become nonetheless part of the visitors’ experience (and are, to some extent “institutionalised” through conservation and planning policy). The operating links between them are loose, to the point that the technical term of “cluster”

hardly applies. Visitor demand prevails as the “economic bind” of the district rather supply-side economies.

Culture-oriented businesses like art galleries and markets, fashion shops, music venues, cafés and clubs, bookshops, as well as other typical visitor facilities like restaurants and hotels, find in heritage districts a perfect setting for their activity. The “inspiration” that they may derive from the ambience is an important factor of location for them, but the fact that in this way they come in close contact with a culture-motivated (and willing to pay) demand is certainly prevailing. Even in cases when contact with the final demand is not so important, like in the case of graphic designers, ateliers and film studios, the “clustering” element – the knowledge flows and the contact with peer producers and consumer firms – may explain the preference of these industries to be located in city centres. However, in most “mature” inner city clusters (Amsterdam, Edinburgh, Vienna), diseconomies are now prevailing. For some years, creative firms, often small and lacking structure as businesses, have been flowing out of the old inner cities to less central neighbourhoods in search of low rents and a more “genuine”, dynamic urban setting. This move often led the way in the creation of new urban centralities, as happened in the 1970s in Amsterdam’s Oud West, in the 1990s in Leith, the “hip suburb” of Edinburgh, and in the 2000s some of Vienna’s ring districts (3rd, 7th, 10th). To some extent, also Rotterdam, a city which in the last decades had pointed decidedly to the contemporary elements in its cultural planning policy, is now rediscovering its old historical quarters, the central Witte-de-With and the slightly more off-centre Oud Noord and Delfshaven, as inspiring “heritage clusters” where to ground cultural activity.

The “heritage cluster” model is also followed by those cities in our study, like Manchester and Tampere, where the historical element is closely tied to industrialisation and the typical industrial heritage architecture. The whole city centre, and the districts of Castlefield and the Northern Quarter in Manchester, are perfect examples of “inspiration” and “setting” not only for institutional culture but also more “off”, dynamic urban cultures. Tampere has created a veritable cultural city image by refurbishing its factories facing the central canal and transforming them in cultural hubs and educational centres.

Bolzano and Klaipeda, which are at an early stage of a “life cycle” of culture and do not possess the mass and the resources for a diversification of the cultural location strategy, retain their “heritage cluster” characteristics in their historical inner cities, where all museums, visitors attractions, as well as creative businesses and their activities take place. Still, even in these “infant” clusters there is a pressure by cultural managers to “go out”: in Bolzano the goal would be to exploit the exceptional network of castles that surround it, in Klaipeda the question is the search for fit places for innovative cultural production where a real “incubator” of cultural talent could be created. For the moment, the attempts done to convert to cultural use the port facilities (including the Old Klaipeda Castle) and the Tobacco Factory have not been completely seconded by the administration of the Lithuanian city.

Inner-city heritage districts, however, are not the only models of cultural agglomeration, and much literature is focusing on the theory and practice of different kinds of clusters. Especially Mommaas (2004) and Santagata (2004) identify other types of cultural or creative agglomeration which are not connected to a "setting" and only loosely founded on institutional powers, but are rather driven by supply-side economic reasoning and informal value-sharing of a group of leading actors or trendsetter, creating their own institutions or rules, and selecting locations on the basis of costs and convenience for their particular area of operation. In these cases, the role of the public authority may vary from being the starting actor that "empowers" cultural entrepreneurs and allocates property rights, maintaining the control on its evolution and orientation (it is the case of Rotterdam's clusters or the Museumquarter in Vienna), to just being a facilitator of the process of clustering and one of the actors in its governance (like in the case of the Westergasfabriek and the newer media clusters in Amsterdam, the Northern Quarter and Castlefield in Manchester). Leith, in Edinburgh, is the case of a public-started regeneration area that has been largely privatised in the process, arguably losing its potential "creative edge" to real estate strategies.

Finally, we identify a new type of cluster where the creative activity regards closely the interaction of culture and technology. Eindhoven seems to be leading the way in this respect with one large university cluster and more coming up, including the new Philips science park, but also Manchester and its "knowledge capital" project centred on the Oxford Corridor and the university faculties located there appears to fit this new model, which to varying degrees is being followed also by Amsterdam in the new media cluster and Tampere for what regards video art and gaming, and is considered by Vienna where a "design centre" is strongly supported by the cultural community and is on the city agenda. In these cases, of course, universities and research centres are key actors. Yet, they need to build solid links with the business community, especially the small and medium firms and (often start-ups of their own alumni), something which only a surprisingly limited number of institutes are equipped to do; and they need to take in full consideration the "living climate" of the student and workers' community, again a neglected question which is becoming a real challenge for cities (Van den Berg and Russo, 2004).

In spite of the comparable elements and evolution, each cultural clustering model discussed above comes in different forms and is organised according to specific models which reflect to a large extent the planning culture and the entrepreneurial spirit of the city in question. The "spontaneous" element and the network characteristics are typical of the Anglo-Saxon industrial culture, and are found in the British and Dutch cases, with the exception of Edinburgh where the "institutional" nature of the museum/event sector is reflected in a hierarchical, pyramidal structure of the sector, with a few leading organisations well connected with the public power and supported in a stable way, and a myriad of small actors and business gravitating around them as loosely structured followers. The same model is also present in Vienna, where

anyway strong efforts are being done to empower the creative micro-businesses and create strategic platforms between, also exploiting the "open" attitude of the institutional cultural producers. Bolzano and Tampere, at a much smaller scale, also try to replicate the Viennese model, cultivating their cultural strengths and at the same time spurring the development of creative networks, with — for the moment — hints of good results. In Eindhoven, where there are hardly strongly rooted traditions in cultural production, the "network" structure and the limited, merely enabling attitude of the public sector is present from the start of any current cultural clustering plan. In Klaipeda, the network is small and unstable, and there is no explicit policy to reinforce it and support it. All the cultural projects in the city come from the initiative of the administration, and the maximum that cultural managers can hope to achieve is to provide their opinion, but hardly to be involved in the development of the idea or project, with the result that the ambitions of the city and those of the cultural sector follow diverging paths (with a notable exception: the direction of the successful jazz festival is largely "decentralised" to the local music school).

The different models and organisation structures have had a wide range of outcomes, and it is very hard to establish neat causal links between the "planning model" underlying the development of a specific cluster and their performance after some years, or to evaluate the level of that performance. Even putting "plus" and "minuses" to grade cities and their cultural cluster developments is a meaningless exercise with does not consider factors such as "lack of alternatives" and "bounded rationality".

The only valuation can be based on the aspirations of the stakeholders; thus, Amsterdam is a city which has achieved probably much more than what was expected in the first place from cultural clustering, from the "spontaneous" transformations of various city centre areas in the 1960s to the most recent "open planning" approach of the next decades, where there has been a veritable confidence in the self-organising capacity and in the positive ecology of the sector. The cultural clusters of Amsterdam have been the backbone of its creative industry development, which has generated many valuable jobs and development opportunities for some of the weaker parts of the local society; for instance, modern dance, a typical "urban culture" movement largely appealing to ethnic minorities and cultivated in squatted houses and theatres in peripheral neighbourhoods, has been estimated to be a sector worth € 5m of turnover, and 11,000 jobs in the Netherlands.

Rotterdam and The Hague, by comparison, have achieved less than what they expected. Rotterdam by insisting on "hard planning" of creative clusters and not working with sufficient intensity on the "cultural conditions" which give life to a creative industry; and The Hague by focusing much more on "consumption" and "atmospheric" elements of cultural clustering at the expenses of the development of working links between the participants of the cluster and with the local institutions. Eindhoven, to finish the round of Dutch case studies in our research, seems to be looking at an altogether different

models, possibly that of Manchester, where popular cultural is coming in contact with the hi-tech end of the local economy and the challenge for creative entrepreneurs is to become embedded and *valuable* to that economic model. Manchester is also a city which owes to its cultural policy — again, strongly relying the concept of clustering — much results that were unexpected at the start. The City Council, as well as the various agencies and networks created around the theme of culture and creativity, have managed to turn something as unpredictable and fuzzy as a “pop scene” — ranging from wild rock music to fashion, design and ethnic celebrations — into a city brand with much economic weight, and to derive important social results as the containment of marginality and abuse and the inclusion of minorities. Today the debate is on how to “monetize” these largely “qualitative” results by offering a tangible contribution to the development of a creative knowledge region.

4.5. Integration with the urban economy

The case of Manchester introduces the next point of analysis. How important are the cultural and creative assets of the city, now not so much as stimula to independent production sectors, but rather in relation to the rest of the urban economy? We can see that addressing key aspects of the relationship between cultural activities and the wider urban economy of the ten case studies in Table 6. The main idea of the COED model is that culture has durable and significant economic effects as long as it manages to pervade any aspect of the “way of doing” of the city, in the sense of enhanced innovativeness, creativity and flexibility.

One sector whose competitiveness is clearly tied to a stimulating urban cultural climate is tourism, the more so in an age in which cultural tourism is both getting bigger and less easy to decipher and regulate within the traditional “mass touristic” discourse, and the organisations that populate it (tour operators, wholesalers, guides, etc.) see their role of gatekeepers of the tourist experience eroded by changing visitor profiles and advances in technology. Cultural visitors are becoming more diverse, more careful about quality and originality, and most importantly, are actively exploring and searching for the “new”, not to the least extent, aided by new communication and digital technologies which create a new paradigm of mutual engagement between guests and places. That leads them to the most dynamic, ever-changing destinations for art and the knowledge society: the traditional cultural hubs of the 20th century, as London, Paris, Amsterdam, but also, and at accelerating paces, Barcelona, Berlin, Milan, Moscow, Shanghai...

Re-orientating demand models are to some extent “bounded” by the rigidities of tourism, causing for instance a “vicious circle” paradox in heritage cities, where the nature of tourism visitation is affecting the competitive position of tourist cities or specific areas within it (less time and less information for a visit as long as tourism demand expands for a limited number of visitable public assets: see Russo, 2002). However, most cities included in our study

do have the resources to escape the “mass tourist” cliché and to continuously reformulate their cultural image, mixing tradition and innovation and thus remaining attractive to new waves of culture-motivated travellers. This is what Vienna and Amsterdam are doing, attracting respectively 13 and 6.5 millions of visitors every year to their cultural attractions. In more “traditional” tourist destinations like Edinburgh (where, however, the “festival formula” allows to present an altogether new cultural supply every year, which may explain why a good half of the 2002 summer visitors were there on purpose) five million visitors to attractions were counted in 2003, and the festivals contribute around € 180m to the local economy.

Tab. 6 – Integration of culture with the urban economy

	Size of cultural tourism	Quality of life effects from culture	Growth clusters in local economy affected by a creative environment	Level of corporate support
AMSTERDAM	1/4 of visitors (1.5m foreigners) motivated by arts in 1980s (Van Puffelen), contributing € 200m. 13.6m visits to main cultural attractions in 2002.	Wide supply of cultural events for local population; tolerant atmosphere; bustling street life in shopping centre, quiet, aristocratic central neighbourhoods.	Hi-tech and ICT, multimedia, audiovisual production and design. Bank and insurance sectors enjoy optimal living conditions for staff.	High: private sector investments in new audiovisual/media projects, art collections, rehabilitation of buildings for cultural uses
BOLZANO	ca. 300,000 visitors to museums every year/ € 82m spent in the city by (cultural) tourists	Wide supply of (bilingual) culture and events, city centre animation	Tourism, design	Local bank Cassa di Risparmio di Bolzano, and local branch of RASBank as main sponsors for mainstream events
EDINBURGH	5m visits to attractions in 2003. € 180m est. contribution of festivals to local economy in 2004. At least 50% of the visitors of Edinburgh are “motivated by culture” (festival or other activities) in 2001/02 visitor survey.	International, animated city centre with plenty cultural opportunities for locals. Edinburgh as an international cultural hub during the festival season.	Advertising, publishing, video-games. Bank and insurance sectors enjoy optimal living conditions for staff and international atmosphere	Limited to sponsoring. In 2003, Edinburgh International Festival was Scotland’s most successful performing arts organisation in raising money from corporate sponsorship and donations, with a total of € 2.4M, and second in UK.
EINDHOVEN	2.8m visits to cultural attractions, 650,000 attendants to events	Cosy city centre, attractive environment for incoming professionals	Engineering, design, gaming, ICT	Low
KLAIPEDA	Approx. 1.5 m visits to cultural attractions plus 0.7m attendants to Sea Festival in 2003. Few visitors motivated	Wide cultural supply for the city, but limited visible effects in time. Low entry barriers for	Fashion, music	Limited to sponsoring (especially the Sea festival event).

	exclusively by culture according to visitor surveys.	culture and low prices.		
MANCHESTER	According to visitor surveys, culture is <i>not</i> among the main reasons for visiting Manchester.	Revitalisation of city centre and social policy largely connected with cultural policy (programmes and infrastructure) and creative industry support.	Fashion and textile, architecture and design, music production, media and broadcasting	Large involvement of media giants (BBC, Granada) in creative production sector development. Perspective involvement of private capital in "knowledge capital" programme
ROTTERDAM	Cultural tourism boosted by 2001 ECC event (2.2 m visitors came on purpose) but presumably decreased since then. Most visited tourist attractions are not strictly cultural: Zoo, Casino, Spido, Tropicana.	Investments in cultural events achieved a certain level of social integration and revitalisation of deprived areas. WdW contributed to the animation of city centre, but effects from cultural activity are below potential.	Audiovisual, architecture and design, music production.	Below standards. Fair inflow of private capital in Lloyds quarter development
TAMPERE	Cultural festivals attended by little less than one million visitors each year. Cultural tourism as the third segment in tourism flows by "economic profitability" (23%). Culture only plays a marginal part in attracting visitors	High standards of cultural services for local households, enriched by large provision of cultural festivals and events. Two large universities	Media & audiovisual, gaming, industrial design, architecture	Low; cultural budgets are mostly public, low level of sponsoring, and few collaborations of business community with cultural organisations
THE HAGUE	1,2m attendants to events; 0,8m visitors to major museums	Fair supply of cultural events and facilities. Negligible image effects from creative production	Tourism, ICT, media	Low
VIENNA	6,5m visits to Vienna's cultural attractions in 2003 (+2,5m to Zoo and Prater wheel). 1m attendants to music concerts are estimated foreign visitors	High prestige international location with widest range of opportunities in different art forms and excellent facilities (HE, libraries, podia)	Engineering and automobile industry, fashion, media, publishing	Low on account of high public sector budgets. Planning laws oblige real estate companies to put aside 1% of their budget for public art projects

It is interesting to note that for one of the most successful cities in this investigation as far as the development of the cultural cluster is concerned, Manchester, culture is not counted among the main reasons for visiting the city according to visitor surveys, though attending events, concerts and exhibitions motivates most short-stayers and day-visitors. The same holds for Tampere: it is a cultural hub for a wide region but certainly not a destination

for international cultural tourism, though improved air accessibility may change the scenario in the future. The Hague, Eindhoven, Rotterdam, Klaipeda, Bolzano have just the right size of cultural tourism according to their mass of attractions and their level of accessibility (lowest in Klaipeda and Bolzano), and manage to attract huge crowds only in specific circumstances when large events are organised. Lacking real "selling points", their cultural clusters do not represent particular points of attraction to visitors, with the possible exception of the (struggling) filmmaking industry of Rotterdam and its world-known cinema festival. Bolzano and Klaipeda are still more visited for its "vernacular" elements of attraction than for their courageous experiments in contemporary art (more structured and successful in the Italian city). Eindhoven and its tech-art can't expect to attract huge crowds but offer a pleasant diversion to the more than 12 million visitors of the surrounding regions and to its university students; The Hague, a city at a short distance from almost anywhere else in the Netherlands, is trying to bring itself to be a music city.

Aside from tourism, culture and creativity may also be expected to stimulate the local residents and enhance their quality of life. Culture can be thought as a "service" delivered to the community, or as an atmospheric element which makes living in a specific city more pleasant, interesting, and rewarding to any resident or to specific groups. Indeed, ambitious city government can "use" culture, increasing and fine-tuning the cultural services and activities, or improving and stabilising the cultural climate of the city, hoping to attract new residents, preferably of the desired type: wealthy households increasing the tax base of the city, skilled workers augmenting the quality of the local job market, or "new talents" who would start a life project and bring fresh air to the local environment. In this sense, public cultural services and investments in the cultural sphere show to have important returns to the community and the local business environment. It should also be recalled that cultural activity can be a precious stabilising factor for the personal development of community members and the containment of marginality in disadvantaged groups (the elderly, the mentally ill, the young of all age ranges and social conditions, the ethnic minorities and even the homeless people). Delivering cultural services to such groups can reduce the risk of violence, exclusion, lack of communication, contributing to a more cohesive, dynamic and just society. Culture as a social investments turns out to have important economic effects: a more open, just society is seen by important authors such as Richard Florida and Amartya Sen as the most fertile ground for the sustainable generation of welfare through economic growth.

Culture does make of cities like Amsterdam, Vienna, Manchester, Edinburgh, great places to live, and very attractive job locations for freshmen and new households. Especially the Dutch capital is perceived as the only real national hotspot for a wide range of professions at the edge between creativity, personal services, finance and technology, and has been one of the most appealing cities to live in for foreigners from inside and outside Europe for decades. In fact, participation to the Amsterdam job market rose from 63%

to 69% in the period 1994-1999, with 40% of the newest jobs taken by non-nationals. Many job positions have been moving to Amsterdam from the rest of the country, and especially from the Rotterdam region. In total, jobs have risen from 300,000 to almost 400,000 in the last 35 years. This growth was accompanied by a policy of making available new land and buildings for housing and businesses, as well as by new developments in the social and cultural provision of the city for its shifting social mix. Today, Amsterdam is especially attractive for creative talents and artists, who enjoy the generous support deployed by the city to contribute to a culturally stimulating, challenging and socially balanced city both in the city centre and in peripheral neighbourhoods, something that turns out to be an important location factor for new business professionals. Apart from the sectors which naturally thrive in a creative environment, among which the media, entertainment, music recording, software, architecture and telecom industries are Amsterdam's strongest, also banks, insurance companies and international law firms appreciate the peculiar living climate of the Dutch capital.

Vienna has also a tradition of being a cultural hub and is the place to be for professionals in fine arts, music and many other creative fields. Its cultural, educational and entertainment offer is such that local firms have no problems to attract the best workers from all the macro-region of which Vienna is the main city, extending well over the Austrian borders. However, the lack of a real international business climate diminishes the importance of quality of life effects from culture: on this front, Vienna is now trying to change things, making of creativity a solid industrial sector in order to attract international companies who are interested to embed their production chains in a creative cluster. Music stands out as the lead sector which more than others attracts young talents in the city, but other emerging sectors, such as industrial design, electronics and multi-media, have potential to widen the human capital of the city and make it an international business location.

Manchester is highly appreciated in Britain for its quality of life, and in spite of its medium size has made it to be nationally perceived as the "second city" of the UK after London. Culture, and especially the unconventional, festive and diverse cultural environment that the city carefully nurtured throughout two decades, has a lot to do with it; Manchester has been the party and music capital for a long time, the first city to have a gay district, and one of the first to acknowledge and celebrate the presence of a very large foreign community, especially the Asian. Though today largely "imported", Manchester's creative strengths have led the way to the physical regeneration of the city and to the transformation of its economy towards knowledge-intensive specialisations, among which traditional and new media are probably the strongest. Another advantage that many second cities are presenting over the capital cities is that they are offering cheaper locations. This is especially in Manchester's case an important reason for the location choice.

Edinburgh's large financial firms have hardly any interest in culture and creativity apart from the obvious benefits that they offer can to their workers and the status that they give to the location. They are willing to support and finance the festival activities as these are the most visible brand that they project to the city, and not necessarily "noisier" creative activities which are naturally attracted to the cosmopolitan, eccentric Glasgow only some 100 km away. A similar context has been found in The Hague, a city of prestige that is now thinking to invest in its music scene to be more popular with the young and skilful, but competes with consolidated entertainment hubs at close range, like Amsterdam and Rotterdam. Tampere has just the right size of cultural activity — of a traditionally good quality — to be attractive for much more than its residents; one of the cities in Finland which is growing in population, it proves very appealing to new households in search of jobs, students, and even immigrants, in spite of its odd location and medium size. A peculiar interest is raised by the gaming industry, a potentially fruitful encounter between the city's artistic traditions and its contemporary telecom economy. Bolzano, a city whose image is far from the urban clichés of its country due to its German identity, is often quoted as one of the first in Italy for quality of life, and indeed results an attractive place for a good number of new skilled talents, both in the arts and others economic sectors, who are in search of a dynamic but cosy living and working climate.

Klaipeda, Eindhoven, Rotterdam are examples of cities in which culture, in spite of its recent developments, has not yet made a big impact in quality of life and residential or business choices. Rotterdam is possibly the "dream city" for architects and is a pleasant (and relatively cheap) living location for any other professional, but it is a city with a suburbanised middle class, where culture has always been intended more as a factor of social inclusion (without achieving all that was promised) than a lever for regeneration and gentrification. Cultural participation is low, even in occasion of large events as the European Cultural Capital year of 2001, and especially visitors feel not always feel safe in a city centre which has not (yet) developed as a meeting place in evenings and nights but only as a big shopping mall that closes at 5 pm. Today the policy agenda has shifted, but a new cultural strategy has not followed suit, and Rotterdam runs the risk of being perceived as a parochial, culturally marginal city compared to the potential that it has. Eindhoven is still struggling to be attractive to anybody, and invests a lot of ideas and money in the process of upgrading its cultural infrastructure, its living climate and recreational opportunities, but for the moment it continues to be perceived as a big village for tech-heads and peaceful households, more appreciated for its natural surroundings than for its evolving urban climate. Design, though, has the potential to become the "export" knowledge industry of Eindhoven, at the same time attracting investments and talent in the area, as is demonstrated by the recent interest that this local specialisation and its educational apparatus raised in the international press. Finally, Klaipeda is a city from where most young people are still hoping to flee, either to try a career in the national capital Vilnius — one of the emerging cultural capitals of Europe — or to spend a training period in a foreign country. Culture has neither made it

to be a factor that ties its talents to the place nor is a factor of attraction for firms (which is normal given the nature of the local economic sectors) and for new residents, who are indeed declining.

Finally, it is useful to turn the attention to the support received by culture from the private sector and the business community at large. If art and culture render the city a more competitive and attractive location, is the private sector contributing to it, recognising its role and favouring the conditions for its own development? Or is it treated as a "public good" which need to be developed with shrinking community funds, to produce generalised benefits which are to some extent "appropriated" by the business community?

In some of our cities we have noted a more proactive, aware role of the business community towards cultural development. Notably, Amsterdam, Vienna, Manchester, are cities in which the private sector is now convinced of the importance of "seed-funding" creativity investing in people, places, and projects. In Amsterdam, this attention is exasperated: a real "best practice" could be quoted, that of an important corporation in real-estate and transport, which supports squatting projects with the idea of enhancing "spaces of creativity" in the city and stimulating a positive evolution in the local society. This far-fetching attitude, which often clashes against short-term corporate business, is limited to a few examples but it might have profound impacts, possibly to be fully gauged in no less than a decade time. In other cases, the business involvement in culture and creativity is more targeted. The BBC has moved part of its production labs to Manchester when it recognised the good conditions of the local media cluster, which has by now evolved from the dynamic but unstable "Madchester" climate to a more consolidated pattern strongly guided by public policy. Today, private capital may flow to creative businesses within the umbrella of the "knowledge capital" economic development strategy of the North-West region, which explicitly recognises the potential of creativity as a stimulus to innovation and flexibility in economic development. Vienna's economic development agency funds creative industry projects with a solid entrepreneurial profile, and satisfactory impacts in terms of city image and exports. In this way, it hopes to effect a "scale jump" in the economic impact and relevance of its creative industries.

In other cities, business communities are less at hand with the notion of sustaining a creative environment, this is the case of Edinburgh, Klaipeda, Bolzano, Rotterdam, where the economic history of the places is not tied to creativity and the (necessary) move to a more free-form development of the knowledge economy is looked at with a certain shyness. In these cities firms limit themselves to funding events, even large ones, which give them exposure and associate their name with the cultural brand of the city: the Film Festival in Rotterdam, the Sea festival in Tampere, the small cultural festivals in Bolzano and the large ones in Edinburgh which are decisively supported by the local banks and financial corporations. However this

involvement is not structural, it does not go to the core of cultural processes. Today — under the lead of the local economic development agency — Rotterdam's private companies are investing in the Lloydsquartier, the new media cluster of the city, but the impression remains that they are now immediately interested to invest in "soft" place qualities which would give real life and perspective to the cluster education, housing, public space.

Tampere, The Hague, and even Vienna, are cities where culture and art are traditionally believed to be part of the public realm and attract generous support, thus making corporate involvement not strictly necessary if not a softer level as a way to make culture "expendable" in economic development, a concept which still meets string resistances in the local society, as revealed by the scepticism with which new projects linking more closely creativity with business are regarded. For instance, the Museumquarter in Vienna, which is successful as a museum cluster but not so much as a creative business incubator and an art gallery, has never been completely "accepted" by the local artistic community and by the city cultural department, which has greatly hampered its economic potential.

4.6. Sustainable development of the cluster

In this sector, we turn to look at the long-term consequences of cultural development strategies, such as the development of cultural sectors and clusters, the support to creative talents and enterprises, the planning and financing regimes adopted. We do this by looking at three important levels of "consistency" which always need to be assured, included in Tab. 7:

- the **spatial-economic balance**, that is, the capacity to preserve the "place qualities" that enable cultural development to endure: centrality, proximity among producers, quality and affordability of the housing stock and public space, "atmosphere"
- the **social concern**, that is, the capacity of cultural development to be endorsed and shared by different urban stakeholders, and thus maintain the constituency which guarantees the (re)production of the cultural capital of the city
- the preservation of the **cultural identity**, which means that cultural development should not become completely detached from the cultural history of the place and its community, while at the same time allowing for a certain degree of "evolution" to accommodate changing social tastes and technological development

Almost all the cities investigated have, more or less intentionally, tied their cultural activity patterns to specific locations. Whether this is the result of explicit policies which connect cultural development with regeneration objectives, or is the natural result of social and economic ecology in the city which brings certain groups to “populate” areas characterised by favourable conditions for cultural and artistic activity, may affect the result of the development process from the point of view of the inner governance, durability and ultimately sustainability of cultural clustering. This matter is studied by Mommaas (2004) who looks at development models to elaborate a typology of creative clusters and discuss their resiliency to development.

The question is simple: if area renewal is looked for, and no “hard” control is effected on land uses, prices and “character”, gentrification and “sanitisation” may easily set in (this could also be considered a measure of the success) and the spatial-economic characteristics which are at the basis of the cultural cluster — like low barriers to entry, proximity and networking among producers, mix of living, consumption and consumption spaces — could come less.

Tab. 7 – Sustainable development of the cluster

	Spatial-economic balance	Social concern (access, inclusion, openness, diversity)	Cultural identity
AMSTERDAM	Large culture-driven regeneration effects in West (Westergasfabriek, Jordaan), Old West, East and waterfront, more recently northern bank of river Ij.	Art and culture explicitly utilised as strategy for inclusion by public (DMO) and private (Cosmic, Paradiso, etc.) actors	Lively debate on development of a “creative city strategy”. Problems with preservation of points of attractiveness for creative talents: low entry barriers, concentration of living / working space, accessible city centre
BOLZANO	Cultural investments boosted city centre appeal	Art and cultural projects for integration of two cultures; university population as added audience base for culture	Traditional vs. experimental forms of culture
EDINBURGH	Culture-themed regeneration of Leith and North Edinburgh	Strong social orientation of Edinburgh cultural policy (CCP <i>Arts and Social Inclusion Project</i> , and Edinburgh Arts & Social Inclusion Forum (EASIF) projects among others).	Low priority of creative production activities as a contribution to urban development. Increasing quest for the enhancement of the festival’s infrastructure and facilities; more attention to the effects of tourism on the cultural social vivacity of the city.
EINDHOVEN	Culture and creativity as spearheads of economic regeneration / diversification. Regeneration potential in Strijp S	Insufficient attention to social inclusion in cultural investment and programming; fair level of integration of student community through virtual networking and e-government	High relevance of culture for economic development and focus on creative combinations
KLAIPEDA	Heritage-driven regeneration of the city centre. Cultural projects in	Low participation to cultural activity; no projects to stop young	SEAS contemporary arts festival as an attempt to break cultural

	docks and old Klaipeda Castle. Plan for rehabilitation of Tobacco factory with creative production centre stalled.	talents fleeing from the city; lack of minority-oriented cultural policies.	clichés and to establish a network with other culture-oriented port cities in Europe. Active but small circle of cultural actors.
MANCHESTER	Castlefield-Salford, Canal Street, Northern Quarter examples of neighbourhoods regenerated through cultural-leisure investments (land-use planning, infrastructure development, events, branding, licensing policy).	Grassroots culture and movements created Manchester's cultural image. Today more attention for ethnic minorities (Commonwealth Games as an inclusion event). Gentrification of city centre has decreased the high participation of locals in cultural activity	Clash between "pop" culture and new cultural icons, with few common platforms for discussion. Emerging threat from gentrification and erosion of creative social capital. Successful attempts to bring together separated worlds within and around "knowledge capital"
ROTTERDAM	Regeneration of central areas and waterfront achieved through cultural investment and location policies (WdW) and flagship architecture (KvZ). Other landmark regeneration projects in peripheral industrial areas (Van Nelle, Schiecentrale).	Multi-cultural city image now at the centre of debate. Scarce capacity of the city to attract and retain creative talent.	Excessive multiculturalism now seen as a problem (and expensive), poor results of cultural policy require change in approach.
TAMPERE	Regeneration of former industrial estates through cultural investments in Finlayson/Tampella complex, designed waterfront renewal	Stress on high level of democratic access to culture and support to the young; new focus on immigrants community and cultural participation	Tampere reflects if there needs to be a "scale jump" in cultural ambitions from providing to the locals to establish as a cultural destination for international visitors
THE HAGUE	Culture-themed redevelopment of City Centre cultural axis and City Mondial	Wide and mixed participation in cultural events; culture used for integration in new strategy document	Low levels of cultural investment, insufficient cultural branding of the city
VIENNA	Culture driven regeneration of Gasometer area (3 rd district), 10 th district, Jewish neighbourhood in 2 nd district and other central areas of the city	Stress on access and ethical value of culture but also on entrepreneurial capacity building in creative industries	The priority is the maintenance of high quality levels in art and cultural production

At that point, cultural development could be considered just an accessory stage of area renewal, "migrating" from one zone to the city to the other in a cyclic pattern of urban development (often "spiralling" away at further and further distances from the city centre). Some example of this "transitory" model of cultural clustering sprung up in this study. The redevelopment of Leith in Edinburgh was proposed as a "cultural" operation but resulted in a sanitised entertainment district for Edinburgh's young middle classes. Inner-city renewal programmes often abide to this model, with the implicit confidence that cultural activities would stratify themselves and get permanently rooted in the inner-city environment. Thus, Amsterdam (in the Jordaan area), Manchester (in the Canal St. area) The Hague, all embarked in vast city-centre regeneration programmes which explicitly saw the attraction and staging of cultural activity, the generation of a "cultural climate" and image, and the development of an experience — if not explicitly art-driven —

economy as central elements to be permanently incorporated in the central cityscapes, with little concern about the “cultural foundations” and the stability of these operations; the gay district of Manchester, as well as the artists’ district of Jordaan, are today first and foremost formidable concentrations of fashionable restaurants and trendy bars. In The Hague, the dynamisation of the city centre as a cultural district has seen new architecture and public urban infrastructure go hand in hand with the regular staging of cultural activities. Klaipeda and Bolzano used their historical heritage to host cultural functions and to stage artistic activities. City-centre clusters are thus subject to inner evolutions, but have greater chances to link structurally some elements of the cultural economy to urban development: the symbolic as a driver for consumption, creativity in public space as an addition to the city image and competitiveness. It is anyway necessary that special provisions are done to sustain the coherence of the symbolic in time and make space for evolution in spatial conditions. The control of entry barriers for creative businesses (for example through the management of part of the housing stock by the municipality, a special trust or a private-public partnership between the public sector and the private developers) may guarantee that the ecology of the cluster is maintained, avoiding that the cluster goes “out of fashion” and that monopolistic rents affect its appeal for consumers.

In other cases, the development by agglomeration responds to a genuine intent to favour the development of a creative vocation, but not always conditions are met. The Llodys Quarter development of Rotterdam is an explicit move out of the city centre in order to make space for new production facilities, but intangible, “anarchic” elements which often guarantee the successful start-up of a project of this type have not been completely (re)produced. Hopefully, Eindhoven’s grand development plans of “creative tech” parks at the city edge will avoid these mistakes.

Clustering could also be the result of an autonomous strategy of cultural and creative producers, sometimes the result of an “accumulation” process of a value chain around a few key actors (like in Manchester’s Castlefield media cluster development centred on the facilities of Granada TV, or the gallery district in Witte-de-Withstraat, at the heart of the museum cluster of Rotterdam, and Eindhoven design and tech-art businesses with naturally located in close proximity to the higher education facilities and campuses). This kind of “filiere” clusters could get stratified and consolidate their structure, chasing out more experimental, space-consuming facilities and concentrating directional functions and particular production (or mixed production-consumption spaces) where proximity is crucial. This type of clustering models is observed in Amsterdam’s Westergasfabriek, a successful case of “enclosure” which facilitates the control of local stakeholders over the cluster’s development and functioning, and in the north bank of the Ij river where the new media cluster is being developed; in Edinburgh’s theatre district; in Vienna’s old Jewish quarter and in the Amsterdam Oud West, where exhibitions of art are being organised in old shops in order to connect better “new” cultural proposal with traditional community infrastructure.

Alternatively, clusters may emerge as an “urban bubble” which leads a new group of cultural producers to a new location to which they attach specific advantages (again the in the example of Manchester the Northern Quarter, where large production facilities were available at cheap costs, and in Amsterdam the Oud West). Also in this case gentrification could compromise the stability of the cluster, eroding the initial advantages. Sector policies by cities can facilitate clustering in these areas, for instance a common marketing service for the area, or special infrastructure provision (transport, public utilities, telecoms, etc.).

There is continuity between spatial consistency and the concern for the maintenance of a social mix in an area or city. The ten case studies show that at a certain stage of evolution of cultural economies (whatever the “clustering model” followed), social issues have emerged and have been taken in consideration both by city planners and the public sector at large, and by the members of the creative business community.

A minimum level of social equity in the COED model can be guaranteed by democratisation of access to culture. The valuation of culture can lead to the formation of private markets and an increase in access costs; this could eventually result in a lower participation in cultural activity by disadvantaged groups. Klaipeda’s cultural life is closely connected to the celebration of its maritime heritage during the four-days sea festival held every summer since the 1950s. While in soviet times the event was used as a populist affirmation of socialist values, which also encompassed the free provision of regime-controlled culture, in independent Lithuania the Sea festival highlighted other values such as the entrepreneurial spirit of the community and its ties with the Baltic and Germanic cultures. However, the regime change also brought a crisis in the funding model of the festival, which needs to become more market-oriented to survive and afford the rising fees requested by guest artists. The easy way out has been to “privatise” some of the festival events, which hampers its very identity, and risks to create “class A” programming reserved to the new economic elites and “class B” events for the masses with no significant cultural interest.

In Vienna and Tampere, cities where the social value of culture is deeply rooted as a community value, entry barriers to culture have been kept low — and simultaneously, quality has been kept very high — through public budgeting, even if in the case of Vienna that meant that sectors with huge economic potential (classical music and other performing arts) is largely “non rentable” even face to a large tourist market. Edinburgh, where festival are a community heritage at least as much as a tourist attraction, community programs are fighting the “detachment” of peripheral communities from a programming that is focused on the city centre, like poster campaigns familiarising low classes with performing art productions, or last-minute reduced-price ticketing campaigns in occasion of the festivals.

"Inclusion" issues regard mainly the use of cultural programmes to influence the behaviour, participation and discourse of disadvantaged groups and minorities. In Amsterdam they have been at the centre of cultural development programmes of the education department, aiming at effective multicultural integration, but also in corporate strategies where a number of private cultural producers (Cosmic Theatre and Paradiso club among others) have joined forces to bring cultural activities and develop infrastructure in disadvantaged neighbourhood in the periphery. In Tampere, awareness programs and newspaper sections are dedicated to the migrants' community — often middle class households attracted by the tech-economy environment of the city — in order to facilitate their integration with the relatively inaccessible local culture. Vienna opened representation offices, sort of mini-foreign affair ministries, in capitals of Eastern Europe, the area to which the Austrian city is looking at as a geo-political reference in enlarged Europe, but also the one from which it receives most migrant workers. These offices are used to familiarise foreigners with Viennese culture, and at the same time they participate and organise activities for the development of local creative expression, with the idea that exclusion can be fought at the roots and that the migration process is seen as something that enriches both communities involved. Manchester used multi-cultural events such as the MELA festival and the Chinese and Caribbean carnivals to reinforce the pride of these communities for their heritage and their sense of belonging, and to present a festive face to the autochthonous residents. In occasion of the Commonwealth Games hosted in 2002, the local minority groups have been actively involved in the planning and management of the event, and spillover effects (educational projects, funding of sport infrastructure, marketing campaigns) have been sought for. Edinburgh deploys many tools in favour of the less advantaged communities: the CCP's Arts and Social Inclusion Project aims to enhance the infrastructure of organisations undertaking art and development projects. The Edinburgh Arts & Social Inclusion Forum (EASIF), Cultivate, Altern8, are other projects for cultural inclusion, training, funding.

In Rotterdam, a city with a large migrant population (more than 60% of the under-18 are non-white, more than 40% of the population is of allochthonous origin) inclusion has been for long at the centre of cultural policy and even urban planning: social housing has been carefully located in central areas, and urban public space has been realised so as to provide occasions for meeting between communities and cultural expression. The celebrations of eccentric cultures like the Caribbean, the Surinamese, the Turkish, and all the other 103 nationalities hosted in this unique city – the festivals, the restaurants, the musical programming, the urban youth cultures – managed to create a "melting pot" atmosphere which may have few other equals in Europe and results attractive to both the occasional visitor and the more experienced cultural tourist. However, the multi-cultural Rotterdam model has also met a critical point, under the pressure of international events and the resentment of the public opinion. Today there is more attention to foster real integration between host and guest communities. A novel program seeks to develop "non-white" areas as cultural districts, and to bring civics and mutual

discover in primary school education. Bolzano is also a city of cultural contrasts, a multilingual city with three official languages, and its once-divided Italian and German communities sharing the cosy, human-scale city. Art is expressly used as a pretext for mutual discovery; cultural education and activities target the community in order to generate an enticing urban character now missing, a sense of dynamism which could guide the city to be a true cross-border hub. In Eindhoven, the city of technical innovation, cultural integration is sought for through the creation of *virtual communities*, an integral part of the *Kenniswijk* project (knowledge-quarter). The idea is that through e-government and seamless information circulation, groups with different cultural codes (students, local residents, foreign workers) can be brought together, can be served more effectively by the local government, and can create cultural bridges which ultimately results in a more cohesive and dynamic society.

The empowerment and development of creative entrepreneurship is also a crucial aspect of social policy: integration is achieved by offering local talents, frequently belonging to excluded groups, a chance and a breeding ground to make their own living and create jobs for their community. Manchester has a long experience of turning social ills into a source of income and personal development: the rock music scene of the 1980s and its animators illustrates how the sparkle of entrepreneurship can turn eccentric talents into a profession and an economic speciality of a city. "Madchester" is arguably now gone or reabsorbed into mainstream business frameworks (with the consequent detachment of the local community from that scene), but the attention for the creative potential is still very present, thanks to the consistent work of dedicated agencies like CIDS (the Creative Industry Development Service). The attention today turns to foreigners' and ethnic communities and their ability as craft workers and artists. The Shisha organisation, a platform for the promotion of Asian artists, was born to give a strategy to cultural producers in that community and "export" their products in the countries of origin.

Vienna has chosen an altogether different approach. The Departure agency was born to enhance the entrepreneurial quality of creative production sectors, and to tie them solidly to the other economic sectors of the Austrian capital. In this way, creative work could be elevated from an "underground status" to a real growth sector for the local economy.

One last concern regarding the social balance in the COED model for a city regards its openness and attractiveness for new groups that may enrich and integrate, possibly without substituting, the local human capital. In a few cases, these concerns touch the cultural field. Amsterdam and Vienna have the best programs (richly founded by the local agencies) to host artists and give them working space to produce works of art and generate a "cultural climate" in the city; even the small Klaipeda has this program and has equipped a facility in the historical city centre to serve as atelier and residence for guest artists. Other cities point to make themselves particularly

attractive for visitors and short-stayers. The Hague, Edinburgh, Tampere, all show to have an easy way to attract the best national talents and develop programs to make them feel part of the community.

Finally, cities should not forget their cultural identity in an attempt to change the pace of their economy and socio-economic trends. Changing by adaptation, rather than negating their history should be the key concern, even when the latter is contested. British cities are perfect illustrations of an almost forgotten cultural heritage of industrial splendour that has been re-vamped as a "setting" for cultural and creative industries. Manchester epitomises all this, having successfully matched its red-brick history and aspect with its ambitions as creative hub of Britain. Tampere is a notable example of the same approach: the legacy as a working class city is well present in the cityscape and the cultural activity of the city, for instance theatre and literature, in spite of the changing economic paradigms bringing technology and knowledge professions to the fore. The industrial past, though of a different époque, is also the dominating cultural theme in Eindhoven, which is re-valuing its visible signs and its legacy of knowledge and community spirit. Klaipeda, a city with a hard recent history under the Soviet regime and a century-long struggle to affirm its peculiar cultural identity of capital of Lithuania Minor, is today convinced that the maritime theme – as well as the German medieval architecture that characterises its historical core – should be the "red thread" both for economic and cultural development, maybe looking at Rotterdam as the best example of valorisation of the special relation that there exist between a city and its community and the sea. Maritime splendour also evokes concepts of dynamism and openness, which Rotterdam has shown to capture in its eye-catching architectural development and its multicultural flavour.

In Klapieda the wounds from foreign dominance are maybe still open but it is clear that the ethnic mix, with large groups of Russians and White Russians in its population, offers ideal ground to develop a complex local cultural production. Bolzano is probably excessively tied to the vernacular folklore of the local community, somewhat an obstacle to a more "internationalised" urban environment, but it should be careful not to lose it altogether when developing alternative cultural programs. The Hague and Edinburgh are cities with noble origins, seats of national governments and of the rich merchant bourgeoisie of their countries, and this is reflected in their cultural provisions, never too hot for the "new" in spite of consolidated artistic celebrations like the Edinburgh Festivals (which offer a large opportunity for experimental art and fringe artists). However competition, both national and foreign, is today strong in fields like cultural industries and the knowledge economy; the need is felt to open up the local environment to creative forces. This means re-discussing radically the axis of the local cultural policy and creating new networks supporting the rise of "new" creative activities possibly on the shoulders of the traditional ones.

5. POLICY RECOMMENDATIONS AND FINAL REMARKS

5.1. Testing the viability of the COED model and benchmarking

The comparative analysis of the various components of the COED model in the ten case studies allows to confirm or reject some of the hypothesis proposed in the first part of this report, and to better describe the mechanisms and circumstances which may lead to a fruitful integration of culture and creativity in the economic development trajectories of a city.

Let us now recall the main assumptions behind the COED model.

1. THE DEVELOPMENT OF A SELECTED NUMBER OF CULTURAL CLUSTERS MAY BE THE LEVER FOR THE DEVELOPMENT OF A WIDESPREAD CREATIVE PRODUCTION SECTOR

The development of a selected number of clusters is a factor of dynamisation of the cultural production sectors: existing tangible assets and human capital are valorised, workers' mobility is fostered, investments and funds are attracted, markets for culture and art emerge, institutions and networks are created, a "cultural city" image is established; in other words, a vibrant cultural climate is generated, which is likely to become a further stimulus to the attraction of creative talents and culture-based organisations. Cultural clusters contribute therefore to the location potential of the city for most creative industries, including edge knowledge-intensive production, to which creativity goes hand-in-hand with technological innovation.

The key for this development seems to be the integration of existing assets – involving traditional divisions between "non-profit", artistic production and more market-oriented forms of cultural production – within a cohesive model of cultural cluster. Successful cultural clusters in this study are:

- the "urban culture" sector of Amsterdam, including experimental theatre, modern dance and media;
- the music and audiovisual sectors of Manchester;
- the music and performing arts sector of Vienna.

Not only these cultural industries became real "growth sectors" for their cities, employing large numbers and producing revenue and reputation. They were also spinwheels for the attraction of talent, entrepreneurial projects and investments in all sorts of creative and knowledge-intensive industries, often spatially replicating the location pattern of cultural clusters and the lifestyles of its human capital.

That is not to say that other cities may have been less ambitious in developing their own cultural industries: the design and technology cluster of Eindhoven, the festival and performing arts sector of Edinburgh, the architecture sector of Rotterdam, are examples of established, healthy growth

sector for their cities. However, several factors have hindered (at least until the present moment) a cumulative process of attraction of talent and diffusion of knowledge that is the base of the creation of a creative economy.

For instance, Rotterdam's attempt to develop the film and media industry, short-circuiting the reputation as a cinema capital with a world-known film festival, the talent generated in local media-labs and art schools, and the abundance of facilities for production (plenty of open space and dismantled factories inherited from the restructuring of the port industry) has probably fallen short of recognising the importance of generating the right conditions not only for working but also for living in the city. In a period in which conviviality and cultural openness are under debate in Rotterdam, it is proving hard to convince young talents and entrepreneurs to settle down in Rotterdam rather than in one of the cities close-by where there's definitely a "buzz" of creativity, like Amsterdam or Antwerp.

The example of Vienna illustrates the necessity of consolidated platforms and trusted spokespersons for the development of a cluster. At an institutional level, musical institutions can count on strong networking and a peer relation with governing structures, resulting in a stable, cohesive and also very open musical cluster, which is careful to breed innovation and to attract new talent. On the other hand, this operation is still in infant stages with other sub-sectors, like design, which miss networking, sector leaders, and an international dimension.

Eindhoven, a city known especially for its technical excellence, still lacks attractiveness and networking in the field of culture. It is actively trying to improve these aspects, investing in infrastructure, events and new locations, and more notably, trying to generate a business interest for e-culture, expecting a perfect match from the encounter of the most advanced technological innovation and the symbolic content. Creative applications to technology may not only become a growth sector for the future, but also generate an appealing urban environment for experimental artists and creative knowledge workers.

Tampere, Klaipeda, Bolzano, The Hague have very small cultural industries whose ambition is possibly not to "export" or to attract interest, but rather to serve the interests of the local community, with faltering results. Tampere in particular has an excellent cultural provision and an interesting clustering of museum, heritage, entertainment, business and educational activities in the Finlayson complex, but this can hardly be seen as an attraction factor that generates spin-offs to the local economy, with the possible exception of the integration of a tradition for screenplay, literature and music into the contemporary gaming and telecom industries located there, a match that has by now given mostly unsatisfactory results. The Hague is similarly pointing on musical events and performances; Bolzano on music and theatre; Klaipeda on visual arts. This timid attempts at "breaking out" and establishing the initial sparkle of a creative economy have so far given modest result but are

indicative of an ambition to diversify the economic trajectories of these cities and shifting the paradigm of economic development towards more open, welcoming, creative, and inspiring forms.

These examples shed some light on the barriers that may hinder the development of a creative economy even when there are elements of excellence with culture:

- lack of care for **soft** factors in the development of cultural industries: not only locations, funding schemes, infrastructure, but also the development of platforms and networks with recognised leaderships, the atmosphere and image projected by the city, the existence of a programme of incentives, events and support structures for new potential participants. If this is the case, investments may lead to the development of firms and jobs in cultural sectors concerned but the initial efforts may be “drained away” by competition from other locations and by the footloose character of globalised cultural value chains;
- lack of **communication** between traditional (public) cultural managers and modern cultural entrepreneurs;
- lack of **mass** of the local cultural sectors and / or excessive **compartmentalisation** between artistic and cultural fields (for instance, with the separation between traditional and “edge” cultural sectors), which downplays the cluster dynamics (no mobility within sectors and across sectors) and its external projection, inhibiting the attractiveness of the city for a generalised pool of creative workers.

2. A CREATIVE ECONOMY IMPROVES THE COMPETITIVENESS OF THE URBAN ENVIRONMENT.

A widespread creative economy is a catalyst to other urban functions and industries, through the additions that it makes to the “qualities” of the place. Cities, and city centres in particular, become more innovative, exciting, valuable. On the other hand, a lively urban milieu of knowledge-intensive functions determines ideal demand conditions for the development of cultural industries. Cultural activities that normally should be subsidised can be financially viable in a place that hosts cultural consumers with sophisticated tastes and cultural tourists enjoying optimal visitor-friendliness and accessibility.

Thus, Amsterdam, a creative hotspot, results extremely attractive to cultural visitors as well as to the high-end of the skilled workers, and the same holds for the prestigious heritage city of Edinburgh and for the cosmopolitan Vienna. Manchester made of its post-modern, pop image its most successful selling point; a city plagued by social exclusion is now a hot place for top workers and short staying visitors, who crowd its clubs, galleries and theatres.

The Hague, Bolzano and Tampere, in spite of their small size, are among the most attractive work locations of “second order” in their respective national systems, as they can boost very high levels of quality of life of which cultural provision and atmosphere are an important component. They could do much better if their cultural activity would become a lever to a higher gear in cluster dynamics, but their efforts in this sense are at infant stage and are limited by a cautious attitude of the local government that attaches a greater importance to social objectives. Rotterdam’s cultural life and creative industries are to a large extent “invisible”, lost in a large city where they lack centrality but for a very small gallery and museum district and a few occasions in the year where the city hosts large cultural festivals. The city thus fails to build on its resources and be attractive; mainstream economic sectors disregard culture as a driver for their business and the local community hardly participates in the excellent offer of the city. The same is true, at a smaller size, for Klaipeda and in part for Eindhoven where there’s a sort of separation between “campus culture” – experimental, specialised, and segregated – and community culture, still much focused on the vernacular. The city is a great place to work, especially for tech-heads and experimental artists, but not necessarily a great place to live in or to run a business which is not directly linked to technology and research.

From this analysis, some factors emerge which may explain the lack of viability of the COED model:

- lack of **visibility** and “tangibility” of the local creative sectors, as they may miss a central location, an immediate channel of access for the public or an appeal in terms of contributions to place qualities;
- lack of **interest** for culture and no **trust** that it can be an economically interesting base for local development, downplaying the representation of cultural features of the “intangible” type (dynamism, creativity, social mobility) in business development programmes and place marketing campaigns;
- **traditional thinking** in terms of separation between arts and the economy, which turns down good opportunities to make culture become a lever for development

3. CULTURE-ORIENTED ECONOMIC DEVELOPMENT IS SUSTAINABLE IF SPATIAL BALANCE, SOCIAL PERMEABILITY, AND CULTURAL IDENTITY ARE PRESERVED IN THE GROWTH PROCESS.

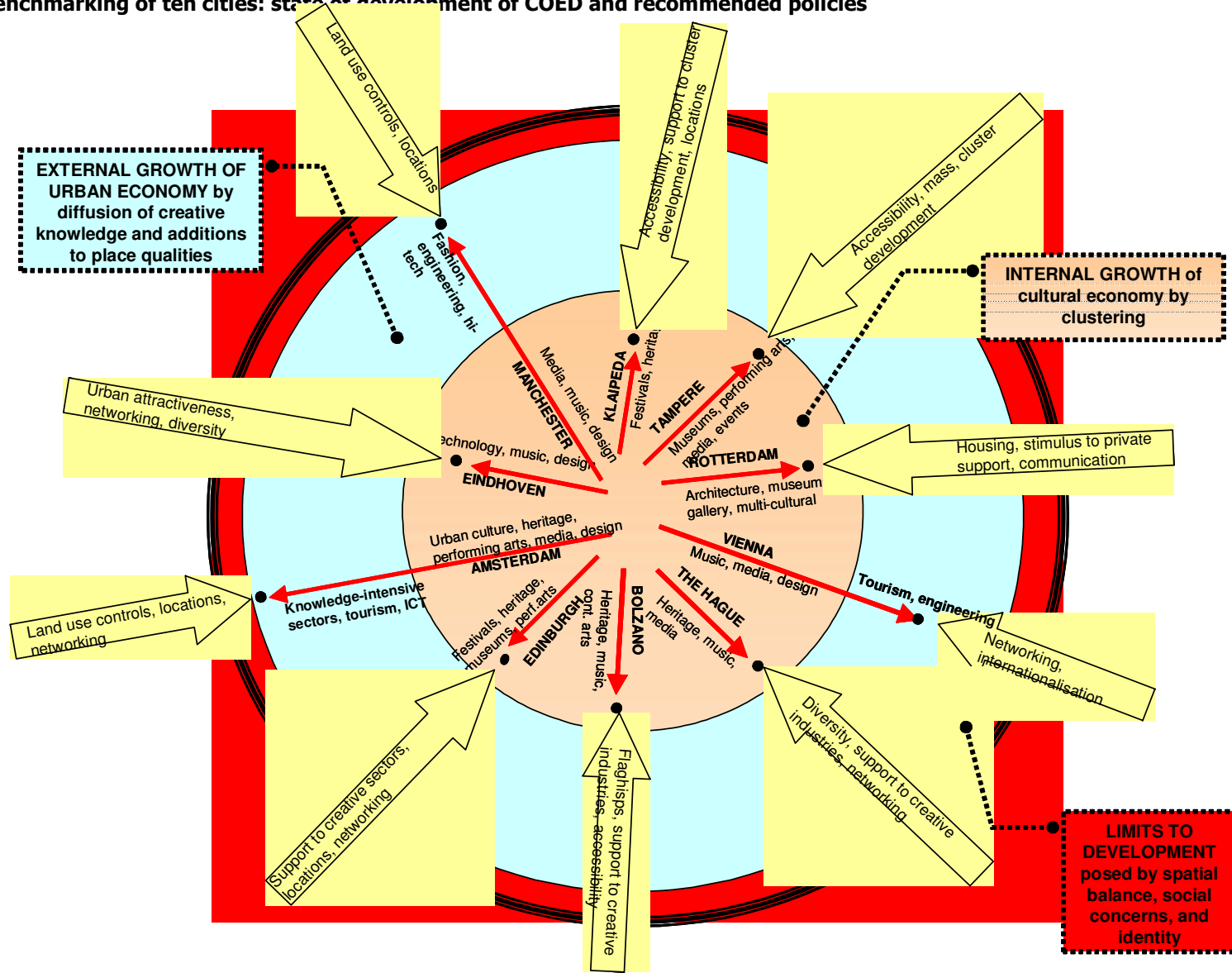
COED may bring forward positive spatial economic conditions for re-urbanisation to be a sustainable process and cities to remain competitive; or alternatively disrupt the initial conditions for economic development in particular areas or, more radically, in the urban fabric altogether. The development of cultural facilities and other creative sectors of the economy may achieve objectives of social regeneration, reinforcement of the city’s

identity and cultural specificity, and spatial balance in economic functions. In turn, a sustainable city is more attractive for industries that appreciate high standards of quality of life, safety, social openness, and environmental amenity.

Almost all of the cities in our study – with the possible exception of Klaipeda, Bolzano, Eindhoven, whose stage of development in COED is so early that no significant drawbacks can be expected in the medium term – face threats from new developments and endogenous changes. Amsterdam's most central areas, as well as the north-western part (Jordaan) of the centre and the Oud West, were once known as creative hotspots and preferred locations for artists and creative talents; the steady transformation of the city centre economy around tourism and the expulsion from the core of most production activities has basically devoided such areas of their original cultural fabric only to retain a faint and to a large extent superficial image; in the meantime, however, the creative buzz of the city has migrated and is today livelier than ever, aided by a clever policy of identifying new development areas for creative clustering and channelling both inward investments and community initiatives in those areas (e.g. the Westergasfabriek, the North bank of the IJ, the Eastern port districts).

How far this process can go before a "critical mass" of creative vitality is lost? There's today concern that Amsterdam is turned into a divided city, with a city centre transformed into a dormitory for wealthy people and tourists, and all the economy pushed to attractive suburbs but lacking the typical "Amsterdam identity", not to mention the social problem which lingers in peripheral neighbourhood. Vienna's creative talents do populate the city centre but today booming housing prices are driving a suburbanisation of the middle classes and of the potential new talents flocking in the Austrian capital from all over central and eastern Europe. The same is happening in The Hague's city centre, where the central Spui area is being timidly transformed into a real cultural quarter; in Edinburgh's Leith neighbourhood; and in the Rotterdam's centre, where once subsidised housing blocks are now on the market. In all these cases, not only the spatial coherence of the cluster model is at stake, but also the social balance – new groups coming in, imposing an altogether new valorisation dynamic to the local assets, and original residents and creative talents flocking out – but also the very identity of such areas, which may have an overall impact on the image and development potential of the city.

Fig. 3 – Benchmarking of ten cities: state of development of COED and recommended policies



A number of factors emerge that determine a fast **gentrification**, with the ensuing loss of creative base/social capital affecting the effectiveness and continuity of cultural projects:

- **lack of a concerted vision** of the regenerated area as a multifunctional district accommodating residence, consumption, leisure, and production uses
- **lack of planning controls** on land use and urban development, not to be intended as mere “zoning” instruments, which in some cases would impede the development of a cluster altogether, but with softer tools like PPP for the joint management of cultural facilities and workspace, the mix in private / public housing provision, or the development of high-quality public space and educational facilities in the area.

In Figure 3 we benchmark the ten case studies looking at the state of development of their COED and at the necessary policies to further a sustainable culture-oriented economy.

Some cities have progressed more than others to develop their cultural sectors into full catalysts for economic growth, in some cases (Amsterdam, Manchester) approaching the limits which would modify the conditions for sustainable development (gentrification and changes in social mix, loss of spatial centrality in creative production sectors, lack of alternative development locations, erosion of cultural identity and character). In Vienna such limits do not appear to be a threat in the short period, though the city still needs to strengthen and diversify its cultural industries to positively influence a wider range of growth sectors. In other cities like Rotterdam, Eindhoven, Edinburgh, The Hague, COED has been limited to internal growth of a limited number of cultural sectors and clusters, missing to affect substantially the development opportunities for other economic sectors by influencing their innovativeness and location potentials. Finally, another group of cities, namely Tampere, Bolzano, Klaipeda, are still at the starting stages of their cultural clustering process and are negatively affected by their relative lack of accessibility and mass. The development and support to selected cultural production sectors (gaming and multimedia in Tampere, visual art and music in Klaipeda, music and performing arts in Bolzano) could result in a more high-quality, knowledge-intensive environment but policy need to steer this process in a more radical way.

5.2. Policy frameworks and recommendations

Public and concerted initiatives in the fields as diverse as cultural policy and planning, economic development policy, governance and participation, land use and infrastructure development, education, social inclusion and poverty reduction, amongst others, all have the potential to influence positively culture-oriented economic development or, conversely, hinder its full effectiveness.

The case studies investigated in this project provide an ample illustration of the ways in which city governments have managed their cultural sectors, and have – more or less consciously – tackled the problem of better integrating culture in other areas of urban management, to make it become an axis of development for the community and the local economy.

Urban development contexts, as well as policy frameworks (local and national), instruments deployed and available resources, are clearly different from case to case and it would make little sense to compare them and devise “recipes” that could be valid in any circumstance. However, evaluating the policy priorities of each cities against the degree of “success” as perceived by the local stakeholders gives a glimpse of “do’s” and “dont’s” that any city engaging in cultural planning should be aware of and benchmark themselves against.

For the sake of simplification, we may discriminate among “urban contexts” following the classification of cities introduced in section 4.1 (replicating to the DATAR typology of European cities in competition). Furthermore, we reduce the range of policy instruments deployed in the top row of Table 8.

Tab. 8 – Cultural policy approaches

	Public funding for culture	Support to creative industries and clustering	Cultural planning	Infrastructure policy / flagship projects	Networking and governance
AMSTERDAM	Four-year national subsidies for some € 100m since 1997. The budget for culture 2005-2008 is € 71m, decreasing of € 10m from the previous period.	Amsterdam’s artists-in-residence program (20,000 grants since 1998). “Breeding Places” fund (OGA in cooperation with squatters’ associations realized of around 2,000 ateliers or working places in 2002-2006. Scouting projects developed by district councils (OudWest).	<i>Amsterdam 2015 / Kunstenplan 2005-2008</i> develop policies with emphasis on integration, multiculturalism, networking and education. <i>Culture and School is a</i> state-funded pilot programme to make culture an integral part of the curricula in primary schools from 2005.	After large regeneration projects and large waterfront redevelopment, Amsterdam now points to small interventions and flagship architectural projects for residence and public services in docks area	DMO launched the <i>Club van Amsterdam</i> , informal platform of the creative industries and the business community.
BOLZANO	€ 4,7m of subsidies paid by the City, plus Province (foundations) and State (theatres) subsidies.	BoBo magazine as the “information window” for culture in Bolzano	In the new strategic plan (Idee 2015) a section is reserved to culture, aiming at developing Bolzano as an European Cultural Capital, a city of Music and Dance,	Museion, New Music Hall, New Municipal Theatre	<i>Zelig</i> school as a “network leader” for cultural industries

			and city with international visibility and relationships		
EDINBURGH	Scottish Executive and Arts Council as main funding bodies. The Edinburgh Council's Culture and Leisure budget for 2004/2005 is € 42.3m of operational expenditure + capital budget of € 7.9m and a subsidy to the festivals of approx. € 4m.	Edinburgh Visual Arts & Crafts Artists Awards Scheme is a support scheme to individual artists based in Edinburgh creating new work or developing current work. A "creative industry strategy" by CEC is still missing.	Various sector strategy documents issued. Culture is seen as the selling "product" of the city and a lever for social inclusion.	New Scottish Parliament building "icon" of local cultural identity. New cultural infrastructure to re-balance "traditional" cultural image. Leith as the dynamic element of Edinburgh development.	<i>Creative Edinburgh</i> (Scottish Enterprise's local platform)
EINDHOVEN	City budget for culture has been € 69m in 2004 (11,9% of the total budget). Actionplan Cultuurbereik 2005-2008 reserves € 330,000 for educational initiatives concerning art and cultural education	<i>Stichting City Dynamiek Eindhoven</i> to boost interrelations between creativity and the local economic sectors	The "Stadsvisie 2000" policy document states the city's ambition to position itself by 2010 as a knowledge centre, an innovative city and an attractive place. Spatial Planning Dept.'s strategy underlines the cultural dimension in spatial and economic policies, with three areas identified as strategic for Eindhoven (Westcorridor, Dommelzone and the inner city).	Evoluon, de Witte Dame, Van Abbe	Stichting City Dynamiek Eindhoven as a flexible partner of firms that operate in the inner city
KLAIPEDA	Small contributions (€ 80,000) mainly for heritage conservation and regeneration.	No funding / incentive initiatives. The Council gives for free the building of the Artists' Union House.	Culture included in 10-year strategic development plan.	The regenerated Old Klaipeda Castle complex is the only "new" space for cultural activity. Rehabilitation of the docks for cultural activity is hampered by the privatisation of the area.	Independent cultural organisations in Klaipeda (art galleries) are the interface between city council and local artists and cultural managers.
MANCHESTER	Council budget for culture totals € 58m in 2005/06 (6% of city budget). National	Since 1990s tradition of funding and support for cultural and creative industries.	In 1990s, fragmented <i>cluster policies</i> to spur concentration of talents in specific	Urbis and Bridgewater Hall among the most recent icon buildings, adding	Partial success of many local "platforms" in culture: Arts about Manchester,

	lottery, EU funds, NWDA and Arts Council as important additional sources.	Arts and Cultural Strategy and CIDS as main pillars. Today, "knowledge capital" programme by NWDA promises to strengthen links between creativity and business development	areas of the centre (Northern Quarter, canal Street). In 2000s, <i>Knowledge Capital</i> project: a whole programme integrating urban planning, business development, research and regional marketing	to redevelopment of city centre malls after 1996 bombing	Marketing Manchester. More promising level of networking to be achieved by Culture North West
ROTTERDAM	Approx. 8% of municipal budget devoted to culture (€ 90m) every year. € 140 m in the last 20 years channelled in capital infrastructure, plus approx. € 80m in occasion of EEC 2001.	The new cultural plan for the city 2005/08 seeks to leverage more private capital. Rotterdam Film Fund (€ 2.5m loan in 2002) generates added expenditure of more than 200%.	Focus on cultural integration and education, multi-ethnicity as an asset, experimentalism in urban design and art production, regeneration of public spaces and industrial buildings	New cultural infrastructure (Schowburg, Kunsthal, NAI, new Luxor theatre) and design of urban infrastructure: new train station, Erasmus bridge and waterfront redevelopment	OBR (Rotterdam development corporation) as initiator of networks for the regeneration of areas through clustering
TAMPERE	€ 57.7m (7% of municipal budget) in 2004.	€ 1.3m to set up and maintain a network of 13 "youth centres". No substantial funding for creative industries development	Creation of cultural spaces in the city as aggregation centres; development of an extensive programme of events	Tampere hall, Vapprikki museum centre in regenerated Finlayson / Tampella area	Networking initiatives (Tampere Artists' Association, Tampere Film Festival Association, MindTrek) encouraged but not initiated by City Hall. Museum Centre Vapriikki (public) promotes cultural debate in the city
THE HAGUE	€73,3m in city budget for culture in 2003. In the same year, € 570,000 funds were awarded to cultural projects and € 1,8m to cultural integration projects.	€ 100,000 p.y. are earmarked by the city to strengthen the relationship between ICT and the cultural sector.	The strategic plan 2005-2008 focuses on the effects of culture and arts for international positioning.	City centre development, municipal museum, sculpture route	<i>Stroom Foundation</i> (financed by the city of The Hague and the state) assists and facilitates local artists and is also responsible for art in public space
VIENNA	€ 200m in 2003 (2% of the city budget) is reserved to culture, without considering the libraries and sports or religion. Federal expenditure amounted to approx. € 600m in	A competence centre for creative economy was set up in 2003 by the Austrian Federal Chamber of Commerce (€ 3.8m in 2003). Vienna Science and Technology Fund set up by the	Focus on creative industries and their contribution to business development in "growth sectors", and on cultural institutions and its social-ethical value	Museum Quarter as a city-centre museum cluster; Hundertwasser House as an example of modern Viennese architecture; the Gasometer area with new flagship infrastructure	Well functioning network of public cultural institutions; loose, fragmented networks in creative industries, with few trusted spokespersons or leaders.

	2000.	Viennese business development agency in the same year, funding innovation in creative industries (€ 7m awarded in 2003 and likely to increase in the next years). <i>Departure</i> founded in 2004 as a business support agency for creative industries.		development	
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Before going into detail, a general remark should be made regarding the attitude stakeholders belonging to the cultural sector in the broad sense. From our studies it clearly emerged that *communication* on one hand between the cultural sector and the economic sector, both within the public as well as within the private sector, and on the other between traditional managers of cultural assets and cultural entrepreneurs is difficult. In general, informal and formal ways to enhance this communication --in the form of discussion platforms and so forth-- prove an important precondition for embedding cultural development in the local economy.

Public funding for culture

The most traditional approach to cultural development is to fund cultural activity. Typically, the provision of culture and the production of art are fields for public intervention. In fact, art and culture may exhibit the characteristics of public goods (for which a market would not exist, and consequently, no for-profit producer would engage) or of merit goods (goods and services for which generalised access is favoured through the subsidisation of their provision in order to keep prices low). The budgets for culture in almost all cities are those the sum of national budgets flowing to the capitals, plus autonomous municipal funds, allotted to cultural projects by different municipal departments, the most important being culture and education, public works, social affairs and communication.

Vienna and Amsterdam, the European metropolises in our sample, are two wealthy, growing cities, the latter with a consolidated international business environment while the former has today the opportunity to recoup a certain delay in internationalisation through European integration and shifting geopolitical equilibria. They are also top tourist destinations, and cities that always rank among the first in European lists of quality of life. Both face relevant challenges from unbridled immigration, whose effects has been in part tempered by the historical legacy of welcoming foreigners. It is thus quite normal that they both attach much importance in funding culture as a social service to its population, trying to balance changing local interests with

an ongoing fragmentation of customer groups, with a global projection by which tourism is the main "export" channel.

It should be mentioned that funding schemes for culture are often in large part national, because national are the main institutions where culture is produced and made available to the public, and this diminishes the range of instruments in the hands of lower tiers of government. However, recent trends in public policy as deregulation and decentralisation, the attention for local specificities and minorities, the availability of European funds and private venture capitals, all go in the direction of granting more freedom to the local, especially large cities and regional capitals, to pursue their "own" cultural policy.

Thus it comes to no surprise that Vienna and Amsterdam pursue specific cultural objectives that, on one hand, overlap largely with the national agenda and, given the importance of the abovementioned cities in their national systems, deeply influences it. On the other hand, they represent within these very systems the "urban exceptions", with significant political implications. Thus, Amsterdam, one of the most cosmopolitan of the Dutch large cities and possibly the one more than other characterised by a historical legacy of cultural excellence, liberalism and libertarianism, is the one that still uses its funds more generously to sustain widespread access to culture, inclusion, and innovation, face to shrinking national budgets for culture. As with the national level, subsidies are distributed to cultural programmes according to four-year strategic plans, a formula that gives perspective to funding, and allows tying cultural production to a "city strategy". In this way, some € 100m have been pumped into culture since 1997. Amsterdam's budget for culture 2005-2008 is € 71m, marking a € 10m reduction on previous period. If the principle appears correct, its application is however criticised by a large part of the creative industries for giving an advantage on the incumbent organisations, which enjoy resources and networks that facilitates the application process. The result is that promising experimental new projects are not subsidised as they have no capacity to show that they abide to a certain policy course.

Vienna is the city in which culture gets the better subsidies, both in absolute and per capita terms, which is not surprising given the mass and status of its cultural sector. The 2003 city budget for culture amounted to approximately € 200m (2% of the city budget), without considering the libraries and sports or religion, adding up to the more than €600m (2000) that national institutions receive from the Federal state. In addition, € 0.8m have been made available in 2004 by the social housing department for public art projects. Vienna, as the rest of Austria, is "protecting" its culture and art from a market calculus that would diminish its ethical relevance, but it marks a difference with a national approach reputed excessively inward-looking, by investing in the cosmopolitan, open and dynamic character of its proposals. Municipal subsidies are granted on a year-by-year basis and following the "umbrella" philosophy — everybody gets a little bit, and this is facilitated by the great care of the city department for culture in customer relations when they

submit their applications. That may change in the future, as today the need is felt to rationalise the structure of some sub-sectors of art production (e.g. performing arts) where there's little interest for audience response, face to "safe" subsidies. A change in the philosophy of subsidising culture, for instance in the sector of performing arts, would endorse a more strategic approach: funding only a few institutions with large budgets on the basis of their relevance for audience development, producing a wealthy ecology in the sector.

Edinburgh's policy context is not too far from that of Vienna Amsterdam: also a capital, though in a lower DATAR class, and a bustling urban economy with strong international ties and cultural traditions which make it one of the most prestigious and crowded British destinations. Compared to the previous two, Edinburgh misses the "innovative" character of its cultural scene, though it does offer fringe artists an important stage in occasion of the Festival with the same name, the largest for performers hosted and number of attendants in the whole festival programming. Funding agencies are at the British (national lottery), national (Scottish art council), and municipal level. The Edinburgh Council's Culture and Leisure budget for 2004/2005 is of € 42.3m of operational expenditure plus a capital budget of € 7.9m. Other departments (City Development, Education, Arts and the Festival Unit) also contribute to support culture, while the City's subsidy to the festivals amount to approximately € 4m. In an art city like Edinburgh, a comparatively larger share of the total cultural budgets is unsurprisingly earmarked for conservation and the management of the main cultural institutions and museums. The criticism raised by festival funding is that it is not sufficient to make a structural improvement in the festival facilities, which is a risk in an increasing competitive European environment for cultural festivals.

Rotterdam and Manchester, a second class of cities in the DATAR classification, are urban economies in transformation. While in other such cases the typical problems of transition have tended to downplay the relevance of culture in the policy agenda, these two have explicitly chose to have culture at the very centre of regeneration agendas, attaching much emphasis to its role of pillar of the new socio-economic paradigm and of the consideration for personal development. Rotterdam has thus created a first-class cultural infrastructure, ranging from fine arts (museums, orchestras, events) to the icons of the experimental and multicultural. In the last 20 years, it channelled some € 140m in capital infrastructure, plus approximately € 80m in occasion of the European Capital for Culture year of 2001. Today, Rotterdam still spends roughly the 8% of its municipal budget in culture (€ 90m every year), with shifting priorities; under the new political course (2001-present time), more attention is paid to market orientation, education and integration, and less for infrastructure and festivals.

Manchester has been careful to pump investments in existing assets (the heritage, music, theatre) and to seed-fund the development of an unconventional underground scene, which turned out to be its biggest selling

point in terms of image and employment. The Manchester Council budget for culture totals € 58m in 2005/06 (6% of city budget), adding up to the funds coming from important additional sources like the National Lottery, the Arts Council, the North West Development Agency, the EU. Public cultural expenditure today focuses increasingly on the reduction of social problems and increasing participation, which explains the relevance of funding to projects for cultural education and inclusion.

The Hague, Eindhoven, Tampere have smaller city budget, a sign that for these cities culture is generally seen more as a service for the community than an urban icon or an export sector, in spite of good to the excellent quality of its provision. The municipal budgets of the three cities are commiserated to their sizes, with The Hague spending some €73,3m in 2003 (and, in the same year, some half a million Euro awarded to cultural projects and € 1,8m to cultural integration projects), Eindhoven's budget for culture totalling € 69m in 2004 (11,9% of the total budget), with the programme Actionplan Cultuurbereik 2005-2008 reserving a third of a million Euro's for educational initiatives concerning art and cultural education, and Tampere spending some € 57.7m in 2004, the 7% of municipal budget. The three cities are all aspiring at a scale jump in their European positioning, but culture is not explicitly part of the plan; Eindhoven and The Hague are aware that they need to raise the profile of their cultural supply in order to aspire at being more attractive for other economic sectors, while Tampere seems to content itself with its excellent cultural programming which contributes to the already high levels of quality of life and its welcoming environment for young skilled talents and households, presenting itself as a more "human scale" alternative to the hectic Helsinki.

Bolzano's budget for culture is small, with € 4,7m of subsidies paid by the City, plus funds coming from the Province to private foundations and the State (mainly to theatres and museums). It is nevertheless interestingly oriented to cultural integration between the two communities and to sustain experimental art, with some success if we today witness that the name of Bolzano is increasingly held high as a good place for contemporary art and quality of life. Klaipeda spends in culture even less (€ 80,000 in 2003) and it almost all goes in heritage regeneration, while the main cultural activities and organisations are funded by the Lithuanian State. A large budget is allocated every year to the Sea festival, putting together shrinking state subsidies, private sponsorships, and municipal funds, but other than a strong tourist appeal and a community value it brings little water to the stream of cultural development, the more so as many activities are now inaccessible to the wider public; maybe its formula needs to be radically thought over in order to spur a change in Klaipeda's cultural image. The municipal policy for culture is also blamed for not being open enough to the necessity of refreshing the local cultural environment and be more competitive for innovative talent.

The subsidy policy approach is critical. It has been noted that increasingly, arts and culture are not subsidised "per se", for the sake of culture as such

and looking at its ethnical value, but only to the extent that it is "instrumental" to the contributing towards more general, "quantifiable" urban objectives: the project of a new library or theatre is more likely to receive funding if it is shown that it enhances social inclusion or it regenerates the surrounding areas. This makes it easier to evaluate the "effectiveness" of funding, but it leaves a dark spot when it comes to structural, long term objectives like sustaining the reputation and the image of a place as a cultural hotspot, or making the city more attractive for new creative talents. Leaving considerations of artistic quality (as opposed to mass-market orientation) aside, four "golden rules" of subsidy policy emerge from the comparison of the cases in this research:

- avoid "incrementalism" (to give priority to those that have always received), because in that way cultural innovativeness is stifled;
- avoid fragmentation and increase selectiveness: subsidise either excellence or innovation;
- have a medium to long-term horizon (3- to 5-year planning); cultural organisation need time to establish their repertoires and to develop audiences;
- avoid subsidising productions that have the potential to achieve commercial success (on the basis of an expert evaluation of the artistic proposal), and focus instead on art forms and production which have a "merit good" nature, for instance those which forward a cultural traditions that could be lost, or forms of experimental art that do not have sufficient market potential;

Support to creative industries and clustering

If cultural activity is generally intended as a "community service" that city government are compelled to organise or to fund, most European cities in the last three decades have waken up to the need to foster the development of a cultural industry for the sake of economic development rather than strictly social concerns. Cultural industries are sectors with potential for growth, make cities more attractive, dynamic and socially complex, and are functional to regeneration projects as they tend to occupy "urban voids" allowing a re-functionalisation of idle land and abandoned estates.

Support to cultural and, more generally, creative industries or industries of the symbolic is not especially different from any industrial development policy in terms of funding schemes, most frequently consisting in loans and paid interests rather than lump transfers, and needs to be based definition of a "strategy" identifying target sectors with growth potentials, markets, locations, and stakeholders, something relatively more complex and unconventional than the budgeting routines of cultural departments. The very nature of cultural industries makes funding more often the venture of

economic development agencies and public-private partnership rather than pure public institutions.

Within this framework, specific policies should accompany the development of cultural clusters. The process of development of a cultural or creative cluster ought to be both economically viable and open-ended, that is, without risking to haphazard its ecology by "institutionalising" it, whereas conflictive, sometimes anarchist impulses are at the basis of the creative processes. In order to boost the economic relevance of "metropolitan cultural clusters", work needs to be done at two levels. First it is necessary to bring together different ends of the cultural scene, which generally are not even in speaking terms: the subsidised and the entrepreneurial, the "fine arts" and the popular culture. This also means to find ways to get them to work together and share working templates and projects. The development of a veritable "cluster culture" should be spurred, that is a set of values which every actor in the cultural sector is willing to share. Secondly it proves necessary to give an incentive to the development of new ideas, cultural professions and skills, which may not have in the beginning the mass to emerge out of an underground, non-professional status.

It could be argued that the pull to develop creative industries is stronger in cities which cannot count on an established cultural allure or international attractions, and with an urge to diversify and transform their economy. Manchester is an exemplary illustration of a city which achieved a change of image and pace through the spontaneous development of a dynamic cultural scene in the 1980s, and since the 1990s is actively funding and support for cultural and creative industries, primarily through its Arts and Cultural Strategy and the work of the Creative Industry Development Service agency. Today, the "knowledge capital" programme by NWDA promises to strengthen the links between creativity and business development. So did Rotterdam with its cultural policy and regeneration projects in the 1990s. The new cultural plan for the city 2005/08 seeks to channel private investment in selected creative sectors such as multimedia, while the Rotterdam Film Fund, awarding loans for € 2.5m in 2002 to producers who decided to settle in Rotterdam, has leveraged added expenditure for more than double its cost.

On their count, neither Vienna nor Amsterdam, two cultural capitals of Europe, did lose sight of the necessity to spur up unconventional production forms based on culture and creativity. Thus, recently Vienna – through its economic development agency – embarked in a number of programs to support the development of viable entrepreneurial projects at the edge between creative industries and other innovative economic sectors, following the national scheme of *Creativ Wirtschaft Austria*, a national competence centre for creative economy set up in 2003 by the Austrian Federal Chamber of Commerce (which distributed funds for € 3.8m in 2003). The Vienna Science and Technology Fund (WWTF) set up by the Viennese business development agency in the same year, funding innovation in creative industries for € 7m awarded in 2003 and likely to increase in the next years. Departure was then

founded in 2004 as a business support agency for creative industries, on condition that they have a satisfactory entrepreneurial profile and they contribute to reinforce the competitiveness of the Viennese economy and its international projection; the intention is to transform these funds in loans to stimulate an even more responsible attitude and a stronger market orientation of the applicants. A completely different and unconventional approach is followed Amsterdam. Recognising that the primary need for creative firms is cheap workspace, social embedding and networking, and a conducive environment where the clustering notion is key, the OGA (economic development agency of the city) launched the "Breeding Places" fund within a strategic agreement with the squatters' associations, that brought to the realisation of around 2,000 ateliers or working places in the period 2002-2006, abiding to the cluster principle and characterised by a strong ecology and a good capacity of self-governance. Scouting projects are developed by district councils like OudWest, discovering new artistic talents and giving them a business perspective. The cultural department of the city has a very successful artists-in-residence program which already awarded 20,000 grants since 1998, boosting Amsterdam's reputation as a haven for artists and cultural entrepreneurs.

The other cities in our study move themselves within this polarity, on one side supporting the development of a cultural cluster through conventional business development schemes, like scouting, business incubators, start-up incentives, etcetera, on the other deploying more "creative" planning tools which are more sensible to issues of "local embedding" of the cultural industries. The Hague earmarks € 100,000 every year to strengthen the relationship between ICT, the largest growth cluster of the city, and the cultural sector. Eindhoven's Stichting City Dynamiek was similarly created to boost interrelations between creativity and the local economic sectors. Edinburgh's Visual Arts & Crafts Artists Awards Scheme is a funding tool targeting individual Edinburgh-based artists creating new work or developing current work, while a straightforward "creative industry strategy" of the Edinburgh Council is still missing. Also Tampere invested € 1.3m to set up and maintain a network of 13 "youth centres", and again there are no special funds for creative industries development.

Bolzano's ambition is for the present moment that of enhancing the "buzz" of convenient location for creative talents. BoBo, a magazine by municipal funds, is the "information window" for the sector and a platform for cultural debate at the local level. Finally, Klaipeda has no special funding scheme of support for creative industries apart from the free use of restored municipal facilities that is granted to the Artists' union and some galleries incentive.

In general, it could be recommended that creative industry support policies on one hand tries to foster and anticipate market changes, identifying sectors with the best growth perspectives; on the other, it looks at the local economy, tying these sections to the city economy and society right from the beginning, in terms of formation of innovative filières and complex social and

economic network arrangements which are encapsulated by the notion of cluster. Moreover, it has emerged in our study that micro-credit as a form of funding should be given preference over dead-end subsidy, spurring the development of entrepreneurial capacity in the sector.

Cultural planning and strategy

More in general, cultural planning regards all the activities that “embed” culture in the city fabric, generating new city images, and raising the importance of the symbolic in many other policy fields, as different as the social realm, the economic, the spatial and infrastructure. Cities are led to deploy cultural planning by a perceived need to restructure the social skills and the shape and functions of the city to make it more “fit”, in economic and social terms, to the new paradigm of the knowledge economy, where the cultural realm has a radically new role and an increased importance. New inspiring architecture, the celebration of different cultures and of the global importance of local identities, participation and empowerment, right of access and the quality of the public space, social innovation and debate, all these different areas of policy, among which “traditional” activities by cultural departments are only a minor part, influence the way in which a city position itself in an economic context in which creativity, openness, self-reflection, pride, and justice and democracy are key factors for competitiveness and sustained success.

Cultural planning, as argued by authors such as Bianchini and Parkinson (1993) and Landry (2000), implies an altogether different model of urban policy, characterised by integration between different objectives and work areas, by diagonal reasoning, flexibility in governance structures and networking as the main organisation model. Culture is a “theme” to be found in all areas of urban management rather than a “product”, while creativity as key economic principle extends to the very way in which policies are elaborated and applied. Those ideas are then transferred into the cities’ policy documents and strategies. The ten cities in our sample pursue them to different degrees and with variable results.

Amsterdam, with its Amsterdam 2015 programme and the medium-term operational tool *Kunstenplan 2005-2008*, emphasises integration, multiculturalism, networking and education as axes of urban development and capacity building. *Culture and School* is a state-funded pilot programme to make culture an integral part of the curricula in primary schools from 2005. Vienna’s focus is on creative industries and their contribution to business development in “growth sectors”, and on low entry barriers to culture which are attributed a high social and ethical value.

The Hague, in the strategic plan 2005-2008, focuses on the effects of culture and arts for international positioning. Edinburgh has produced various sector strategy documents issued (*Edinburgh Festival, Theatre, Dance, Visual Arts and Crafts, Music, Moving Image*). Culture is seen as the selling “product” of

the city and a lever for social inclusion. Manchester's approach with cultural planning is possibly the most advanced and complex. In the 1990s, fragmented cluster policies have been spurring a concentration of talents in specific areas of the centre (Northern Quarter, Canal Street) with little solidity from the point of view of the embedding of these clusters in the economic structure of the city. In 2000s, the Knowledge Capital project present itself as a whole programme integrating urban planning, business development, research and regional marketing and considering creativity as the key competitive factor for the region.

Eindhoven's "Stadsvisie 2000" policy document states the city's ambition to position itself by 2010 as a knowledge centre, an innovative city and an attractive place. The Spatial Planning Department's strategy underlines the cultural dimension in spatial and economic policies, with three areas identified as strategic for Eindhoven (Westcorridor, Dommelzone and the inner city). Rotterdam has a traditional focus on cultural integration and education, multi-ethnicity seen as an asset, experimentalism in urban design and art production, and the regeneration of public spaces and industrial buildings. Tampere insists on the creation of cultural spaces in the city as aggregation centres, and develops an extensive programme of events as a festive side of its human-scale urbanity.

Bolzano, in its new strategic plan (Idee 2015) reserves a section to culture, aiming at developing Bolzano as an European Cultural Capital, a city of Music and Dance, and city with international visibility and relationships. Finally, Klaipeda's cultural department succeeded to having culture included in the recent 10-year strategic development plan, and is now struggling to have creative sectors considered in operational programs regarding the city's physical and economic regeneration.

Infrastructure policy and flagship projects

Especially in the critical stage of transition towards re-urbanisation, it is important that policymakers accompany the new valorisation process of central spaces with projects (infrastructure, land development, transport, urban design) which counterbalance the development of secluded, "mono-functional" urban spaces. Train stations, stadiums, office towers, waterfront infrastructure and airports have indubitable importance to accommodate the new urban functions typical of the knowledge-society, characterised by multiple uses, "sexy" and leisure-oriented designs, proximity and accessibility. However there has been a neat trend, in the last 20 years, to invest in "flagships" that have first of all an iconic value, contributing to an image of modernity and dynamism of the urban environment, often resulting in added tourist attractiveness for the city. Culture and art, key themes of the global knowledge society, are no exceptions and the most notable examples of new urban infrastructure have been dedicated to museums and galleries, auditoriums, monuments, libraries, open public spaces and congress /

meeting infrastructure. While it is contested that the new cultural infrastructure has resulted in an increased cultural participation or a more viable cultural industry, culture has largely been the “pretext” to endow cities with visual icons whose symbolic value greatly exceeds their sometimes high investment cost.

Some of the cities included in our study are among Europe’s best illustrations of the value and effects of flagships. Amsterdam, a city characterised by a typical architectural image and a tradition of architecture for social uses, is not too hot about new icons. After many regeneration and waterfront redevelopment projects, whose most notable example is the NeMo museum of technology in the port, considered a partial failure, it now points to small interventions and flagship architectural projects for residence and public facilities (among which a new library) in the docks area, which is turning into a real haven for young architects. Rotterdam’s eye catching image owes a lot to flagships, among which many outstanding examples of cultural infrastructure (Schowburg, Kunsthal, NAI, the new Luxor theatre) and public space design, to which important urban architectural icons need to be added, like the Erasmus bridge, the waterfront at Kop van Zuid and Waterstad on the two banks of the Maas, and the next large project regarding the station area.

Vienna was possibly the first city in this century to experiment in iconic cultural buildings with the Hundertwasser House, an example of modern Viennese architecture. More recently, the Museum Quarter marks an outstanding planning template that revitalises idle heritage buildings through new addition of contemporary architecture and a re-designed public space. The Gasometer area has also been renovated with new flagship infrastructure development for the development of creative industries.

In Edinburgh, the new Scottish Parliament building is a new flagship of local cultural identity, and together with notable pieces of new cultural infrastructure like the Usher Hall it contributes to re-balance the “traditional” cultural image of the city. The renewal of Leith stands out as the dynamic element in Edinburgh’s physical development, though lacking a visible “icon”.

The Hague is investing heavily in the physical renovation of the city centre to boost its dynamic image. The most interesting interventions regard public infrastructure like the City Hall and the Ministry for Spatial Development, but cultural infrastructure like the Municipal Museum is also part of this programme. The redevelopment of the Paard van Troje venue indicate the intention of the city not to lose sight of more modest but needed interventions. Eindhoven, characterised by a 20th century factory-city concept, has since the 1980s endowed itself with the Evoluon building to mark its singular relationship with technology, and is now turning to consider more socially relevant interventions, like the redevelopment of the Witte Dame complex for civic uses, and the construction of a new museum of contemporary arts, the Van Abbe. Within the *Strijp S* development project

much more promises to be accomplished especially in the field of public space.

In Manchester, the IRA bombing of 1996 has paradoxically made space for new urban development and offered an opportunity to rethink an urban design until that moment heavily relying on the red-brick traditional image. Two notable cultural facilities like Urbis and Bridgewater Hall are among the most recent city icons, the latter a catalyst for the redevelopment of a whole new district (St. Peter's Fields) for conventions and leisure tourist uses. In Manchester, however, cultural development in the 1980s has gone hand-in-hand with grassroots development and creative uses of old infrastructure. It should be carefully considered whether the development by grand projects is consistent with this idea and the successes that it achieved.

Apart from the Tampere Hall, an useful but not particularly eye-catching piece of modern infrastructure, Tampere's real flagship is the new uses given to the industrial heritage buildings and the way in which they have been redesigned, illuminated and positioned at the core of the community life; the Vappriikki museum centre in the regenerated Finlayson area is a perfect example of heritage renewal. Bolzano has no particularly staggering example of new architecture for cultural uses apart from smaller interventions like the Museion, the new Music Hall, and the new Municipal Theatre; maybe endowing itself with one would be an useful first step towards the creation of a "creative city" atmosphere. Finally, in Klaipeda the regenerated Old Klaipeda Castle complex is the only "new" space for cultural activity, while the rehabilitation of the docks for cultural activity is hampered by the privatisation of the area.

A general pattern in the comparative analysis of the case studies emerge, which is the association of flagships with the ambition to reformulate the image of the city, which is especially felt by cities in economic transitions, while cities with a strong economy and a solid urban fabric are less prepared to invest in the "new" and instead devote more efforts to the renovation and re-functionalisation of existing buildings, possibly with the insertion of contemporary elements or the redesign of interiors. In any case, daring visual icon can increase the complexity of urban fabric and rejuvenate "cliché" images, while a city already replete with iconic elements should subsequently focus on the development of "bridges" and human scale projects that tie solidly these flagships to civic uses, not to create "cathedrals" that remain disconnected from urban life like foreign bodies.

Networking and governance

Finally, the organisation model of policy (as suggested by Landry, 2002, in its "Creative Cities" book), matters for the result of policy initiatives. A complex, dynamic and diverse society necessitates of policy frameworks that replicate that complexity and flexibility, as noted by Kooiman (1993); thus, policies to influence local development in the sense of a more clear orientation to culture need to be creative, flexible, open-ended, holistic, qualities that are normally

associated to cultural activity and enterprises. Networks of stakeholders and public-private partnerships are increasingly popular governance arrangements that allow policy leaders to maintain a hold in urban development in turbulent environments, increasing the participation in the design of new policies initiatives and their acceptance, and augmenting their financial viability, which turns out to be a particularly important theme with cultural projects with widespread social relevance and risky economic profiles. Governments can also foster the strengthening of platforms and networks among the stakeholders of culture, which often lack cohesion and leaderships, providing the initial impulse to the autonomous evolution of a sector or cluster.

In Amsterdam, the Culture and Education Department of the city (DMO) launched the Club van Amsterdam, an informal platform of the creative industries and the business community. Davies (1999) noted that networking activities are still sub-optimal in the city; indeed there exist good ties between the large public institutions but not at the level of new cultural producers. The situation is very similar to that of Vienna, which also has a well-functioning network of public cultural institutions, but loose, fragmented networks in creative industries, with few trusted spokespersons or leaders.

The Stroom Foundation receives funds by the city of The Hague and the state to assist and facilitate local artists as a platform, and is also responsible for the development of new concepts of art in public space. Creative Edinburgh is Scottish Enterprise's local platform, providing an opportunity for local companies to enhance their profile and image, develop new business opportunities and learn from international best practice. Stichting City Dynamiek Eindhoven is a flexible partner for firms that operate in the inner city, including cultural initiatives, rebalancing the fragmentation that characterised private sector development initiatives in the past. Manchester is characterised by the partial success of many local "platforms" regarding culture, like Arts about Manchester and Marketing Manchester. A more promising level of networking to be achieved by Culture North West. the City of Rotterdam and its development arm, the Rotterdam Development Corporation (OBR) have given the initial impulse to networking in order to steer the regeneration of selected areas through clustering, the most successful being the Witte-de-Withstraat gallery cluster. In Tampere, the Museum Centre Vapriikki, a public body, promotes cultural debate in the city acting like a platform for the whole sector. Other important networking initiatives (Tampere Artists' Association, Tampere Film Festival Association, MindTrek) have been encouraged but not initiated by the City Hall.

Bolzano's Zelig School, supported by the City, is a real a "network leader" for cultural industries. In Klaipeda, independent cultural organisations like art galleries are the interface between the council and the local cultural scene.

5.3. Final remarks

Throughout this research, culture shows to be:

- An increasingly important sector in the urban economy, offering as many jobs as other traditional industries, and undergoing a sharp transformation in the enterprise model getting from traditional public bodies to constellations of small, flexible networks of cultural producers, characterised by a strong ecology
- A “knowledge input” that is internalised in the local economic environment in terms of better location potential, local market characteristics (of products and human capital), and innovative capacity.
- A catalyst for urban change, affecting the spatial organisation of city functions, its social composition, the community values and norms, and the very identity and image of the city.

The three aspects are tied one another in a model of economic development that we called Culture-Oriented Economic Development (COED). If a city manages to develop a viable cultural production sector, which normally happens through the cumulative process inherent in cluster development, it becomes more attractive for all those economic sectors for which culture and creativity are fundamental factors, from creative industries to other knowledge-intensive sectors. The enhancement of the social and economic basis on which urban competitiveness is based may be partially or completely off-set in the medium term by urban changes, often endogenous to the very development process, like gentrification, social change and cultural standardisation, which erode the initial advantages for creativity and the idiosyncratic qualities of the place.

The evidence obtained in the ten case study cities supports the intuition that such a model may be at work, identifying factors that have facilitated COED in some cities, and barriers which have hindered it in others.

Urban policy may be one of these factors, intervening at each stage of COED—for example spurring cultural production sectors through cluster development and planning activities, and tying it solidly with other economic sectors of the city—and counterbalancing in the last stage the feedback that urban change may exert on culture-based development, through a strategic management of the cultural activity in the space, the deployment of tools for social inclusion and empowerment, and the activities of conservation, elaboration and communication of the cultural identity of the place.

There is no accepted and reliable methodology to understand how much culture counts for the city, because the ways in which urban development is affected by cultural activity and creativity are too complex, while considering culture just as a measurable economic sector or a set of projects would risks

to underestimate its actual influence in any field of public and private activity. We tried to demonstrate in this study that it counts “a lot”, and we focused as a more important theme on the “how”, identifying models of influence between culture and the city, causal relations, and evolutionary factors.

The lessons that can be learned by the managers that have participated to this study — as well as by any other interested party — are likely to partake such “qualitative” nature. From the reference to the COED model, cities can learn what should be the philosophy of initiatives in the public realm, what results may be expected, and what is the time-horizon that needs to be adopted in policy documents. Benchmarking against comparable cities allows to calibrate policy tools, formulate credible targets, and avoid common mistakes in policy design, governance models and communication campaigns.

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ANNEX: THE CASE STUDIES

1 CASE STUDY OF AMSTERDAM

1.1 *Synthetic information on the city*

The capital and largest city of the Netherlands (738,763 inhabitants in January 2004, 1,184,000 in the metropolitan area), it is also the economic and cultural heart of the country, and one of the most popular and beloved tourist destinations in the world. Amsterdam manages to keep together a distinctively romantic image, much the result of 18th-19th century redevelopment of the medieval urban structure, with a bustling economy and a dynamic social structure. The unique character of the city centre is one of Amsterdam's strong points. The harmonious mix of functions and architectural styles, the quality of the public domain and street life, the «positive balance between order and chaos» (Davies 1999) conjure to build up an image of tolerance and human scale, attractive to potential new citizens and firms, as well as visitors of all types. Differently from other European heritage cities, Amsterdam has maintained an edge over a number of production sectors, in particular financial services, hi-tech and more recently the new media, music and other cultural industries. Almost all of the national and many of the world largest companies keep regional headquarters in the mushrooming “business development areas” at the city edges, among which the largest financial and consulting trans-national corporations and a good share of the largest “new economy” giants. A world-class educational centre, Amsterdam also attracts scholars and researchers from all over the world.

Amsterdam is a distinctively young city, with 50% of the under 19 having an ethnic background. Immigrants from developing countries are 32% of population, the largest groups being the Surinamese, Antilleans, Turks, and Moroccans. Its culturally diverse social base contributes to the young and international image of the city. This social structure means that there is a large availability of “creative talent” in this area, and very few barriers to make the best out of it for innovative organisations and enterprises.

As a result of social and economic changes, and of the restructuring of the generous Dutch welfare, participation to the Amsterdam job market rose from 63% to 69% in the period 1994-1999, with 40% of the newest jobs taken by non-nationals⁵. Many job positions moved to Amsterdam from the rest of the country, and especially from the Rotterdam region. In total, jobs have risen from 300,000 to almost 400,000 in the last 35 years. This growth was accompanied by a policy of making available new land and buildings for housing and businesses, as well as by new developments in the social and cultural provision of the city for its changing working class.

As a city with a formidable cultural infrastructure and a tourist product largely centred on cultural activities and lifestyles, it is quite natural that Amsterdam has in many occasions tried to evaluate the economic importance of culture as an economic sector. The results of these studies appear in works by Van Puffelen 1989, KPMG 1994, Davies 1999. However, the theme of the interrelations between arts and the city's

⁵ An average of 2.5% of the people in the Netherlands between the age of 15 and 65 were on unemployment benefits on January 1, 2004. The unemployment level in The Hague and Utrecht equalled this national percentage, whereas the level is higher, 3.2%, in Amsterdam and Rotterdam. The percentage of people on unemployed benefits increased by no less than 50% in Utrecht and Amsterdam between 2003 and 2004 (Amsterdam in figures, yearbook 2004).

development trends has been investigated to a lesser degree; it is nevertheless highly relevant in a moment in which Amsterdam is trying to use culture to revise its image and social policy.

1.2 Cultural activity in Amsterdam: actors, assets, and policy

1.2.1 Culture highlights and infrastructure

One of the most important European cultural centres, Amsterdam's cultural provision is in many ways impressive also for European standards. Out of a 1997 survey, involving aspects such as cultural activity, public attendance, level of city support, etc., Amsterdam comes 3rd with Milan, Barcelona, Berlin and only following Paris and London as a city of culture (Davies 1999).

One peculiar aspect of Amsterdam culture is the bias towards *activity* rather than heritage. Indeed, there are few "landmark" monuments (Amsterdam is one of the few European capitals without a famous cathedral or another large historical building connected with religious or political power). "Tangible", built heritage is present as a diffused element of the city centre architecture and of the urban structure, but cultural heritage is mainly present in the identity of the city: the set of social norms and symbols that make the city lifestyle and images.

The cultural infrastructure of the city and its heritage are well preserved and cared for, as is illustrated by the recent and partly on-going rehabilitation and expansion of the main museums, like the Stedelijk (*municipal*) Museum of modern art which recently received a 67 M € fund for renovation. In February 2004, an extension of the Hermitage Museum of St. Petersburg will open a "sister museum" in Amsterdam. This could become in a few years the fourth "capital museum" of the city, after the world-known Rijks Museum, the Van Gogh, and the Stedelijk. The Concertgebouw and other excellent venues for theatre, ballet and music provide a world-class infrastructure for performing arts.

In spite of this wealth of facilities for cultural consumption, Amsterdam cares not to transform into a "museum city". Much of Amsterdam's dynamic image is due to the huge supply of cultural events and festivals. Davies (1999) reports of "thousands of events, and two million estimated visitors to the arts" in a surveyed year between 1996 and 1997. Tables 1.1 and 1.2 report, namely, attendance to the most important cultural attractions and the most popular cultural events organised in the city in 2001 and 2002.

The cultural audiences are boosted by the high numbers of visitors⁶. However, attendance by locals is higher than in comparable European cities. In 1996, the 75% of the population aged over 18 went to the cinema at least once in the year, 62% visited a museum, 52% participated to some festivals or events, 49% visited heritage and architecture, and 40% attended a pop music concert, 37% a theatre piece, and 33% a classical music or ballet performance 33%. In London, in the same year, attendance rates varied between 30% for theatre and 5% for classical music (City of Amsterdam

⁶ According to van Puffelen (1989), more than two thirds of the visitors have a 'cultural' motivation. International tourists account to some 50% of the visits to visual arts and 35% of the visits to performing arts (Davies 1999).

1997). The number of visits to Amsterdam arts institutions rose by almost 40% from 9.0 to 12.4 millions) in the period 1983-1994 (museums +55%, performing arts +40%, while cinema attendance dropped by 0.1%). 50% of arts visits are to performing arts.

Table 1.1 - Main visitor attractions in Amsterdam

Attractions (n. of visitors)	02-01	2001	2002
Guided tours	0%	3.000.000	3.000.000
Van Gogh Museum	+23%	1.593.000	1.299.000
<i>Incl exhibiton Van Gogh Gauguin in 2002</i>		740.000	
Amsterdam Arena stadium	-14%	1.328.000	1.550.000
Artis Zoo	+3%	1.230.000	1.197.000
Rijksmuseum	+8%	1.090.000	1.011.000
<i>Inc. exhibition Maurits Prins van Oranje in 2001</i>			100.000
Diamond cutters	+1%	930.000	925.000
Holland Casino Amsterdam	-1%	922.000	936.000
Anna Frank House	+1%	909.000	900.000
Concerts and events at the Concertgebouw	+1%	842.000	835.000
Sexmuseum Amsterdam "Venustempel"	+6%	520.000	490.000
Madame Tussaud's Wax Museum Amsterdam	-17%	440.000	529.000
Stedelijk Museum of Modern Art	-20%	328.000	411.000
NEMO Metropolis	+9%	317.500	291.900
The Heineken Experience (1)	+83%	275.000	150.000

Table 1.2 – Main Amsterdam events (*: estimated)

Events / fairs / festivals (n. of visitors)	02-01	2002	2001
Floriade		2.300.000	
Sail (one in five years; next event in 2005)		-	-
Kwakoe Summer festival	+10%	*1.100.000	*1.000.000
Open market (AAA)	0%	*500.000	*500.000
Queen's day	-18%	*450.000	*550.000
Art market in the Spui (40 times per year)	0%	*400.000	*400.000
Flower parade in Amsterdam (only local attendants)	+4%	*260.000	*250.000
Santa Claus	- 50%	150.000	*300.000
Amsterdam Marathon (formerly Delta Lloyd marathon)	+25%	125.000	100.000
Gay Pride Canal Parade	-60%	*100.000	*250.000
International Documentary Filmfestival Amsterdam (IDFA)	+10%	99.000	90.000

1.2.2 Image, quality of life, intangible assets

There are two distinct but complementary sides to the cultural image of Amsterdam. The former has to do with its rich historical and monumental heritage. In the 17th and 18th century the canal system was completed, and with it the very cityscape of Amsterdam, which mingles a romantic and cosy atmosphere with the magnificence of mansions and palaces. In the same period, some of the world's most prolific and appreciated artists, like Rembrandt, were working in Amsterdam and by adding to the local collections they contributed once and for all to define the cultural identity of the city as an haven for artists (Davies 1999).

The second is the status of Amsterdam as the symbolic heart of a country that has traditions of openness and hospitality. Its reputation of tolerance and laid-backness made of Amsterdam one of the "hippie capitals" of Europe in the sixties and seventies, without the contested political connotations that the "summer of love" assumed in other countries. It is also a direct reflection of the cityscape: a compact and green city, where people go around on foot and bikes, which contrasts with the concrete and traffic-dominated images of most other European capitals. Personal contacts and a culture of sociality (what today is called *café culture*) are exalted in such an environment. This image is still strong, also thanks to the permissive Dutch policy regarding drugs and personal lifestyles, so that today Amsterdam remains at the forefront of many counter-cultural movements and youth scenes. Good governance is also a part of this heritage: Amsterdam can really be seen as an exemplary illustration of democratic local government coupled with an innovative, sometimes visionary attitude for urban management.

These images have many good sides to them and a few negative ones. Boasting some of Europe's best art museums and collections, Amsterdam is a tourism capital for high-end cultural consumers, but it also highly attractive for young, low-budget travellers. There's hardly any high school graduate in Europe who hasn't feasted in Amsterdam's coffee-shops as one of the "rites of passage" to adult life. Moreover, some of the city's economic strengths, like the capacity to attract the world's largest multinational firms, or the booming new media and high-tech industries, are in some way associated to the high levels of quality of life, as well as to its dynamic, open social structure.

However, today Amsterdam seeks to keep its image from "sclerotising" around these two concepts. On one hand, the cultural production of Amsterdam suffers from the very success of the world-famous tourist attractions. Despite the lively cultural scene and the diversity of resources in the Amsterdam region (including two world heritage sites of "monumental" nature and one of the most important museums for modern art in Europe), this is hardly reflected in tourist programmes, that continue to focus on the star attractions, mainly the Van Gogh-Rembrandt circuit, the canal tours and the diamond factories. This focus is so strong that according to Davies (1999), there is today a widespread feeling that Amsterdam may be losing its leading position in the arts and culture. Secondly, the type of tourism attracted by the "sex and drugs" image of the city has many unwanted effects (the downgrading of parts of the city centre, the substitution of resident activity with tourist businesses, criminality, insecurity, noise and gender discrimination) which came to clash with the original Amsterdammers' lifestyle.

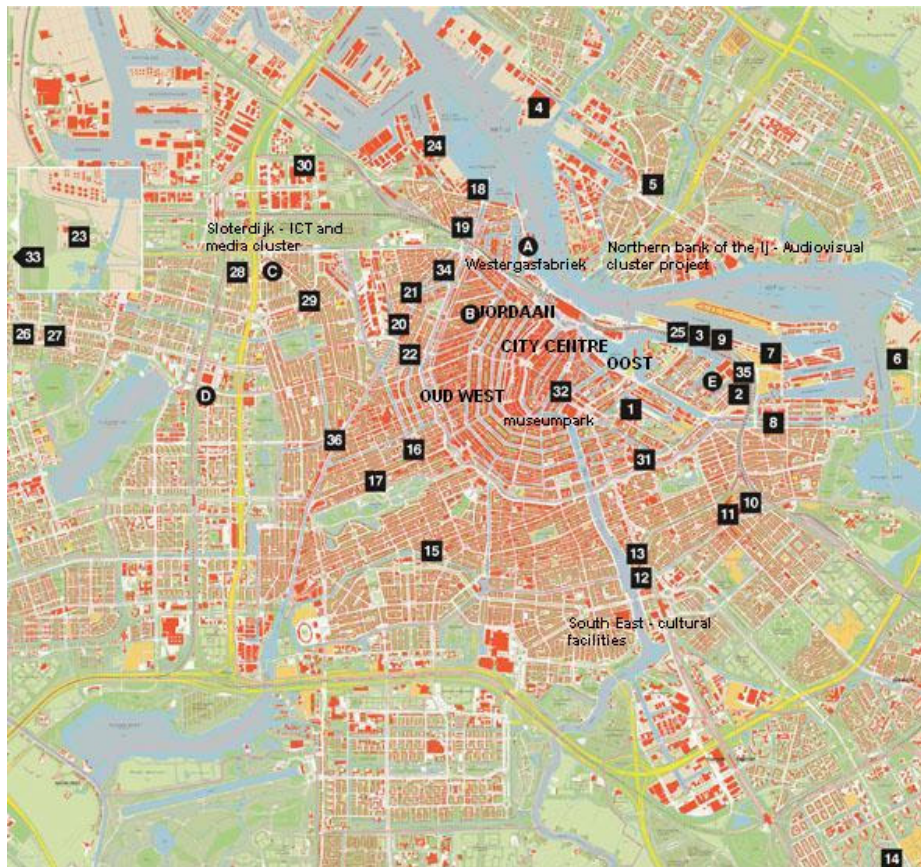
Therefore, the city is both trying to highlight other aspects of its culture (the dynamic youth culture, the multicultural society and the related richness in gastronomy and music, the gallery scene) and to reach a better balance between the mass-tourist use of

the city and the needs of the residents and other important city users, like businessmen, artists and the academic community.

1.2.3 Spatial structure of cultural activities

Different areas of the city present the features of “cultural district”. We can roughly distinguish three groups (See Fig. 1.1).

Fig. 1.1 - Cultural hotspots in Amsterdam: neighbourhoods and projects. Markers 1 to 33 show implemented Breeding Places projects; A – E correspond to planned projects. *Source:* Own elaboration of Broedplaats Amsterdam website.



The genuine character of the **central districts** is on the wane, with the Damrak-Calverstraat-Leidseplein virtually transformed in a shopping mall for tourists, where few if any Amsterdammer would go for shopping or dining out. These areas have an image associated with liberal culture, and more specifically with the “sex drugs and rock’n’roll” rhetoric: they could be considered a good example of “commodification” of the cityscape following Ashworth and Tunbridge (1990), where heritage elements (the old warehouses of Dutch merchants, the guild-houses, the cloisters) have been virtually extrapolated from their historical context. Cultural consumption is reduced to the experience of a “falsified heritage” through the consumption of unrelated services.

The neighbourhoods just off the city centre, like OudWest, Artis, Jordaan and the Canals on the South, are well-kept, laid back areas that retain part of their original function and flavour. Museums are mostly located there, and so are concert halls, theatres, art galleries, antique shops and all that contributes to the emergence of a “café culture”. These areas have less tourist infrastructure, but are no less popular with tourists and cultural consumers. The “*museumpark*”, a cultural cluster in the sense proposed by Santagata (2004), reunites three world-famous collections and exhibition spaces (the Rijksmuseum of ancient art, the Stedelijk Museum of modern art, and the Van Gogh Museum), and one of the most celebrated concert halls and orchestras of Europe, the Concertgebouw. *Jordaan*, a large neighbourhood at the south west of the centre, originally a low-class area for Jewish artisans and traders, is today the trendiest area of the city, attracting wealthy households, and patrons to fashionable restaurants and galleries. The *Oost* neighbourhood in the old port area of the city, partly on the docks, is being redeveloped as an “architecture cluster” where celebrated designers are exercising their talent in housing, public buildings and public space; it has thus become a preferred residential area for the young professionals of Amsterdam.

Another singular neighbourhood for culture is “Oud West” (Old West). This district, just off the touristic centre, earned a reputation as an artists’ colony in the sixties. At that time its houses were too small and degraded to be suitable for families, but perfect for starting artists and *bohemes*. Buildings were renovated in a creative ways, and a cosy, open atmosphere was created; and the area off-way location kept it free from disturbing tourism developments. A predominantly white, single-family, and relatively wealthy community, it has managed to keep a rather diverse social structure thanks to the prevailing housing regime (40-50% is in the low-rent, subsidised housing market). In this environment, even in times of progressive gentrification the creative character has not gone lost, with some 2,000 registered artists, roughly a half of them professionals, and a few important cultural institutions like the Amsterdam FilmMuseum. Today the neighbourhood is attractive for the “creative class” of knowledge workers, academics, and foreigners, and the threats to lose the cultural capital is higher than ever as real estate prices sky-rocket. An old hospital was occupied and reconverted in housing, but soon it became evident that the continuing market pressure required more innovative tools to keep the creative potential in the area. In this context, the city saw an opportunity to put in practice the new vision of the Dutch government regarding cultural development (see below), and endorsed the district council Oud West with the task of identifying and supporting the local creative talent.

Box 1 – Cultural projects in OudWest. The Knoop agency is a promoter of neighbourhood art, and started an interesting project to “match” cultural activities and the almost pastoral neighbourhood life in Oud West, by convincing local shopkeepers to lend their windows to artists for decoration. In this way, artists get an exhibition space that is perfectly integrated with the local cultural identity, and shopkeepers raise the profile of their businesses, resisting the trend to be chased away by large-scale commercial development. Another desirable effect of this initiative is that artists and shopkeepers get to know each other, and these connections produce now ideas, a vital cultural dynamics.

Recently, the neighbourhood received a grant from the European commission to run the URBAN II project ‘Quality of Life and Safety’. This shows that despite the success of the many initiatives taking place there, the government is still concerned that it will retain its peculiar identity in the future. The project focuses on cultural education for the youth, through the development of outdoor activities, social networking and the experience of art as a part of the urban landscape and a challenge, which mingles in the concept of “art streets”. Moreover, it cares for social cohesion. A call to local people in the Oud-West district to exchange stories about the district and share their favourite recipes has met with an unexpectedly enthusiastic response. The local people’s impressions of their neighbourhood are

displayed in the housing centre the Klinker. The stories, poems and photos that were sent in have also been collected in a special booklet, 'Typical van Lennep'. The impressions can also be found on the Oud-West website at www.oudwest.amsterdam.nl and in the local bookshops.

Lastly, the city can count of a number of “cultural clusters” in a strict sense, that is a clustered network of cultural producers linked by formal working relations or informal knowledge flows. The first and probably most developed among the cultural production clusters of Amsterdam is the Westergasfabriek, a “metropolitan” cultural cluster according to the taxonomy of Santagata (2004), a production space for artists and creative businesses which also manages to offer state-of-the art exhibition and performing stages to the young cultural consumers of Amsterdam (Hitters and Richards, 2003).

Box 2 – The Westergasfabriek (the Western Gas Factory) is a former coal gasification plant. Located just west of the city near both the railway line and the waterfront, the site consists of nineteen buildings including an immense gas tank. Once natural gas was introduced in the mid-1960s, the plant became functionally obsolete and closed in 1967. The property was conveyed to the local district council in 1992. Despite the residual contamination, the local district council, working with its project team and the community, built new relationships and strategies that helped design a new community park, preserved the historic buildings, and established the Westergas as an international cultural venue. The strength of the Westergasfabriek lies in the fact that cultural activities take place at different locations on the site almost continuously. Given the tight housing market and high incidence of squatting in the surrounding neighbourhood, the land could not lay idle for long. Local government officials had to act quickly to find a temporary use for the site. Even before the clean-up of the site and development of a permanent park plan, the district council embarked on an innovative initiative to find temporary uses for the buildings. Interim cultural uses have ranged from opera performances to car shows to photography exhibitions.

Many factors set Westergasfabriek apart from other brownfields projects, including the level of local government leadership, community collaboration, the cultural uses of the historic buildings, the phased clean-up plan, and the visionary ideas of the project team. However, an essential ingredient to the success of Westergasfabriek is the high level of community participation and the creation of strong relationships among all of the primary stakeholders: the district council, the project team, and the various community groups; an open and inclusive process shows to be the key to a successful redevelopment project.

Other examples of culture clusters are the former shipyard site of NDSM, which is being transformed into a major cultural centre, the redevelopment around the old Oostergasfabriek where Danshuis Amsterdam is planned, aiming at providing facilities for choreographers and dancers to create modern dance and to perform on a small scale, the media cluster on the Northern bank of the IJ and the art park at the Westerstraat, which are illustrated later in section 1.4.1.

It must be noted that the cultural production cluster of Amsterdam exceeds the city limits and extends to the whole Amsterdam region, with the TV/media sector concentrated in Hilversum, a video production cluster in Almere, TV-production facilities in Aalsmeer, and a strong presence of advertisement companies in Amstelveen.

1.2.4 Cultural policy: actors and strategic context

Cultural policy in the Netherlands is rooted on the assumption that the State should distance itself from value judgements on art and science. Artistic development has, therefore, been much the result of the activity of private citizens and a large number of foundations, though advisory bodies are present at the national and local level, such as the Culture Council (*Raad voor Cultuur*), the Amsterdam Arts Council, the Rotterdam Arts Foundation, and several others.

Box 3 – The definition of culture on which governmental support is based includes:

- The cultural heritage (museums, historic buildings and sites, archaeology, archives);
- Media, languages and literature (broadcasting, print media, libraries);
- The arts (visual arts and design, architecture, film, performing arts, amateur arts and arts education).

The term “**cultural industries**” is not often used, and the Central Bureau for Statistics doesn't collect figures on the cultural industries. Individual sectors of publishing, music industry, film and video, etc., are usually referred to separately.

The definition of the **arts sector** for the City of Amsterdam (as utilised in the KPMG survey of 2002) includes:

- Creative and performing arts (theatre and music companies, circus, film, monuments, architecture, plastic art, etc.)
- Venues and infrastructure
- Other bodies impresarios and producers, foundations, promotional bodies, etc)
- Amateurs (non-professional art sector) not included.
- Regional scope: municipality and where possible metropolitan region.

In the 70s, cultural policy became a part of the government's welfare policy, stressing its social role and the importance of cultural participation. After the economic stagnation of the early 80s, the reliance of cultural institutions on public funding was put into question and the possibility to tap from external resources was granted, accompanying a reduction in subsidies. The government was to steer this process preparing a *Cultural Policy Plan* every four years. The 90s saw a new change, as the government began to offer financial incentives, instead of providing across-the-board funding, encouraging cultural institutions to become more self-sufficient and market-oriented. This new approach involves a redefinition of the “societal context” within which cultural institutions operate.

Rick van der Ploeg, State Secretary for Culture, Heritage and Media in the Dutch cabinet under Prime Minister Kok (1998-2002), started a discussion about cultural diversity as a driver of the country's economic potential⁷. As a legacy of van der Ploeg's administration, the much-debated Cultural Policy Document 2001-2004 “Culture as Confrontation” translated this approach onto policy, touching upon equal valuation of different cultures, access to the cultural circuit and funding, cultural entrepreneurship and reaching new audiences. Another issue raised in the national policy is the stimulus for fiscal incentives: State Secretary of Culture Van Leeuwen (2002-) put the issue of private donations to culture on the cultural policy agenda. That

⁷ Van der Ploeg wrote an important article on *The Economist*, “In art we trust” (Rick van der Ploeg, “In art we trust”, *De Economist*, 150 (4), 333-362.), an attempt to reconnect the cultural sector with the new multicultural identity of the country.

administration tried to introduce an element of dynamism in the cultural scene by giving a premium to budget proposals which incentive quality and innovation. While path-breaking, this measure is still seen as many as conservative, because it does not really affect long-established cultural institutions which have little reasons to become more innovative.

To support cultural institutions and individual artists, a number of *foundations* have been established by the Ministry of Education, Culture and Science in the last 10 years, receiving government funds. Among these, the *Netherlands Foundation for Visual Arts, Design and Architecture* is the body responsible for distributing grants⁸ to individual artists. Its objective is to nurture excellence in visual arts, design and architecture in the Netherlands. The *Fonds BKVB* offers a wide range of grant options for visual artists, designers and architects, and also for cultural theorists, critics and exhibition curators. In addition, the fund provides access to a number of studios to artists from various countries. Since 1988, the artists-in-residence program has awarded almost 20,000 grants. For what regards performing arts, in 2001 the *National Fund for Performing Arts Programming and Marketing Support* was installed to stimulate plurality in the supply of performing arts and to create a more socially diversified attendance for the nation wide performing arts supply.

Within this rich national framework, the Municipality of Amsterdam developed its own long-term vision on culture, *Amsterdam 2015*, which adopts an even broader definition of culture, focusing on art and creativity as factors leading to social and economic development. Five policy spearheads have been formulated accordingly:

- *Stakeholdership*: making the best out of Amsterdam diversity and variety of interests, transforming them into an asset for a strengthened role of the cultural economy.
- *The creative industries*: Amsterdam does not only have great art, but a whole series of creative forces and talents that may feed strategic service sectors in the knowledge economy.
- *Heritage stewardship*: through education and learning, the cultural capital of the city can be forwarded and its strength sustained for the benefit of the future generations.
- *Culture city of the Netherlands*: Amsterdam does not have to compete with the rest of the country, but to cooperate with it, putting its artistic and creative excellence at the service of a more robust and creative national economy, and building synergies with assets and talents located elsewhere.
- *International positioning*: Amsterdam aims at reinforcing its already excellent international positioning, diversifying the target markets in a context of increasing international competition.

The issue of reconnecting the worlds of the cultural heritage and the creative industries is deemed fundamental by the Cultural Affairs Department of the Municipality, which is

⁸ Fonds BKVB – Fonds voor Beeldende Kunsten, Vormgeving en Bouwkunst. Although fully financed by the Ministry of Education, Culture and Science, the Fonds BKVB is an autonomous foundation and its decision-making process is wholly independent. For more information on grants: www.fondsbkvb.nl.

now getting to work together with the National Department of Culture for the development of creative industries. The key element in this new approach is *stakeholdership*, a guiding principle for looking at the city assets and identifying the partners in policy.

This principle drives the cultural planning activities of the City of Amsterdam's Department for Social Development (DMO) for the next four years. The *Kunstenplan 2005-2008* translates the Amsterdam 2015 document into operational objectives. The plan develops a number of activities within each general heading; much emphasis is placed on integration, multiculturalism, networking and education. It is believed, for instance, that diversifying the cultural offer, developing new artist talent, promoting the artistic work of amateurs and developing a strong and diverse media sector are consistent with the idea of enlarging and valorising the stakeholdership of the city with respect to culture. The main ideas behind the enhancement of the creative environment of the city is that creativity must be grounded in research and experimentation (with new art forms; with art applications into knowledge-intensive industries; with new business models for knowledge-sector entrepreneurship). It is also very important to offer the sector adequate working space, following the notion of creative clusters. *Heritage stewardship* requires that Amsterdam residents as well as newcomers make themselves familiar the history and culture of the city where they live and work, so that they can make a profitable use of the city's identity and strengths: openness, tolerance, creative excellence. The strengthened role of Amsterdam as the engine of cultural development for the Netherlands calls for more quality and coordination, with an articulated event and festival programme, and the opening of new communication and collaboration channels with other cities and regions. Finally, the international positioning of Amsterdam as a cultural capital requires more engagement at European levels (as for instance with EURO CITIES), and for the development of an extensive network of collaborations in the field of higher education, research, and cultural awareness.

Amsterdam has decided to replicate at the city level the national structure of funding with structural funds based on a 4-year plan, allocated by bodies such as the *Amsterdam Arts Council* (AKR – The Amsterdamse Kunstraad) which provides structural subsidies⁹ for cultural projects, and the *Amsterdam Fund for the Arts* (AFK - Amsterdams Fonds voor de Kunst), an independent foundation which subsidises incidental projects, events and performances, awards prizes and grants commissions, as well as running an artists-in-residence programme in co-operation with the Ymere housing association.

Box 4 – Governmental funding to culture in Amsterdam. Arts budget in Amsterdam amounted in 1997 to some 65M € from the municipal budget, and 102 M € from the State (a total 90 € per inhabitant yearly), a substantial amount - though inferior to that of some other European cities with which Amsterdam has been compared, as Basel, Berlin, Helsinki, Lyon. The budgets were quite harmoniously split between different arts forms, with the highest shares going to drama, museums and music / musical theatre. In 1996, 'minor' cultural activities also received funding from the city: subsidies for projects, commissions and prizes (4M €), children's theatre (0.78 M €), arts education (5,66 M €), amateur arts (1.2 M €) and neighbourhood cultural activities (1.6 M €). In total, 76 theatres and 50 museums received municipal funding in 1997 (City of Amsterdam, 1997).

⁹ Once every four years applications may be submitted for inclusion in the Amsterdamse Kunstenplan (Amsterdam Arts Plan).

Recently, an extra budget cut has been announced to the Amsterdam Arts Council. The budget for culture for the period 2005-2008 was cut back by an extra 10 M € (more than the expected 4 M € cut). The alderwoman for culture has now 71 M € to spend on culture in the coming four years.

The issues of cultural policy and housing strategies are indeed strictly connected. The Municipality of Amsterdam is the owner of 80% of the soil in the city, more than any other municipal council in the Netherlands. This gives the city much scope for strategic choices on land use, and therefore on the definition of the functions and identity of any area. Through a permanent land-lease system, the city rents out most of the plots to tenants, who can hold the lease to their own right and sell the rights of use to third parties.

“To live and work in an attractive city” is the ambition formulated by the City of *Amsterdam Development Corporation* (OGA). The OGA proposes itself as a “knowledge centre” for all development activities either in the city and in its region. Functioning as a networking platform, it brings together the different stakeholders of urban development – private businesses, developers, and community organisations - to develop new ideas and feasible solutions. It also plays the role of a spider in the web of the many municipal offices that deal with urban development, like spatial planning, housing and real estate, public works, etc. in order to coordinate their work in relation to specific projects and facilitate their execution.

One such project is the *Broedplaats Amsterdam* (“Breeding Places”), started in 1999 by the City of Amsterdam in response to dramatic changes in the cultural landscape of Amsterdam and the danger that the economically weak but socially precious cultural sector would be pushed out of the city by rising values. The department managing the Breeding Places Fund is commissioned by the OGA (Development Corporation of Amsterdam) to the Project Management Office (PMB) of the City of Amsterdam. The project aimed at making new (working and living) space for subcultures. Various results have been achieved. More than 650 affordable premises have been realised at approximately 30 sites throughout the city (Fig. 1). In the period 2002-2006 the fund started the realization of around 2,000 ateliers or working places (1,350 of which for individual ateliers and for 700-800 cultural entrepreneurs). Groups of artists and cultural entrepreneurs looking for accommodation, or artists’ collectives who wanted to retain a building, often with a history of squatting, as a permanent place to create art, or neighbourhoods, housing corporations or private individuals have applied to Broedplaats Amsterdam over recent years. Examples of this are OT301 and Plantage Doklaan. Community-based organisations and squatters lobbied on the City Government, which in 1998 decreed to urge the Mayor for the fast realization of alternative locations for payable housing/working-premises. The idea is that occupying idle buildings and give it new uses should not only be seen as a social activity, a charity that needs continuous support, but it has important economic implications for the city and it is only the start of a wide process.

Indeed, much emphasis in the city policy for the art sector is given to *squatting* as a practice by which individual and community organisations occupy and re-use idle real estate property for housing or other social and cultural functions (Box 5). This practice is rather popular, today, in all big and medium cities in Europe, but in the Netherlands and in Amsterdam in particular it has long-lasting origins and in none other city it has been tolerated, and in some cases even encouraged, by the administration. The

government had an interest in steering the process of occupation of empty buildings in strategic ways, and to make this process more solid and consistent. The thinking behind this process has to do with the development of a creative environment: the City Government supports the idea that for creativity to get embedded in the community, there must be breakthrough advances in tolerance and integration. The squatters' organisations are critical with the city government in many ways, but their respective lines of action coexist in relative peace.

Box 5 – The Squatting practice started in the late 60s when there was a shortage of housing for people. During the 70s squatting was also transformed into an oppositional movement against the city development; that is against the city plan aiming at destroying the old infrastructure (houses) while driving the inhabitants to new towns and constructing large office buildings in the inner-city. The CIAM ideas (divided places for work, living, leisure and travelling) were at the base of this urban planning. In the 70s and 80s there was still a shortage of housing in the city, especially for younger people. Squatters took over abandoned factories and schools, mainly close to the harbour, and redeveloped them for social uses. In the 90s, the new economic growth stimulated the financial sector to push the re-development of old abandoned buildings for profitable uses. Lobbying by the private sector has made it more difficult for the city to defend the “social” use of idle property, and at the same time the opportunities for large squatting operations seem to have dried out. This could be an unprecedented danger for the city, which always found space to “mitigate” violent social pressures with creative projects, and may risk to marginalise youth culture, an important source of creativity and dynamism for the city. The strategy needed to evolve in order to meet the challenges posed by mass tourism and business-oriented developments (Davies, 1999). The Development Corporation of Amsterdam (OGA) recognised the importance of sustaining the squatting practices and preserving this subculture, and it is responding to the scarcity of idle buildings by developing small-scale facilities to start ateliers, shops, spaces for small creative industries SME's etc. In the Nieuwe West neighbourhood, for example, OGA does brainstorming sessions to understand and support the development of creative industries. 900 people, mostly in ethnic minorities, found affordable housing through this sort of squatting projects. OGA is using this opportunity to maintain a mixed-use urban space (art production-consumption-living-craftsmanship), creating islands of integration and keeping the process open-ended. Out of this concern, the community-based organisation De Vrije Ruimte was set up, not only to monitor the city policy regarding idle properties but also to cooperate to it, creating a bridge between the squatters and the government.

Today there are more than 100 legalised squatter houses in Amsterdam, other 10-20 stay occupied, some 1,000 squatters, half of them foreigners, and 25% already working in the ICT sector (Box 6). A good example is the “artist village” of Ruigoord, squatted 30 years ago, when a group from the Amsterdam anarcho-artistic scene took over the freshly evacuated place poised for demolition for an harbour extension plan. They established themselves as a sort of large commune and undertook all kinds of initiatives like festivals, happenings and exhibitions in a shrewd mix of New Age atmosphere. It earned them a solid status as alternative establishment and made them able to withstand repeated attempts by the Amsterdam Port Trust to have them evicted, until a few years ago when the renewed plans to extend the harbour materialized. However, the village itself preserved and turned into an “artistic greenhouse” where, officially, nobody is allowed to reside. In this sort of projects, the role of the government is not to plan but to facilitate bottom-up initiatives, providing the initial conditions (hardware) in order for self-organised solutions to be possible.

1.3 Cultural cluster performance and dynamics

1.3.1 The cultural production sectors

Van Puffelen's research of 1989 revamped the debate about the economic relevance of culture and the necessity of including an arts policy within the economic development strategy of the city (Box 6). It must be noted, however, that van Puffelen's survey did not include many of the so-called “creative industries” and was also leaving the two universities and many other higher education institutions out of this picture. Moreover,

the last 20 years have seen a pronounced transformation of the social and economic structure of Amsterdam.

Box 6 – Surveys of the economic relevance of the arts in Amsterdam. Van Puffelen (1989) surveyed the cultural industry organisations of Amsterdam and identified three main categories:

- Performing and creative arts, including: 34 dancing groups, 25 ballet groups, 9 pantomime companies, 16 musical drama groups, 9 orchestras, 71 chamber music ensemble, 140 professional and semi-professional pop groups, 48 miscellaneous groups, 17 ad hoc productions, plus 2160 independent artists in the plastic arts and 110 jazz musicians;
- Distribution and exhibition, including: 49 theatre houses and concert halls, 41 museums, 53 galleries, 35 ancient art dealers and 2 auction houses;
- Supporting institutions, including: 31 agents and producers, 5 schools and 45 consulting firms, documentation services, ticket offices and the like.

	N. of employees	Full time equivalent	production in million Euro (total revenues after VAT)
Performing and creative arts	6,903	3,926	100
Distribution and exhibition	3,143	1,851	80
Supporting institutions	2,037	879	49
TOTAL	12,083	6,656	230

The breakdown of the estimated economic impact is illustrated in the table above. The share of employment in the cultural industries is thus estimated at 4% of the active population, thus the same size as the port industries at that time, and is ranked eighth as the most important economic sector of the city. The cultural sector earned a total of 83 M Euro, injecting them into the local economy. 67% of these is made up of subsidies (one third from the city, the rest from the national government), so that Van Puffelen concludes that «arts can be considered an important export industry for the city, as 64% of all income is earned outside Amsterdam». Van Puffelen also estimated the secondary impact rounds, calculating that the Euro 60M purchases by the arts industry in Amsterdam generates direct and indirect production effects for some other Euro 74M (the rather low share of indirect effects is attributed to the leakages from high tax rates and social fees, and to the small size of the city). Finally, van Puffelen estimates additional Euro 200M arts-related tourist expenditure by Dutch and foreign visitors, generating direct and indirect turnover effects for Euro 220M. The total input-output impact of the arts is thus estimated in Euro 373M, or 7,000 f/t jobs, a little more than the 6,500 in the cultural industries themselves.

In order to extend this analysis to the social significance of the arts in Amsterdam and the consequences for sustainable economic development, a new opinion survey was carried out by the NIPO in 1995 among 1,000 residents, 2,000 Dutch visitors and 500 foreign visitors to Amsterdam, in addition to written interviews to 40 experts. It comes out that the arts sector is broadly supported by residents. Availability of art is important to 87% of residents, especially the “high” art forms (museums and monuments). 95% think that even the arts institutions that they never visit should be maintained, but anyway 90% of them participates in the arts, a very high figure compared to other Dutch cities. 87% are proud of their cultural sector, and 89% are satisfied after attending and art event or exhibition. Most people participate in the arts because they seek entertainment and leisure, but also information and education are reputed important especially with visits to architecture and monuments. 60% think that arts attendance contributes to personal development and the refinement of taste, but the same percentage does not think that it contributes to stimulating social awareness and creativity. The arts sector, according to the residents, contributes fundamentally to the quality of life, the image and the atmosphere of Amsterdam (93%). Half of the residents say culture is an important reason for continuing to live in the city.

A more recent effort has been done for the City of Amsterdam by KPMG (2002). Their “Investigation on the social and economic relevance of the arts in Amsterdam” was also based on an opinion survey, and focused more clearly on the contribution of culture to the well-being

of resident, the contribution of the art to the definition of the city's profile and quality of life, the employment impacts the contribution of the arts to the regional economy in terms of *social* (availability, pride and prestige, living, quality of life innovativeness, etc.) and *economic* (added value, indirect and induced expenditure, etc) impacts.

The KPMG analysis shows that some 16,500 worked in 1994 in the arts sector in Amsterdam and the surrounding region, most of them in the city itself (14,400). Among employees, there were some 6,300 full time employed, and 4,500 occasionally employed or on a part time basis. A large proportion are self-employed: around 3,900 have a share in revenues (like gallery owners). Finally, there were some 1,600 volunteers and some 200 adhering to job pool contracts. 44% of the employed in the arts are active in creative or performing arts, some 31% in arts venues, 25% in promoters and other institutions.

The study on the economic impacts of the arts in Amsterdam of van Puffelen could therefore be updated. There was a rise from 1983 to 1994 of some 4,400 jobs in the sector (2,300 if only the city is counted), an increase of over 20%. However, this growth is driven by temporary jobs; in fact permanent jobs in the sector have declined in the same period. Music and theatre companies and support bodies have grown most. The arts account for some 10,800 f.t. additional jobs: some 8,500 by indirect effects (3,300 outside the arts sector) and some 2,350 by induced expenditure (like visitors), mostly in the city itself. In other words, the arts have generated some 5,650 f.t. jobs outside the sector itself. Enlarging the definition to the "creative industries" (arts and related sectors) the study estimates some 21,000 ft jobs (6% of total jobs in Amsterdam) (15,750 in "related sectors" only)

An I-O model formulated by UVA (SEO) was used to estimate regional impacts in 1997. According to this study, the arts sector of Amsterdam injects some 1,100 M NLG (€ 500M) in the regional economy from spending of local institutions and national residents, and other 136M from the expenditure of non residents. The combined effect on the regional economy is estimated in some € 650M. This is as an increase of some 43% over 1983. Added value in 1994 is estimated in some € 227M, roughly 1.4% of the added value of all sectors in the Amsterdam economy.

The most recent estimate (elaboration RPB on census data) of the dimension of the cultural industries (focusing on core sectors only) is based on census data of 2002 and returns the figure of 19,190 fte (4% of local employment) and 5,592 firms (9% of the total number of firms in Amsterdam); to which 40 fte and 195 firms in the other regional centre of Hilversum should be added (Raspe, Segeren 2004). In total, elaboration of the data of the firm register of South Holland (quoted in COS City of Rotterdam, 2005) returns the number of 28,150 employees in Amsterdam in "culture, sports and recreation" (a subdivision that does not include most creative production sectors).

The dimension of the sector can be more appropriately gauged when it is considered that Amsterdam is one of the European *festival capitals*, with more than a hundred events each year, some of them of international status and motivating foreign visitors. This is certainly an indication of health and energy for the cultural sector as a whole, though commentators alert on the risks of a festival culture which is becoming "too independent" and unprofessional, losing the capacity to develop consistently with the city's assets and with solid financial bases. Rather, it is agreed that smaller but highly innovative festivals are in need of more funding and support while consolidated

blockbuster festivals should become more financially independent. It is now interesting to analyse the different sectors separately.

Table 1.3 - Visitors (x 1,000) of the three most visited museums in Amsterdam, 1999-2003. Source: Museums/atcb

	1999	2000	2001	2002	2003
Rijksmuseum 'Vincent van Gogh'	770	1,312	1,276	1,593	1,342
Rijksmuseum (National Museum)	1,310	1,116	1,011	1,100	841
Stedelijk (Municipal Museum)	395	382	412	329	254
TOTAL	2,475	2,810	2,699	3,022	2,437

The *visual arts sector* is centred on three world renown museums, the Rijks, the Van Gogh, and the Stedelijk. In total, the museum attendance of Amsterdam is estimated at 3.8 M in 2003. Another important museum for the city's cultural identity, the Amsterdam Historical Museum (Box 7), was attended by 155,000 in 2003 (Tab.1.3).

Box 7 – The Amsterdam Historical Museum illustrates the social, economic and cultural history of Amsterdam using a variety of presentation techniques, which include exhibitions of objects from the museum collection, but also audiovisual displays and interactive media, like hundreds of photos and around 225 fragments of historic film, documentaries and movies from Dutch archives.

The Historical Museum is owned by the Municipality, like other public companies, and this facilitates the consistency of the museum production with the municipal policy. The museum has three main groups of customers: citizens, schools, and tourists, and runs special programs for each group. The permanent collection on the history of Amsterdam is visited more by the tourists and the schools, while the temporary exhibitions attract many local and national visitors. A recent exhibition on the history of the Eastern district of Amsterdam (Oost) was developed in close collaboration with the community and contribute to the development of a specific cultural identity of that neighbourhood which entered the education programmes of the local schools. The museum also participate in the "integration packages" that the city offers to the newcomers. All displays are in English language, and special booklets in different languages are made available to foreign visitors. 15-20% of the museum budget comes from own income, and the rest is covered mainly by municipal subsidies, while the museum has no access to governmental funds. The museum is also good at collecting sponsorships for specific exhibitions from private partners, and receives extra subsidies from other sources like the BSV and Mondriaan Foundation.

The Historical Museum is a real "asset" for the community, in the sense that it is open to stimuli coming from organised groups and institutions to give an historical and cultural perspective on them, like for instance with the theme "prostitution in Amsterdam", or hosting their own exhibitions, like in the case of a large exhibition on the history of the Concertgebouw. In schedule for this year is an exhibition on "Animals in Amsterdam" with the ARTIS Zoo, and the Museum van Gogh will also do something on this theme.

Smaller experimental visual arts centres (like the *Appel*) receive a lower number of visitors but are seen by the city and the artists community as a very important asset in terms of intellectual elaboration, reflection and innovation. The Film Museum of Amsterdam is one of the first and most important in Europe in its genre, and is very popular among the young of Amsterdam for its affordable programmes. It will be soon expanded and relocated in the Shell area at the northern edge of the city. There is also a photography museum in Amsterdam, FOAM. However, in spite of the fame and quantity of its museums, Amsterdam is generally believed to offer insufficient space for international touring exhibitions.

Table 1.4 - Performance and attendance in theatres and music halls in Amsterdam in 2001-2003.
 Source: Amsterdam in figures, yearbook 2004

	2001		2002		2003	
	perf.	att. (x 1000)	perf.	att. (x 1000)	perf.	att. (x 1000)
The Amsterdam Concertgebouw	805	838	836	842	827	852
Royal Theatre Carré	329	420	346	419	346	462
Paradiso	653	380	710	404	701	367
Melkweg	978	323	1077	317	1133	317
Het Muziektheater	193	260	197	272	172	242
De Kleine Komedie	308	122	335	137	285	114
Nieuwe de la Mar Theatre	234	93	257	94	262	109
Stadsschouwburg Amsterdam	504	114	457	131	273	69
Bellevue Theatre	583	53	599	58	579	59
De IJsbreker	163	9	178	11	187	12

The *performing arts sector* (Tab. 1.4) is probably the one in which Amsterdam offers true excellence. *Musical activities* in 1997 included 63 pop/rock/jazz production with 73 performances, 110 classical music production with 117 performances, and 4 opera or musical theatres productions with 16 performances. Attendance was estimated at 1.44 millions. *Theatrical activities* in 1997 included 20 dance productions with 43 performances, and 47 drama production with 269 performances; attendance was estimated at 1.4 millions. While the national Concertgebouw is among the most celebrated concert halls in Europe for classical music, the municipal performing arts production is dominated by the Muziektheater, which owns and hosts the Dutch Opera, the Nationale Ballet, the Stadschouwburg theatre company, the musical opera Toneelgroep, le Carré company, and the innovative De Kleine Comedie. Smaller theatres are abundant but tend to overlap their supply. The Felix Meritis stands out as a unique centre of “theatre dialogue”. International theatre productions are Amsterdam’s performing arts sector weak points, because of the language barrier, and it is also believed that contemporary dance lacks a recognisable “centre”. New opportunities could be given by the ongoing project with in Marnixstraat, where three “traditional” theatres have merged and are being renovated with a 30 M€ private investment provided by the independent *Van den Ende Foundation*, a successful name in the Dutch show business which puts together popularity with a philanthropic interest in developing new talent. This success calls for more initiatives of cooperation, including the creation of a VandenEnde Theater near the RAI railway station, and the Theater Fabriek Amsterdam.

A remarkable independent player in the performing arts sector is the *Cosmic Theatre* (Box 8). This theatre production company is located in the centre of Amsterdam. Since its foundation in the early 1980s, out of the vision of a Caribbean immigrant, the company has addressed (both in terms of audience and involvement as playwright and storytellers) the ethnic communities of Amsterdam and of the rest of the Netherlands, focusing on the daily issues of identity, diversity, and exclusion, and contributing to the development of a “minority cultural expression” in a country so diverse and rich in languages, colours and other expressions.

Box 8 – The Cosmic Theatre brings its repertoire, mostly (some 60%) new productions, to the larger theatres of the country where they are very popular with local audiences. An explicitly racially mixed company (and promoting “positive discrimination” on the job in order to retain this characteristic face to an adverse environment), Cosmic is a

real mirror of the Dutch urban society, and so are its audiences, depending from the themes and the places. However, Cosmic likes to maintain its historical Amsterdam focus. In 2002, it promoted a very successful theatre festival “urban culture”, to represent the going changes in urban society of 10 big European cities. It was also a platform for the most innovative theatre producers in Europe and overseas to exchange experiences and know how about their work and how to deal with government and funding issues.

Cosmic is also a laboratory of new art forms and promotes cross-over between genres, hosting readings of poetry, hip-hop performances, and street dance. The theatre company can count on a budget of 2.1 M €, which they derive for the 40% from own activities (ticket sales amount to some 300,000 €) and for the rest by various subsidising bodies, both national and municipal, including private foundations, government grants for specific projects, and sponsors. Cosmic’s strategy is completely consistent with former Minister R. van der Ploeg’s cultural policy approach and indeed it could thrive of the budgets granted under that administration, though today it is striving to maintain the same level of subsidising in a changed political context.

In spite of the large variety in the performing arts sector as illustrated above, there is still a “gap” dividing fine arts and popular art, at least as far as funding and public consideration are concerned. The issue extends to matters of governance, with the traditional and fine arts well represented by the ACI, and the fragmented multitude of new cultural initiatives excluded from formal networks. As a result of this dispersion, seven organisations receive more than half of the structural funding of the city. **Subcultures** (independent artists as ballet and music producers, plastic artists, designers) have a particularly difficult life to keep their momentum going, threatening to disperse Amsterdam’s internationally recognised position as the “haven of indie artists”, with all that this may entail in terms of urban dynamism and image. One example comes from *modern dance*: this art form is very much linked with street life and the expression of minority cultures, drawing heavily on the diverse heritage of the ethnic groups present in the city like Caribbeans, Asians and Africans. The size of this “grassroots” scene, from a typical squatted place activity, has grown in years to the size of a veritable industry with world-class productions and events, producing some € 5M turnover, and 11,000 jobs in the Netherlands. And yet there is few consensus among the city’s stakeholders about the need to support this industry: it is more often the case that the workers in the sector remain marginalised and the workspaces are reconverted to other uses.

The **creative industries** production has expanded during the past years, more than many other mainstream cultural and economic sectors¹⁰. The creative industries significantly contribute to the economy of Amsterdam, accounting for 32,500 jobs in the city in 2002, 7% of the total number of jobs in Amsterdam, a larger share than most European cities and confirming the city as the most important centre of creative activities in The Netherlands. 15% percent of all of the jobs in the Dutch creative industries can be found in Amsterdam, more than twice as much as the proportion of the jobs in Amsterdam in relation to the total number of jobs in the Netherlands (6.4%) (City of Amsterdam, Yearbook 2004).

Amsterdam has the right mix of firm sizes and a good structure of knowledge-transfer between research, education and business applications. The city has an eight century-long history in publishing and printing, and media industries follow in this tradition: Amsterdam is one of the European capitals of video making. However, despite the wealth of opportunities in this sector, the situation is not completely on the sunny side. Compared with some years ago, and following

¹⁰ Kloosterman (2004) highlighted a growth in the cultural industries between 1997 and 2001 in all the major cities in the Netherlands, Amsterdam, Rotterdam, The Hague and Utrecht. His analysis shows a continuing expansion in the cultural industries in Amsterdam mainly due to growth in advertising, movie and video production, and performing arts.

the “tech bubble” of 1999, less people are willing to become entrepreneurs, and a larger share of creative talents are more inclined to do research in universities and state-funded institutes rather than applying their knowledge in a business environment. The situation anyway varies much according to the different sub-sectors.

Cinema and multimedia are the most promising among the “new” cultural production sectors. While the film industry is mainly a nationally regulated sector, the city of Amsterdam is largely involved as the main production centre and the hotbed for creativity. Important new media initiatives like the creation of a media cluster on the northern bank of the IJ river, and the visionary new library in the Southern bank (which makes abundant use of multimedia technologies), provide fresh stimuli to keep this momentum. New multiplex establishments are developed in Zuidoost, though there are plans for an independent floating cinema to revive the screening capacity in the inner city, which even by national standard is seen as unsatisfactory in a city where cinema attendance totalled 2.97 million people in 1996; and Pand Noord, a centre for companies working in the film (editors, producers & marketers).

Video industries as other fields are an illustration of cultural content becoming applied in a business environment or serving non-cultural services. Amsterdam offers many interesting examples of this links, like the Waag Society presented in Box 9.

Box 9 - The Society for Old and New Media, or Waag society (from the place where it is located, the medieval weighing facility of the Amsterdam market) is a media lab which develops multimedia technology to enable communication and expression by disabled people. It is an interesting example of a knowledge industry where the technological developments are driven by cultural and social needs and have a strong creative side to them.

Waag Society, founded in 1994, has two identities, one as a foundation, receiving public funding (75% from the Ministry of Culture, 25% from the City of Amsterdam, as part of the KunstPlan) to develop specific research projects, and the other as a private company, operating on a risk-taking basis. The two entities are linked in contractual form. Waag is almost working as an incubator to the extent that the prototypes commercialised by the Waag Company are successful, the profits are reinvested to the Foundation to develop more research. The Foundation also receives funds from European projects as a member of university consortiums. 40 people work in the foundation, and only one is active in the company. The employees are engaged directly in education, teaching in design faculties and media academies where they stimulate start-ups by students carrying our projects with them.

Example of projects carried out by Waag are the Pilotus project, the development of communication tools for the mentally disabled through the use of images, the entertaining elderly people through digital storytelling, educational projects for producing videogames and simulation games. Waag Society is part of many (inter)national networks and has a coordinating role in some of them, like in the European Cultural Backbone. The successful cooperation with De Balie and Paradiso has led to a further extension of the Backbone programme with Steim and Montevideo. This renewed cooperation will present itself under the name the VIRMA: Virtual Institute of Research on Mediaculture Amsterdam.

An enquiry (City of Amsterdam – Department Social Development, 2003d) was conducted among ca. 330 individual artists¹¹ regarding their work and living habits, their socio-economic positions, their professional practices, their presentations and

¹¹ The response rate was 38%. Half of the sample declared that they are living alone, “without concern for children”, while the second largest group shares living space and they are also not committed have children. The share of those who are not thinking about children reaches 90% in the case of the younger art practitioners. 93% are self-employed, 4% free-lance. 92% also work alone, and only 7% are also part of an art collective. The 42% is also autonomous in their profession, while 58% does commission work; the share of autonomous work is higher among gallery owners.

contacts with the public, their market positioning and entrepreneurial attitude, and the new facilities. The range of art forms in which they are involved includes visual arts for 148 of them, graphic design for 128, photography for 124, plastic arts for 110, sculpture for 107, film-making for 79, plus many others. According to this survey, art practitioners are older than the structure of the Amsterdam's population, and rather concentrated in the 41-60 age group. Their yearly incomes are for the largest share (44%) included in the € 9,000-18.151 range; only 24% earn more and 33% earn less. The average gross income in 2000 was € 17,100. The greatest share of their income comes from their own artistic profession only for the 63% of them (among museum employees and art dealers this share rises to 83%), while for the 20% it comes from subsidies, and for the 5% from professions not in the arts. Those who work with intermediaries, do so with firms that are for the 46% based in Amsterdam, and only for the 8% in foreign countries.

Individual artists can receive commissions by the AFK to work in the fields of visual arts, performing arts and literature. Artists themselves can propose a project to be funded. Only works of art to be produced or new projects in development qualify for a commission. Commissions may be granted for art projects in public space; in that case artists are selected in cooperation with neighbourhoods, housing co-operations and other partners. The AFK also participates in the project management. Individual artists or Amsterdam non-profit organizations can submit proposals for small scale commissions in public space (permanent work or a temporary project). For each commission a maximum of € 20,500 is available. The AFK also grants commissions in the field of composition, literature, mimeography, choreography, playwriting, puppet play, photography, works on paper, film and video. An important number of the photography commissions and all the commissions for works on paper are granted in collaboration with the Municipal Archives of Amsterdam. These series with the artist's vision on Amsterdam are incorporated in the public collection of the Archives.

1.3.2 Cultural tourism

Amsterdam hosts circa 0.44 million overnight stays of domestic visitors and six million international visitors. At the end of the 1980s, van Puffelen (1989) found that roughly a quarter of the visitors to Amsterdam were motivated mainly by art (generating an estimated 200 M € from art consumption); to 15% art was a secondary motive to decide to visit the Dutch capital, and 27% of the visitors have attended a cultural performance without prior intention to do so. Van Puffelen also estimated the substantial intermediate effects on the tourism industry. More recent surveys disclose that 40% of sampled Dutch visitors and 60-70% foreign visitors said they were attracted to Amsterdam by arts. Indeed other surveys indicate that most tourists pick up a museum on the guide on the same day they come to Amsterdam, and that there is a "logging effect" in the selection of attractions: on the first visit to Amsterdam most visitors are likely to pick the world famous museums like the Van Gogh or the Rijks, but on their next visits they have a wide range of less known but no less interesting museums to pick, like the Amsterdam Historic Museum, the Stedelijk, or the Jewish museum. While no sector figures are available, it is apparent that those cultural institutions that attract an international tourist demand, like the museums, are those which are able to generate a higher proportion of own revenue (22% for the Stedelijk museum, compared to 12-18% of the city theatres). The *museum night* is organised every year by the Association

of Cultural Institutions of Amsterdam. 30 museums take part in this initiative. This event is especially designed for visitors, in order to create the sense that there are more than two museums in Amsterdam and that all of them are worth a visit especially if the circumstances are appealing.

Similarly, the tourist office of the city (VVV) is taking action to bring tourists to more peripheral, “artsy” neighbourhood like OudWest where much cultural activity is going on without having any real “blockbuster” attraction, assuming that tourists appreciate variety and discovery. In fact, one of the most problematic aspects of tourism in Amsterdam (as in other heavily visited cities) is the separation between “tourist areas” and “residents areas”, which underplay beneficial effects from tourism creating excessive pressure and economic decline in the most central areas. It is interesting to check whether such strategies of “deconcentration” of tourism are successful. In OudWest, for instance, there are theatres that attract a local audience, performing semi-pros and amateur productions, which provide an interesting portrait of the Amsterdam society. Small local shops are also an attraction in themselves. The 1900 architecture, the Film Museum, the Smart Gallery, but mostly the genuine character of the Amsterdam way of life that can be experienced in that neighbourhood do attract small groups of tourists, but here is no systematic effort to make it become a full-fledged tourist area with hotels and restaurants. VVV issued a brochure about non-central neighbourhoods, launching it big style with media coverage, but with little results. Today OudWest holds the *Kunst Safari* project, a guided itinerary around the local ateliers, working spaces, and theatre plays, etc. There are plans to extend this local event, now mainly targeting the local community, to interested visitors.

Tourism is still seen by local stakeholders as a threat, and it is felt that while traditional art and heritage can be interesting to visitors, they are not sufficient to drive the cultural activity sector, and excessive tourism marketing can instead stifle creative impulses by favouring short-term earnings. The whole of the city of Amsterdam would then change in a residential, dormant place, with the cultural dynamism moving increasingly away from the centre.

1.3.3 Dynamics and networking in the cluster

There are in Amsterdam various forms of cooperation and relations between cultural producers, at many levels. We can distinguish the networks which are mainly driven by the necessity to coordinate the activities, for example with respect to marketing, tourism management and problem solving, and those networks that are more rooted in the cluster idea of functional and strategic linkages between different producers.

An example of the first kind of network is the *ACI* (Association of Cultural Institutions of Amsterdam: see Box 10), a well organised, institutionalised platform articulated according to art forms and functions (sub-organisations include OAT, which gathers all the theatres; the association of museum directors; the ticket offices; the marketing offices; etc.). *ACI* promotes the cooperation between institutions on specific projects. Working in close association with the *ACI*, the *Uitburo* issues a season ticket that gives access to many different cultural events: few cities can match Amsterdam in terms of operating a department for offering services to the general public and for using attendance figures for marketing purposes.

Box 10 - In the mid-1980, the ACI brought together all the cultural institutions, through a hierarchical organisation gathering all different art forms and functions especially in the fine arts. The chair of every committee is represented in the big “cupola”. The aim of the association was mainly information exchange and coordination. All museums, theatres, libraries, are voluntary members of the association, and they are automatically accepted when they ask for inclusion. New podia and cultural producers are also starting to adhere seeing an interesting in joining forces with the more experienced “traditional arts” colleagues, though the membership remains biased to towards the latter group.

Due to its representativeness and its status, ACI became the preferred partner and advisor to Amsterdam’s aldermen for culture. In this stage, ACI is going through a process of reorganisation that involves more professionalism in shared activities with the outsourcing of some functions, like marketing hat is provided by the Event management office UitBuro against the payment of a very small fee. At the same time ACI is trying not to lose the informal character of its operation. ACI finds important to market its member institutions, and the sector as a whole, among the local stakeholders, to let them know what is the real relevance of culture for the community and getting the adequate mean of support. For this reason ACI organises an yearly UitMarket, a sort of public presentation of the programs of the different institutions. It sometimes promotes training and symposia on sponsoring, cultural diversity, and advises members on technical problems and fiscal issues.

As far as the cultural production sector is concerned, working relationship within one specific chain are very well developed and articulated, which explains why Amsterdam is such a successful city in terms of creative content. Insight on the cultural industry organisation in Amsterdam comes from Van der Groep (2004), who compares the large media establishment of Hilversum, where the national broadcasters are located, with the industry in Amsterdam which forms an integral part of the project environment of the Amsterdam advertisement industry. While large forms in Hilversum are profit maximising and somewhat disconnected from the local environment (the town of Hilversum is for them just a cheap and accessible location), collaboration within the Amsterdam cluster is the result of structured embedded ties; these are relationships that thrive on trust, information transfer and joint-problem solving. The Amsterdam network is clustered, and the co-operating members use artisan and specialized production methods to meet the high-quality standards of the production of commercials.

However, when it gets to strategic thinking and the sustainable development of the new and “young” creative sectors, it is harder to get all the relevant players together on a strategic table, in spite of the clear need for mutual support and collaboration (almost all institutions surveyed in different occasions complain about insufficient budgeting and a few of them actually close down for lack of funding).

In general, it is felt that there is bad communication between the “traditional” cultural industry and the creative sectors, which also stifles the dialogue between the latter and the government, as this one sees in formal arenas like ACI a privileged interlocutor and advisers in matters of cultural development. The danger for the city is to lose its grasp on that important reality, and that the cluster development may be slowed down by insufficient inner dynamism. However the city reacted to this situation, setting up a creative industries task force within the Department for Education and Culture to monitor the state of the sector and the viable strategies for its development. At the end of 2003, in association with the Premsele Foundation for Dutch Design, the Department for Education and Culture established a pilot programme, the *Club van Amsterdam*¹²,

¹² In June 2003, a group representing Amsterdam’s cultural and economic institutions organised a fact-finding mission to London’s Institute of Contemporary Arts (ICA) to acquaint themselves with an ICA initiative, “The Club”, or the London platform for Creative Industries, to investigate whether such an initiative was desirable, necessary and/or achievable for the city of Amsterdam.

an informal platform and a showcase involving the creative and business sectors through a series of joint initiatives and meetings. «The Club aims to provide an environment in which business and creativity meet and get inspired, spanning a bridge between the interests of the business world and those of the culture makers, to stimulate in that way innovation, new alliances, new projects, new working areas and new processes». *Kunst van Vooruitzien* is another meeting-place of the art world and business sector, which promotes a “creative living milieu” where art and culture can flourish as pillars of a knowledge-intensive and democratic society. Other collaborations happen on a bilateral basis on specific projects, for instance the Paradiso Club teamed up with the Cosmic Theatre to support the development of a community theatre in the Bijlmer district, and the Waag collaborates with Paradiso to find empty warehouse and create new places for experimentation and multidisciplinary approaches. However a more strategic, comprehensive approach to networking is still hard to bring forward. Davies (1999) notes the lack of networking between new cultural producers, and across art forms. A platform for cultural diversity in theatres has been promoted by the institutes themselves, but it turns out to be rather sterile because they “have to do it” to get funds even if they do not fully enthuse with this concept. Only today, a web portal for culture is presently being developed by the Department of Cultural Affairs, also informing about the city’s plans and projects.

A good example of a “cooperative milieu” is given by the creative clusters of the city, and in particular the Westergasfabriek, described above, but also more recently the “breeding place” project in Westerstraat, where despite the stimulus given by the government, the direction of the project has been left to the squatters and their huge arena of collaborators.

1.3.4 Education, conservation and taste/audience development

As in other Anglo-Saxon countries, the Dutch government fully endorses the idea that culture and art education is an important contribution to the development of a “knowledge society”. Also some of the local government are sensible to this issue, and Amsterdam is among them. A 1997 report (City of Amsterdam 1997b) argues that art education is seen as creating a direct link between culture and daily life, playing a key role in opening up the arts world to a general public and enhancing quality of life in the community. The process to have all educational institutions catch up with an innovative art education is a long one, due to the inadequate pedagogic bases on which cultural education is built the Netherlands as in most European countries, with the possible exception of Britain. Today much relies on improvisation, obsolete methods or fragmented efforts by museums and cultural institutions to familiarise school pupils with their collections. A particularly successful institutions to that respect is the Amsterdam Historical Museum, which offers a wide range of high-quality educational products and works as closely as possible with schools to ensure that these products are aligned to the school syllabus. However such institutions cannot make a thorough change in the way in which culture is taught and practiced. A promising step forward can be made with a state-funded pilot programme, *Culture and School*, which aims to make culture an integral part of the curricula in primary schools from 2005 and to acquaint young pupils with a variety of art forms and varying levels of individual participation.

Things look better at higher levels of education. Amsterdam can count on solid university and academy training in art and culture practices and studies. The total number of higher education students is around some 66,000, 37,000 in the two universities and 29,000 in polytechnics and other vocational schools. Some 15% of the university students are directly or indirectly related to cultural studies, while some 3,400 of the vocational schools (amounting to 12% of the full-time and the 5.5% of the part-time students) are in art and culture faculties.

Among the seven art vocational schools that Amsterdam hosts, the Amsterdam High School for the Arts (AHK) is a long-established institutions, a constellation of independent institutes or faculties devoted to different art and cultural forms each with its own programs and approaches to cultural education and the stimulation of artistic practices: the Netherlands Film and Television Academy, the Theatre School, the Amsterdam Conservatory, the Academy for Visual Arts, the Reinwardt Academy (faculty of museology), the Amsterdam Academy of Architecture, the Maurits Binger Film Institute, and the Amsterdam School of Advanced Research in Theatre and Dance Studies (DasArts). The prestigious University of Amsterdam has a department of media studies which contributes a critical angle at the analysis of the growth and role in the society of the media and the media industries.

In a culture-rich city like Amsterdam, art and culture graduates are likely to pursue satisfactory careers, but there are some problems, which may explain while the number of art students, especially in the high school for the art, is declining. First, today much “creative” workers do not come from formal art education, but mingle a technical background with their “cultural lifestyles” and in this way they develop a personal way to success, not necessarily grounded in art skill. Secondly, here is a certain disaffection from large parts of the Amsterdam society for art education; especially minorities do not recognise themselves in a predominantly white, euro-centric cultural education that is still poses some resistance to orient themselves to the emerging multicultural society. As one interview stated, «... black people would not like to go to a school where they can only perform Shakespeare!» In this way, art education for minorities is largely left to amateurism – leading to likely failures, as young “urban” talents often lack professionalism and training when they first go on the stage – or is to some extent taken over by institutions whose multicultural attitude is more adamant, like the Cosmic Theatre.

A different, non formal way to do cultural training is through *scouting*, i.e. activities directed at identifying new talents and help them to develop their cultural projects and to grow professionally. With the need of preserving the cultural image and assets of the neighbourhood in mind, the OudWest district council launched a **Culture Scout** service by opening a position through the Knoop foundation. The Culture Scout runs into amateur artists, or semi-pros, and provides them with suggestions, information, methods for project development, and in particular tries to get them inserted in a network of peer artists and professionals with whom they can exchange ideas and get help. Moreover the Culture Scout monitors the development of these people or groups, spreading the information in the neighbourhood and in the city so as to provide the maximum exposure for them.

Private organisations also do scouting work; for instance the Cosmic theatre, to supply for the lack of black actors coming from graduate schools, does very popular auditions in the black neighbourhoods of Amsterdam, where also many candidates from other

cities show up, and supports cultural development projects. The selected ones can start a career with Cosmic which also may offer them to enter formal education through stages taken at art schools.

1.4 Culture and the local economy

1.4.1 Culture and urban regeneration

Most large Dutch cities, faced with the economic problems of 1980s and the emergence of large ethnic communities, have tried to circumvent widespread social problems utilising an innovative approach in social housing and land use policy, which privileges mixed functions and a diverse population mix in each area. This approach has been successful to some extent in Rotterdam, where the middle class had heavily suburbanised and the average conditions were quite awkward in the first place. However, in richer and more attractive cities like Amsterdam and The Hague, social policies face a harsh “competition” from market pressures and peripheries like Bijlmermeer and the Oost came to be known as some of the most difficult in the country, ridden with deprivation, low scholarly levels, unemployment and drug problems. A number of regeneration projects have addressed these peripheries, especially around the port area, trying to enhance their profile with new architecture and state-of-the-art social and cultural services. Others are trying to “spread” central functions at the edge of the city, where well accessible and infrastructured areas are being offered to the large international companies and the new skilled workers who flock to Amsterdam where a large pool of specialised jobs is available.

Indeed, in the last ten years, the largest growth of employment opportunities has taken place for the greatest part in the “knowledge industries”, which include the cultural and creative sectors. Therefore the city needed to develop not only the right amount of living and professional space, but also had to care about *softer* elements, like the quality, variety and spatial concentration and living and working functions, which are decisive conditions for an attractive knowledge hub (Musterd, 2002).

A collaboration with the University of Amsterdam provides solid knowledge on the living and practice habits of the cultural practitioners and managers, and seeks to define the strategy to adapt its housing and environmental offer to the requirement of the “creative class” (Box 11). One first result is that contrary to other cities also in the Netherlands, the knowledge workers are essentially *urbanites*: they like not only to work but also to live in the city, or so do for the largest share the architects (71%), the government officers (60%), advertisement workers and academics (50%), who like to live in neighbourhoods just off the city centre, like Jordaan and OudWest, a preference that is shared with the 10% of the foreign workers who come from developed countries, while students find more suitable accommodation a higher distance from the centre, like in the New West.

Box 11 – The creative class’ living and working habits according to Davies (1999). A survey among 335 art practitioners based in Amsterdam (City of Amsterdam 2003x) provides important information about the use and relations with the space from the cultural sector emerge.

Art practitioners that work for museum organisations and independent art dealers earn comparatively more. The 3% of the surveyed sample cannot afford any kind of working space, while 14% of them pays from 4,000 € to 6,900 € to afford one. Some ¾ of the sample estimated that it would be too expensive for them to have individual working space in the city. At the same time, some 84% of them thinks that it is not appropriate to have to share working space when

you have to do creative jobs. The 42% thinks that the exhibition space available in Amsterdam is insufficient for their respective art fields, but 56% of them agrees on the fact that exposing in Amsterdam is financially rewarding for their profession, and the same share thinks that having contact with large audiences is also crucial. On a scale between 0 and 10, art practitioners value working and living in Amsterdam with a 5.4; their opinion improves with the number of years that they have spent in the profession. This rather positive opinion changes for the worse when they are asked about the quality of the working space, both individual and collective. The 56% of them live and work in different places, but only 18% disagree on the fact that production and living spaces should be combined in the same premises. Those who do have this possibility, tend to use these combined spaces for a longer period (more than 5 years).

In total, some 63% of the interviewees are in search of more adequate working space, and this percentage rises to more than 80% among the younger (less than 31). 67% rely primarily on personal networks and acquaintances rather than on institutional supports to find such new spaces. When asked about the choice criteria for new working space, 47% look at price, 18% at the possibility to combine working and living, and 13% at the size. The price constraint is more binding for the under-31, while a central location is an important choice factor especially for the over-51. The proximity with other professionals (cluster-effect) is important only for the 7% of the sample, and is higher among the 51-60 age group.

The 62% finds sufficient production facilities in Amsterdam, and 78% thinks that Amsterdam offers higher quality. Those who think that areas outside the centre of Amsterdam may also be attractive areas to work are 52% (18% do not agree). Interestingly, only 39% think that research and experimentation as elements for the innovation in their art forms are sufficiently present in Amsterdam. Almost a half of the sample thinks that improvements in the offer of adequate marketing facilities for the sector would improve their positioning.

In conclusion, a high and differentiated demand for “cultural spaces” in the city emerged from this study. The City Administration then set to provide adequate responses to such demand through a number of initiatives carried out at area level.

In the city centre, the “alert level” regarding the substitution of resident functions and economic activities with tourism-related businesses is quite high. The City is aware that the regulatory framework to revive a healthy “inner city economy” are paradoxically rather strict, and is negotiating with the government the loosening of regulations that allow to escape, at least to some extent, the dangers of a “tourism monoculture”. This seems to be a tough challenge in a city that is regularly flooded with tourists and it is not clear how this change is going to happen, nor what can be role of cultural activities in steering this change. Therefore, naturally, the attention of the planners turns to the areas just at the edge of the city where there is objectively more space to do some straightforward cultural planning.

Along the *waterfront*, the City is undertaking a huge regeneration project that among other things include a new library on the southern banks of River IJ and in the East Island, on both west and east sides of Central Station. Some 15 years ago, this was a favourite place for artists, who could find plenty of working space and affordable housing in the big empty warehouse buildings. The success of the area as an artists’ milieu attracted attention and the regenerated buildings were put on the private market, so gentrification set in and commercial development prevailed on the original vision of creating a new “cultural centre” for the whole city. The government accompanied this development paying for the relocation of artists’ spaces, but this took away the original spontaneity of the clustering, and killed it as an hotbed of creativity. The waterfront redevelopment project was incomplete in its outcomes because of this “loss”, and was partially given up for lack of interests by the original investors (Jansen-Verbeke and Van de Wiel, 1995).

In the present new stage, the reasons of such failure have been taken into consideration. Through a joint development of cultural facilities with the music centre Muziekgebouw, such as

a new library and theatres, the Oostelijke Handelskade is going to be transformed in a new cultural hub for the city, a 'Blue Museumplein'. The new buildings are interesting because of the innovating architecture, and they promise to change the cityscape rather dramatically in five years; however, the planners also care to include neighbourhood art objects in the refurbished public space. The redevelopment – due to be completed in 2010 – will bring 3,500 new residences, 340,000 m² of office space, 140,000 new businesses including tourism and retail commerce (City of Amsterdam 2003). Public investments in this area have been of ca. 1 billion Euro, which leveraged additional private investment for about 2.5 billion. On the *northern bank of the IJ river* the City is also active in promoting an audiovisual media cluster, based on small film companies and production studios. On the *north-western side of the centre*, on the site of the Westergasfabriek, a unique combination of green-spaces and cultural facilities is being created. As a result of the economic downturn in the last years, real estate prices are declining and many (logistic, office and industrial) buildings are left empty. That meant that more abandoned areas are available and there has been a resurgence of squatting activities. In particular, large areas with old shipyard buildings and industrial buildings in Amsterdam North and in Zaandam (a town at the North-West of Amsterdam) were occupied by creative industries, mainly in the film and TV industries.

The *South-East* of the city (Zuid Oost) is one of the “new business development areas” where the city is expanding its service and headquarter functions. These neighbourhoods, which are hectic during the day and empty out at night, are in need of a cultural identity, a more sustainable functional mix which may make it more attractive also as residence locations for the new working class of the knowledge sectors in the future. Thus, the city has channelled in that area investments in cultural facilities theatres, cinemas, and all sort of podia for performing arts: some of the city’s most important leisure and cultural infrastructure, like the Amsterdam Arena and the Heineken Music Hall are located there. However, creative activities are seen as a powerful addition to “soulless” global functions, and the City of Amsterdam looks at south-east as a good location for its new cultural cluster. Since 1999, the cultural institutions Cosmic Theater, Paradiso Club (a world-famous rock and pop venue in an old church in the centre, active since the sixties) and Imagine IC have been making efforts to get a cultural infrastructure in Zuidoost off the ground. As a result, the planned building of the GETZ Entertainment Centre¹³ will be added in the area. As part of the redevelopment of the ‘Kop van de Zuidas’ development area in the Zuider Amstel neighbourhood, a new musical theatre, the VandenEnde Theater, and a Design Museum have been planned. In the *Sloterdijk* district (south-west), the Teleport area is being developed as a business area for the new media and ICT industries at the city gates.

In other southern districts of the city, like the ethnic *Bijlmermeer* (often quoted as a problem-area at a national level), the city but more noticeably some private cultural institutions like the Paradiso club and the Cosmic theatre are supporting community-based initiatives to start new cultural facilities.

In the more affluent western part of the city, projects are not lacking. In the *Westerpark*, there’s now an opportunity to create an art park. We have already mentioned before the projects being carried out in the *OudWest* area, a favourite residential district for the “hip” business community that needs to preserve its identity face to the risks of a real “invasion”. In fact, the new firms setting their offices in the area are hardly seen as

¹³ GETZ stands for Health, Entertainment, Theatre/Culture and Business.

trying to get integrate in the neighbourhood life, and remain “foreign bodies” to the local community.

In many such instances, occupations gave the city government the opportunity to start a process of regeneration: for example, the Film Museum has now relocated in a recently squatted building in the OudWest; more recently, a building has been squatted in Sloterdijk and it is being developed with the consensus of the city as a residence for artists. Obviously this is a politically delicate issue which depends much on the sensibility of the governmental coalitions in the city. In ZuidOost, the GETZ plan aims at developing cultural infrastructure; the GETZ entertainment centre is a large-scale project comprising a building of 80,000 m² of bars and restaurants, entertainment, retail and hotel. The cultural cluster occupies an area of 5500m², with a.o. a concert hall and theatre/cinema.

1.4.2 Networks with the local economy

From the MUTEIS study carried out by EURICUR and other partners in 2003, interesting information emerge regarding the development of the new economy sectors in Amsterdam (van den Berg et al, 2001). For one thing, it is made clear that Amsterdam strength lies on the international centrality of the city and on the large market that it represents, but also, noticeably, on the richness of the networks present at all levels in the Amsterdam society, which support the development and the circulation of knowledge and creative talents. Small and medium service industries, “knowledge artisans”, world class research and education centres and governmental institutions all share a down-to-earth, human-scale urban environment with few “ivory towers” and a lot of street and café life, which makes it easier for economic sectors where creativity is the main road to success, to be successful. Secondly, it is argued that ICT (and the early advantage that Amsterdam had as an European telecommunication hub), has greatly facilitated the extension of the “cluster economy” to those top economic sectors, like finance, law firms, and energy, for which the quality of the urban facilities, connectivity and the availability of a large pool of skilled and motivated workers are today paramount. Those corporations’ concerns today are likely to extend to the quality of the local cultural sector, which is supposed to attract the best skilled workers to a locality and nurture creativity. A 1995 survey by NIPO found out that while the presence of arts was not a primary reason for firms to settle in Amsterdam, if there were no culture in the city they would not have settled here. It is probably the case that today this motivation is even more pulling for firms.

New firms at the boundaries of culture and commercial applications, like architecture firms, movie production, and music recording, find in Amsterdam all they need to make their business flourish: excellent ICT facilities, skilled workers and creative talents, excellent urban services, good housing and amenable locations, both in the city and in the surrounding region. These firms drive the development of the creative industries by bringing in capital and an international “aura”. As an illustration, in 1994 the TV chain MTV Europe settled in Amsterdam and that was a real kick to the local production and consumption of design, media and ICT.

Despite these indubitable strengths, the situation with networking is far from optimal as it is felt that larger companies do not keep good relations with the smaller ones, perhaps not realising to the full what are their stakes in the maintenance of an “independent”

creative industries or believing that they can take all they can from it without giving nothing in exchange. A change in the corporate mindset is advocated, giving as an example that of London, where there is much more communication and interfacing, for instance between the BBC and the small media companies.

1.4.3 Private support for the arts and culture

In an economically successful city like Amsterdam, where the world corporations' headquarters can be counted by the hundreds, it is not surprising that the local art scene has no big problems in getting good sponsoring for their activities and in particular for specific projects like big musical productions, large events, blockbuster exhibitions and fairs. However, access to such sponsorships is mostly limited to the "established" cultural institutions and is more problematic for the small independent operators, who mostly had to survive on the governmental and municipal subsidies. There are however some exceptions. Cosmic, by no means a large company (though rather successful), has a good sponsorship agreement with some large firms that are interested in its target audiences, the "educated newcomers" from minorities who regularly attend Cosmic's productions. Firms hope in this way to reach potential new human resources or customers, or just to establish a new image for themselves as supporters of the multicultural society. Today, Cosmic theatre as well as other medium-sized cultural institutions in Amsterdam employs a full-time fund-raiser. They can count on a small number of important sponsors, and care to maintain a flexible agreement with them, that is, not to become dependent on their money; sponsorships are changed regularly or increased on the basis of the success achieved.

One lead model for sponsorship is seen by almost all the interviewees in the Concertgebouw, which, in spite of getting also very high governmental grants, has a very good sponsoring base and an excellent fund raiser. However, lessons are mostly learnt from overseas; in countries like the UK or the US, the importance of fundraisers is by no means inferior to that of other managers. ACI does a regular survey of the links between the private sector and the cultural institutions, trying in this way to synchronise sponsorships and to broaden the base of private support for the arts.

Indeed sponsorships can hardly replace government funding, which covers the "normal" operations of the institutions, and on the contrary, the organisations in which private partners are more willing to invest are only those that already get high structural funds and therefore are seen as more reliable and rentable. This cuts out many small independent cultural operators from sponsorship, as they cannot rely but on small grants, having to compete with the established, traditional institutions, in a context in which culture funds haven't risen in the last 25 years and no cabinet dared to downsize governmental funding for the famous museums and foundations. Moreover, when structural funds are received, the granted institution is prevented from getting occasional funding from cultural foundations for specific projects, and this makes some institutions decide not to apply for government subsidies at all. While the new cultural producers blame the decision makers for «nurturing their own cultural heritage (white-centric, and slightly old-fashioned) and neglecting the others' (...)» (from a conversation with one of the interviewees), there is definitely an issue in granting to fresh creative talents access to start-up funds which are much more generously offered in other economic sectors.

1.5 Sustainability issues

1.5.1 Spatial issues: the spatial development of the cultural sector

Amsterdam is a middle-sized city, large enough to accommodate diversity in a unique urban environment and small enough to preserve the human-scale characters which are reflected in its atypically open and tolerant structure of social relations.

The “mapping” of new projects is highly illustrative of the variety of situations that can be encountered in Amsterdam as far as culture is concerned, and of the creativity of the city in addressing each one of them with suitable tools. It illustrates a real wealth in terms of “cultural capacity”, but also discloses some threats for the future. To some extent, in fact, a “zoning” of the city has emerged, with a hectic, tourist-ridden, consumption-oriented inner city, a predominantly white, elegant, middle-class and relaxed “inner ring” around the canals, and a black, increasingly unsafe (with distance from the centre) outer ring which include some of the most deprived neighbourhoods of the Netherlands. These spatial contrasts have ended up distancing some of the most important cultural assets of the city from a cycle of valorisation, determining a sort of separation between the cultural image presented to tourists and the cultural assets that are driving the economic and social development of this modern metropolis. The “mix” between organisations, activities, resources which makes of Amsterdam a magical place for cultural consumption is being lost in the process, leading to a sort of separation between the cultural image presented to tourists and the cultural assets that are driving the economic and social development of this modern metropolis.

In our study we provided different examples of this mismatch: a district like OudWest is so attractive to its genuineness, especially among artists and “new economy” people, that the space for work and residence is today almost saturated. The outward movement of creative forces from the city has reached a new stage, further away to the “New West”. But what the boundaries to such migration? Today, new artists find working spaces in Sloterdijk. The real boundary of the city is the highway A10, this area is where the high skilled workers find acceptable to live and therefore it is interested by gentrification. The question remains whether we can have cultural developments on a city outer ring or if creativity needs centrality and easy access to thrive. It is today accepted that the “knowledge society” is not only driven by technology; a deeper understanding of social capital and how it gets embedded in the fabric of a city through real integration opportunities is therefore necessary.

Some city initiatives address these issues in a proper way. The AFK hosts an “artists in residence” programme that offers two artists at a time the opportunity to live and work in Amsterdam for three to six months. The most important criterion for selection is the extent to which an artist is able to contribute to a vital art climate in Amsterdam, not only with new works of art, but also with lectureships, readings, masterclasses or the counselling of Amsterdam artists. The Council of Amsterdam, delegated to the Development Corporation, has invested 30 M € in the breeding place in order to keep creative talents in the city, and launched important activities and campaigns as “*art against social exclusion*”. The participation in these projects is very high, but significantly not among minorities, the most in need of “hard” jobs and services. This partial failure illustrates that for a new stage to set in the cultural, economic and social departments of the city have to work as closer as ever to get hold of these processes and revert them with adequate, innovative tools.

1.5.2 Social issues

One issue stands out in our survey: the largely “white-centric” vision that still dominates among the decision makers regarding the development of cultural projects and education, which is in partial contrast with the policy statements of the government, and which downplays to a considerable extent the integration of some of the Netherlands’ most creative and skilful talents in the development of a cultural economy. The Dutch cities have a real advantage in this sense, being among the most fully multicultural and diverse in Europe, and Amsterdam in particular: in not many other European capitals, for instance, such a varied panel of food, music and theatre supply is available. However to make the best of these assets it is necessary to enhance the participation of the minorities, involving them as producers and stakeholders. Among the new generations of newcomers, the middle class have grown very fast, and they have a very specific cultural demand, that is not necessarily satisfied by the traditional, “white-centric” supply.

The partial mismatch between the demand of culture and the supply of it, as determined by the allocation of government funding, has not become an issue also for the fact that in the Netherlands there is a generous funding system: traditional cultural institutions get funds even if their projects are not commercially successful, or if they do not imply cultural innovation. However the fact cannot be ignored that while cultural demands are rising, the funds are shrinking and these cuts are not likely to cease, but possibly to deepen, in the next years. At this point, there could be two possible ways to revise government funding: one is just to give a prize to commercially successful productions, which have many negative sides to it, as any cultural analyst would argue. The second one is to make a better job in understanding what the society wants, or needs, in order for the community to grow. With a tiny bit of hypocrisy, each and every institutions are asked to add a multicultural angle to their activity, but in most cases this resolves in a “label” that is attached to any programme, emptying it of any meaning. It is clear that this not the way to promote multiculturalism through the arts, but something deeper is needed, more in touch with the very foundations of “multi-culturalism”, as the fruitful confrontation between cultures.

Today, the social dynamics in Amsterdam are leading to a real diverse society, with some friction in the process that will take time to settle. Cultural planning can ease this tensions and accommodate the development process, but not always the quickest way is the best. Deprived neighbourhoods are also the ones that despite their creative potential less cultural infrastructure is available, and less opportunities for personal development and education. Cosmic understood this, as their core business depends to a large extent on the availability of black artists, and invested in a theatre in the Bijlmer district. This neighbourhood of 100,000 inhabitants had only seen cultural projects before when next to it, in the development area of Zuidoost, large commercial infrastructure like the Amsterdam Arena and the Heineken Music hall were erected. Following these successful pilot experiences, the City has included as an important feature of the current Cultural Policy Document the *Cultural Outreach Action Plan*, whose aim is to involve more people in culture, especially the new, younger audiences and the minority groups.

Based on an analysis of social and demographic trends and developments, a *Social Structure Plan 2004 – 2015* has been recently drawn up by the City of Amsterdam. Its

purpose is to place the social aspect of the city policy within a clearly defined context and to indicate the direction in which the City of Amsterdam intends to influence trends and developments. The plan presents six different sections: A Knowledge-driven City, A Working City, A Cultural City, A Sporting City, A Caring City and A Safe City. The plan is a tentative and the first serious effort in a Dutch city to develop an integrated planning for social and cultural policy following the example of urban planning systems. In the cultural sphere, three issues have been highlighted, each one being complementary to Amsterdam's Long-term Cultural Outlook and Arts Plan:

- urban identity and identification with the city;
- culture as part of education and its role as an educational tool;
- the creative industry.

Also, difference may become artistic expression. In a production called "Trust and Love", Cosmic Theatre has illustrated how five people with different backgrounds would comment on their feelings, disclosing the diversity that is inherent in the contemporary society and at the same time its cultural richness when such different visions get to confront each other. Music venues like Paradiso or Melkweg, the kind of places where Beatles or Pink Floyd were performing at their start, today regularly organise sessions of world music or ethnic-influenced electronic beats, which attract enormous interest at an European scale, to the point that today Amsterdam is considered one of Europe's DJ and VJ capitals. The economic size of this reputation cannot be ignored.

The general approach of the City of Amsterdam has largely been to delegate the resolution of these conflicts to community based organisations and squatters, in a wise move to keep its feet out a sensible ground while at the same time steering the process through the involvement and consensus of the most affected stakeholders. Unexpected successes have been achieved through this approach: new viable uses for idle buildings have been found, social housing has been strengthened, work spaces for creative talents have been provided, and whole neighbourhoods like Oost have been given a distinctive "cultural" image providing solid bases for their regeneration. The City gave a few basic rules to the process and made sure that the residents would not clash with the squatters, and let it flow. However, even this approach has its black spots. To some extent, self-governance of squatted places by the resident organizations may lead to the exclusion of "undesirable" group, so what is gained from the point of view of flexibility, could be lost from that of transparency and democratic right of access. Secondly, squatters in Amsterdam, even in times of harsh political conflicts, have always distinguished themselves for good manners and civic sense, unlike other counter cultural movements, but this may change in the future with the inflow in Amsterdam of new groups of squatters coming from other parts of Europe, making the sustainability of the whole process much harder.

1.5.3 Cultural issues

Amsterdam finds itself on a dividing line in relation to cultural development: pointing on the "new" or nurturing the "old". There are positive effects connected to both: the further stimulation of the knowledge economy and the opportunities to solve the most

pressing social problems, on one side, and the growth in the cash-maker tourism industry and the establishment of the image of capital city on the other. And a few dangers: the “bubble” danger in the former case, that is the risk that investments in culture and creativity do not lead to “hard” opportunities for economic development, and the “tourismification” or “banalisation” of the cityscape in the latter. This last concern has called for many initiatives to “keep a memory of the past”, not letting the identity of a place dissipate with time and economic pressures. OudWest promotes a collective memory of the changing life in the neighbourhood, a useful resource for policymakers so that they can base their policy on real facts and not on fictional interpretations of the past and the present. Heritage also has its active stakeholders. The association “*Ons Amsterdam*” with 20,000 members is a support group of museums.

It could be argued however that until now too many resources and interest have been absorbed by “traditional” cultural considerations. The city market itself essentially as an heritage city, disregarding the fact that most tourists, and young residents, arguably are more interested in a cultural supply stressing the new, the exciting and the unexpected. The pressure of tourism meant that much of the most creative assets have been stifled down or have migrated to other cities, like Rotterdam or Eindhoven, where they find more space and less competition from high-profit sectors. According to a recent report of the “night-mayors” of Amsterdam, the unofficial “guardians” of the Amsterdam nightlife, have expressed a serious concern for the vitality of the most long-lived entertainment institutions. What is more bizarre, is that the “postcard” Amsterdam of drinks, drugs and prostitution is more alien to the world of cultural consumption and gallery life than to that of tourism, so presenting the “stagnant” side of the city inevitably produces many effects that local stakeholders deem unwanted. It has been shown instead that “healthy” tourism sees the red-light activities as a plague, and are instead attracted by Amsterdam’s vitality in the field of the arts, in this way entering in close contacts with the residents.

Four centuries of freedom of expression is Amsterdam’s most poignant cultural heritage, and an asset that is put to value in many edge industries, like for instance in the media. This advantage has to be nourished, and made known also to visitors. It is not only about employment. Davies (1999) notes in his in depth-study of Amsterdam a certain lack of “transversal” cultural debate that he attributes to the “divide and rule” structure of cultural governance. Today, cultural project have to be “disguised” in order to be supported, that is, there must be an instrumental use of culture to justify investments to it: new cultural projects are accepted as an element of regeneration programmes and street animation, or as a stimulus to social cohesion, but when it comes to art in itself, here is little support for new art in a city which already boasts six centuries of heritage assets. A city like Amsterdam should be proud of its capacity to produce new culture, and sell it for what it is, hoping in this way to attract ever new and interested visitors and residents.

1.6 Conclusions

1.6.1 What is the role of culture in the local economy?

Culture is for Amsterdam a tangible heritage defining the cityscape of the city and attracting many visitors to art collections and sights. But it is mainly an element of the

city's intangible identity and a structural element of the city's quality of life and celebrated lifestyle.

The city is culturally active at many layers, and the City Administration is consciously and creatively using its cultural strengths to enhance social cohesion and economic profiling. The "Breeding Places" policy aims at sustaining and improving a cultural under-layer for small creative activities, thus permanently contributing to the enhancement and the development of innovative talent to the city.

Giving a chance to the "creative class" of the future, providing them with adequate solutions to get rooted in the local society, can be seen as a shot in the dark, but the recent behaviour of large firms like Philips shows that today creativity is a widespread concern and may give a real edge to a city's economic environment. The city pursues this vision through various initiatives regarding the "knowledge economy", fostering the combination between services and knowledge, creative industries included. From an improvised, passive approach to creativity the city has now turned to a proactive, anticipatory approach.

1.6.2 Is this role sustainable? What are the dangers for the future?

The innovative policy is that breeding-places used serendipity as a compass; it used and experimented new methods to stimulate artists' associations in order to redeveloped empty old buildings, in a sort of trial and error-approach which is not commonly seen in the urban management practice. Following Landry (2000), dynamic societies need a creative governmental style in order to steer development towards desired directions.

The danger is that development trends go faster than what the City can do. Tourism is creating a dangerous "zoning" of the city that erodes the cultural complexity of the urban fabric. Invisible barriers are consequently being erected between different "fields" of art productions and between "scenes". Economic development in a critical node of the global economy like Amsterdam may generate unheard of pressures for the short-term "rentable" use of idle land.

1.6.3 How should cultural policy change / adapt to face future challenges?

To facilitate the circulation of expertise and to break down the boundaries between classes of cultural organisations, which threatens to produce isolation and to stifle down development rather than nurturing identity, the city of Amsterdam is trying to put together the high-brow cultural institutions and the others with several networking projects. More has to be done at the level of enhancing the tourist interest for aspects of Amsterdam's culture that today are not at the core of tourist programs, like the multicultural identity of the city and its young dynamic subcultural scene.

1.6.4 What can this city teach to others?

Amsterdam is a perfect illustration of creativity and openness in governmental styles that regard culture, and has a lot to teach to cities trying to find their own way in putting together distinct "city images": preserving the cultural heritage imagery but also

supporting new, grass-root cultural activities which in the end are the most relevant for the city's development trajectories.

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LIST OF DISCUSSION PARTNERS

M. Boontje, Cultuurscout stadsdeel Oud West

J. den Uyl, Ontwikkelingsbedrijf (Development Corporation) City of Amsterdam, European Affairs

H. Dokkum, independent artist and free space developer, Rainbow Color Productions

E. Duivenvoorden, Vrije Ruimte

J. N. Hoogendoorn, Ontwikkelingsbedrijf (Development Corporation) City of Amsterdam, senior beleidsmedewerker/projectleider

P. Kruseman, Director Amsterdams Historisch Museum, Chairman Amsterdam Cultural Institutions

T. van den Bergh, Director of Cultural Affairs, City of Amsterdam

I. Sorko, Cosmic Theater

M. Stikker, Director Waag, Society for old and new media

2 CASE STUDY OF BOLZANO, ITALY

2.1 Synthetic Information on the City

The city of Bolzano lies in the North of Italy and in the South of Tirol. It is the capital of the Trentino Alto-Adige region and the Province of Bolzano. The position of this Italian region on the border with Austria is very particular and is the result of its rather tormented history. Bolzano (see map in Figure 2.1) lies in the valley that runs from Verona to Innsbruck. It lies at a height of 262 km and its 52.31 km² are surrounded by mountains and offers a splendid setting. Nevertheless, the accessibility of the city is rather good; it not only lies on the highway Modena-Innsbruck, but is well-connected by train and even possesses a small airport that offers international flights.

During the nineties the city lost many inhabitants; from 2001 onwards, however, an upward trend can be observed and the city had 97,332 inhabitants in 2003. This may very well be attributed partly, as we will see successively, to the fact that the municipal and the provincial governments have done much to improve the city's attractiveness.

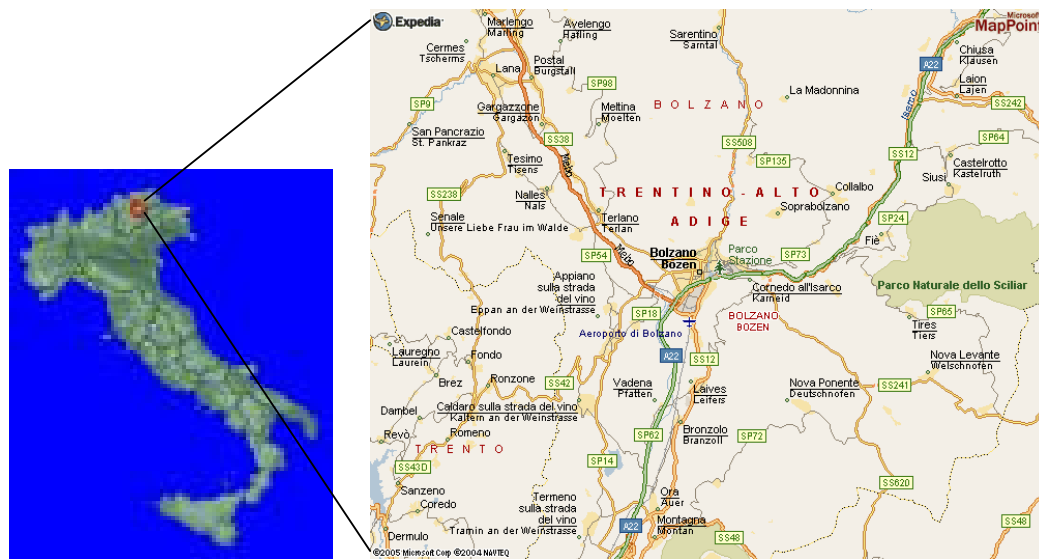


Figure 2.1: Map of Bolzano and its location in Italy

The *Sud Tirol* area has been contested more than once between Italy and Austria and has been assigned in a definitive manner to Italy after the Second World War. Since then, a certain degree of unrest has characterised the region, unrest which has even led to sporadic episodes of violence. Today, however, the German and Italian populations are living together peacefully. The special status of Trentino Alto-Adige (a so-called “Regione a Statuto Speciale”) with respect to the Italian state makes it eligible to a huge amount of state funding and facilitates the arrival of European Union support. The Province of Bolzano (463,000 inhabitants in 2001, less than 3% of which foreigners)

corresponds to the historical area of Sud Tirol and is a powerful autonomous body compared with other Italian provinces.

Citizens of Tyrolean descent, approximately two-thirds of the population, are proud of their language and traditions, which they defend with great emphasis. In a few cases, during the seventies, this led to acts of violence and sabotage against and uncompromising central administration; later on, and thanks to a long tradition of negotiation, Bolzano obtained substantial benefits from the Italian state, as the possibility to develop a bilingual educational system and administration system. Another small group, the *ladins*, talk their own language (4.4%) and are to be considered one of the few (and endangered) true cultural minorities in Italy.

The economy of Bolzano is strongly biased towards services, especially public services. About 29% of the total working population was employed in the public sector in 2003. Private services (many small, mostly family managed, firms) employed about 27% of total employment. The unemployment rate that the city registers is incredibly low: just 1.7% of the labour force. Public and private services together generate an added value of 2.504 million Euro (see Table 2.1). Commercial activities and construction follow at a distance, generating an added value of respectively € 486m and € 291m.

Since also for these sectors the dependency on the local market is undeniable, the economic base of the city proves to be extremely small. Only a marginal part of the firms located in Bolzano competes on national or international markets. This fact makes the local economy highly dependent on government spending and therefore rather vulnerable. The only sector in the table that definitely generates 'new' income is the hotel industry. Apart of the spin-off that cultural tourism generates through the tourism industry, the local economy ought to use any possibility for differentiation and diversification that is offered. Reinforcing the creative industry, that is all the economic activities that are somehow linked to arts and culture, may be a way to achieve this diversification. But, as we will see below, a lot has still to be done.

Table 2.1. - Bolzano: Added Value per Economic Sector (in millions of Euro), 2003. *Source:* City of Bolzano, 2003.

Agriculture	45
Food	33
Wood	9
Metal	115
Construction	291
Manufacturing	226
Commerce	486
Hotels	93
Private Services	1,267
Public Services	1,237

In spite of the virtual absence of important industrial activities, the Province of Bolzano is one of the wealthiest in Italy (as is shown by the very low unemployment rate). The public sector is not the only responsible for this fortunate situation: together with some manufacturing, both agriculture (especially the cultivation of fruit and the production of dairy products) and tourism (Dolomites) contribute to the economic base of the Province of Bolzano. The public sector, however, remains the biggest employer of the local economy. The dependence from public sector funding has made the economy rather 'lazy', a phenomenon that the OECD calls 'Dutch disease'. This is felt in cultural development too; the private sector, with important exceptions, is difficult to involve actively.

It was already mentioned that the city, after a period of demographic decline, seems to have gained renewed attractiveness the last five years. In fact, during the last decade, cultural development became an absolute priority of the Municipal and Provincial government of Bolzano. Before this change of orientation, most of the public efforts went to the countryside and had popular (German) culture as the principal beneficiary and (German) tourists as the main public. The explicit presence of the two cultures in the city, the Italian and the German, make Bolzano an interesting but complicated case. In effect, culture initiatives, like the public sector and its policies in general, have carefully been divided in activities managed and performed for both parts of the population. Increasingly, events are being organised that appeal to the German and the Italian speaking populations alike. Facilitating cultural integration is but one of the objectives of this change in the approach. Specific attention will be paid to the peculiarities of this division.

2.2 Bolzano's Cultural Assets, Actors and Policy

2.2.1 Cultural highlights and infrastructure

Bolzano has never been considered a city with a particular cultural supply. It merely served as a service centre for the population in the surrounding region and as the regional centre of government. This has been changing rapidly since the end of the nineties. The municipal and the provincial governments have chosen arts and culture as one of their spearheads in the development strategy of the city and the perception that people have of Bolzano is changing gradually for the better.

At the moment, the cultural heritage that the city offers contains a limited number of important monuments. The central monument is the *Cathedral* that faces *Piazza Walther*, a church dedicated to Santa Maria Assunta that stems from the 14th Century. Close to the cathedral two other religious monuments can be found: the church and the monastery of the *domenicani* and the church of the *cappuccino*. Characteristic are the houses along the *Via dei Portici*, where the local shops underneath the arcades attract many visitors. Last but not least, Bolzano is famous for the castles that can be found in the city and its surrounding. Castle *Mareccia* and castle *Roncolo* are the castles closest to the city centre. Castle Roncolo deserves special attention. It has been brought into its original splendour and hosts important exhibitions, conferences and other cultural

events. Most of the monuments have been inserted in a cultural route that allows visitors and residents alike to appreciate them even more.

The city counts six museums that are worth mentioning. The most visited museum with 238,945 visitors a year (2003) is the Archaeological Museum. This museum hosts the world-famous 'man of Oetzi', the mummy that was found in the ice of a glacier in the nearby mountains and was therefore very well conserved. The Museion, Bolzano's Museum of Modern and Contemporary Arts, was founded in 1987 and has been relocated recently in a brand new building of a spectacular design. It is the home of innovative art exhibitions and may very well become the spearhead in Bolzano's cultural offer, notwithstanding the fact that the number of visitors in 2003 was rather disappointing: almost 13,000 people. The Museum for Natural Science was visited by 51,000 people in 2003 while the Museum of Commerce counted 12,000 visitors. The Civil Museum and the School Museum were with respectively 2,500 and 1,600 visitors of marginal importance to the local system of museums. Three other and considerably smaller institutions host cultural events: Galleria Museo, Galleria Civica and the Multi-cultural Centre Trevi.

From these figures, it immediately becomes clear that the Archaeological Museum is the only real crowd puller in the system. Because of the mummy it attracts both residents and Italian and foreign tourists and even if its strictly cultural contest is but marginal it may become an important element in a cultural development policy that tries to offer all the other museums around it in a single package. The Museum Card of Bolzano, a booklet of discounts, is an important step in the right direction but does not yet fulfil the integrating role it might be playing.

Huge investments have been made in the physical infrastructure for the performing arts. The city has a brand new Municipal Theatre (*Nuovo Teatro Comunale*), completed in 1999, and a state-of-the-art Music Hall '*Auditorium Joseph Haydn*'.

The Municipal Theatre possesses two separate spaces: the main one that hosts 824 persons and the so-called 'teatro studi' that hosts 220 people. This last space allows the exploiters to organise more experimental pieces. The theatre is home of the *Teatro Stabile*, a company that produces and performs pieces in the Italian language, and the *Vereinigte Buehnen*, the German equivalent. Both companies, but in particular the first one, have a very good reputation that goes far beyond the regional borders. The theatre's premises are managed by a Foundation that is owned and financed mainly by the City and the Province of Bolzano. This foundation, in which both companies and the Haydn Orchestra of Bolzano and Trento have their saying, becomes an important platform where programmes are being coordinated and synchronised.

The *Auditorium Joseph Haydn* hosts the already mentioned Haydn Orchestra of Bolzano and Trento, an orchestra that has been founded in 1960 and that has gained an official recognition by the national government. The presence of the theatre companies and the orchestra make Bolzano a fertile ground for smaller, more experimental initiatives in the field of performing art. These are hosted in the Haus der Kultur and other smaller venues in the city and its surrounding. Moreover, Bolzano hosts in the month of August the concerts of the European Union Youth Orchestra and the *Orchestra Giovanile 'Gustav Mahler'*, an initiative taken by the famous maestro Claudio Abbado. These concerts are very much appreciated by inhabitants and visitors

alike and generate considerable cultural as well as economic spin-offs. As far as classical music is concerned, Bolzano also hosts an international piano concourse 'Ferruccio Busoni'. From 2004, the city has tried to present the above mentioned musical events, together with the Antqua.bz festival of baroque and renaissance music, under one heading: the Bolzano Festival.

In September the Transart festival is organised. This festival takes place in the various cities of the Region, among which Bolzano takes a prominent position. The Transart Festival is an interesting mixture of performances of many different types (music-theatre, video, installations) and concerts of avant-garde music that in fact provide many potential inputs for creative activities. Additionally, in the month of June a jazz festival is organised. The concerts not only involve the venues in the centre (in particular the *teatro studi* of the municipal theatre) but also Castle Roncolo. Music seems to be the element that allows Bolzano to gain a unique position on the international scene. Thereto, even more collateral initiatives and events should be developed.

In July an international dance festival, Bolzano Dance, takes place. This festival hosts numerous artists and performances of international reputation and has become a true asset for the city. Much more recently an alternative film festival Opere Nuove (short movies) has been added to the programme of events. This festival is organised by the Cineforum Bolzano, an organisation that manages its own venue in the centre of the city. The activities of the Cineforum are synergetic to the activities of Zelig, a school for maker of documentaries, television programmes and new media.

From all the performing art forms, especially the performances of (classical) music and dance have an explicitly integrating character. In film and theatre language plays a fundamental role and the performances attract their specific public. However, there is an undeniable trend that makes that the German speaking population increasingly attends Italian plays and movies and vice-versa the Italian speaking population gets interested in plays and films in the German language (in Italy films in cinema's and television are in Italian). This trend is fostered by the Municipal and Provincial Governments, also because the funding of performances that either attracted German or Italian public is, because of the possible lack of critical mass required for excellence, not always the most efficient way of stimulating cultural development. Moreover, it enhances mutual comprehension and understanding. Culture has thus become one of the most important vehicles for intercultural tolerance.

Although the coexistence of a German speaking and an Italian speaking population has given rise to problems in the past, many consider the mix of cultures an asset that not many regions of Europe can offer. Indeed, especially the traditions of the German and the Ladin population that are blended with a Latin life style and a distinct South-European atmosphere are ingredients of the immaterial heritage that make the Trentino Alto-Adige region popular among foreign and Italian visitors.

Other initiatives that are extending the area of cultural consumption of The Hague are the above mentioned City Mondial and *Avenue Culinaire*. The first, starting from the already cited Spui, develops south- and westwards eventually reaching the Paul Krugerplein; the latter, which consists in a selection of restaurants and pubs offering a unique international cuisine and choice of drinks, spreads out around the perimeter of the abovementioned main cultural central area.

Table 2.2. - Frequency of Cultural Events in 2003. *Source:* Municipal elaboration of the weekly issues of BoBo, 2003

	Number of Events	Average per day *
Music	850	2.3
Theatre	550	1.5
Children	350	1.0
Film	1,900	5.2
Traditional Feasts	170	1.4
Art Exhibitions	230 events / 5,100 days	13.9

* some events last more than one day

This peculiar mixture gives rise to the birth and development of numerous popular events, among others celebrations of local gastronomy, wines and of handicraft (in particular objects in wood). Core of these traditional events is the hugely popular Christkindlmarkt, a Christmas Market similar to those organised in German and Austrian cities, and that will be held for the 15th time in 2005. This market is visited by thousands of tourists and is so successful that locals have started complaining about the negative externalities caused by the influx of people, in particular congestion.

This leads to a number of general considerations with respect to the way the cultural events are programmed. A number of interviewees (see complete list in annex) underlined the fact that the number of events is too big to sustain their quality. Table 2.2, the result of an elaboration of the data published on the magazine BoBo, illustrate this phenomenon. Taken into consideration only the supply of concerts and of theatre performances, the inhabitants have circa 4.8 initiatives per day to choose from.

Many local cultural actors recommend therefore more selectiveness and advise the institutions that finance the events to concentrate the efforts. This requires the development of a strategy by the cultural departments of the Municipality and of the Province in which the priorities are extremely well defined, a strategy that today is implicit at best. Music should be the element that promises to give Bolzano a position that is difficult to challenge. Moreover, the majority of events is concentrated during the high season with a peak in July, August and September, and seems to serve a tourist purpose rather than a more general purpose of cultural development and spin-off.

2.2.2 Image, Quality of Life, Intangible Assets

Italians perceive Bolzano as a well-organised city, in which public services are well-managed and of a high quality and, hence, where the quality of life is high. Moreover, lying in the middle of the Italian Alps, it is considered to be a green, environmentally health city. Foreigners on the other hand appreciate the Italian side of the city; they like it for its Mediterranean charm. These two different sides of Bolzano are mixed together and this particular mix is increasingly becoming the unique selling-point of the city and is therefore stressed in the city marketing campaigns.

Most of the traditions that the Alto-Adige region offers have a definitely rural imprint. This is reflected in the handicraft activities that the city hosts as well as for the gastronomy. In fact, the city of Bolzano itself has never developed a truly urban atmosphere that can stand on its own and face competition from other centres in the North of Italy (Trento and Verona in particular). Recent initiatives to create typically urban events, such as Transart and experimental art exhibitions, but also the development of the University, reveal the presence of political courage to provoke change – yet at the moment the absence of a bottom-up approach make them look artificial, hardly embedded in the city's socio-economic texture.

In reality, criticism to the way the City and the Province of Bolzano try to enhance cultural development points to the fact that the tendency of local policymakers to over-organise any development and to claim a complete control over processes may work in many other sectors of social activity but not in the cultural. This sector relies heavily on improvisation and on spontaneity, and its development would never take off in a sterile environment. Furthermore, the local population not always appreciates the negative externalities that are inherent to cultural events (congestion, noise, to name but a few). Much of Bolzano's success as an art city will depend on whether or not this paradox will be removed and these conflicts will be eliminated.

2.2.3 Spatial Structure of Cultural Activities

Most of the cultural assets and activities that were presented in the previous sections are located in the historical centre of Bolzano. The brand new Music Hall and the City theatre are close to the Piazza Domenicani, in the vicinity of the Museion. The castles, however, are located on strategic positions in the outskirts and can easily be reached by car or public transport and even by feet. Most of the local events take place in and around the Piazza Walther in the shadow of the Cathedral. Occasionally, and in particular in the case of experimental events such as Transart that involve a young audience, peripheral locations are being used. This ought to minimise the already mentioned negative externalities. But generally speaking, the delimitation in space is but another aspect of the evident concentration of the events in the summer months.

2.2.4 Cultural Policy: Actors and Strategic Context

As was already stated, given the autonomous status of the region within the Italian State, the local institutions – the Province and the City of Bolzano – are strongly present in the process of cultural development. Both bodies have separate budgets for the German and Italian speaking population. The availability of public funding (7% of the city budget) and the fragmented way in which the funds are distributed, on one hand eliminates an amount of healthy competition between culture providers and on the other guarantees the existence of numerous cultural (amateur) associations that may help to provide the humus needed for cultural development in general.

A closer look at the city's financial contribution to culture is given in Table 2.3. Between 2002 and 2003, the money spent on culture by the local government grew modestly reaching a yearly contribution of just 5 million Euros. More than 70% of the money is spent on the principal cultural institutions, such as the Orchestras, the Teatro Stabile and the Fondazione Nuovo Teatro. The share of these institutions in the total

budget diminished from 76% to 71%, another indication of the fragmentation of the public efforts in culture. The financial support of the arts (principally exhibitions) is marginal (just 1,81% of the total expenditure in 2003).

Table 2.3. – Financial Contributions to Culture by the City of Bolzano in 2003. *Source:* Financial Department of the City of Bolzano, 2004

	2002	2003
Total Contribution	4,742,526	5,086,324
<i>of which:</i>		
<i>Bolzano Estate</i>	229,006	175,150
<i>Theatre</i>	295,072	327,933
<i>Arts</i>	123,278	90,430

Moreover, an analysis of the programmes reveals that initiatives that may lead to a mixed attendance are entitled to receive additional financial support by both the Italian and the German part of the administrations. Generally speaking, the total amount of money spent on cultural activities is shrinking somewhat over the last five years (Bolzano Municipality, 2004). This is not necessarily bad: some selectivity and hence competition may actually improve the overall supply of culture. Furthermore, also the private sector increasingly sponsors cultural events.

From the interviews that were held in the Spring of 2004, a series of particular characteristics of the cultural development strategy could be distilled.

First of all, it has become clear that Bolzano's Provincial and Municipal Governments have made cultural development one of their policy priorities. This choice stems from the late nineties and has only recently been rendered more explicit. The change is felt especially when visiting Bolzano: the city appears more dynamic and the activities have generated a series of new developments, both cultural (smaller happenings) as well as commercial (tourism).

Secondly, the strategy is carried out principally by the public sector. Involvement of the private sector is marginal and limited to the sponsoring of particular events which are supposed to offer the sponsors visibility. The role of the Foundation of the Cassa di Risparmio, however, is much broader. Their interest in the local society as such is clearly demonstrated in the socially responsible behaviour. The lack of important industrial firms that characterises the local economy makes it difficult to find other important subsidy providers other than the local authorities and the Cassa di Risparmio. Very active are the local banks, the Cassa di Risparmio di Bolzano/Sparkasse Bolzano and the RASBank. These efforts, however, are for the time being concentrated on the mainstream events rather than niche events in the off-season.

Third, the strategy rightly reserves to (classical) music a central position. Musical events are the core of the Bolzano Festival and it is hoped that assets as the *Auditorium Joseph Haydn* and the Haydn Orchestra of Bolzano and Trento that it hosts, the concerts

of the European Union Youth Orchestra and the *Orchestra Giovanile 'Gustav Mahler'* and the international piano concourse 'Ferruccio Busoni' will function as a catalyst for the development of other forms of performing and visual arts. One could question whether the musical tradition is sufficiently embedded in the city's structure. For example, it is remarkable that pupils from the local conservatorium in recent editions do not make sufficiently good candidates for the Busoni concourse.

Moreover, both the City as the Province have dedicated much of their efforts the last decade in preparing the physical infrastructure, e.g. the buildings that became ultramodern theatres, music halls and museums. From now on, more attention should be paid to the programming of the events and to the marketing of the programme. Especially in terms of communication much has still to be done. Bolzano does not have a name at all as cultural destination. Only insiders and inhabitants are sufficiently well informed about what is going on in Bolzano. In this context, the BoBo, a small and frequently issued magazine that provides useful information about the City and what is happening, deserves a much broader diffusion than it currently has. In contrast, the Local and Regional Tourism Board (SMG) merely issue communication campaigns highlighting the bestsellers, such as the Mummy, the Festival and the Christmas Market, and focuses much less on the (fringe) cultural events that Bolzano offers. We will come back to this point.

Finally, whether the success of the efforts that have so far been undertaken will at last very much depends on the city's capabilities to really integrate culture in the social texture of the city. To make the city's culture come alive, have it become an integral part of the urban texture, and make it lose its current artificial, even somewhat imposed, character. To involve the private sector more heavily in the funding is essential, not only because public funds may become increasingly scarce but as a matter of principle: competition for funds helps to raise the overall quality of the supply of arts and culture. It also means extending the cultural activities from the summer to the rest of the year, from the centre to its suburbs. The arrival of the University of Bolzano and the further development of the European Academy, institutions that will be described in more detail in the next section, may very well serve as accelerators.

2.3 Cultural Cluster Performance and Dynamics

2.3.1 The Cultural Production Sector

In a service-sector urban economy like that of Bolzano, the dependency on the local market is high for the majority of the local economic sectors. Hence, the economic base of the city proves to be extremely small. Only a limited part of the firms located in Bolzano succeeds in competing on the national or international markets. This makes the local economy dependent on government spending and therefore rather vulnerable. The only sector that definitely generates "new" income is the tourist industry. The local economy ought to use any possibility for differentiation and diversification that is offered. Reinforcing the creative industry may be an interesting option. But a lot still has to be done in this sense.

In fact, a survey of the economic sectors in Bolzano (based on the 2001 census of firms) reveals that there are 151 firms and 353 employees in the core cultural industries to which 350 other institutions (and 318 employees) should be added among institutions and third sector (Table 2.4). These represent circa 1.6% of Bolzano's firms and the 0.8% of employment. In total, Bolzano concentrates the 17.6% of firms and the 33.6% of employment of the Province in those sectors.

Tab. 2.4 – Firms and employees in the cultural production sectors, City of Bolzano and Province of Bolzano, year 2001. *Source:* ISTAT.

	for profit		Institutions and 3rd sector	
	Firms	Empl.	Firms	Empl.
Recreational activities, culture and sports	151	353	350	318
Cinema and video production and distribution	14	25	4	5
Broadcasting	11	42	1	25
Performing arts and spectacle	64	179	66	163
Press agencies	16	18	0	0
Libraries, archives, museums and other cultural activities	1	9	17	46
Sport activities	31	51	210	50
Other recreation	14	29	52	29
% OF TOTAL	1.6%	0.8%	25.7%	2.0%

If the wider concept of creative industries is adopted (Table 2.5), the firms and employees in creative production sectors are respectively 484 and 2,096 that is 5.1% and 4.9% of the total; in tourism, a sector partly activated by culture, other 453 forms and 1,125 can be found (4.8% and 2.6% of the total).

Tab. 2.5 - Firms and employees in the creative production sectors and tourism, City of Bolzano and Province of Bolzano, year 2001. *Source:* ISTAT.

	Firms	Empl.
CREATIVE INDUSTRIES	484	2096
Manufacture of wines	6	67
Manufacture of wearing apparel; dressing and dyeing of fur	25	46
Publishing	17	220
Printing and service activities related to printing	63	935
Reproduction of recorded media	0	0
Manufacture of ceramic household and ornamental articles	1	1
Manufacturing of jewellery	14	33
Manufacture of musical instruments	2	6
Telecommunications (hardware: network management)	6	131
Research and experimental development on social sciences and	8	9

humanities		
Architecture firms	261	392
Advertising studios	57	200
Photographic activities (studios)	18	26
Higher education	6	30
<i>% OF TOTAL</i>	<i>5.1%</i>	<i>4.9%</i>
TOURISM	453	1125
Hotels and restaurants	378	944
Transport via railways	1	3
Taxi operation	45	48
Sea and coastal water transport	0	0
Inland water transport	0	0
Scheduled air transport	0	0
Non-scheduled air transport	0	0
Activities of travel agencies and tour operators; tourist assistance activities	21	116
Money exchange	0	0
Renting of automobiles	8	14
<i>% OF TOTAL</i>	<i>4.8%</i>	<i>2.6%</i>

The field survey has clearly shown that the opportunities available to turn the cultural sector of Bolzano into a creative industry have hardly been utilised so far. The only significant and coherent development is the attempt to build a cluster of multimedia activities around the presence of regional TV-stations and the Zelig initiative. This project is encouraging, but still in its infancy and it is to be seen whether it will be a success on the long term. Other sectors typically included in the creative industry, such as the design, fashion, music and architecture branches, are currently to be found elsewhere in the North of Italy and Austria.

The municipal and provincial administrations should take up this challenge immediately and start fostering initiatives in any of these branches. The overall climate for this type of firms seems more than suitable. What still largely misses are specific incentives that enable starters to overcome the difficulties that characterise the first years of operation. Vienna and the policies it designed to help the creative industry take of may be an appropriate benchmark for Bolzano. The special status of the Trentino Alto-Adige region makes that the availability of a sufficient amount of seed money or venture capital should not be a problem. If the Viennese model is used, the different local authorities could establish a dedicated company (SpA) in which representatives of local banks and firms can participate. Moreover, the University of Bolzano and the Academy should be involved in the operation. This company will then be responsible to create sort of an incubator and facilitate firms that intend to launch projects regarding creativity and with a distinct impact on the local economy so that they can serve as accelerators, projects that possess sufficient critical mass to become auto-sufficient in a reasonably time span.

2.3.2 Cultural Tourism

The Trentino Alto-Adige Region is one of the most touristic regions of Italy, ranking 4th among all Italian regions for the total number of overnight stays (19m in 2003, half of which in the Province of Bolzano). Together with the nearby Veneto Region it attracts more than a fifth of all the overnight stays in Italy (and a fourth of the foreigners).

Most visitors are attracted by the mountains rather than the major towns of Bolzano, Merano, Rovereto and Trento. In the summer, they search for cool and fresh air and are engaged in trekking, mountain biking, rafting and other summer sports, while in the winter they come for skiing. Bolzano, Merano, Rovereto and Trento have started to diversify their supply to cater for more culturally oriented visitors. They are all four investing heavily in arts, cultural heritage, cultural events, and museums; the brand-new MART Museum of Modern Art at Rovereto managed to win the hearts of cultural tourists through a series of excellent exhibitions and a stylish building.

This competition with the neighbouring cities on the market for cultural tourism makes things complicated for Bolzano, with Trento and Verona at close distances and more accessible from air and road from the rest of Italy. Trento and Rovereto are closer to the principal basins of (excursionist) demand, notably Milan, Verona, Vicenza, Padova, Venice, and Bologna. Bolzano has, however, a number of advantages. It is a regional capital and is therefore entitled to a potential amount of public financial contributions that the other cities do not have. Moreover, it is more centrally located than its competitors with respect to the different valleys that host the summer and winter mountain tourists.

In 2004, the City of Bolzano generated 536,000 bed-nights and 206,900 arrivals (a remarkable increase of some 17% over 2003). The average stay of the tourists is thus approximately 2.6 nights, a figure that is in line with that of other destinations of urban tourism. The official tourism statistics ignore the phenomenon of excursionism, those who come for the day and do not spend the night in the city. Given the particular structure of the local regional tourism system that was described in the previous paragraph, it may be expected that excursionists represent an important group of visitors, especially in the months of July and August, around Christmas and New Year and in February. Unfortunately, statistics regarding excursionism do not exist. Especially in occasions like the famous Christmas Market in December the flows of day-trippers, arriving by train and by car, are huge and over the whole event is estimated to reach more than a million visitors. This influx causes problems with respect to the city's ability to host the visitors and the appearance of congestion is the evident result. A dedicated survey would be required to produce a clear picture of the phenomenon of excursionism and evaluate the impacts of such large events.

The two principal markets for residential tourism are the Italian and the German market: 99,020 arrivals and 247,120 nights spent by Italians and 47,910 arrivals and 110,540 nights spent by Germans. They sleep in one of the 86 hotels and pensions (City of Bolzano, 2003), offering total of 3,025 beds, that the city counts. The gross (not corrected for seasonality in the supply) occupancy rate of the accommodation is rather low for an urban destination: slightly more than 37%.

Statistics about the expenditure of tourists in Bolzano are not available. The *Ufficio Italiano Cambi* (see www.uic.it) has estimated the impact of tourism in the Province as a whole. In 2004, approx. 4 million tourists spent € 1,658m in the Province of Bolzano; if we assume that spending patterns of all tourists that visit the Province are similar and knowing that 5% of tourists that sleep in the Province of Bolzano use accommodation in the city itself, the same 5% of this amount (approximately € 82m) is spent in the city. The economic importance of (cultural) tourism for the city and its surroundings is therefore considerable.

Yet the impression remains that the potential for Bolzano as a destination for cultural tourists is still underutilised. The transformations in the cultural supply and the cultural appeal of the city that so far have been realised are not fully exploited by the SMG, an organisation funded for approximately 50% by the local authorities. Their communication campaigns continue to favour traditional aspects of Suedtirool's and Bolzano's tourism product (focusing on the traditional mountaineer image) and neglect the new products — predominantly cultural — that were nevertheless developed. Not only was that confirmed by our field investigation, but it also emerged from a study of the material provided by SMG. The management of SMG is aware of this criticism; it defends itself stating that the tourist industry is rather conservative (true to a certain extent) and that novelties need time to become known and start to be appreciated by the larger public. Until then, they prefer not to neglect the traditional products. Nevertheless, a more proactive approach by SMG with respect to cultural tourism development would be needed.

2.3.3 Dynamics and Networking in the Clusters

While it seems premature to speak about a cluster of creative activities in the case of Bolzano, different stakeholders are indeed working together with increasing frequency to realise new ideas and initiatives. This holds in the first place for the Municipal and Provincial administrations. In all the above-mentioned projects they are actually collaborating, and not merely co-financing the programmes. This also holds for the German and Italian parts of the local administration. Special attention has been paid to cultural events or places for cultural production where the two (or three when Ladins are included) cultures can get together and mingle naturally. Since for specific art forms (notably music and dance) this getting together is easier than for others (theatre and film, for example), the former are being favoured over the others.

2.3.4 Cultural Education and Audience Development

Bolzano being the regional and provincial capital offers an extensive range of educational facilities, including the conservatorium. Notwithstanding its fame, this currently seems unable to deliver credible candidates for the music concourse the city is hosting.

Less traditional forms of education are the training and continued education programmes in the context of the European Social Fund offered by local authorities, especially the Province. A number of courses are specifically intended to upgrade human resources already working or willing to work in the cultural sector and prepare them for management tasks.

Two other educational institutions also contribute to form cultural managers or entrepreneurs. The first is the University of Bolzano that was established in 1997. A number of courses that the University offers directly responds to the needs of the territory and can be linked to either the development of the cultural sector or that of the creative industry: Design and Arts (162 registered students in 2004), Tourism Management (124), Computer Science (127). Moreover, the Academia Europea offers different types of (postgraduate) courses but with a specific focus on management science. The Academia is also involved in a number of research programmes that fuel the contents of its courses. Furthermore, both the University and the Academia are cultural assets in themselves. In spite of the small student population (1,983 higher education students in 2004), they render Bolzano's society more diverse and enhance a more open attitude that the city has been lacking for too many years, attracting students from the rest of Italy and Austria, and they organise and/or host cultural events in the architecturally interesting housing.

Possessing those educational institutions fulfils a key precondition for the development of a creative industry. The presence of the Faculty of Design and Arts is particularly important to this respect. Their presence, however, needs to be used much better. The human capital that is formed here often does not find the job opportunities it is looking for; and many of the graduates leave Bolzano for bigger Italian or Austrian cities. This brain drain damages the local economy and forms an issue that should be addressed more aggressively by the local administrations.

2.4 Culture and the local economy

2.4.1 Culture and urban regeneration

The relationship between cultural development on the one side and economic development on the other is still a very weak one in Bolzano. The need to broaden and diversify the economic base seems evident, but it is hardly translated in the policy agenda of the City. However, it became clear during field investigation that both the Municipal and the Provincial Government are today aware of the potential social and economic benefits that cultural development may offer the city. The fact that public money is abundantly available in Bolzano is an advantage (less financial restrictions for cultural infrastructure and cultural programmes) as well as a disadvantage.

During the nineties, cultural development has indeed grown out to become a priority in local policies. This has led, among other things, to the construction of a new theatre hall, a new Museum for Modern Art and a new music hall. These investments have certainly boosted the inner city's appeal. Their design is an enrichment for the city, and

their presence is bound to generate relevant social and economic spin-offs, although exact figures are missing.

2.4.2 Networks with the local economy

More needs to be done to transfer the know-how and the expertise the city has been accumulating recently and transform parts of the cultural progress into entrepreneurial activities and consequently economic spin-off. With this respect, the City and the Province should work together to create an *incubator for creative enterprises* that in their turn may attract or withhold what Richard Florida (2002) has called a “creative class”. Bolzano already satisfies most of the other criteria that are needed to be an attractive location for firms operating in the creative industry, first of all a natural environment of a high quality and secondly an abundant supply of public services and facilities. It now urgently needs an explicit policy that fosters (cultural) entrepreneurship.

2.4.3 Private support for the arts and culture

More recently the collaboration between the public and the private sector has intensified. Private sector actors, especially local banks, are increasingly involved in the funding of arts and culture. The fact that most local firms are small and family-run, however, is a barrier to a larger involvement.

Concrete examples of the collaboration are the buying and the restructuring of Cinema Capitol, the acquisition of a number of art works for the Museion and the invitation of the Bayerische Staatsoper directed by the famous director Zubin Metha.

Two important steps still need to be taken: (1) involvement should not only be financial through different forms of sponsorship (culture is merely perceived as a communication tool), but the private sector ought to become a full partner, offering its know-how to the cultural sector there where common interests may be present; (2) facilitated by the private sector, entrepreneurs should take up the challenge to do more with the opportunities that Bolzano’s new vocation offers, investing in activities of the creative industry production sectors, typically architecture, design, fashion, and the new media.

2.5 Sustainability issues

2.5.1 Spatial issues: the spatial development of the cultural sector

Cultural development in Bolzano currently means development of the inner city. Since the centre itself still needs to get most of the attention, especially in terms of investments in software, peripheral investments risk to be -with some exceptions- counter productive. The spill-over effects to the other areas of the city of the current efforts made are therefore largely absent. Peripheral cultural development, especially in neighbourhood that still deserve attention from the social-economic point of view, should be fostered.

A first example of potential spearheads in the periphery may be the castles, in particular Roncolo and Mareccio. The castles are natural venues for cultural events and for

exhibitions. They also offer possibilities to develop commercial activities on their perimeters but their surroundings are so delicate that it will be difficult to turn them into some sort of cultural growth poles for the surroundings of Bolzano.

Another use of peripheral locations rather than central ones are the events that are organised in the context of the Transart festival. This festival involves all the principal cities of the Trentino Alto-Adige region, among which Bolzano, and lists numerous performances and concerts of contemporary arts and music. Most of the events that are organised take place in suggestive industrial sites in the periphery, sites that add another dimension to the events they host. Although these sites have the distinctive advantage that they reduce the negative externalities that these events may generate, it is difficult to foresee durable spin-offs in these temporary locations that are often used for other purposes.

2.5.2 Social issues: culture as a tool for social inclusion and community development

In the past, the co-existence of a German speaking and an Italian speaking population has led to tensions and even to violence. Times have changed and today the different populations are living together peacefully.

The fact that the society has always been built on a German and Italian speaking population has finally been recognised as an asset. Bolzano actually sells itself as the one of the most German cities of Italy to Italians and as the most Italian of the German cities to German speaking populations. This mixture of cultures, mentalities and traditions proves to be greatly appreciated. Now, the opportunities that the multicultural society offers should be cashed in. The city of Bolzano may very well become an international benchmark in that sense: multi-culturality as a unique selling point. In this context, culture has played and still plays an important role.

This does not mean that the integration process has been completed. To accelerate the process cultural development has proven to be a powerful tool. Cultural events are important vehicles for enhancing tolerance and understanding, and therefore are fostering the integration processes. Policymakers pay special attention to those events and other expressions of culture that enhance participation of both the German and the Italian speaking population and that favour mutual understanding and tolerance. The fragmentation of financial support or policy efforts based on cultural divisions should gradually disappear and be concentrated in a limited number of flagship projects.

2.5.3 Cultural issues

This peculiar mixture of Italian and German traditions gives rise to the birth and maintenance of numerous popular events, among others festivals of speck, of local wines and of handicraft (in particular objects in wood). The heart of these traditional events is the hugely popular Christmas Market. This market is visited by thousands of tourists and is so successful that locals have started complaining about the negative externalities caused by the influx of people, in particular congestion.

Amongst the various performing arts, especially music and dance have an explicitly integrating character. But also in other art forms a mixed audience is getting more common. This trend is fostered by the Municipal and Provincial Governments (also because the funding of performances that either attracted German or Italian public is not always the most efficient way of stimulating cultural development, as a result of the likely lack of critical mass required for excellence). Furthermore, art production stimulates mutual comprehension and understanding.

What should not be forgotten in the context is that the multicultural character of Bolzano has become one of its principal assets. Integration must therefore not lead to an annihilation of the particular characteristics and differences that exist in the Italian and the German speaking populations. On the contrary, these differences must to a certain extent be cultivated and valorised.

2.6 Conclusions

2.6.1 What is the role of culture in the local economy?

The North Italian city of Bolzano it is the capital of the Trentino Alto-Adige region and of the Province of Bolzano. During the 1990s the city lost many inhabitants. As a reaction to this development, the Municipal and the Provincial governments started a policy that aimed to revert this tendency attacking the factors making Bolzano an unattractive place to live. One of the elements of this policy was to give Bolzano a more urban appearance. In fact, from 2001 onwards an upward trend can be observed.

Nevertheless, the economy of Bolzano is very biased towards services, especially public services. Apart from the spin-off that cultural tourism generates through the tourism industry, the possibilities for differentiation and diversification that is offered by cultural development more extensively. Reinforcing the creative industry, that is all the economic activities that are somehow linked to arts and culture, may be a way to achieve this diversification.

Bolzano's Provincial and Municipal Governments have indeed made cultural development one of their policy priorities. The change is felt especially when visiting Bolzano: the city appears more dynamic and the activities have generated a number of new developments, both cultural (smaller happenings) as well as commercial (tourism). Involvement of the private sector in all this is still marginal and limits itself to the sponsoring of particular events which are supposed to offer the sponsors visibility.

The city counts six museums and a wide range of cultural events, which attract a considerable amount of tourists in this city, in the middle of a region which is especially known for non-urban attractions and active tourism.

2.6.2 Is this role sustainable? What are the dangers for the future?

Much efforts have been made in recent years by the local authorities to provide Bolzano with the urban atmosphere that may help it to distinguish itself from the other cities in the Tirol area. Investments in culture are just a part of these efforts. Yet the return on these investments are still marginal. Although the image of Bolzano has surely improved (from a provincial town to a true regional capital) over the last decade, the economic spin-off that may be expected from this kind of investments and that has been observed in other cases included in this study has yet to be realised.

The supply of events, and hence the provision of financial support, is far too wide and not enough strategically oriented to the ambitions of the city. This not only eliminates some healthy sort of competition between cultural suppliers and therefore eliminates the urge to innovate and be quality oriented but also makes that cultural entrepreneurs, the people that drive the development in the creative industries, are extremely scarce.

The people visit the city especially for traditional events like the Christmas market, events that became so commercial that part of their original foundation of traditions and folklore was lost. This basis should be restored, even at the cost of reducing the total number of visitors that attend the main events.

The time is ripe to shift the attention in the cultural strategy from investing merely in infrastructure and in events to the fostering of durable development of a creative industry. A number of preliminary steps have already been taken.

The municipal and provincial administrations ought to start fostering initiatives in any of the branches that are based on some tradition: visual arts, design architecture. The overall climate for this type of firms seems more than suitable. What still largely misses are specific incentives that enable starters to overcome the difficulties that characterise the first years of operation. The policies Vienna designed to help the creative industry take of may be an appropriate example for Bolzano. The special status of the Trentino Alto-Adige region helps providing a sufficient amount of seed money or venture capital. The University of Bolzano and the Academy should be explicitly involved in the operation. The company will be responsible for the creation of an incubator and hence it may facilitate firms that intend to launch projects regarding creativity and with a distinct impact on the local economy so that they can serve as accelerators, projects that possess sufficient critical mass to become auto-sufficient in a reasonably time span.

2.6.3 How should cultural policy change / adapt to face future challenges?

In order to make culture one of the true engines of economic development several further steps need to be taken. First of all, priorities within the cultural development strategy need to be defined.

Secondly, the organisation responsible for tourism marketing, SMG, should broaden its focus from principally promoting mainstream (mountain) tourism to reinforce the promotion of niche (cultural) tourism. Less attention should be paid to the natural characteristics the city possesses and more emphasis should be laid on the urban aspects. This would not only help to boost Bolzano's image as a dynamic and modern

city, but the rising participation of non locals in the events may generate additional income with which in-depth cultural investments may be financed. More strong off-season events are needed; cultural capitals are such all year around. At the moment, it is too early to observe any concrete results of the improvement of the image of Bolzano yet, but a first impression of the city and its dynamism is indeed quite positive.

Especially in terms of communication much has still to be done. Bolzano does not yet have a reputation as a cultural destination. The tourist board SMG needs to market Bolzano more intensively to cultural tourists, a segment of the tourism market that offers very good perspectives.

Whether the success of the efforts that have so far been undertaken will last very much depends on the city's capabilities to really integrate culture in the social texture of the city. To make the city's culture come alive, have it become an integral part of the urban texture, and make it lose its current artificial, even somewhat imposed, character. To involve the private sector more heavily in the funding is essential, not only because public funds may become increasingly scarce but as a matter of principle: competition for funds helps to raise the overall quality of the supply of arts and culture. It also means extending the cultural activities from the summer to the rest of the year, from the centre to its suburbs. The arrival of the University of Bolzano and the further development of the European Academy, institutions that will be described in more detail in the next section, may very well serve as accelerators.

Two other changes seem opportune in this sense: the strategy ought to become more *selective* and *bottom-up*.

Selectivity will be an important key to turn the cultural development strategy that has been pursued so far into an economic success and make cultural development contribute to the development of the city and its surroundings. From a highly diversified cultural policy that helped to create consensus regarding the idea to invest in arts and culture, the time is ripe to focus on one particular dimension and utilise this dimension fully. Music may very well be that dimension. Moreover competition among art forms should thus be encouraged and quality improved. After having completed the hardware, created the necessary critical mass in the programme through the Bolzano Festival, a serious tentative should be made to attract or stimulate the birth of economic activities surrounding this particular expression of arts.

Participation is the second aspect that needs attention. The approach has so far been very much top-down. This inevitably led to an insufficient involvement of the local society in cultural development, notwithstanding the traditionally very well developed system of associations. The development of arts and culture is artificial and often programmed to an extent in which much of the indispensable room for spontaneity has been sacrificed. What misses is what has been called in other cases the humus that is needed for continuous renovation and cultural growth.

It is now time to slightly review the (implicit) strategy regarding cultural development in Bolzano. Without more selectivity and a more intense participation it will be difficult to turn cultural development into a durable asset for Bolzano's economy.

Both the City as the Province have dedicated much of their efforts the last decade in preparing the physical infrastructure, e.g. the buildings that became ultramodern theatres, music halls and museums. From now on, more attention should be paid to the programming of the events and to the marketing of the programme.

2.6.4 What can this city teach to others?

This city, certainly not a known hub for culture or a city with sufficient mass to generate an important creative industry, is nevertheless quite in unique, at least in the Southern European context, for its multicultural environment and has been proficient in turning this characteristic from a problem to an asset in the verge of a few decades. However, it also shows that public policy and funding, alone, have limited reach and that private sector actors need to recognise this potential as well, investing in culture and so increasing the relevance of culture for an economic development that could include the best of both worlds: “high touch” from the Italian side with the technical excellence of the Germans.

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LIST OF DISCUSSION PARTNERS

Mr. Marco Bernardi, Director Teatro Stabile di Bolzano

Mr. Thomas Seeber, Director Vereinigte Buehnen Bozen

Mr. Peter Silbernagl, Manager Suedtiroler Kulturinstitut

Mr. A. Susanna, Director Museo Archeologico

Mr. A. Hapkemeyer, Director Museion

Mr. S. Demetz, Manager Museo Civico

Mr. Martin Kaufmann, Director Filmclub

Mr. Georg Zeller, Manager Zelig

Ms. Edit Meraner, Director Galleria Prisma

Mr. A. Rizzolli, Alderman Tourism, City of Bolzano

Mr. R. Agosti, Manager Tourism Division, City of Bolzano

Mr. S. Repetto, Alderman Culture, City of Bolzano

Mr. R. Caramaschi, City manager, City of Bolzano

Mr. Antonio Lampis, Vice President, Foundation Nuovo Teatro

Mr. M. Schweigkofler, Director, Foundation Nuovo Teatro

Prof. Johann Drumbl, Vice Rector, University of Bolzano

Mr. R. Seppi, Director Tourism Board, City of Bolzano

Mr. S. Ortner, Director, Accademia Europea

3 CASE STUDY OF EDINBURGH

3.1 Synthetic information on the city

Known as “the Athens of the North”, Edinburgh, the capital of Scotland, is a city of noble origins and aspect. Divided between the medieval Old Town and the Georgian New Town (a unique conjunct which deserved listing as a UNESCO World Heritage Site¹⁴), Edinburgh is one of the most attractive cities in Europe.

Edinburgh is today a thriving political, financial, cultural and commercial centre of a little less than half a million inhabitants, and an attractive destination for new residents and visitors. Compared to other Scottish cities, Edinburgh is steadily gaining population (cf. Tab. 3.1) and getting more visitors. In fact, the tourist sector is still expanding, differently from other European cultural capitals.

Table 3.1 - Population in Edinburgh 1991-2011. *Source:* GRO(S)

	1991	1998	1999	2000	2001	2002	2006*	2011*
Population	436,320	446,240	447,190	448,430	449,020	448,080	450,548	456,246

*: estimated data.

The economy of Edinburgh did not suffer in the de-industrialisation process like other British cities, as there was less industry present in the first place. The city’s economic base has not changed since the seventies, when manufacturing was characterised by the 3B’s: beer, books, and biscuits. Yet Edinburgh could easily recover, benefiting especially from its large governmental sector and service economy. In the space of a few decades it became the second national banking and financial centre after London, and one of the strongest in Europe. New job opportunities have been opened all through the 1990s, attracting service sector workers to Scotland, including many international law and finance specialists.

As a whole, Edinburgh is in a healthier economic state than the rest of Scotland and the United Kingdom with the exception of London. Business Strategies Ltd. estimates that personal disposable income in Edinburgh is about 32% higher than the UK average. In spite of the low overall unemployment rates (2.2% in 2002) the city still contains zones of comparatively high unemployment, which coexist with excess demand in some specialised sectors for example. Businesses have to look beyond the city borders to recruit staff: it is estimated that only 22% of employees are born in Edinburgh (The City of Edinburgh Council (CEC), 2002). Lothian businesses expect greater recruitment difficulties in the short term, due to unemployment levels consistently below the national average. In specific sectors, such as financial and business services, recruitment problems are more likely to be skill-related.

A 2002 “Report into the Key Sectors of Edinburgh’s Economy” by the CEC City Development Department identified as pillars of the urban economy finance, retail, tourism, creative industries, further and higher education, biotechnology and

¹⁴ The insertion of Edinburgh in the World heritage List is so motivated (www.unesco.org): “The harmonious juxtaposition of these two contrasting historic areas, each with many important buildings, is what gives the city its unique character.”

commercial property. A more recent assessment carried out by Joslin Rowe, Scottish Enterprise and Scottish Financial Enterprise, found that 68% of the financial services industry based in Edinburgh are planning to hire new staff. The same report identified the three most important challenges facing Edinburgh in the medium to long-term: in order of importance are:

- Transport: traffic congestion and inadequate public transport threaten to undermine Edinburgh’s competitiveness and quality of life;
- Labour: under-supply of labour; all sectors experienced difficulties in getting the right quality of staff at all levels
- Accommodation, especially private housing: Edinburgh tops the national house price inflation league with an 85% increase in house prices over the past five years.

Fewer immigrants are present with respect to other large British cities (3% are ethnic minorities), but at the same time the city enjoys a cosmopolitan character, due to the international orientation of the business community and to its status as a first-league destination. This openness is uniquely associated with the strong roots of the city and its inhabitants into the Scottish heritage and imagery. Edinburgh is by any standards the capital of Scots culture, although to some extent this heritage is “exploited” for the sake of tourism consumption.

A city of culture and festivals and arguably the British capital of cultural tourism, Edinburgh is the second tourist destination in UK, hosting an annual programme of music, theatre, dance, film, and literature festivals, taking place throughout the year. Moreover, Edinburgh is the gateway to Scotland, one of the main destination regions in Europe. The high level of cultural activity is also demonstrated Edinburgh’s position as the British city with the highest year-round cinema attendance

An important milestone in the history of the city and Scotland as a whole was the opening of the Scottish Parliament on July 1st, 1999. The new Parliament building at Holyrood, an architectural flagship completed in September 2004, is anticipated to become a catalyst for a re-energised capital city to take its place on the world stage, contributing to the new brand image for Edinburgh as a contemporary cultural destination.

Today Edinburgh is reflecting on the strategies to maintain its competitive position and use its cultural strengths in order to excel in other realms, from the economic to the social; its strength as a cultural hub makes it particularly well equipped to take on this challenge.

3.2 Cultural activity in Edinburgh: actors, assets, and policy

3.2.1 Culture highlights and infrastructure

Edinburgh is first and foremost a hotbed for cultural activities, taking place under the umbrella of the many festivals that are organised in the city. It is also a heritage city, quite a unique characteristic for a city of some half a million inhabitants. Whereas heritage cities in Britain tend to be little towns or villages replete with atmospheric elements, Edinburgh boasts a markedly “urban” landscape inserted within beautiful natural scenery. It is mostly famous for the landmark of the Castle, that is visible from

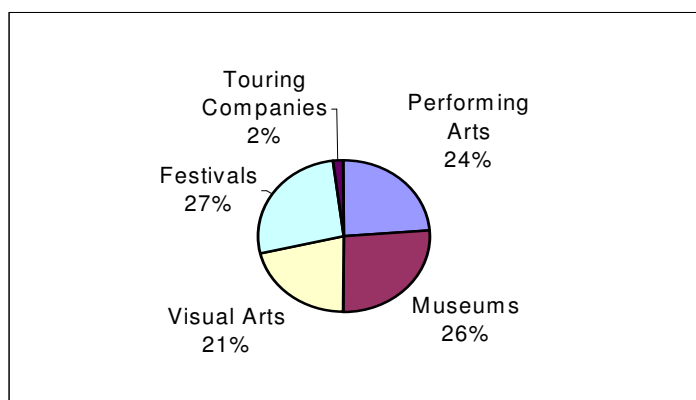
almost anywhere in the city centre, but also for the stately mansions and palaces in Georgian, Victorian, and medieval architectural styles, for the splendid gardens and hills, and the welcoming public realm. This rich cultural mix finds an expression in its numerous museums, galleries and libraries.

Table 3.2 - Attendances to the cultural and arts sector in Edinburgh. Seasons 2000/01-2002/03.
Source: The Audience Development.

	2000-01	2001-02	2002-03
Museums	498,086	515,382	1,303,614
Visual Arts others	1,329,439	1,027,216	1,071,631
Festivals	1,163,569	1,294,521	1,390,918
Touring Companies	83,314	94,259	90,716
Performing Arts (excl. touring)	889,271	955,509	1,203,120
TOTAL	3,963,679	3,886,887	5,059,999

Attendances to arts attractions in Edinburgh in 2002-2003 were around 5 million (Tab.3.2), an increase of more than 20% on the season 2000-2001. The biggest increases are registered in visual arts (museums and galleries hosting temporary exhibitions), with audiences more than doubled from 2000-2001, and performing arts with an audience increase of 35% on the same period. Touring companies experienced a small decrease in attendances. Thanks to the increase in museums attendances, an almost homogenous distribution among the diverse cultural and artistic activities has emerged in the period 2002-2003 (see Fig. 1).

Fig. 3.1 - Attendances (%) to different cultural and artistic activities¹⁵. years 2002-2003. *Source:* The Audience Development Market Analysis.



Museums

The *National Museums of Scotland*, housing a vast range of artefacts representing both Scottish and international history and culture, is a network of three Edinburgh-based museums (the Royal Museum, the Museum of Scotland, the National War Museum) and four others located throughout Scotland. The visitors to the National Museum have

¹⁵ These data are only collected among those organisations that subscribe to TAB; thus, it does not offer but an indication of trends.

increased steadily from 0.65 million in 1998 to 1.33 million in 2003, as have participants in school programmes (from 21,500 to 45,000 in the same period). The overall satisfaction score among visitors is quite high at 8.5 and on the rise. The Museums are actively involved in key areas such as education, widening access, community outreach, research and new acquisitions.

The *National Galleries of Scotland* (NGS) include five Edinburgh-based galleries and two associated galleries in the North and in the South of Scotland¹⁶. The refurbished Royal Scottish Academy Building and the new Weston Link provide additional facilities, hosting a visitor information centre, the Clore Education Centre and a virtual gallery. This constellation of galleries receives over a million visitors per year. Each gallery appeals to different audiences: the National Gallery is mostly visited by international tourists, while locals usually visit the National Portrait Gallery and the Dean Gallery. Thousands of school children and community groups are involved in the wide-range of education and outreach programmes, and special events and programs for adults are organised. A Public Affairs Department was created in 2001 to lead public access strategies; a fundraising strategy was also developed and a “Best Value report” has recently been commissioned by the Board of Trustees¹⁷.

In spite of their “national” status, the National Museums and Galleries are mostly visited by local people and international tourists. They are nevertheless not funded by the local administration, and their strategy is not directly connected with the cultural policy of the city, or that of the Scottish Arts Council policy, though they are members of the plenary group to develop the Visual Arts and Crafts Strategy for the city.

People’s Story, the Museum of Childhood, Newhaven Museum, and the Writers’ Museum are other municipal museums with a more distinct educational focus and regional audiences.

Visual Arts

Other exhibition spaces devoted to contemporary art include the Fruitmarket Gallery, one of Scotland’s leading contemporary art galleries, the Collective Gallery, the Talbot Rice Gallery and Stills, the City Art Centre, the Edinburgh Sculpture Workshop, the Travelling Gallery, Printmakers. Along with an acclaimed contemporary culture bookshop and destination café, the Fruitmarket Gallery has become a haven for locals and international visitors, with visitor figures increasing from 30,000 in 1992 to 159,000 in 2002. The gallery conducts dynamic education and publishing programmes, regularly hosting artists’ talks, gallery tours, forums and seasonal workshops, art days for children and young people, and also produces art books and exhibition catalogues. Successful exhibitions are also held at Inverleith House, in the beautiful setting of the Royal

¹⁶ An outstanding collection of paintings, drawings and prints by the greatest artists from the Renaissance to Post-Impressionism can be found in the NGS. At the Scottish National Portrait Gallery, Scotland’s history from the 16th century to the present day is on display. Modern and contemporary art, Dada and Surrealist collections can be found in the Dean Gallery and adjacent Scottish National Gallery of Modern Art. The latter has recently won the Gulbenkian Prize for Museum of the Year 2004 (valued at £100,000, it is the largest arts prize in the UK), “for its dramatic and innovative landscaping project Landform, designed by the distinguished American architect, Charles Jencks”.

¹⁷ The NGS Corporate Plan 2003-8 is an integral part of the delivery of the Scottish executive’s National Cultural Strategy, whose objectives are reflected into the NGS core business ones.

Botanic Gardens, and at the City Art Centre, which occupies a former Victorian warehouse, now transformed into a six-storey gallery. It houses the city's permanent fine arts collection, and stages temporary exhibitions. Finally, there are many independent commercial galleries throughout the city.

Performing Arts

Edinburgh is home to a wide range of *performing arts and concert halls*, which are the backbone for an enviable supply of events. Comedy, drama, dance, and music of all styles are on offer. The Usher Hall is an outstanding venue for a diverse programme of concerts and events that has established it as one of the most exciting high profile venues in Scotland. £11.5m has now been committed by the City of Edinburgh Council to enable the Usher Hall's next stage of refurbishment. Work will begin in autumn 2005 on the development of a contemporary glass wing and greatly improve facilities to allow the Hall to consolidate its position. The Queen's Hall is a mid-scale venue for music, regularly hosting international starts and mingling "popular" with "classical" performances. Many such theatres are venues to the International Edinburgh Festival.

Other highlights are the Lyceum Theatre, the Theatre Workshop, the Netherbow. Traverse is a leading new writing venue, and the Dance Base is the national centre for dance.

Festivals

Edinburgh is mostly famous in the world as a *festival city*. Sixteen national and international festivals are held throughout the year, as well as several smaller festivals with a local character. Since 1947, when the first edition of the Edinburgh International Festival was held, Edinburgh has become a shop window for contemporary artistic talent.

Every summer, in August, eight festivals are held simultaneously, so that there is a wide public perception that a single Edinburgh Festival is taking place. The festival season starts with the Jazz Festival, followed by the Edinburgh International Festival and the Fringe Festival, which are described in more detail below. It then continues with the Edinburgh Book Festival, the largest book festival in the world. The Edinburgh International Film Festival follows, a world-class event that has great resonance in the UK film industry. The Military Tattoo Festival, and the multicultural MELA bookend a six-week period of arts and culture from July to September. Hogmanay is a world famous celebration of New Year; Winter Festivals and Capital Christmas are other winter events. The Edinburgh International Science Festival is a springtime celebration of science and technology, the Children's Festival starts the summer. Other important festivals are the new Ceilidh Culture Festival, a celebration of traditional Scottish arts, the TV festival and the Edinburgh Visual Arts Festival, a pilot version of a long-awaited and discussed festival of the visual arts, organised for the first time in summer 2004.

The Edinburgh Festivals are a constellation of independent organisations, and there are no direct formal links between them. Two of them have an outstanding outreach for Edinburgh as a hotspot of artistic celebration. The *Edinburgh International Festival* (EIF) is one of the most widely known cultural festivals in the world. It presents a top class program of classical music, opera, theatre and dance in six major theatres and concert halls, as well as a number of smaller venues throughout the city, over a three-week period in the late summer each year. EIF was founded in 1947 to revamp the

cultural life in Great Britain after World War II, as a major spin off became a boost for Scottish and national tourism. 2003 was a highly successful year for the EIF, celebrating its highest ever ticket sales (covering a third of the festival budget, with a 12% increase on 2002). The EIF has a good balance between attracting new audiences each year and maintaining a loyal audience base: in 2003, 19% of customers were first time attendants, while 47% attend the festival every year. The Royal Bank “Turn Up and Try It” scheme enhanced last-minute cheap tickets campaign, with an impact in the composition of the audience¹⁸. The EIF is headquartered at The Hub, a facility operated by a subsidiary of the Edinburgh International Festival Society.

The *Edinburgh Festival Fringe* is the largest arts festival (mostly theatre, comedy and music) in the world, attracting a huge variety of performers from across the globe performing in over 180 venues in the city. The Fringe is a completely “open” festival unlike the Edinburgh International Festival. The *Festival Fringe Society* does not select the artists, which are instead self-invites or receive an invitation from a specific venue. Since its launch in 1947, the Edinburgh Festival Fringe has celebrated the arts worldwide with the same spirit of freedom of expression. In 2004, the Fringe and its venues sold some 1.25 million tickets, earning more than € 12.8 M, on behalf of over 700 group performances. 165,000 tickets were sold online, confirming www.edfringe.com as one of the most successful arts websites in the UK. Ticket sales at the Fringe Box Office have increased by 13% since 2003. As far as the audience is concerned, the 2001 Annual Report shows that 21% of it came from Edinburgh and the Lothians, 4% from Scotland, 54% from UK, 4% from Europe, 17% from the rest of the world.

Among “minor” festivals, the Book Festival stands out for having welcomed over 185,000 visitors in 2003, 46% from Edinburgh and the surrounding region, and 11% from overseas.

Creative industries

The Scottish Enterprise publication *Creativity and Enterprise* (July 1999) defines creative industries as “those in which creativity fundamentally is the enterprise.” Included in this category by SE were the following industries¹⁹:

- Film, TV and Radio
- Multimedia and Interactive Leisure Software
- Publishing
- Music
- Design (Including fashion design and crafts)
- Advertising
- Architecture
- Arts and Cultural Industries

¹⁸ A minimum of 50 5-pound tickets were offered starting from one hour before the start of nearly every performance at the Festival.

¹⁹ Although the Applied and Visual Arts and Crafts are well represented in Edinburgh and add a great deal to its international reputation, the Scottish Enterprise doesn't include them in their own definition of what comprises the creative industries.

The *creative industries* of Scotland employ approximately 100,000 people, with a yearly turnover of € 7,500m which accounts for approximately 4% of the Scottish GDP. The share of employment in the creative industries is higher than any other UK region with the exception of London and the South-East of England. Overall growth in creative industries is expected to carry on at an average of 10% yearly in the next three years, with the digital media sector expected to grow at up to twice that rate, or some 20% per year.

Though the creative production sector is not as large in Edinburgh as in other British cities, it is well represented by a core of small creative business, decidedly export oriented, which are an engine for the whole industry (Box 1).

Box 1 - Edinburgh's creative business leaders. The following is just a short selection of outstanding creative industries in Edinburgh:

Creative Edge: The company originally developed games such as SOLAR for the European network. It has expanded into the Japanese and North American markets and is working alongside major distributions companies like Ubisoft in the US and Banpresto in Japan.

Faulds: One of the country's leading advertising agencies. Its clients include the BBC, the Royal Bank of Scotland and the Scottish Executive. Don't think the company exists anymore!

The Games Kitchen: Based just outside Edinburgh, the company is a world-leading developer of games for WAP-enabled mobile phones .don't think this company exists anymore!

The Leith Agency: This advertising agency has won more Scottish, UK and international creative awards than any other Scottish agency and has been listed in the top ten in the league table of Effective UK Advertising Agencies. In 1995 Leith was voted Scotland's Advertising Agency of the Decade. Clients include Tennant's Lager, Bank of Scotland and Standard Life.

Rockstar North, formerly DMA of Dundee. They created major games including Grand Theft Auto, Body Harvest and Silicon Valley.

Tayburn: This leading company encompasses design, brands, advertising, and new media. It has 90 staff and has a turnover of £7 million. Clients include Givenchy, Gordon's, Revlon International and Johnny Walker.

3.2.2 Image, quality of life, intangible assets

Edinburgh accommodates residents, tourists and business people into a uniquely welcoming urban environment, rich in historic landmarks but not without a lively contemporary feel. It carries the legacy of the Scottish Enlightenment, which revolutionised European currents of thought, and has been the backstage for centuries of intellectual debate and free-thinking, attracting generations of artists and writers, scientists and philosophers. The dynamism and vibrancy of the city is enhanced by the bustling student community, which occupies a visible position in the city centre, with bars, cafés and music events.

It is common opinion that traditional Edinburgh society was inward-looking and organised in close familiar circles. Dining out and meeting socially was substantially unheard of, until the international business environment and the tourist status of the city enforced a change of habits — and consequently of the cityscape. Today, a tenth of the population is English, attracted to the city mainly by the world-class financial institutions and universities. These add to the immigrants from Canada, Australia and New Zealand, mostly well-educated workers, making Edinburgh one of the most

cosmopolitan British cities. The new Scottish parliament has contributed an architecture landmark to this environment, further reinforcing the international image. Even if there is not so much cultural diversity as for instance in Glasgow, that hosts large groups of cultural minorities, refugees, etc., the kind of foreigners attracted in Edinburgh generate an additional demand for cultural and leisure facilities. The established festivals thrive on this international cultural profile. In addition, the city has developed a “club culture” like other celebrated club capitals of Britain, such as Manchester or Bristol. It can also boast one of the most varied and high quality food & drink industries in Britain, comparing to national capitals as Prague or Dublin: places to live in, visit, study and do business, far from the “open-air museum” feel with which many British heritage cities are associated.

As a bourgeois, middle-class city and a favourite destination for families and international tourists, Edinburgh does not have much of the conflictive “urban cultures” that make most large British cities centres of creativity and cultural cradles²⁰. However, the movie “Trainspotting” and other literary works by Irvine Welsh did a lot to present a new, “young” face of the city, and especially to the district of Leith²¹. The *MTV European Music Awards 2003* hosted in Leith also helped to change the perception among younger people about Edinburgh as an old-fashioned city.

3.2.3 Spatial structure of cultural activities

Unlike other British cities, in Edinburgh most cultural activities, public life and almost all of the commercial outlets are concentrated in a compact area around the castle. Princes Street and the central Georgian area is one of the favourite British shopping areas, also hosting the prestigious business and financial community. The Castle area — once the centre of political power in Scotland — is today a commodified tourist district, but still retains most municipal and governmental facilities.

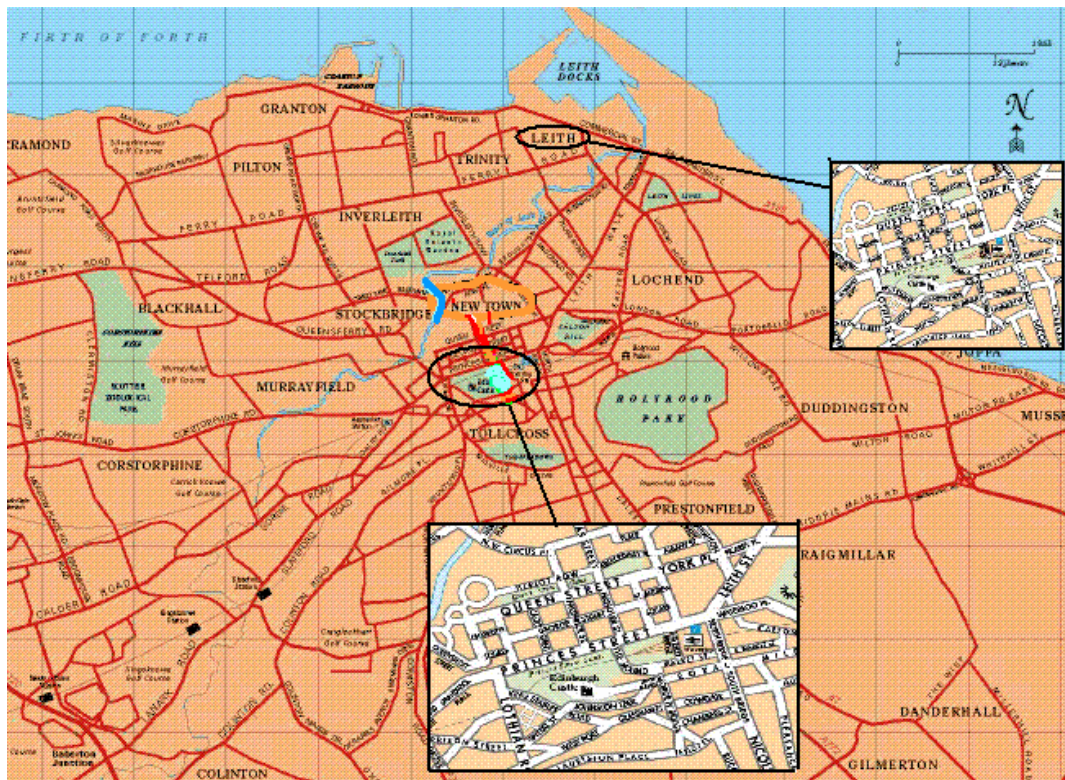
The three Edinburgh-based National Museums of Scotland are located in the Old Town (Fig. 3.2), together with The Hub on the Royal Mile, while three National Galleries of Scotland are located in the New Town – Scottish National Portrait Gallery (Queen Street), the National Gallery of Scotland is located on the Mound, which connects the Old Town to New Town in the heart of Edinburgh, behind the Royal Scottish Academy Building – while the remaining two National Galleries (the Dean Gallery and the Scottish National Gallery of Modern Art) are clustered on Belford Road in the West End, in a spectacular parkland, one directly opposite to the other. The National Galleries of Scotland are connected to the others by a free Galleries’ Bus running almost every hour. The Fruitmarket Gallery for contemporary arts is also centrally located (Market Street), together with the City Art Centre. In conclusion, the cultural infrastructure is very well distributed in the city.

²⁰ According to the Tourist Board Report, youngsters mainly coming from South West England, who have never visited the city, have a perception of Edinburgh as an old heritage city, comparable for example to Bath.

²¹ In Welsh’s most recent novel “Porno”, Leith is described as a regenerated, trendy district where creative businesses (yet not completely free from “conflicting elements...”) are taking the place of the old, decadent activities closely associated to the alcohol-culture of the 70s. Even Spud, the familiar drop-out character of “Trainspotting”, sets for a new life and goes to the library everyday to collect information in order to write his own “history of Leith”. This is a very difficult map to read – is there a better one that could be used?

The orientation of the city to trade, services and government has enabled the city to maintain its architectural integrity and avoid excessive development at its edges. Through the document “Edinburgh Standards for Urban Design” (approved in August 2003) concerning the city’s unique landscape, World Heritage Site management and regeneration areas, Edinburgh has put design at the centre of its approach to urban development, being one of the first cities in the UK to do this. Culture also has the potential to bring in an element of diversification and creativity in the economy, effecting an interesting re-matching between the economic trajectory of the city and its physical capital.

Fig. 3.2 – Map of Edinburgh, with details of city centre and Leith. *Source:* Edinburgh and Lothian tourist board website.



Edinburgh is one of the two most important urban areas of Scotland, a sparsely populated and predominantly rural country. Glasgow is only 70 km away from Edinburgh, but it is a completely different city which has gone through the worse stages of urban decline, only to recover in the last decade thanks to a comprehensive urban renewal program strongly oriented to new forms of urban culture, including the multicultural. Never a bourgeois city, Glasgow has competitively challenged Edinburgh’s position as the cultural capital of Scotland in this decade. Glasgow has thus become a centre for film and new media, while Edinburgh still maintains its edge in publishing, architecture, advertising, cultural infrastructures and design, a centre for finance, government and higher education. Cooperation rather than competition characterises the relations between the two cities, which increasingly see themselves as

uniquely complementing each other. However, Glasgow's mass and dynamism could potentially "absorb" the creative impulses coming from Edinburgh.

3.2.4 Cultural policy: actors and strategic context

Frameworks for cultural planning and policy are found at the national, regional and local level. The national level sets the priorities that are then articulated in regional and local strategies, integrating, coordinating and monitoring the initiatives coming from local government levels and their partners.

The administration of cultural matters in Scotland is the responsibility of the Scottish Executive, which in 2002/2003 provided the equivalent of € 85.8m to the national institutions (including the National Museums of Scotland, National Galleries of Scotland and National Library of Scotland). The Minister for Tourism, Culture and Sport and the Scottish Executive Education Department (SEED) have responsibility for policy covering the arts, film, architecture, the cultural heritage, Gaelic language, tourism, sport, broadcasting (with the UK government) and the National Lottery. *Historic Scotland* is an Executive Agency of the Department, responsible for safeguarding the country's built heritage. The Tourism, Culture and Sport unit within SEED also has responsibility for grant-aiding a number of cultural agencies, including the Scottish Arts Council and Scottish Screen.

The Scottish National Cultural Strategy, "*Creating our future - Minding our past*", published by the Scottish Executive in August 2000, set out four policy objectives:

- promoting creativity, the arts and other cultural activity;
- celebrating Scotland's cultural heritage in its full diversity;
- realising culture's potential contribution to education, by promoting inclusion and enhancing people's quality of life;
- assuring an effective national support framework for culture.²²

The Cultural Strategy also identified the strengths of each city in Scotland, in an approach that focuses on complementarities rather than on competition. In particular, it showed that the complementary aspects between Glasgow and Edinburgh are a national asset which should not be overcome by rivalry.

A Guidance for Scottish Local Authorities was published by the Scottish Executive in 2003 following the commitment to implement the National Cultural Strategy. This document is a support tool for local authorities to fulfil the role identified for them, and to develop their own cultural policies and priorities; thereby widening access, promoting diversity and addressing equality issues. In April 2004, the Minister for Tourism, Culture and Sport also launched the *Cultural Policy Statement* where it is stated that « ... the key values of access and excellence are the guiding principles, and the role of government is to ensure the right infrastructure to deliver culture, to invest in the next generation, and to respond to the needs of the people of Scotland». The

²² Among the actions proposed in the strategy are: widening education programmes in / by national museums, galleries and others; promoting excellence in traditional (i.e. folk and craft) arts; maximising the potential of information technology to widen participation and access; maximising the contribution of the cultural sector and creative industries to the economy; securing Scotland's position as a film-friendly environment; developing a successful national theatre; enhancing the national and international roles of flagship companies.

Minister then announced the establishment of the *Cultural Commission*, an independent body which will review the existing cultural provision in Scotland over the next twelve months. The Commission is going to issue recommendations on the development of arts and culture, aiming to enhance access and to build on the country's reputation for creativity, working together with the different levels of government in Scotland. The Commission will be chaired by James Boyle, an acknowledged spokesperson for the sector as former chair of the Scottish Arts Council and controller of Radio 4.

Created in 1946, the *Arts Council of Great Britain* is still considered the first such agency in the world to distribute government funds at arm's length from politicians. In 1994, a fundamental decision was taken to devolve the Arts Council of Great Britain's responsibilities and functions to three new separate bodies: the Arts Council of England, the Scottish Arts Council and the Arts Council of Wales. Each community therefore runs its own affairs in relation to arts funding. The Arts Council's expenditure for Scotland in 2002/03 was equivalent to some € 50M.

The *Scottish Arts Council* (SAC) works closely with the Scottish Ministers, as the principal channel for the governmental funding of contemporary arts. The aims of the SAC are to celebrate artists and artistic excellence, to improve the quality of life for all through the arts, and to provide leadership in the arts for Scotland. Achieving greater equity in access and cultural participation, investing in education, lifelong learning and audience development are integral to the work of the SAC in promoting creativity and an appetite for — and appreciation of — the arts. The SAC especially values its cultural education work, whereby it funds initiatives on youth dance and theatre, choirs and orchestras. Social justice investment, equity and cultural diversity are the present priorities of the SAC which has recently developed a *Cultural Diversity Strategy 2002-2007* for making diversity an integral element of the arts funding system in Scotland. The SAC receives an annual grant from the executive, amounting to some € 54m in 2003/04, which it distributes to more than a hundred artists and a wide range of cultural organisations. It presents awards, fellowships and travel grants; it runs information services for the arts community; conducts research, and encourages art support. It also runs the *Cultural Coordinators Programme* for schools, which similarly to Creative Partnership in Manchester provides a link between cultural producers and schools. Last but not least, the SAC manages the National Lottery Fund (€ 31.5m in 2003/04) allocating the budget to Scottish cultural organisations.

The CEC Culture and Leisure budget for 2004/2005 amounts to some € 42.3m of operational expenditure (3.8% of the Scottish revenue budget), to which a capital budget of € 7.9m should be added. The budget priorities for this period are museums, parks and outdoor spaces, library services and swimming facilities. Also other CEC departments like City Development, Education, Arts and the Festival Unit contribute to support culture at a local level.

The Arts Development section within the CEC Culture and Leisure Department has responsibility to assist with the development and implementation of the city's cultural policy and the related art strategies together with the assessment, monitoring and evaluation of grant receivers. The cultural policy document issued in 1999 by the City Council (*Towards the New Enlightenment: A Cultural Policy for the City of Edinburgh*) describes the areas of Council support and achievement, and provides an overview of its

commitment to culture, its priorities²³ and the areas in which it will continue to provide support. The document uses the term “culture” in a broad sense to include a range of activities which are not limited to the traditional arts but follow the definition of culture formulated at UNESCO’s World Conference on cultural policies (Mexico, 1982). This definition states that “culture consists of all distinctive, spiritual and material, intellectual and emotional features which characterise a society or social group”. The cultural policy document was to lead to the formation of a *Cultural Partnership*, as a means for collaborative working, bringing together a range of cultural organisations and groups to achieve a common set of priorities to ensure a balance in cultural provision across the city²⁴. In addition, the Partnership provides a forum for reviewing and updating cultural objectives and strategies.

Through close working and consultations among departments of the CEC and key actors in the city, Edinburgh has developed a wide range of different strategies²⁵ for festivals, events, theatre, visual arts, music, etc.

The Council has long recognised the importance of the *festival sector*. Despite the pressure on its budgets over recent years (exacerbated by the move to unitary status in 1996), the Council has continued to fund the festivals, with grants as high as € 3.2m in 1999/2000. Previously the Council’s relationship with the city festivals had been occasional, hence the decision to develop a straightforward festival strategy. The *Edinburgh Festival Strategy* document, developed in conjunction by, among other, the Economic and Culture and Leisure Departments, the festivals directors and the Tourist Board, was endorsed by the Council in 2001. It asserts that «... the festivals’ cultural impact goes beyond Edinburgh... they act as a gateway to Scotland for other UK and overseas visitors. In their appeal to national population, their showcasing of national artists, traditions, innovations and ideas, their bringing of international artists and events to Scotland and their active outreach and education programmes, they play a powerful and developmental role in contemporary Scottish culture». The grants accruing to the EIF from the City of Edinburgh Council and the Scottish Arts Council to the EIF are respectively 20.5% and 15% of its budget.

The strategy deals with the need to co-ordinate more effectively the access points to the Council, both at operational and strategic levels. It aims to enhance the festivals’ economic and cultural impact, and to achieve a close link to the rest of the city’s annual cultural provision. Issues of continuity and security are also addressed. Key recommendations of the document include consideration of new festivals and the possibility of re-grouping existing festivals, the development of joint marketing

²³ These include: consultation and partnership, community arts and participation, minority and traditional culture, new technology and cultural industries, high quality and innovative artistic participation.

²⁴ The aims of the Cultural Partnership are to (i) help to achieve a common set of priorities; (ii) allow for greater co-ordination of programmes of work; (iii) provide the opportunity to look jointly at spending and funding plans; (iv) bring together the ideas, skills and experiences of a wide range of people; (v) provide a focus and collective voice for other organisations and individuals in the sector; and (vi) offer an opportunity for a continuing dialogue between the partners.

²⁵ Festivals and the City: the Edinburgh festivals strategy (2001); Events Strategy for Edinburgh: Edinburgh Cultural capital (2002). A Music Strategy for the city of Edinburgh: common chords (1999).

provisions, the improvement of information sources, the city-wide spread of activities and the exploration of new funding opportunities.

The 2001 Festivals Strategy implementation plan has now been completed. Targets set included increasing CEC revenue funding by € 625,000, and this has now been achieved. It is however recognised that there are a large number of cities seeking to emulate Edinburgh's success in hosting festivals, and that in order to ensure that Edinburgh maintains its competitive advantage and pre-eminent position as the world's leading Festival city, it must continue to develop and innovate, tackling key issues facing the festivals today and in the future. To this end, the "Thundering Hooves" study has been commissioned by the Scottish Arts Council in partnership with The Scottish Executive, Scottish Enterprise Edinburgh and Lothian, EventScotland, the City of Edinburgh Council and the Association of Edinburgh's Festivals, which may lead to future recommendations regarding funding.

A revision of the original 1996 *Theatre Strategy* document has now been completed. In year one of the strategy, 2005/6, the Council has approved an increase in revenue investment of € 570,000 for the theatre sector. In order for Edinburgh to maintain its competitive advantage and avoid decline in the theatrical offer, the total revenue sum required to meet the Theatre Strategy objectives amounts to € 1.35m. A Theatre Transformation Fund of € 1.2m has been established to address priority areas.

A *Dance Strategy* for the city has been developed to establish a strategic framework for future provision. Close links are made with the Theatre Strategy given the relationship between venues and programming. The draft *Visual Arts and Crafts Strategy* has been completed and points the way forward for a dynamic and integrated visual arts and crafts sector. The City's *Music Strategy* will be reviewed in 2005 to incorporate a middle scale venue review currently being undertaken by the CEC and SAC to consider what combination of venues and facilities would best provide audiences, producers, promoters and performers with optimum opportunities to present musical and other performances in the short, medium and long term in Edinburgh.

Edinburgh's success in being designated as the Edinburgh UNESCO City of Literature in October 2004 will deliver clear benefits for the city, promoting Scotland through literature, and affirming the city's role as a leading player in a new international network of literature cities.

The cultural policy of Edinburgh in the last years has been so thoroughly absorbed by the festival strategy and related art sectors, that lesser attention seems to have been given to *creative industries*. However, in the section dedicated to creative industries in the policy document *Towards the New Enlightenment: A Cultural Policy for the City of Edinburgh*, the city does express its interest in developing links between arts and science, recognising the contribution of new technologies to cultural activities, and acknowledging the role new technologies play in contributing to the energy and excitement of youth culture. A brief for a *Moving Image Strategy* is currently being developed.

3.3 Cultural cluster performance and dynamics

3.3.1 The cultural production sector

From a study on the employment in Scotland's cultural sector (Galloway 2003), libraries and museums provided in 2001 more than a third of jobs in the cultural sector in Edinburgh (35%), followed by publishing (30%), radio and television (18%), music, visual and performing art (15%) and film (8%).

Table 3.3 – Employment (fte.) in the cultural industries of Edinburgh (museums, visual arts, festivals and performing arts) and in the festivals sector. Seasons 2000/01 to 2002/03. *Source:* The Audience Development Market Analysis

	2000-01	2001-02	2002-03
Full-time	848	832	953
<i>Festivals</i>	48	55	50
Part-time	361	343	453
<i>Festivals</i>	202	132	134
Volunteers	121	86	64
<i>Festivals</i>	96	48	55
Total employed (fte)	1,241	1,262	1,476
<i>Total employed festivals</i>	257	235	240

The cultural production sector of museums, visual arts, festivals and performing arts, earned some € 122m in 2003-2004 in own-generated income and funding, almost doubling the figure of the period 2000-2001 (€ 65m). Visual arts and museums account for 51% of this income, festivals for 22%, and performing arts for 27%. The overall employment figure in these sectors in 2002-2003 was 1,476, growing by 17% on the previous period (see Tab. 3.3). Compared with estimates of employment in 2001 as published by the Edinburgh Council, these figures represent approximately the 0.4-0.5% of total employment. The *National Museums* receive an annual grant of € 23m from the Scottish Executive, and generate other income from commercial activity such as corporate events, catering, retailing and publishing.

The 2004 Theatre Strategy review suggested that audiences in the five largest theatres²⁶ probably spent about € 24.85m annually on site; when other theatres and halls are included²⁷ that figure rises to about € 31.4m. The off-site spending of these audiences will, typically, bring the total to a double. In addition to the money spent directly by audiences, the theatre economy has other constituent elements. Visiting performers, stage managers and technicians will be spending their wages and/or touring allowances in the city's shops, restaurants and hotels. That economic activity is likely to amount to between € 0.85m and € 1.7m per year.

The *festivals* are a vital contribution to the economy of Edinburgh and of the whole country, with relevant cultural, social and economic impacts on the city. Through its

²⁶ The King's Theatre, the Festival Theatre, the Playhouse, the RLTC and the Traverse Theatre.

²⁷ The Usher Hall, the Queen's Hall, the Theatre Workshop and the Assembly Rooms.

festivals, Edinburgh is able to “re-define” every year its cultural profile. A recent report on the economic impact of festival asserts that the whole festival programme pumped some € 192m into the Edinburgh economy, supporting an estimated 2,900 full-time equivalent jobs in Edinburgh and the Lothians region, a 40% increase on the 1997/8 season, when a similar report was issued. Permanent positions in the festival sector are obviously limited (26 at EIF, 8 at Fringe, 50 in total) while short term positions opened in occasion of the festivals’ activities may arrive at a thousand, which are equivalent to some 134 full time jobs. A general problem raised by the previous study is that short term jobs, occupied mainly by students and volunteers, diminish the structural importance of these impacts for the community; the recent Festivals Economic Impact Study suggests instead that “flexible” jobs in the festival sector are desirable.

One-off cultural events like blockbuster exhibitions and festivals add up to these figures. It has been calculated that the *MTV European Music Awards* held in 2003 accrued to the local economy some € 6m of visitors’ expenditure, plus the unique opportunity to promote Edinburgh and Scotland to a global viewing audience of over one billion. On that occasion, an information package was distributed to all hotel clients (more than 7,000 bed-nights had been booked in the city’s hotels), containing a promotional CD-R of Edinburgh’s creative industries and the Scottish music scene.

It has been estimated that the festival impacts spill over to a very large territory: in total, festivals and events are worth over € 360m and some 4,000 jobs in the Scottish economy ever year. It is worth noting that nation-wide the Fringe Festival generates much larger impacts than the EIF, with respectively € 106m versus € 20.5m.

The virtuous relation between the attractiveness of the city and its festivals can be illustrated in many ways. One of the reasons for MTV to choose Edinburgh as the site of its annual awards event was the availability of a large pool of technical staff normally employed in the festivals. The Book Festival is a platform for Scottish writers to be known to international audiences and vice versa. Cinema d’essai screenings are now well available in Edinburgh thanks to the International Film Festival. The Edinburgh International Festival stimulates the existence of professional ballet companies and opera companies in Scotland. Theatres and concert halls have been enhanced as a result of being festival venues. The Audience Business showed that during the festivals, “local” institutions like the National Galleries achieve an international success which can only be explained in terms of the increase in the demand base determined by the festival audiences.

Aside from festivals and the traditional cultural productions sectors, Edinburgh has also substantial employment levels in other creative industries. With 2,500 firms, Edinburgh and the Lothians accounts for 26% of Scotland’s total employment in creative industries. Edinburgh alone accounts for 15,446 of the 21,180 jobs in the creative industries in the region. Edinburgh and Glasgow tend to dominate cultural employment in Scotland, accounting for 36% of total employment in the creative industries. The 1999 review of Edinburgh and the Lothians’ creative industries base assessed the individual CI sectors and came up with the figures in Tab. 3.4.

Table 3.4 - N. of firms and main characteristics of the creative industries sub-sectors. *Source:* Scottish Enterprise (1999)

Sector	firms	main characteristics
Advertising	83	the largest share of Scotland's employment in this sector
Publishing	257	a significant book publishing sector facing technology challenges
Software / Multimedia	397	a strong presence of software companies; and significant multimedia and internet representation with strong growth potential
Design	319	a strong graphic design presence
Audiovisual (film, TV, radio broadcasting)	176	an under capitalised production base requiring support
Music	458 businesses; 309 musicians and groups.	a diverse sector with large employment and need for support for particular music types

In addition to those listed in Tab. 3.4 which only include sectors “institutionally” defined as creative industries, other cultural production sectors should be considered. The applied arts and crafts sector has been estimated at nearly 300 practitioners with shared studio space in Edinburgh, and probably the same number working at home. The performing arts sector includes 41 theatres and theatre companies, 11 theatre suppliers and 11 theatre agents. The architecture sector is also quite large. It could be estimated that jobs in creative industries represent around the 6% of the total.

Edinburgh achieved the highest rate of growth of employment in creative industries in Scotland, with a 16% growth over the period 1998-2001 (compared for instance with 6% in Glasgow). The strongest growth sectors in Edinburgh were tourism and audiovisual, which increased by 2,617 and 1,150 jobs respectively, more than compensating for the decline in visual arts and performance and books and press (which fell by 382 and 101 jobs respectively). While Edinburgh lost 380 jobs in music, visual and performing arts, Glasgow has experienced significant growth in this area, expanding by around 516 jobs. In contrast, library and museum employment increased by 472 jobs in Edinburgh, but remained constant in Glasgow. The total number of employee jobs in core creative arts employment – that is, activities of individual artists, writers, musicians, performers, etc, and activities of arts companies and organisations – increased in Scotland by around 6% between 1998 and 2001. What is interesting is that Edinburgh's share of this employment fell by 28% over the period – from 1,033 jobs to 741 – whilst Glasgow's share increased by 29% – from 958 to 1,238 jobs. The number of jobs in the film industry grew by roughly by 100 in both Glasgow and Edinburgh, but fell in the rest of Scotland (Galloway, 2003).

Though presently not large, video-gaming is a growing sector, led by two very successful small companies. Potential for development comes from the Edinburgh College of Art, that offers a degree in animation design, and Napier University, while a degree on computer games design and development is offered at the University of

Dundee. In 2003, the second Edinburgh International Games Festival took place, a videogames trade-fair (they are keen that the Games Festival ISN'T called a trade fair but celebrates a cultural industry!) and a venue for international premieres, the event was very successful.

In “mainstream” creative industries, like publishing and broadcasting, there’s more awareness of the role that artists may have in their organisation, and graphic designers as well as visual artists are often employed. On the other hand, the absence of a parliament in Edinburgh until recently is considered by some to be the reason why a video and film industry has been lagging behind (implying that the video industry is strongly related to political activity). In comparison, Glasgow’s audiovisual sector is stronger, being the location of BBC Scotland and the Scottish Media Group. Glasgow also benefits from accessing EU transfers through its “Objective 2” status which are utilised to support this sector. That may explain why Scottish Enterprise does not consider Edinburgh a strategic site to develop their creative industries support programs, like “Dare to Be Digital”, an unique contest open to students of the Scottish universities and art colleges working in teams for ten weeks to develop games or educational entertainment products²⁸.

3.3.2 Cultural tourism

Edinburgh is the most popular tourist destination in Scotland and the second most popular destination for overseas visitors in the UK after London (cf. Tab. 3.5). 20,600 people are employed in tourism in the city (9% of Edinburgh’s workforce) and € 1,417m were spent in the local economy in 3.96 million visitors (respectively 21% and 21% of the Scottish figures) in 2003, and over 13 million overnight stays (including visiting friends and relatives) by foreign and domestic visitors. These figures are slightly higher than Manchester (12 million stays in the same year) and Glasgow (10.5m). Edinburgh’s tourism has grown faster than the Scottish average, with a 40% increase in overnight stays compared to 8% in the whole country from 1998 to 2003.

Table 3.5 - Tourism performance of Edinburgh, years 1998-2003. *Source:* Visitor Attraction Monitor

	1998	1999	2000	2001	2002	2003	Source
Bed-nights by UK visitors (millions)			8.2	8.0	8.7	8.11	VisitScotland
Bed-nights by Overseas visitors (millions)	5.8	5.1	4.2	4.2	4.7	4.88	VisitScotland
Visitors to Edinburgh Castle (millions)	1.22	1.22	1.20	1,127	1.15	1.17	VisitScotland
Edinburgh’s world ranking as a conference destination ²⁹	14	13	12	15	9	16	ICCA

²⁸ Together with NESTA (National Endowment for Science, Technology and the Arts), Scottish Enterprise supports also the Creative Entrepreneurs Club, a group of over 600 members drawn from all areas of the creative sector, and IDEAS FACTORY Scotland, an online platform for careers in the creative industries. A world-class digital media centre is planned at Pacific Quay in Glasgow, together with a Digital Media Park providing office space and accommodation for creative businesses in Dundee.

²⁹ Out of 400 cities, based on number of conferences with at least 50 delegates.

The high quality of the city's tourism product is illustrated by achieving for four consecutive years the accolade by the Guardian/Observer Newspapers Readers' Travel Award for Best UK City, between 1999-2002, and the Condé Nast Traveller Best UK Short Break destination. Edinburgh is also a city with a very strong business and conference tourism sector, ranking 16th in the International Conference & Convention League list of convention cities in 2002.

Visitor attractions are an important component of the tourism experience (Tab. 3.6). Recent new visitor attractions in the city – Royal Yacht Britannia, Dean Gallery and Our Dynamic Earth – have increased the range and quality of visitor experience on offer.

Table 3.6 - Top 10 Visitor Attractions in Edinburgh. *Source:* Visitor Attraction Monitor, various years.

Top 10 Visitor Attractions	Visitors		
	1999	2000	2003
Edinburgh Castle	1,219,720	1,204,285	1,172,534
Royal Botanic Garden	609,488	609,838	706,161
Royal Museum and Museum of Scotland	759,579	599,337	686,531
Royal Scots Regimental Museum ³⁰	540,000	525,000	
Edinburgh Zoo	526,000	522,279	614,571
National Gallery of Scotland	439,928	421,612	434,429
St. Giles Cathedral	N/A	386,400	402,550
Our Dynamic Earth	295,959	398,790	
Royal Yacht Britannia	415,297	304,395	310,697
Palace of Holyroodhouse	254,721	294,500	
Scotch Whisky Heritage Centre			241,428
Museum of Childhood			231,885
Royal Scottish Academy			203,327

The festivals are by far the most popular tourist product. They attract a large, comparatively high-spending range of visitors from all over the world and provide considerable economic benefits to the city estimated in € 180m in summer 2004. In 2003, the Edinburgh International Festival (EIF) was either the only or a very important reason for visiting Edinburgh for 85% of EIF visitors (*EIF Annual Review, 2003*), but more remarkably generates a large demand potential for the rest of Edinburgh's impressive cultural offer. The "2001/02 Edinburgh Visitor Survey" reports that 12% of visitors attended a "festival event", but other cultural activities, like visiting museums (38%) and art galleries, are more popular, as are leisure activities, like shopping and sightseeing. The 2.6 million annual attendances at the summer 2004 Edinburgh festivals are in large part tourists. According to the latest impact report, an estimated 70% of visitors come from outside Edinburgh, with 47% spending the night in Edinburgh (the rest being day trippers and travelling visitors), leveraging large induced expenditure effects.

From a national perspective, the summer festivals are important factors in the generation of cultural tourism to Scotland from overseas. The spring festivals, whilst

³⁰ Housed in Edinburgh Castle

not generating the same level of inward investment, attract a more local, family-based clientele and fulfil important goals in terms of local engagement and social inclusion.

The growth of year round short-breaks as a travelling practice is the most critical factor of Edinburgh's Tourism success, to some extent linking to festival or event activities. The festivals are concentrated in time and space, thus being most attractive for short-stayers. The critical mass of the summer festivals, including free events and gallery openings and exhibitions, is a vital component of their success. In recent years, the strategy of spreading festivals over the year, with new events being organised in off-peak periods, has been functional to the objective of prolonging the season and avoid excessive congestion during the summer months. Importantly, the Winter Festivals are focusing on late November/December/early January.

The positive effects of tourism on local society extend much further. The multicultural character of the city instils social awareness and cultural curiosity, and even small-scale local cultural ensembles and organisations come to enjoy an international showcase. The international nature of festivals is important in creating a cosmopolitan atmosphere and feel to the city.

As a world-class tourism destination in the same league as other partners in the project (Vienna, Amsterdam), Edinburgh enjoys all the advantages of a thriving tourism economy, but also faces some challenges. In spite of the strength of Edinburgh's tourist product and the consistency of its tourism policy, regularly demonstrated by the high scores in customer surveys and polls, increasing competition from other destinations at home and overseas continually challenges its competitive position. In a marketplace where there is no room for complacency, the city must defend and possibly expand its share in the target markets, and has done so by taking action through new dedicated organisations (Box 2).

Box 2 - Edinburgh's quality policy. The Edinburgh Tourism Action Group (ETAG) was established between the public and private sectors to co-ordinate the tourism activities in Edinburgh, and to "... position Edinburgh as a quality 'must see' contemporary European capital city that includes a World Heritage Site, delivering an exemplary visitor experience, supported by the highest standards of facilities and service through a skilled and motivated workforce." (Edinburgh Tourism Action Plan 2000-2003). Through ETAG, the City monitors and analyses developments affecting tourism. Actions being delivered through ETAG seek to facilitate a stronger dialogue between festivals and the tourism industry. In approaching all such issues, EventScotland was established in March 2003 as a joint venture between the Scottish Executive and VisitScotland to enhance Scotland's international profile and make it one of the world's main events destinations by 2015. It works in partnership with public bodies, event organisers, the media and the private sector to develop a portfolio of events. EventScotland was among the founders of the MTV Awards in Edinburgh in November 2003. The F&ECWG oversees the implementation of the Festivals Strategy and the Events Strategy. The group includes representatives from the Festivals, Council departments, Councillors, Police, ELTB & SEE&L.

One recommendation from both the Festivals and the Events strategies was the formation of the Events Unit. This unit will be the Council's vehicle in bidding for major events as well as taking forward event infrastructure and developing a clash diary.

Tourism can potentially produce some negative impacts, such as high management costs and externalities on the city economy, which calls for an integrated and proactive tourism management policy. Among the most common issues in heritage cities are the congestion of the city centre and the change of its commercial structure to serve a demand increasingly composed of short-stayers and uninformed visitors (see Russo

2002). The Edinburgh Visitor Survey Ratings for quality of service as “good or very good” in catering and accommodation are:

	2001/2	1998/9
Restaurants/Café's	89%	90%
Pubs	91%	94%
Accommodation	87%	89%

There is therefore some evidence of declining customer satisfaction in those sectors, although in terms of an overall rating of Edinburgh, the mean score rose from 8.3 in 1998/99 to 8.4 out of 10 in 2001/02. This statistic indicates a reorientation of the tourist supply to provide “satisfactory” experiences to visitors who continue to perceive the cultural supply of the city as near to excellent. Moreover, “working space” for cultural tourism is being continuously challenged by the pressure from other rentable sectors, like financial property and housing. In this context, the most creative talents would flee to cities which offer more opportunities, like London, or where start-ups are facilitated and costs are lower, like Glasgow or Manchester.

These problems have not been dealt with consistently, with the involvement of all the competent municipal departments. A system to control quality in the tourism sector is missing, and so are fiscal tools to reallocate the profits generated in tourism businesses to the attractions and enhance the infrastructure. A hotel tax, which is under study in other cities where tourism and “residential” functions are at stake, like Barcelona or Venice, would probably ease this pressure, but would cause tourist prices to rise and affect competitiveness. It should also be considered that Edinburgh already has one of the highest levels of VAT & Business rates in Scotland, UK & Europe, and hotel taxes have to be seen in this context. The issue is rather how the Scottish Executive redistributes the tax income in order to recover the “externalities” from tourism development in a city where public (cultural) resources are crucial for development, and how Edinburgh can influence this decision.

To a large extent, the festival formula protects the cultural offer of Edinburgh from quality declines, which are so often observed in heritage cities around Europe. The integrity of artists and the physical constraints to expand the festivals further is a guarantee that quality is not sacrificed for quantity. Moreover, the induced expenditure leveraged by the festivals in other visitor attractions and complementary tourist services is even larger than that directly flowing to the festivals. However, while festivals have an established visitor orientation, the same cannot be said for other cultural attractions. For instance, the National Museums of Scotland do not explicitly target overseas visitors in their outreach programs, taking for granted that large crowds of visitors would be attracted in the summer months, whatever the promotional effort, and instead concentrate on local audiences, fulfilling their educational mission. Indeed, since the opening of the Museum of Scotland five years ago, the visitor attendance has been made up of three fifths international visitors. This trend makes museum managers wary of losing their ties with the local community, and there is some “resistance” towards opening up more explicitly to visitors and develop specific programmes and services for them.

3.3.3 Dynamics and networking in the cluster

While most cultural institutions have an educational mission which is loosely related to economic development strategies, the successful growth and internationalisation of the creative industries of Edinburgh is recognised by Civic Leaders & Local Economic Development agencies as fundamental for the innovative business climate. Indeed, Edinburgh is not widely known as a creative city and has its points of strength in financial and service sectors which are only loosely connected with creativity and culture.

Therefore, development strategies are presently focusing closely on the support to creative industries, starting from the hypothesis that there is growth potential for this sector in a city that is so dynamic and international-oriented. An example is the funding scheme (Edinburgh Visual Arts & Crafts Artists Awards Scheme), established by the Scottish Arts Council and the CEC's Culture and Leisure Department, for individual artists based in Edinburgh to meet the costs involved in creating new work or developing current work.

However, the development of creative industries necessarily requires more internal coordination, and a strategic involvement of government agencies to facilitate networking, knowledge transfer and enterprise start-ups. In the case of Edinburgh, a real "platform" for creative industries remains missing. It is our view that it should now be provided by *Creative Edinburgh (CE)*, the local articulation of Scottish Enterprise's "Creative Scotland" forum. This forum provides an opportunity for local companies to enhance their profile and image, to get new business opportunities and to learn from international best practice. It consists of a group of like-minded, highly creative companies in the Edinburgh area. Regular meetings are organised to share ideas and discuss common issues in the creative productions sector; often, industry "gurus" are invited to stir up the debate. The members of the network share information on their work and contact details on the CE website, so that any customer looking for a piece of creative work can search for the companies which best suits their needs. Creative Edinburgh was born out of civic pride of local creative entrepreneurs and has already achieved some success but it should not remain an isolated initiative out of any strategic policy context.

Yet the process for the development of an effective creative industry strategy is slow to take off; "clustering" initiatives have had less success and miss a strategic dimension. In general, the mechanisms and dynamism of the cultural sector need to be nurtured with care, and today it is not clear who in Edinburgh is taking the lead in bringing all the different initiatives together and give them a medium-term strategic perspective. Furthermore, the rising cost of living and property are starting to "crowd out" jobs in a sector where high salaries can't possibly be earned by individuals at the outset of their careers. This means that any future creative industry development strategy has to be matched by urban policies in the field of housing and property development.

Mutual support among the cultural institutions is nevertheless strong, irrespective of size, and the degree of networking and coordination in strategies among the top institutions and festival organisers is relatively good. Some 18 cultural organisations take part in the City's *Cultural Partnership*. The forum is composed of peer non-elected members, allowing for a certain transversality of visions and for the development of a rich debate crossing over artistic forms. The smaller organisations are deeply embedded in the community and hence more connected to social inclusion issues. Indeed, the

members of the Cultural Partnership are strongly aware of the interrelation between cultural and social capital. In their 2004 annual report, they analyse the threats to Edinburgh's competitive position as a cultural hub, identify opportunities for cultural development, develop a scheme of increased dialogue between small and big organisations and set out the main themes of a strategy to increase investments in culture. This is paramount at a time when budgets for culture are reducing dramatically and cultural projects need to have a clear social profile (like health, neighbourhood regeneration) in order to be successful in attracting funding, as other cases studies in this research have demonstrated.

The festivals are perceived both by the community and by the visitors as an unique "product" which should therefore be internally coherent, consistently integrated to the rest of Edinburgh's cultural resources, and coordinated in its outreach to their customers. Indeed, co-operation between festivals is constantly improving. A forum that deals with all independent festivals has been set up, and a senior elected council member has been appointed as the *Festivals and Events Champion*, responsible for advocacy and overview both within and outside the Council.

The *Festival and Events Champion's Working Group* (FECWG) is the main coordination platform for the festivals. It meets five times a year to evaluate the performance of the festivals and draw the main strategic lines for future development. Its members are drawn from a wide representation of local interests: some are nominated by the City Council and other bodies, others are elected or co-opted by the Festival Society members. Festival representatives also meet regularly at the Joint Festivals Working Group (JFWG), a dedicated platform composed of forty festival managers and city officers, and within The Audience Business and the Edinburgh and Lothian Tourist Board. Quarterly JFWG meetings are organised to discuss common concerns, clear out possible conflicts and implement the agenda set by the FESG.

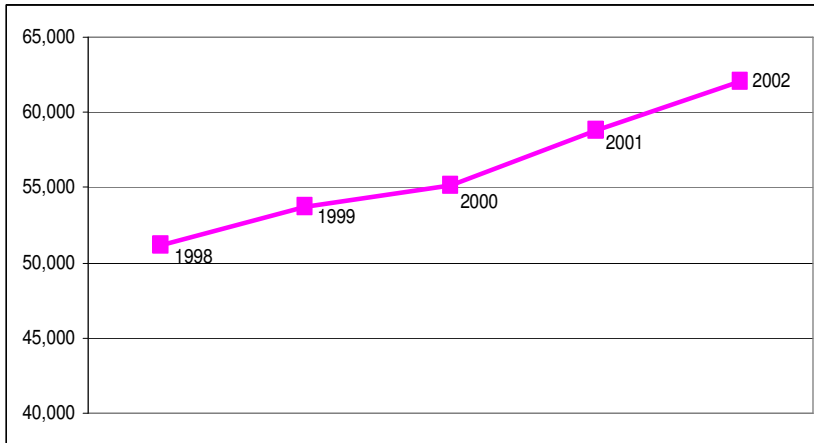
3.3.4 Education, conservation and taste/audience development

With four universities (Edinburgh, Heriot-Watt, Napier and Queen Margaret) and several colleges, not only has Edinburgh an impressive array of knowledge and higher education centres, but also a very large student population (Fig. 3.3). This is reputedly well integrated in the community; no issues of "culture clash" are emerging in a cosmopolitan city like Edinburgh, as has happened in other middle and large British centres. The high quality of universities and research institutes act as a magnet for the city, attracting the best talent. In fact, thanks to Edinburgh's universities, Scotland has a positive balance as far as student mobility is concerned, with more students coming in from other countries or areas of the UK than Scottish students leaving.

Each institution fills a particular educational niche and has centres of excellence and specialisation, so to a large extent the institutions can be seen as complementary rather than in competition with each other. The *University of Edinburgh* is the largest in Scotland with more than 20,000 students. Over 300 course programmes are offered with specialisations in music, architecture and European film studies. Edinburgh University is active in research aimed at developing the relations between creative and cultural industries. *Napier University* offers a wide range of courses in its Arts & Social Science, Engineering & Computing, and Health & Life Sciences Faculties. In total its 13,700 students can choose between over 300 undergraduate and postgraduate

programmes, among which Design and Film Studies. Napier has good relations with the business community. Plans are underway to relocate the Faculty of Arts and Social Sciences in the new Scottish Centre for Creative Industries, a “creative campus”, where support to creative industries is granted and creativity is promoted among students.

Fig. 3.3 - Students in higher education institutions in Edinburgh, years 1998-2002. *Source:* Scottish Education Dept.



The *Edinburgh College of Art* holds very close links with the city and its artistic community. Among the courses offered are design and applied arts, visual communication, as well as architecture and landscape architecture. The College adopted the continental model of the “Academie des Beaux Arts”, which favours interrelations with art practitioners. Professional practise elements are present in each course; the Edinburgh College of Art is trying to increase these professional elements and stimulating entrepreneurship among students (e.g. lectures in taxation, sources of funding, copyright law, etc.). Examples of the importance of study curricula for the city are the research on arts and economics that is carried out at the Edinburgh College of Art and the novel ideas for regeneration projects and public space redevelopment provided by architecture graduates.

The universities’ monitoring activities confirm the intuition that the job market in Edinburgh is large enough and the city so attractive that students are likely to stay around after the completion of their studies. Art and cultural studies students in particular enjoy the opportunities offered by the many cultural institutions and events, which make possible to stage new productions in front of large audiences. Indeed, students have job experiences long before their graduation, working on a short term basis for cultural events, like the summer festivals, or providing design and scenery work. The students are also quite active in organising their own exhibitions outside the college. They are growing more aware of the opportunities for art funding and mobility made available by European Community programmes, such as the artists-in-residence programs, and develop their networks abroad, which to some extent become “projections” of Edinburgh’s cultural life.

The higher education institutes of Edinburgh are crucial to the profile of the festivals, as they provide a local “pool of interest”, a critical mass of qualified demand which guarantees the existence of festivals independently of the unpredictable — and to some extent unsophisticated — tourist demand. Moreover, the festivals couldn’t probably survive were it not for the university students’ availability as temporary staff during the summer months. Finally, the university Halls of Residence provide essential low-cost venues especially for the Fringe.

Student life is a fundamental element for cultural and physical change in the urban fabric. While the traditional Scottish pubs are still there, performing their function of informal community meeting places, they have been complemented by a large and thriving array of cosmopolitan and convivial alternatives, especially in the areas with higher density of student residences, like the south part of the city, the centre, and Leith, where bars, restaurants, and clubs have invested in the design and ambience of their interiors to attract younger clientele. On this and other levels, the large and lively student community of Edinburgh is the primary asset on which cultural and creative industries can count, as formidable consumers, producers, stakeholders and trend-setters. The value of students for the creative industries is indeed recognised by the Council. Universities have the potential to be a key driver for the development of creative industries and the international recognition they need, on condition that the fields of business creation and education are better related and the respective funding strategies made consistent. However, the creative industry sector seems too small and badly organised to take full advantage of this resource; on the other hand, art graduates, and in particular those coming from the Arts College, do not possess the skills needed to become entrepreneurs. A better match could come from the development of joint training programs. A Creative Industries Academy has been created inside the multi-sector academy development in Edinburgh. The Edinburgh College of Art Arts College, which is also part of the Cultural Partnership, is establishing its own links on this ground with the creative industries. The Royal Bank of Scotland is presently launching a business school to attract top managers to Edinburgh, and it is possible that art management and cultural businesses would become part of the new institute’s curricula.

The educational activities of the city reach out to lower educational levels and to the community at large (Box 3). The Education Department regularly organises cultural programmes at schools, and numerous community centres (around forty-five) are involved. An interesting project is “*Frontliners*”: taxi drivers, hotel concierges, and tourist guides are invited every month to attend an art event or visit a venue, so they can encourage their clients to attend arts events and provide them with first-hand information; it is a useful PR scheme for arts organisations.

Box 3 - The Audience Business (TAB). In spite of the success achieved by the theatre sector and festivals, in order to enable theatres to reach their full potential, the Council has taken the lead in starting and co-ordinating a long term strategic audience development initiative. The Audience Business, one of two audience development companies in Scotland, was established in October 1998, receiving funding from Scottish Arts Council Lottery Fund, City of Edinburgh Council and the support of arts organisations in and around Edinburgh. It involves all the city’s arts establishments, companies and festivals as partners. The Audience Business promotes initiatives in areas such as marketing, strategic audience development campaigns, cultural tourism and computerised ticketing support. It helped increase the visits to the arts in Edinburgh from 3.3 million in 1998 to 3.9 million in 2002; this includes an increase in performing arts audiences of 170,000 between 1999-2002. “The Audience Business Market Analysis 2002-2003” document has been drawn up in April 2004, providing accurate financial and attendance data for the arts in and around Edinburgh, and establishing a reliable research resource for all arts organisations in Edinburgh.

Audience development strategies have also been developed by the National Museums and Galleries and by the Arts Council Scotland. The EIF has a number of projects were successful in increasing further the diversity in the audiences. To that end, the Programme Development Department of the Festival runs a programme of education and outreach, aimed at all age groups from primary schools to adults.

3.4 Culture and the local economy

3.4.1 Culture and urban regeneration

Due to its social composition and to the service-sector orientation of its economy, Edinburgh never suffered huge problems of urban decline and physical deterioration from deindustrialisation and poverty, as has been the case for many other British cities. Therefore urban regeneration programs and ensuing gentrification issues have been minimal. The city centre has always been an expensive place, and at the same time it grants much space to cultural functions and infrastructure. The progressive “internationalisation” of the centre’s commercial and corporate landscape has, if anything, made it even more thriving in the last decade.

One of the areas which changed dramatically over the recent years, with a distinctive culture and leisure-driven process of renewal, is the coastal district or waterfront area of Leith and North Edinburgh. Leith is an important neighbourhood, with its own working-class cultural identity closely associated to the port. Leith is an icon of the city’s dynamism, the core of a wide regeneration project based on sanitisation, waterfront redevelopment, urban design, and cultural infrastructure. Today the area bustles with restaurants, cafés, and galleries, and some of the old docks and harbour buildings have been turned into exhibition centres and venues for performing arts³¹. To ensure that new urban developments in the city preserve good design, sense of place and unique architecture, a City Design Leader (Architect Riccardo Marini) was appointed in Spring 2004. On account of these developments, Leith stands out as a potential “alternative” to the city centre as a home to a creative cluster in Edinburgh, oriented to the new and “hip”. The comparatively cheaper property prices have attracted important creative businesses in the initial stages of the project, like advertising companies. However, the strong property-driven orientation in the revitalisation has tended to downplay the planned interrelations between art and culture and the economic environment of this area. This is an example of how Edinburgh could be missing opportunities to be an outstandingly innovative and creative city, in spite of its obvious strengths in traditional cultural sectors. However, culture remains important for the social profile of the city. It is at the centre of many charity initiatives, and at a more strategic level, it is seen as a powerful tool to bridge social divisions, which have a marked spatial feature. The Capital City Partnership recently commissioned a study aiming to identify new opportunities to increase the impacts of cultural programmes in the area of social inclusion, for instance through the festivals.

³¹ The Exchange District has seen a similar transformation, which ripples off to areas such as Tolcross and Fountainbridge.

3.4.2 Networks with the local economy

Internationally, creative industries are being seen as “the next new thing” to achieve a variety of policy objectives related with social development and economic diversification, and the Scottish executive is also oriented in that way. The main challenge for Edinburgh is to ensure diversity of economic development paths, in order to safeguard against shocks in any one sector. Tourism in particular, as well as the financial sector, are constantly challenged by global shocks in these turbulent times, though track record has been good in terms of ability to bounce back.

Edinburgh has a well-educated population (14.1% of over-18 people have a degree level), and a high growth rate in the SME sector. It is thus well positioned to develop as a creative city. In addition, Edinburgh enjoys many of the characteristics identified by Leadbetter and Oakley (1999) as essential for the development of a creative or entrepreneurial city, and in particular:

- a strong tertiary education sector
- a young population
- a growing small and medium enterprise sector
- a thriving cultural sector
- a “café environment” in which young cultural entrepreneurs meet and exchange ideas.

Since the establishment of the Scottish Parliament, a new range of relationships between culture and the economic sectors of the city has been developing. These links are bound to evolve over time, and need to be nurtured and monitored by regular strategic dialogue between all the interested public and private players.

However, more needs to be done, at a strategic level, to bring together the threads of creativity and economy, which remain — culturally, economically and even physically — separate worlds. One factor that may explain this distance is the poor engagement of large cultural institutions as “bridges” been these two realities. For instance, the development of- and support to local artists has never been prioritised by the National Galleries of Scotland. For many years there has been no acquisition programme or community-orientation policy, and only recently the new direction of the National Galleries of Scotland stated its intention to look at local issues more closely. More direct “seed” work is also lacking focus; Scottish Enterprise is used to working with cultural entrepreneurs, but it barely regards artists and grassroots organisations as partners in projects. In spite of the meritorious initiatives carried out so far, like Ideas Factory which received substantial co-sponsoring, the capacity to anticipate breakthrough changes in the creative base of the city is thus limited. Scottish Enterprise is not (yet) being recognised by the whole arena of cultural players as a key actor for the development of Edinburgh as a creative city, and by the business community as a strategic partner in project that may enhance the city’s competitiveness. In this context, the factors of localisation for creative businesses are still playing against Edinburgh. Glasgow, London, Manchester offer more promising alternatives, where entrepreneurs enjoy a stronger political and financial backup to their initiatives.

Currently, the “jump in scale” of Edinburgh’s creative base is not being exploited to the full. The local economy is hugely successful in mainstream sectors, like the financial and service professions. These do not need innovation (economic or social) to prosper,

and in most cases, are adverse to development based on risky projects, preferring a safe business environment and a “peaceful” social climate. Moreover, the high levels of quality of life in the city are such that a push to raise the cultural profile of the city is hardly coming “from the bottom”, as happened in other deprived British cities.

3.4.3 Private support for the arts and culture

Culture is widely recognised as an important contribution to the business profile of Edinburgh. The Festivals are one of the global cultural brands of Scotland, adding to the natural attractiveness and the “picturesque” which characterise the typical Scottish imagery. As Edinburgh is home to many important financial institutions, it comes as no surprise that cultural events in Edinburgh are able to attract relatively significant levels of sponsorship. Indeed, the Edinburgh International Festival in its 2003 edition maintained its position as Scotland’s most successful performing arts organisation in raising money from corporate sponsorship and donations, with a total of € 2.4M, representing 24% of its assets. According to the 2003 Arts & Business Survey, the EIF ranks second in the whole United Kingdom in that category. The largest banking groups headquartered in Edinburgh all have substantial sponsorship programmes that are mainly accruing to the Edinburgh Festivals and sport activities³², and are fine-tuned with the Council through regular meetings. The city’s financial institutions as global players, are nevertheless looking beyond the local to global brand placement, and the attraction of sponsorship funding is becoming increasingly competitive. Edinburgh’s corporations are willing to support the brand that festivals and other cultural or sport activities grant to the city, rather than cultural content per se. Sponsors only indirectly affirm cultural values, and do not necessarily seek for closer integration with the creative skills that are behind the cultural strengths of the city. They are meant instead to support the profile of the city as a safe and welcoming place where quality of life is high as is that of the business environment. At this level, cultural institutions — and especially the “traditional” players — have no problems whatsoever in getting the support they need. For instance, National Museums get a large support from donors and sponsors (in total over 30), and from a thriving individual and corporate membership. Their fundraising strategy also includes corporate membership programs, and a hospitality and event strategy. Otherwise, social investments abiding to the “charity” principle are the main focus of much corporate support to culture (cf. Box 4).

Box 4 - Lloyd TSB’s programs of social corporate responsibility. The Lloyds TSB bank sponsors sports, performing and visual arts events with the idea of enhancing access to disadvantaged groups, in Edinburgh and elsewhere in Scotland. Support to culture is also offered through low-cost rent of the bank premises to host travelling

³² The Royal Bank of Scotland (RBS), the fifth largest banking group in the world, has five main lines of sponsoring: 1) The International Festival, in which they support initiatives for audience development, like the sale of a certain number of last-minute discounted tickets; 2) The Hogmanay street party on New Years’ Eve; 3) the Edinburgh Military Tattoo , a celebration of one of Scotland’s’ most authentic expressions of popular culture; 4) the street lighting during Christmas; 5) the Fringe Festival, which being held primarily on the streets and public spaces, necessitates stages, information kiosks, waste collection systems,. The RBS provides these facilities, does some marketing, and participates to the “urban planning” of the Fringe; in this particular case, the RBS can be seen more like a full a partner than a mere sponsor.

exhibition of Scottish artists and galleries. Through its Foundation, the bank is also awarding charities. Sponsorship is perceived as a form of brand investment but at the same time has strong social implications. The Chief Executive of Lloyds TSB chairs the board of the Book Festival, and the organisation sponsors the children's program. Other social responsible projects for which Lloyds TSB has been awarded prizes are the organisation of educational programs at the National Galleries for low-income female workers; the distribution of free camera equipment to communities in order to support photography as an element of community pride; and the provision of a "book bus" during the Book Festival. Local entrepreneurship is supported right from the start: the familiarity with a bank environment. To this aim, TSB set up a partnership with a business centre ("A New Deal") to facilitate the opening of bank accounts.

This model of funding rewards stability, "institutionalisation", and predictability. However it could be less rewarding at a more strategic level, where new combinations between creativity and economy have to be built (for instance, through "incubator" projects) and opportunities for daring or even conflictive but fertile cultural expressions should be left open. The latest report on the key economic sectors of Edinburgh and the Lothians sees the shortcomings of this model, and advocates that private firms and banks should consider "intellectual assets" as returns on investments. At the same time, the policy tools that could be deployed to accompany this strategic change in a context in which the business community retains its conservative attitude are not clearly specified. Sponsoring large events has an image projection that is incomparably higher to that achieved with "seed investments" in new fringe forms of cultural expression or educational programs.

The issue of culture and creativity as "contagious" for the development of innovative economic specialisation has not been on the agenda of the local economic development agencies until very recently. Apart from the sponsorship granted by the large financial institutions, other local businesses, and tourist and retail businesses in particular, seem poorly committed towards the festival, in spite of the large direct impacts that they enjoy.

This is a recurrent theme in this study: barely any instruments exist, apart from hotel taxes and other forms of visitor taxing, to pay back to culture the value that it generates, at least in the amount that is necessary to keep the cycle of cultural (re)production going; support to culture should instead be seen a key development strategy by the largest economic sectors of the city. For instance, some of the revenues earned by tourism and commerce could be redistributed to the management and enhancement of the festivals and other grassroots cultural activities, which are fundamental to the very endurance of the festivals' success. In the absence of such mechanisms, the private sector free rides on a public resource, culture, which is "given for granted" as long as tourist revenues continue to rise year after year, and there is confidence that if any crisis should come, the government would deal with it using public money. Planning rules can also change this situation, by reserving a share of building development on public art (1% in the case of Edinburgh, which is comparable to similar situations in other cities of this study), but the fact remains that private business are hardly strategically oriented to sustaining the cultural realm.

3.5 Sustainability issues

3.5.1 Spatial issues: the spatial development of the cultural sector

The most urgent issue for festival directors is the fact that defending Edinburgh's competitive position requires continuous investments. *«Now they have a clear idea of what they stand to lose if they don't cherish the festivals. There is no city in the world which would want to have the reputation of having lost the goose that lays the golden egg»*, commented Paul Gudgin, director of the Fringe, commenting the results from the latest festival impact report.

In particular, Edinburgh is perceived as in competition with cities in South Africa and Australia, which are strongly investing in festivals and events. Even nationally in the UK, other cities such as Manchester (which has developed an aggressive/ambitious event strategy), Liverpool (the next Cultural Capital of Europe in 2008) or Newcastle are swiftly improving their infrastructure through large projects and flagship investments. There is today the belief that some venues are insufficiently equipped or maintained to respond to those challenges. Thus, investment in infrastructure is perceived as a key issue for all the festivals, which to some extent clashes against the narrow focus reserved until now to property developments in the city. Similarly, the accessibility to the city with public transport is considered suboptimal, and the accommodation too expensive for the value they offer. The festival managers also agree that there is little capacity to coordinate the various complementary activities which are needed for the festival to keep its competitive edge.

Any improvements and changes in the field of culture and events needs to go through a re-thinking of the use of the space in the city, like the importance of the city itself, its buildings and skyline, as an events stage. While the cultural sector is not expanding, and therefore there is no pressure on city centre resources, it is today clear that the "tourismification" of the city centre could be a threat to the sustainable development of a cultural economy. While the major cultural facility development has been in the city centre (and has the advantage of attracting visitors), this has not included "open space for arts" which is needed in order for the cultural capital to be developed. Taking the festivals to the peripheral areas of the city, for instance, would potentially lead to a closer involvement of the local community. For festivals to extend their outreach to communities beyond the city centre, the Festival Strategy suggests that integration with the community culture should be sought. Such connection could be facilitated by:

- linking festival artists with other year-round outreach programmes;
- extending the outreach programmes of festivals where there is no year-round organization better placed to do it;
- complementing the year-round work of other agencies in festival time;
- developing a specific relationship between a festival and a community art development organization;
- sharing databases and mailing lists;
- pursuing connections with the informal education sector;
- continuing support for and communications with the community festivals.

There are still some constraints to the development of Edinburgh as a creative city. Affordable housing for first-time buyers, single households and young families is badly needed, but the most recent developments play against the “creative class”: the population in Edinburgh is growing (12% in the last 10 years), and the construction of the new parliament with the associated migration into Edinburgh of a large population of government workers has the potential to generate additional pressure on the property prices. In the last ten years, similar processes have impeded the formation of a community of artists in Edinburgh, unlike Glasgow, a city with lot of available space for social housing and working space. An important initiative has recently come from the Council, in a partnership with a private developer, which financed forty-five low-costs artists’ studio (some are proposed for the Waterfront) for some € 0.7M. Working Artists Studio Provision Scotland (WASPS) bought the studios, and leases them to artists, on condition that the building cannot change use.

In the city centre, development pressures are still generated by the expanding financial, retail and tourist sectors. An example was the opportunity to grant cultural activity some space in a regenerated development at the back of the Waverley Station, but the city was forced by national regulations to give this land to hotel development, as the preferred use for this site was based on the fixed return that it would generate for the City Council. In this context, peripheral districts assume a strategic importance for cultural planning. It is argued, though, that good opportunities have already been missed, for instance in Leith, with some notable exceptions like the *Out of the Blue* drill hall, a developing arts venue in Leith receiving support from the CEC and SAC. Other peripheral districts still suffer from poor accessibility and a bad image to be good alternatives for cultural activity.

3.5.2 Social issues: culture as a tool for social inclusion and community development

One of the objectives of the cultural policy of Edinburgh is « ... *to enable all of Edinburgh’s citizens and visitors to participate in, and enjoy, the widest cultural experience, including targeting initiatives to combat social exclusion* ». Indeed, in spite of the actions to enhance the access to the festivals (supported by a good information and dissemination policy, including free internet access in public libraries), Edinburgh does have a participation problem. In the working class neighbourhoods, and especially among the young, there is a reluctance to consider the unique cultural supply of Edinburgh — festivals included — as part of their own community culture. Thus, bringing the arts to the peripheral areas of the city or, vice versa, favouring the access of a regional audience (but also getting the Glaswegians to come to Edinburgh) to its cultural attractions, becomes a social imperative, which ultimately has economic implications. This objective has strong “urban planning” implications, and thus is not directly in the competence of institutions like the Scottish Arts Council, which has a “generalist” task of promoting culture cutting across age and income groups.

Thus the relation between culture and social development is rather strong, in line with the European trend of basing funding strategies on the social relevance of cultural projects. The key idea is that education projects can achieve a “cultural change”. However, while in other British cities there is nowadays an established approach of cooperation in cultural matters with ethnic minorities, for instance with Asian households, Edinburgh is only starting this dialogue. The relative scarcity of council-

controlled institutions among the cultural flagships of Edinburgh has not facilitated this process, though the National Museums of Scotland did recently declare their will to be engaged in community development programs and to become a “venue” for the local cultural debate and education. The following interesting initiatives have been started recently.

The *Capital City Partnership* (CCP) includes key statutory, voluntary and community agencies of the city, to elaborate creative and sustainable solutions for the promotion of social inclusion and social justice. One key area of CCP’s work is the *Arts and Social Inclusion Project*, started in 2002, which aims to enhance the infrastructure of organisations undertaking art and development projects throughout Edinburgh. The *Edinburgh Arts & Social Inclusion Forum* (EASIF) was established in 2003. With over eighty members, it represents the interests of individual artists, education officers, city and national organisations and those working within the arts and regeneration sector. Numerous projects carried out by EASIF are making a significant contribution to the Scottish government priorities, like Edinburgh’s Social Justice Milestones, the Anti-Social Behaviour Strategy and the Social Inclusion & Community Planning Partnerships (Box 5).

Box 5 – Art and social inclusion projects in Edinburgh. *Cultivate*, a programme managed by the Access to Industry Office, helps people with different backgrounds (and especially long-term unemployed) to get access to jobs in Edinburgh’s theatres, galleries and museums. *Alter8* is an innovative model of youth crime prevention piloted by the WHALE arts agency over recent years, ready to be extended out across the city. The Arts & Social Inclusion Project also sets up seminars aimed at disseminating good practice and enhancing opportunities for networking across the sector. Together with the newly established RBS Centre for Community Arts Research and Practice, based at the Queen Margaret University College, the *Arts and Social Inclusion Project* is undertaking a research that aims to “investigate and evaluate the potential of using participatory research during creative projects in Edinburgh which make a contribution towards the city’s social justice milestones”. The research will take the form of training sessions for up to six cultural workers, who will then incorporate their experiences and learning into an existing arts and social inclusion project running for twelve weeks or longer and commencing in October 2004.

Festivals do have the potential and, with additional resourcing, the capacity to contribute more in the areas of outreach, education and training. The following possibilities have been highlighted: Is this information from the festivals? A lot of work was done in this area.

- the creation of a common database of occasional workers although this does not formally exist there is a large amount of documented evidence to show that there is a pool of arts workers who work throughout the year cross festival
- a map of the temporary employment needs of the festivals through the year
- inter-festival contracts to provide continuous employment for short-term employees
- accreditation for festival volunteers
- skill development and joint volunteer training initiatives including fire prevention, customer care, etc.

A “social inclusion package” was implemented by the Council as part of the MTV European Music Awards. For the first time, two stages were set up: the main awards venue indoors, accessible with invitations, and a second one outdoors, with free access

to anybody with a ticket. Over half of the contracts for the event were issued by MTV to Scottish-based companies (something never done to such degree in previous editions of the MTV awards). Further evidence of the way MTV has been involved in boosting the local spin-offs of the event to the community's benefit comes from their engagement with local dance schools/arts projects.

All in all, Edinburgh does demonstrate its ability to address its social inclusion obstacles through culture in many ways, and to bring a "social" edge to cultural policy initiatives. Yet the situation remains of a predominantly middle-class city that needs to address social diversity, where socially excluded and minority groups are hardly visible and active. These may be weaknesses after all, as other British cities have benefited a lot from this presence in terms of cultural production and image building (e.g. Manchester, Leicester).

3.5.3 Cultural issues

Edinburgh has a distinctive cultural image, closely linked to its international festivals. This image is strong, produces benefits for the city, and there is little value in trying to change it. However, it is important to consider if this image is taking into account the ambitions of all the local stakeholders.

In recent years, the pressure to create the conditions for an innovative environment has led policy leaders to question the significant space granted to the festivals as a spectrum for Edinburgh cultural policy. Arguably, festivals need more "embedding" into the social and cultural life of the city; the risk is to create in the future a "tourist-only" attraction that has little strategic significance for the local society³³.

In light of this, any initiative that builds local roots to the cultural weight of the festivals is certainly welcome. For example, the support of four of Edinburgh's most celebrated writers to Edinburgh's *World City of Literature* project in the lead-up to the bid being presented to UNESCO in October 2004 (achieved in September 2004) to become the first permanent "World City of Literature", acting as a model for other cities around the world to celebrate their own literature and the life around books. Edinburgh will now seek partners in developing a worldwide chain of cities of literature. The idea was wholly generated and developed by the literary and publishing community within Edinburgh and Scotland itself³⁴.

In addition to bringing diffused benefits to the economy and the society of Edinburgh, the festivals are undoubtedly engines of dynamism for the whole cultural sector, including the creative industries, which connect to festival production chain providing precious services and content.

³³ Magnes Linklater, writer for *The Times* and former chair of the Scottish Arts Council, reported that festivals must have an "absolute commitment to their communities", not just in Scotland. The festivals will only thrive if they are staged in a country which is culturally confident, while "Scotland is going through a bit of a crisis in terms of cultural confidence".

³⁴ The Scottish Arts Council has seed-funded this project; other key partners include the Scottish Publishers Association, the Edinburgh International Book Festival, the City of Edinburgh Council, the Scottish Executive, Scottish Enterprise, the National Library of Scotland, and other literary establishments, venues and education institutes.

The Council should, however, be careful not to place excessive expectations on the festivals, which are only a part, though a significant part, of the city's cultural ecology. In this context, it is worth noting that a study (CEFRAC 1996) for the European Commission on The Economic Impact on Employment of Ten Festivals in Europe concluded that:

- "The social and economic feedback of a festival town is organised around an artistic coherence which exceeds the time limits of the festival. The more this coherence is planned and structured, the greater are the chances of economic development downstream, whether linked to culture or not."
- "The most beneficial economic impact and employment for the community should reside in the durable establishment of the [festival]."

Alternative ways to integrate and dynamise the cultural production sector of Edinburgh are therefore needed, and a robust festival sector can only exist in the context of a healthy year-round cultural provision.

3.6 Conclusions

3.6.1 What is the role of culture in the local economy?

Edinburgh's economy is tightly tied to its cultural image and the festivals. Edinburgh is a large enough city to internalise most of the direct benefits accrued by festivals into its economy, differently from other heritage cities, which either do not have the infrastructure to host large events, or see those benefits leaking away to a larger territory. The festivals and other permanent cultural attractions generate some permanent 1,000 jobs. Due to the large tourist appeal of cultural activities, a substantial impact is generated in terms of additional visitor expenditure. It has been calculated that festivals and events alone are worth over € 360m to the Edinburgh economy. The "leisure economy", mingling culture, entertainment and lifestyles, is even larger than that, due to the particularly attractive built and natural environment of the city centre. An important contribution is provided by the student community, which are in the front line both as consumers and producers of culture. Some 15,500 other jobs are generated in the creative industries in the city region ; the sector is thus quite large but not as experimental and dynamic as in other cities in this study, and specific sub-sector like music recording, audio-visual production and publishing are facing significant challenges.

However, the most important impacts are arguably those of "intangible" type, for instance as far as quality of life for the local citizens is concerned, which is perceived to be high owing to the availability of a large cultural provision during the festivals. The cultural aura projected by the festivals allows the city to brand itself internationally, and to attract visitors as well as investments and highly-skilled workers to its service sector. These elements justify that festivals should be protected and enhanced all the time: the return of the investments that they contribute are possibly much higher than the mere financial figures might suggest.

The establishment of the Scottish Parliament, an iconic new building in the heart of the city, represents a tangible addition to the cultural infrastructure of the city as a landmark

projecting a strong local identity, as well as an extraordinary resource to increase the support to culture through lobbying and networking at the highest political levels.

3.6.2 Is this role sustainable? What are the dangers for the future?

Edinburgh has a great deal to offer to its citizens and visitors in terms of culture and ambiance. However, in spite of the contribution to the definition of Edinburgh's profile as an international cultural capital over the last twenty years, performing arts budgets (including the festival) were severely curtailed during the eighties, under the Conservative Government. Currently, it is the turn of galleries and visual art companies to experience a tight funding environment, which could ultimately result in a significant restructuring of the sector. It is also apparent that there is lack of strategic approach/perspective among the local businesses that benefit from the festival (the tourist and retail sectors most significantly), which are not currently committed to sustaining and financially supporting the festival activities and the cultural life of the city in general.

There is also a sort of blind belief that the festivals will remain as competitive as they are today, and thus insufficient interest is given and investment made to their enhancement: budgets are cut, infrastructure is not upgraded, and the organisation of accessibility lags behind. The trend seems to be that the more the festival earns to the city, the less willing are the local stakeholders to channel resources and ideas into it. In these conditions, the increasingly fierce competition of other festival cities threatens to cast a shadow over Edinburgh's historical competitive advantage. The city may thus lose "critical mass" in terms of original cultural activity, and turn into a sort of theme-park. In this way, the dynamics of its cultural capital would be stifled and become disembedded from the local community.

An aspect of this situation is the lack of "functional links" between the cultural and creative production sectors and the rest of the economy running the risk of pushing out creative talents, who cannot afford the high costs of living and working in the city. One factor that may explain this distance is the poor engagement of large cultural institutions as "bridges" between these two realities. A number of initiatives from institutional bodies are trying to address this situation, for instance through incubator facilities, new educational projects and audience development programmes. Yet the critical points — lack of "open spaces" for cultural expression, lack of direct support by the business community, and minimal involvement of the local population — still need to be addressed consistently. Much potential for the development of a creative economy, then, is still waiting to be brought to the fore. An illustration is given by the regeneration process of Leith, which has been very successful in terms of re-valorisation of a declining area of the city with the establishment of new high-class "leisure district". However, there has been a missed opportunity – sought by Scottish Enterprise Edinburgh & Lothian – of focusing more explicitly on culture and creativity, due to rapidly rising property prices and a lack of "open-end spaces" left in the planning process.

Compared with other cities in this project, Edinburgh is thus a "follower" in as far as cultural policy is concerned, seeking and not always managing to accommodate emerging pressures of cultural resources and to exploit potentials to achieve development objectives. The lack of a proactive "creative industries" policy can be explained by the relative lack of major urban problems in the city, which has not this far

“compelled” the key economic development agencies to look for creative solutions. This may – in the medium term – suppress the innovation climate in the city (which is increasingly depending on new combinations at the edge of economics and culture) as well as the very viability of the cultural festivals as economic and cultural drivers for the city.

3.6.3 How should cultural policy change / adapt to face future challenges?

Once it has been acknowledged that the most powerful trump card for the city is the international profile of its festivals, the most urgent issue that the city faces is the reality that to defend Edinburgh’s competitive position requires continuous investment.

As bigger festivals do not necessarily mean better (more often the contrary), market positioning should not be defended by mere growth. Rather, efforts need to stress the speciality, excellence, diversity and visitor-friendliness of Edinburgh. If performers and artists start to think that there are better opportunities elsewhere, the festivals could reach a stage of stagnation, and lose reputation and audiences. It is imperative that the city retain the young character of the festival audiences, through competitive pricing discriminating in favour of the young and the locals as opposed to wealthier tourists.

Within this approach, the festival should be seen as an asset for the city and not as an endpoint. The contribution of the festivals to the *Council’s Community Learning Strategy*, which acknowledges the important role arts organisations will play in delivering its aims, needs to be explored further.

Edinburgh does not need an excuse to reinvent itself, as Glasgow and other large British cities had to, because festivals and cultural activity in Edinburgh are so successful and established as an international brand. The balance between cultural consumption activities and production is today leaning decidedly on the side of consumption. Though the key economic sectors for the city are not pushing for it, a “creative industries policy”, is nevertheless needed to sustain the cultural production sector. Opportunities exist, for instance, in relation to the UNESCO-sponsored “World City of Literature” initiative as an example of development of cultural activity to strengthen cultural industries and boost tourism. Moreover, the city can enhance the “indigenous” profile that is exhibited or performed at the national institutions (e.g. the National Museums and Galleries and the new National Theatre for Scotland and Scottish Opera) through strategic agreements which foresee dedicated space for local artists.

At a strategic level, the threads of creativity and economy, which remain — culturally, economically and even physically — are separate worlds that need to be brought together. The issue of culture and creativity as “contagious” for the development of innovative economic specialisation has not been on the agenda until very recently, as part of the support activities of Scottish Enterprise, and yet start-ups, micro-funding and training initiatives for people working in the sector need to be given greater emphasis. Affordable residential and commercial property for cultural industries is another key factor to potential future success. Edinburgh needs to offer better opportunities to young cultural entrepreneurs and patrons, using and expanding the strengths in publishing and visual arts, as part of a consistent sector strategy. A creative industry strategy, explicitly addressing the corporate community and signing them up the city brand, could be the next step to progressing these opportunities.

Though Edinburgh is traditionally a conservative city, the younger generations as well as the minority groups are generally more open, flexible and risk-taking. If they are exposed in an equitable way to culture and to the economic potential of creative businesses it is possible that a cycle of growth based on culture can take off. In this context Edinburgh could point more decidedly on cooperation and knowledge-sharing with Glasgow, establishing a unique bi-polar “cultural cluster” which could challenge London as far as diversity and skills are concerned.

3.6.4 What can this city teach to others?

Edinburgh is a city which makes a good use of its cultural heritage and festival-city image for international branding, which has been shown to have an important positive effect on the quality of life of the local resident population. The achievements of a sound festival policy, in terms of variety, programming and access, are certainly a template for other cities who are striving to position themselves as festival locations and a perfect illustration of using the “hardware” (the cultural heritage of the city) and the atmospheric element in order to deliver high-quality cultural content. Edinburgh also manages to use culture as an element of social policy and to guarantee access to culture to disadvantaged groups.

However, this case study shows that the tourist economy alone, though thriving, does not sustain a cycle of development based on creativity and innovation. There needs to be more “connecting tissue” between production and consumption of culture, in order to ensure that the local community of artists feel themselves a part of the development of the city as a cultural capital. In conclusion, the city of Edinburgh seem to content itself with the reproduction of the successful festival formula without caring much for the wider environmental conditions that may help these cultural strengths to trickle down to the rest of the economy in the form of “creative inputs”.

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Edinburgh College of Art (ECA): <http://www.eca.ac.uk/>

The Scottish Arts Council: <http://www.scottisharts.org.uk/>

The Capital City Partnership: <http://www.capitalcitypartnership.org/>

Edinburgh Festivals: <http://www.edinburghfestivals.co.uk/>

LIST OF DISCUSSION PARTNERS

G. Atkinson, Managing Director, Edinburgh International Film Festival

J. Bellany, Head of Sponsorship, The Royal Bank of Scotland Group

J. Boyle, Chair of the Cultural Commission, former Chair of the Scottish Arts Council

S. Cardownie, Deputy Lord Provost and Festival and Events Champion, The City of Edinburgh Council

R. Doyle, Director of Public Affairs, National Galleries of Scotland

J.A. Edgar, Creative Industries Manager, Scottish Enterprise Edinburgh & Lothian

S. Gage, Director, Edinburgh International Science Festival

S. Garvie, Economic Development Officer, The City of Edinburgh Council

P. Gudgin, Director, Edinburgh Festival Fringe
L. Halfpenny, Head of Museums and Arts, Culture & Leisure, The City of Edinburgh Council
B. MacGregor, Vice Principal Art & Design, Edinburgh College of Art
B. McMaster, Director, Edinburgh International Festival
R. Peppiette, Senior Arts Development Officer, The City of Edinburgh Council
S. Rice, Chief Executive, Lloyds TSB Scotland Plc
G. Rintoul, Director, National Museums of Scotland
S. Steven, General Manager, Edinburgh International Book Festival
K. Wardrop, Project Manager, The City of Edinburgh Council
K. Wimpress, Co-ordinator Arts & Social Inclusion, The Capital City Partnership

4 CASE STUDY OF EINDHOVEN

4.1 Synthetic information on the city

With a population of 207,900 (January 2004) the city of Eindhoven is the fifth city of the Netherlands. Located in the Province of North-Brabant at some 100 km south-east of the Randstad, the cultural and economic centre of the country, the city is the centre of what is often referred to as the Greater Eindhoven Area or the Eindhoven Region: 1,460 square km that include 21 municipalities with a population of 723,000 inhabitants (see Figure 4.1). Foreigners count for 3.5% of the population of the Region (6.8% in the city).

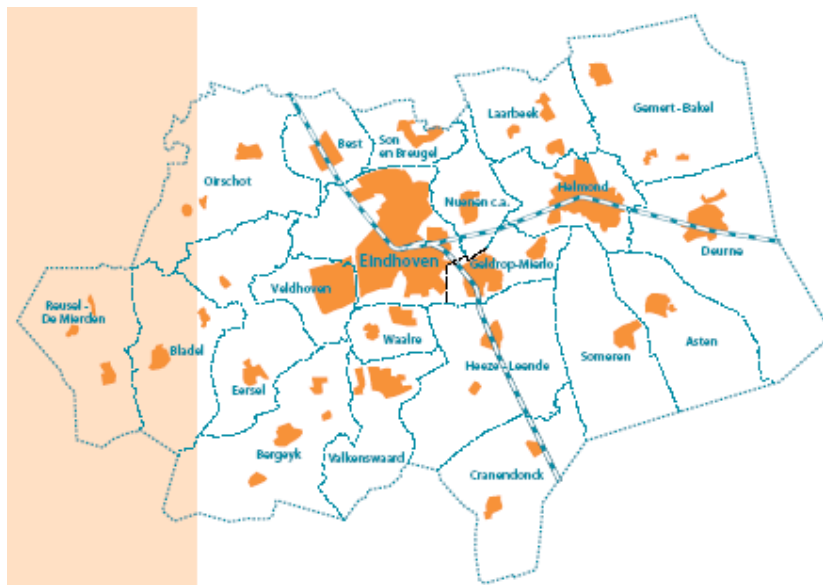


Fig. 4.1 - The Eindhoven Region. Source: www.eindhoven.nl

At the beginning of the 20th century the city of Eindhoven was hardly more than a small agricultural town, with some 5,000 inhabitants. The foundation of the Philips Gloeilampen N.V. in 1891 marked the beginning of the rapid development of the city (Adang and van Oorschot, 1996). During the 20th century the city grew steadily (Fig. 4.2), also as a consequence of the incorporation of eight surrounding villages. Following the national and regional trends, in the last five years the growth in population has been quite slow; in the year 2003 the population grew at a rate of 0.9% (Gemeente Eindhoven, 2004).

From an economic point of view, up to the mid-1980s the city scored well with growth rates higher than the national average. Between 1986 and 1991 the yearly employment growth rates dropped from 5.3 to 0.9% (Van den Berg and Russo, 2004). In the years hereafter the city started to lose jobs as a direct consequence of the downturn of Philips (electronics) and the bankruptcy of DAF (automotive), which represented until that moment the two leading manufacturers in the region.

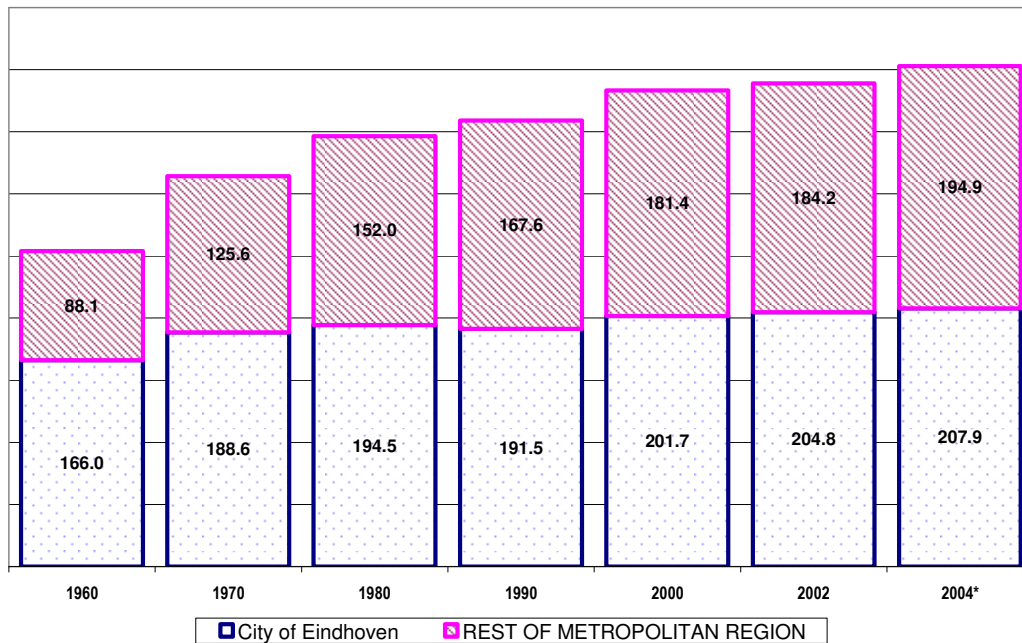


Fig. 4.2 – Population development in the Eindhoven region . *Source:* CBS statline.

In the mid-1990s a process of restructuring of Eindhoven’s economic structure took place. In comparison with the Randstad the development of the employment in the city in the period 1995-2003 has been rather modest. During this period of time the growth of the employment in the service sector has been compensated by the decline in the manufacturing sector. Nevertheless, nowadays Eindhoven continues to have a low unemployment rate – 3% in 2001 (Urban Audit, 2004) – and still represents a very important industrial and technological centre for the Netherlands, since the region contributes for some 40% of the industrial added value of the country (Van den Berg and Russo, 2004).

The declining of manufacturing has pushed the local administration to develop a strategy that fosters the renovation and diversification of the economic base. Yet, it tries to do this sticking to the vocation that made the city big, and hence technology and design play a central role in this strategy. Eindhoven not only wants to become an important node in the global knowledge economy, but it also tries to foster cultural development.

In Eindhoven, culture is rightly seen as both an important precondition for the attractiveness of Eindhoven for innovative activities and for the human capital that these activities require and an important input for the creative industry that may flourish around more traditional R&D activities. This strategy, which bears the title “Eindhoven Innovative City of Culture”, seems to work: Eindhoven has conquered, almost from scratch, a place on the map of culturally interesting places.

4.2 Cultural activity in Eindhoven: actors, assets, and policy

4.2.1 Cultural highlights and infrastructure

At a first glance, the city of Eindhoven does not possess many traditional cultural assets, and lacks cultural flagships that are able to push the overall cultural offer to greater heights. Nevertheless, a number of facilities give the city a fair cultural allure.

The *Van Abbemuseum* is a municipal museum of modern art that does not have competitors with more than regional appeal in the South of the Netherlands. Not only are its permanent collection and the exhibitions it organises crowd pullers: the spectacular extension of the museum that was opened in January 2003, designed by Abel Cahen, contributed even more to its success. In 2003, more than 160,000 people visited the museum. From 2004, the renewed participation of the national museum card has brought the museum new visitors. Moreover, the museum hosts the much visited *Van Abbe Library* that represents the second richest collection of art books in the Netherlands. Although the City of Eindhoven is the museum's main funding body (it owns the building and the permanent collection), several private firms are contributing to the costs of exploitation of the museum. In this context Philips is an important partner (it signed a 5 year contract with the Museum in change of visibility in promotional occasions), as are approximately 30 local firms that contribute to a Foundation that supports the different initiatives of the Museum.

Another important facility is the *Music Center Frits Philips*. This centrally located Music Hall is renowned for its acoustics, and on this account it stands among the most famous concert halls in Europe. In other words, technology rather than a particular musical vocation have put Eindhoven on the map of important music cities. The Music Center was built in the beginning of the nineties by the City of Eindhoven and was completed in 1992. It is integral part of a shopping mall, a redevelopment that contributed much to the liveliness of the inner city. The complex consists of one major hall and a smaller secondary podium where more experimental events are organised. The Music Centre is managed by a Foundation that rents the venue from the City. Today, it is home for the *Brabants Orchestra* and offers hospitality to a wide range of events connected with different types of music. In 2003, the Center attracted 155,000 attendants. Particularly interesting is the *International Music Master Program* that the Music Center implemented recently. This programme intends to offer firms the possibility to contribute actively in cultural development. The firms that participate in the programme can use concerts in their strategy to strengthen their network, inviting clients and suppliers, and the Music Center Frits Philips thus becomes a place where important industry leaders meet. A more explicit relationship between local economic development and culture can hardly be thought of!

A third major facility of Eindhoven is the *Stadsschouwburg*, the municipal theatre. The theatre has a long history. It opened in 1964 and in 1992 the public foundation that managed the theatre became a public company of which the City of Eindhoven owns 100% of the capital. The theatre has a city façade (close to the *Plaza Futura*) and a park façade. The current renovation of the venue adds a new podium to the theatre at the park side, as well as a theatre café that enhances the economic opportunities of the complex. It will open at the end of 2006 and in that occasion the name of the theatre will be changed in *Parktheater*. The theatre will then be able to host 941 + 520 people in two big rooms, and expects to accommodate 300,000 visitors per year against the 255,000

spectators it was able to host in 2003. The theatre is home of the company *Zuidelijk Toneel Hollandia*, a company with more than regional relevance. In fact, its artistic leader Johan Simons has transformed the company in a truly internationally acclaimed one.

What has been said for other cases in the study is said to be true for Eindhoven as well: the emphasis on the heavy investments that were made in the physical infrastructure went at the expense of the attention and the availability of resources for management and programming.

As far as the less traditional facilities are concerned, Plaza Futura and the cultural centre the *Effenaar* are of strategic importance. In fact, the first attracted 78,000 people to the many initiatives it hosted in 2003, and the second more than 94,000 in the same year.

Plaza Futura is a multifunctional cultural venue in the centre of the city. It hosts different types of events in the various spaces it possesses, mainly music, theatre and cinema. Most of the initiatives are avant-garde and certainly not mainstream and involve local artists, some of them at their first arms. In the two cinema halls, about 2,800 movies are projected every year, while approximately 180 plays are performed. From 2003, Plaza Futura organises *zomerPlaza*, a series of events organised in the open air that involve different locations in the inner city. Moreover, the centre hosts a restaurant visited by both artists and visitors. The success of the Plaza Futura initiative has led to a serious consideration about the limits presented by the present central location. It has therefore been decided that as soon as a new location becomes available, an abandoned Philips Factory known by the name De Lichttoren and developed by Trudo, Plaza Futura will relocate. Although it is expected that this new location will offer new development opportunities to the Plaza Future, the relocation may be expected to impoverish the cultural offer of the inner city

Also the *Effenaar*, a cultural youth centre, has been given a brand new venue that will be opened in October 2005. The Effenaar is an important podium for pop music for the country as a whole. In 2002, the events organised by the centre were visited by circa 72,000 people. Institutions as Pop-Ei and the CKE play a role in the formation of musicians. Their presence and that of the Effenaar in Eindhoven may have contributed to the birth of a Dutch branch of electronic music. DJ Tiesto, official composer of the 2004 Olympics in Athens, is one of its principal components. Again the influence of technology on cultural development is clear.

Two other important buildings need to be mentioned. The first is the *Evoluon*, a futuristic building that once hosted a permanent exhibition of the inventions and innovative products of Philips and that has been transformed recently in a conference centre. The remarkable architecture of the Evuon, a huge flying saucer of concrete, offers the city the possibility to give itself an image that has not yet been developed enough yet. Furthermore, the Evuon might be used much more intensively as venue for important cultural events. The second building, maybe even more important for the city's international image, is the *Philips Soccer Stadium*, the home of Champion's League participant PSV that can be found just behind the station and outside the inner city.

Eindhoven's cultural pyramid contains a number of other important actors and facilities. One of the most adherent to the strategy of the city, innovative city of culture, is maybe the *Witte Dame*. This former production plant of radio tubes by Philips Concern is not only interesting from an architectural point of view (finished in end of the twenties and

painted white in 1953), but now hosts a number of key players in the cultural development strategy of Eindhoven. It is home to, among others, the *Design Academy*, *Philips Corporate Design*, *MU*, *Public Library Eindhoven*, *ACE* and the *Krabbedans*, and yearly hosts numerous initiatives that have design as a common denominator. It has thus become an important landmark in the history of Eindhoven's cultural development, also on account of its singular recent history. When Philips left the building in the eighties, it asked for a permission to demolish the building. Vivid protests of intellectuals and artists pushed the City of Eindhoven not to issue the permit. Philips in turn asked for ideas for the building's development and an appropriate offer. The development consortium De Witte Dame comes with the proposal to re-use the building for all those institutions that are somehow involved in information provision and elaboration, design, culture and technology. This choice turns out to be a crucial step in the forming of the current cultural vision of Eindhoven. In fact, the Witte Dame has become a true incubator of creative activities and generates substantial spin-off to the economic environment of Eindhoven. It offers working space to creative industries and exhibition spaces to *MU* (about 7 exhibitions per year is the target), showing how (pop)art, technology and design can successfully mix.

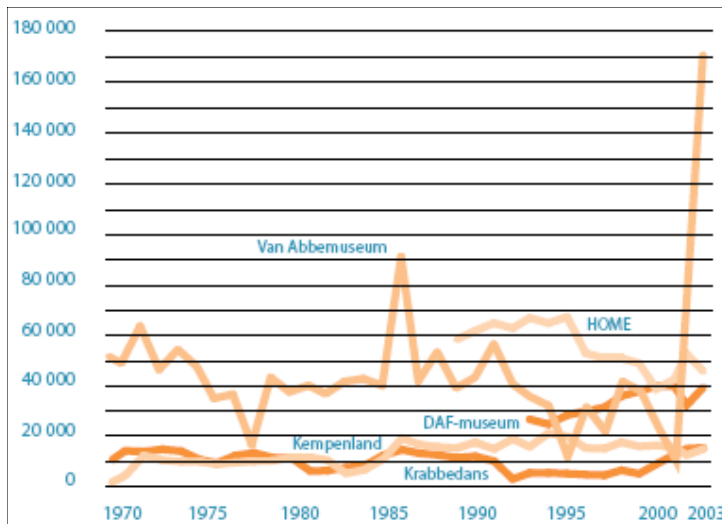
The earlier mentioned *Design Academy* has grown to become a top facility within the design sector. It has recently received international acclaim (*Financial Times*, *New York Times*) for its innovative approach and contribution to Dutch design. The Graduation Show organised by the Design Academy during the Dutch Design Week is very much appreciated and enhances the city's ambience.

Other important elements in the cultural offer of the city and its surroundings are the *Regionaal Historisch Centrum* (the archive of the Eindhoven region), *Museum Kempenland*, *Dynamo* (a café that hosts hard-rock concerts and from which the *Dynamo Open Air Festivals* were initiated), the *Technical University (TUE)*, the *Academisch Genootschap*. Private initiatives like the *DAF Museum*, the *Historical Open Air Museum*, and *Peninsula* contribute to the richness of the cultural infrastructure. Last but not least, cultural expressions in public space are increasingly important. Mention can be made of the *Garden of Statues (Beeldentuin)* in the municipal park and the initiative *Kunst in de Wijken (Art in the Neighbourhood)* that bring culture closer to the inhabitants.

Table 4.1 – Attendance to cultural attractions, year 2003. *Source:* Core figures City of Eindhoven, <http://eindhoven.kpnis.nl/>.

Municipal theatre (<i>Stadschowburg</i>)	255,898
MH Fritz Philips	155,144
Cultural centre De Effenaar	94,368
Plaza Futura	78,037
Museums	274,432
Cinema's	1,046,000
Public libraries	980,738
TOTAL	2,884,617

Fig. 4.3 - Attendance to museums in the City of Eindhoven, years 1970-2003. *Source:* Core figures City of Eindhoven, <http://eindhoven.kpnis.nl/>.



A particular aspect of the use of public space for cultural purposes regards the organisation of *events*. Examples of events that have attracted public are the *Ice Sculpture Festival* that is organised in December-January and that receives more than 181,000 visitors and the Festival of Light and the connected 18-September festival. An important event that was already mentioned, the *Dynamo Open Air* festival, left Eindhoven after 1997 and is now being organised with success in other parts of the Netherlands. Together with minor events such as the *Reggae Festival*, *Park Hilaria*, the *Virus Festival* and various sports events (including skating), these festivals generate more than 650,000 visits to the city per year and generate a huge economic spin-off, not only in terms on economic gains but also in terms of image. An event that can not be appreciated enough for the contribution it gives especially in terms of image is the already mentioned *Dutch Design Week*. Not surprisingly, events have been made a priority of the city of Eindhoven, as stated in the report *Evenementenvisie Eindhoven 2004-2008* (City of Eindhoven, 2004).

Participation to cultural activities has been rather high in 2003 (Table 4.1), with a noticeable boost in the visits to the van Abbe Museum (Fig. 4.3).

Two characteristics help to describe in synthesis the supply of culture of Eindhoven: (1) pyramid shaped, that is a few top facilities together with a very broad, dynamic base that interacts heavily with the top; (2) technology in all its different aspects at the heart of everything that runs as a red thread through the sector and forms the natural liaison to the surrounding economic activities, together forming the creative industry.

4.2.2 Image, quality of life, intangible assets

Eindhoven does not possess the cultural tradition that characterises cities like Amsterdam, Edinburgh or Vienna in our study, nor the allure of new creative hotbeds like Rotterdam or Manchester. On the contrary, it is commonly considered a “big village” known more for the natural resources in its surroundings and the presence of firms like DAF and Philips than for its original cultural strengths. It is not as diverse and multi-cultural as the other major Dutch cities, and it is “peripheral” by Dutch standards,

whereas all other cities are at max. one-hour travelling distance. In spite of the continuing involvement of those industry giants (the latter in particular) in all sectors of the city life and hence in cultural activities, the ambience of the city is commonly considered far from the urban standards.

The (past) influence of Philips on local life is still a undeniable for numerous aspects of the city's life and organisation. Its dominance was such that, for the better or the worse, most of what has been inherited in terms of facilities and of buildings was directly or indirectly (services for its employees) linked to the interests of the firm. Philips has always invested considerably in the living environment for its staff. The departure of large parts of Philips also meant that the local administration had to take back the many responsibilities it had always left to the multinational. The end of the industrial era and the gradual departure or closure of industrial firms has pushed the city to look for alternative manners to sustain the local economy. Developing a creative industry around two of its vocations, technology and design, is one of them. In this respect, some may think of Eindhoven as a city with strong potential, home of the laboratories of Philips and the Technical University Eindhoven, as well as the host of a large population of students and knowledge workers. Foreigners have an even fuzzier idea of the city.

Only those who have a specific interest in arts and culture, the insiders, are aware that Eindhoven is rapidly changing and that in fact it has much to offer to those interested in urban culture in all its dimensions. This makes it extremely difficult for businesses in Eindhoven to attract human capital of a certain quality, in coherence with the economic development ambitions expressed for the Eindhoven Region. Attractive cities are what these potential employees are interested in. And in this respect, Eindhoven has a lot to offer. It is a green city with spectacular surroundings and, once one gets to know the place better, a more than average cultural life, especially considered the dimensions of the city.

The discrepancy between the image and the perception indeed is a major handicap, even if the impression exists that things are -slowly- changing for the better. The way the local VVV is promoting the city does not help either. The website makes very timid references to the potential of the city. The recent improvements that the city has made are underrepresented. The use of strong symbols such as the Evoluon and sports club PSV Eindhoven, maybe internationally the best-known asset, may partially solve the city's image problem.

4.2.3 Spatial structure of cultural activities

Most of the cultural facilities and events described above are located in Eindhoven's core. The inner city is not particularly attractive from a historical point of view, but does possess a number of architecturally interesting buildings and does host attractive events. Apart of the newly constructed Van Abbe Museum and Plaza Futura, the Parktheatre (still under construction) and, to a lesser extent, the Music Center Frits Philips, the industrial heritage linked to the former presence of Philips offers plenty of development opportunities.

The already mentioned Witte Dame may be a fine example of how neighbourhood renewal, the renovation of complexes of industrial heritage, cultural development and the fostering of the local creative industry may be successfully combined.

In the same line of reasoning lies the ambitious programme *Strijp S*. This project is situated just outside the inner city and is a former complex of plants and offices that the Philips concern abandoned due to reorganisations and relocations. It covers 27 hectares and counts a number of monumental buildings with architectural and historical value (examples are Hoge Rug, Klokgebouw and the Veemgebouw). The redevelopment plan foresees in the restoration and the re-use of these buildings. A park (with the name Park Strijp) will be realised to compensate for the lack of green in the area. A newly constructed public transportation system (HOV) and underground parking guarantee the area's accessibility. Strijp S will be ready when Park Strijp will have been realised in 2017; in 2006 a start will be made with the building activities.

Different types of activities have been planned for this area: residential activities (275,000 sq.m.), offices (114,000 sq.m.), various types of facilities (29,000 sq.m.) and educational services (15,000 sq.m.). As was already mentioned, the idea is that Strijp S should become a high quality living and working environment with urban allure. In this respect, the presence of cultural activities and of activities that belong to the creative industry becomes of fundamental importance. They not only contribute to the attractiveness of Strijp S but also to the economical sustainability of the development plan.

The concern on how to redevelop such a huge central area successfully leads to another issue, whether or not the development of the Strijp S is going to weaken already existing developments elsewhere. Much will depend on whether these activities have firmly rooted there and are able to compete with novelties or not. Only if they can, new developments will not cannibalise the already existing ones, in particular those that found their place in the inner city of Eindhoven.

4.2.4 Cultural policy: actors and strategic context

Eindhoven is one of the cities in the studies with the most explicit strategy concerning the development of cultural activities and the creative industry and what is even more important tries to implement this strategy coherently.

The City of Eindhoven, in particular its departments DMO and DSOB, sees itself as an important actor when cultural policy is concerned.

In fact, in February 2004 the *Department of Social Development* (DMO) of the City of Eindhoven issues the strategic vision entitled "*Eindhoven Innovatieve Cultuurstad*" (Eindhoven innovative city of culture). The roots of this document are lying in the strategic report "Stadsvisie 2000" that formulated the city's ambition to position itself by 2010 as a knowledge centre, as an innovative, technology oriented city and as an attractive place. This general ambition gave rise to *four objectives* for Eindhoven's cultural policy for the 2005-2010 period:

- 1) the supply of cultural facilities of high-quality and high variety: cultural variety and cultural quality are going to become the criteria for the City of Eindhoven to decide whether or not to support single cultural initiatives;

- 2) reinforce the laboratory dimension of arts and culture: renovation, innovation and dynamism are intrinsic values of the arts and of culture. This means that facilities (space, technologies) should be created for cultural production, and thus for artists and for the creative industries. Strijp S may become a cultural counterpart of Philips Techno Campus;
- 3) arts and culture to render the inner city more dynamic: attention for urban design to render public space more attractive and lively (Witte Dame and the new Van Abbe Museum as the “Guggenheims” of Eindhoven);
- 4) culture education with low entry barriers: enhance the understanding of arts and culture, also but not only among cultural minorities and moreover foster amateur artists through formal and informal educational initiatives.

These four priorities have to be translated into *four distinct programmes*:

- 1) Eindhoven and the basic cultural infrastructure;
- 2) Eindhoven lab city;
- 3) Eindhoven lively inner city;
- 4) Eindhoven design city.

Especially in the programmes lab city and design city has the emphasis been laid on enhancing the already existing elements of what is commonly called creative industry. The basic idea of the local administration is to make public investments in culture much more effective by focusing the efforts on a limited number of spearheads and stimulate the involvement of private parties in cultural policy. The document states that the attitude of the local authorities should be much more proactive, anticipating external developments, and, apart of providing a number of fundamental cultural facilities that typically belong to a city with Eindhoven’s dimension, guarantee that initiatives of other institutions (public and private) in culture are not hampered, rather than subsidizing a fragmented cultural sector. The existence of a strategic vision is rightly seen a precondition for this change in approach. In short, the City of Eindhoven explicitly wants to become the leading actor in terms of policy development and partner for all those organisations that think they can contribute to this policy.

The *Actionplan Cultuurbereik 2005-2008* of DMO, a follow-up of the same plan for the 2001-2004 period, addresses most of these issues in a transversal way. With a yearly budget of € 330,000 a number of interesting educational initiatives are going to be financed. Special attention will be paid to minorities and children in the age of 6 till 12 years and amateur artists. An important partner in the project is the CKE, the Centre for Cultural Education, that offers numerous courses in the field of culture (more in the section dedicated to education).

The *Department of Spatial Planning* (DSOB) of the City of Eindhoven, responsible for the spatial and economic policies, reacted to DMO's strategy by underlining the cultural dimension that has already been integrated in most of the spatial and economic policies that they have developed (DSOB, January 2004). Between the lines, some tension can be felt between the two departments, a tension that can be found in many of the other cities that are included in this study. What surprises is the cultural sensibility that transpires from the reaction of the DSOB.

Apart of a detailed description of the cultural sector in all its dimensions, including the production of arts and culture, the policy document discusses the possible consequences for the three areas that have been identified by DSOP as strategic for Eindhoven. The areas that stem from the 1992 strategy "Structuurschets Eindhoven binnen de Ring" are: Westcorridor, Dommelzone and the Centrumgebied (inner city).

Important ingredients of the desired developments in the *Westcorridor* area are, among others, the *renewal of the area around the station*, where a start can be made with the Eindhoven City of Light project, the *enhancement of the role of the Emmasingelcomplex*, that hosts the Witte Dame, the *reorganisation of the area around the Philipsstadium*, that may be used more intensively for the organisation of large events, the *development of Strijp S*, already discussed, the *valorisation of the Evoluon* as symbol for Eindhoven's ambition to be culturally innovative, and the *further development of the airport*.

The *Dommelzone* currently hosts the *Philips High Tech Campus*, the *Van Abbe Museum*, the *Effenaar* and the *Technical University*, together with a series of parks such as the Stadswandelpark with its earlier mentioned Beeldentuin. A number of facilities that are actually in other parts of the city, for example the Museum Kempenland that now finds itself in the vicinity of the stadium, may be relocated here in order to raise the critical mass of the cluster as a whole. This may also mean render some of the existing facilities, such as the Campus and the University more accessible and open to the city as a whole.

The *Inner City* offers few opportunities for radical change. It is more or less 'finished'. Some areas are developing themselves spontaneously in the right direction. This is for example the case of the area around the Bergen, where interesting shops, restaurants and bars are flocking, mixed with workshops for design and for architecture and small scale cultural activities. The presence of the Music Centre is yet not valorised sufficiently; by bringing some of their activities to the fore, the spin-offs may be enhanced. The establishment of the *Stichting City Dynamiek Eindhoven*, a partnership between the local authorities and local entrepreneurs in the commercial and catering branches, in 2003 is an interesting effort to externalise and to professionalize an important part of the task of the City with respect to the management of the inner city.

In absolute terms, the City of Eindhoven spending pattern as far as culture and leisure is concerned shows us that nothing spectacular has happened the last three years. In 2002 the City spent € 69m, € 65m in 2003 and € 69m again for 2004. In relative terms though, the share of cultural expenditure grew from 8.9% to 11,9% of the total city budget.

Efforts will now be made to integrate the design sector and the technology sector even more closely, creating a sort of brainport firmly embedded in Eindhoven's broader knowledge centre vision (Project Plan 2010. Open Innovation Network Design & Technology). This will further facilitate the integration of cultural development and economic development.

In all these initiatives, the Municipal Government of Eindhoven manifests itself explicitly as the director of the process that will put the city on the global map as innovative city of culture. However, as we will see hereafter, it plans to do this in partnership with other important actors.

4.3 Cultural cluster performance and dynamics

4.3.1 The cultural production sector

Design and other creative industries, sectors with a global projection, are indeed on the rise, on account of the almost limitless range of combinations with technology that they give rise to. It is estimated (Brainport Eindhoven, 2004) that the design community consists of at least 3,000 professionals, adding up to some 30,000 workers in more than 8,000 firms of the creative industry production sector (8% of the workforce of the Eindhoven Region, likely to be concentrated in the city of Eindhoven), and generating an estimated added value of € 1,2 billion. (3% of the regional added value). Approximately 87% of these firms are classified as "very small", with less than 10 employees. They are, however, growing rapidly in numbers and dimension; already in 2003, they were responsible for a total turnover of € 1.2 billion, some 3% of total regional turnover. In the whole Province of Noord-Brabant, the estimated number of creative workers approaches 83,000 (own elaboration on EUROSTAT data), thus confirming the potential role of Eindhoven as the centre of a large cluster of culture-based production.

The vitality of the Dutch design sector and the importance of Eindhoven as a production and training hub is demonstrated by the ample exposure that it got in the international press³⁵ and is working as an export channel for the local knowledge base through training activities that are organised abroad, notably in the US.

The cluster is made even stronger by the presence of renown research and education institutions such as the Design Academy Eindhoven and the faculty of Industrial Design at TU Eindhoven (totalling a growing figure of 1,000 students) and by a large production filière including Philips design and a constellation of small firms.

Major players in the Eindhoven region are Philips, TNO Industrial Technology and the TU/Eindhoven. The sectors ICT, Design and Arts form the core of Eindhoven's creative industry sector. They represent approximately the 40% of the institutions and

³⁵ Articles on this topic have appeared on the New York Times (2/10/2003), Herald Tribune (7/10/2003) and Financial Times (31/1/2004).

companies that operate in the sector. Hence, the city of Eindhoven hosts the largest part of the creative industry. Helmond follows at a distance.

The result of this all is that the Eindhoven region is the leading region in Europe in terms of patent density (EPO patents per 100,000 workers in the region). Moreover, according to ETIN (www.etin.nl), this index has been rising constantly, from circa 150 EPO patents per 100,000 employed persons in 1996 to almost 550 EPO patents per 100,000 persons in 2001. Another remarkable fact is that of the survival rates of start-ups in the region. Of the 112 techno start-ups between January 1998 and December 2002, 75,9% turns out to be profitable and is 21,6% R&D intensive. 57% of the start-ups are ICT and Internet related. Another 2% finds itself involved in the development of embedded software (NV Rede, 2002).

Finally, it should be said that, since the research has been based mainly in a survey among existing firms, a large part of the creative sector, that is non-registered activities that did not enter the survey at all or firms that do not recognise themselves in the concept of creative industry and therefore did not respond, has not been monitored. An in-depth research for Eindhoven alone, on the basis of the Vienna methodology that has also been applied to the case of The Hague, may provide new, interesting insights in the current and potential role of creativity in the economy of Eindhoven.

4.3.2 Cultural tourism and induced expenditure

Tourism plays an important role for the economy of the Region Eindhoven. The destinations within the region are mainly natural: Kempen en de Peel. These two areas attract tourists that generate income and employment for the whole region. Tourist identify them with rest and unlimited space. The region does not have much mega attractions. This is confirmed when we look at what the visitors declare they are doing during their holidays: biking and hiking. The cities and also Eindhoven are visited mainly by business travellers and by day trippers. This last category of visitors generates less benefits than expected.

The region as a whole is the fourth destination in the Netherlands, both in terms of incoming tourists as well as incoming foreign tourists. In 2003, some 5m overnight stays were registered in the region, while the Province Noord-Brabant attracted 7.8m visitors (6.4m foreigners). In the same year, 19,930 people were employed in the tourism industry, which represents about 4.4% of total regional employment. Growth of employment is below the national average: 1.5% between 1999 and 2003. With the National School for Tourism in the relatively close-by city of Breda, the quality of human capital in the HORECA sector could easily be boosted. The added value generated by the tourism industry amounts to € 352 m (www.rede.nl).

The share of Eindhoven in all this is but marginal; today, the city is everything but an important destination for urban tourists. With the development of the cultural sector and the plans to make the inner city more attractive and lively, the potential to attract visitors rises dramatically. More should be done to use this opportunity. In the first place the image of Eindhoven needs to be boosted and the improvements that have actually been realised the past years to be communicated more aggressively. The information the VVV currently provides to the visitors and to potential visitors (e.g. on the Internet) needs a complete overhaul.

In 2003 visitor attractions have totalled 2,1m visits, most of which are estimated to be effected by regional visitors, adding up to the 2.8m visits to cultural attractions and to the 650,000 attendants to events.

An important new development is that of the growing importance of the airport of Eindhoven. The arrival of low-cost carriers, in particular Ryanair, has boosted the traffic enormously. In 2004, 423,000 passengers used the airport. Again not enough is done with this opportunity. A number of European cities with an airport chosen by these carriers signed important agreements with tour operators specialised in city trips and saw the number of tourists rise spectacularly immediately after. The recently activated collaboration with other Dutch cities (Amsterdam, Rotterdam, The Hague, Utrecht and Maastricht) to stimulate tourism together is another important step in the right direction.

4.3.3 Dynamics and networking in the cluster

Although a number of the people that have been interviewed complained about the existence of a so-called “island culture”, an impression confirmed by a study of the LA Group (2003), there is proof of more networking between the different actors in the creative industries production sector. The networking in the creative industry is enhanced by the fact that actors from different sectors and of a different character are located under the same roof. The Witte Dame has therefore the potential to become a true incubator for creative economic activities, an effect that may be multiplied once the Strijp S project will be getting nearer to its completion.

It has already been mentioned that the City of Eindhoven intends to play a dominating role in this development. The case of Bolzano, Italy and what has been observed to a lesser extent in some parts of Manchester (for further details see the studies in this report) in relation to inner city redevelopment may be examples that show how too much grip on the cultural sector and to much emphasis on quality development renders this development artificial and not always sustainable in the long run.

In fact, not everybody in Eindhoven is happy with this. Some important stakeholders are convinced that cultural development can not be planned but should be left to improvisation. In fact, some of the earlier mentioned success stories like that of Plaza Futura or of the Dynamo festival were purely incidental. A recent article in the local paper warns the local authorities for the adverse impact that the renovation plans of the Strijp S area may have on creativity (Eindhovens Dagblad, 12 January 2005). The author argues that such an area desperately needs graffiti artists, skaters, street musicians and open air concerts to remain dynamic. In other words, it needs the pyramid structure already discussed with a few important flagships on top, but a broad layer of humus where creativity finds breeding space.

A number of already existing organisations may become important players in a more loosely managed network: Alice, MU and the Stichting City Dynamiek Eindhoven.

The first, *Alice*, is a platform for the creative industries that was established in 2001. This foundation intends to monitor the development of the creative industries, to foster the creation of networks, to facilitate the forming of partnerships of artists and firms and to help to mobilise the forming of venture capital that is needed to start a creative firm. It has commissioned the ETIN study on the creative industries and has always contributed very actively in the discussion on how to turn Eindhoven’s vocations,

technology and design, as inputs for a class of economic activities that are supposed to replace the migrating industries and reinforce the region's economic base.

Also *MU*, located in the Witte Dame and established in 1998, is an organisation that already plays a networking role in the creative industry. It moves at the edge of contemporary art, and is involved in projects regarding architecture, design, technology, urban culture and new media. It collaborates intensively with the Architectuur Centrum Eindhoven, the Design Platform and the Technical University Eindhoven, and is financed mostly by the City of Eindhoven, the Province of Noord-Brabant and the National Government. *MU* organises exhibitions that are visited yearly by 20,000 people.

A third networker is the *Stichting City Dynamiek Eindhoven*, founded in 2003. This Foundation is a direct result of the City's stated priority to make the inner city more lively and attractive. It is supposed to be a flexible partner of (branch) organisations and firms that operate in the inner city and an answer to the fragmentation that characterised many actions in the past. Founding parties are the City of Eindhoven, and the representative organisations of owners of shops, hotels and bars and restaurants (*HORECA*). One of the Foundation's major tasks is to market Eindhoven and its inner city aggressively and coherently, developing the image that is urgently needed.

An important player in Eindhoven's strategy is also the Housing Corporation *Trudo*. This housing corporation was founded in 1996 from the fusion between the private corporation *St.Trudo* and the Municipal Housing Corporation. It manages 9,500 apartments and a small number of shops and garages and employs approximately 100 people. *Trudo*'s mission is to develop housing for those inhabitants that can't afford to buy a house themselves and it tries to do this in a creative and flexible way. In pursuing its objectives and the indications of the local government, *Trudo* became especially involved in the management of innovative redevelopment projects, of which *Strijp S* may be the flagship, projects that are characterised by a peculiar mix of housing, economic activities and cultural assets. *Trudo* thus becomes a fundamental municipal tool for the implementation of the renovation process.

4.3.4 Education and taste/audience development

Education plays a fundamental role in Eindhoven's cultural development strategy. On the one hand a number of local educational institutions generate the necessary human capital for the production of creativity. On the other educational efforts have been developed to increase participation in culture, in particular among minorities and the youth.

As far as the *formation of human capital* is concerned, the Technical University of Eindhoven, the *CKE* and the *Design Academy* deserve mentioning.

The *Technical University of Eindhoven* is among the Netherlands' most well-known universities, not in the least place because of the intensive link it has always had with Philips, and one of Europe's excellence centre in technology research and education. In fact, the faculties of electronics and design are spearheads of the University. The University is an important partner of the Municipal Government in the developing of the knowledge cluster. Its spin-off *CEBRA* develops products that combine ICT and business. More recently, it found itself involved as partner in the development of the 'innovative city of culture' strategy. It produces exhibitions and organises seminars regarding the social and economic implications of technology. The collaboration with

the Technical University ought to be intensified and formalised further. A diversification of CEBRA in terms of cultural applications of the ICT solutions they propose might be a suggestion.

The already mentioned *CKE*, the centre of arts education, is heavily subsidised by the City of Eindhoven and successfully organises art courses on various levels. Many inhabitants frequent the courses and the CKE is widely acclaimed for its activities.

The *Design Academy Eindhoven* is located in the Witte Dame complex; an increasingly important institution for design education, its graduates are used to take part in important competitions and projects even before the completion of their careers. The management of the school attributes its success to the approach that it has chosen when it decided to settle itself in the Witte Dame. The Academy does not know classes and dividing walls but the pupils are interacting with the teachers in open spaces. It has eight distinct directions, each of them directed by a recognised senior designer, and having Man as a central concept (Man and Living; Man and Communication; Man and Leisure; and so on). It offers degrees at Bachelor and Master levels.

These three educational institutions provide the creative cluster with a fundamental input: creative human capital. Some improvements are possible. Eindhoven would like to reinforce education in the so-called human sciences. Moreover, with the departure of Philips, an important employer, many graduates leave the region for others. More and better job opportunities for them in the region itself may contrast this tendency.

Concerning the issue of audience development, the City of Eindhoven has developed what has been named the *Actieplan Cultuurbereik*. The first stage regarded the 2001-2004 period and was the direct consequence of a pilot survey organised in Eindhoven by the Dutch Ministry of Culture and Education that confirmed that the participation in cultural activities was extremely low among immigrants and minorities and the youth, the latter active only in what is known as low culture.

In the context of the programme, each year around thirty projects have been subsidised through an open call for proposals. Four target groups were identified: youth, immigrants and minorities, inhabitants of particular (deprived) neighbourhoods, other targets (for instance people with a handicap). Separate funding has been reserved for a programme named *Culture and School*. In 2003 the funding was dedicated to reinforce cultural service points (CSPs), a nation-wide initiative that foresees in the establishment of a network of information booths dedicated to pupils and teachers of courses in arts.

Particularly successful among the local youth were a series of hip-hop workshops, concerts and festivals in collaboration with the Effenaar. The *Kosmose* organisation offers development potential to immigrants: its goal is to create an expertise centre for arts and cultural diversity that supports artists in their career. For the inhabitants of the neighbourhood Oud Strijp, the production of a virtual local newspaper has stimulated the diffusion of the use of the Internet. The success of these and other initiatives resulted in the prosecution of the programme for the 2005-2008. Programme.

4.4 Culture and the local economy

4.4.1 Culture and urban regeneration

The closure of many of the production plants of Philips has influenced in a radical way Eindhoven's current physical and economical structure. In physical terms, centrally located land became instantly available, together with a number of monumental buildings that hosted production lines and managerial activities of concern. In economical terms, Eindhoven had to face the loss of jobs in manufacturing and was confronted with the need to accelerate the transition from a manufacturing-based economy to a post-industrial economy, where innovative services are the core of the economic base. A profound social-economic crisis seemed unavoidable, but the risk has in reality largely been eliminated.

In tackling the problem of social-economic revitalisation, culture has been playing and will play an important role in the coming years. The city rightly decided to make its technological tradition the core of its regeneration strategy. For this purpose a slogan was coined: *Eindhoven. Leading in Technology*. But it was through concrete actions in the fields of technology and culture that the regeneration of the urban economy took off.

Firstly, Eindhoven embraced the trendy concept of the knowledge economy; by sustaining innovative activities with intensive information content, it accelerated the shift towards a modern service economy. Moreover, the local authorities recognised the economic potential of the cultural sector investing in a creative industry *avant-la-lettre*. Both NV Rede, the Eindhoven region's development corporation, as well as the City of Eindhoven have invested in – or co-financed – organisations and activities that belong to the creative industry or that facilitated the growth of innovative firms, especially those involved in design, architecture and ICT.

The redevelopment of the land that has been left empty by Philips has a distinct cultural component too. The careful mix of residential economical and cultural activities helps first of all to give Eindhoven more urban allure and renders the centre more attractive. Many recent studies (see for example van den Berg et al. 2000) have demonstrated that an attractive city is a precondition for economic development in the post-industrial age since it allows the city to attract human capital of a sufficiently high quality to sustain the innovation of the economic base. Moreover, the clustering of economic activities and cultural activities helps to create, as the case of Eindhoven's Witte Dame clearly demonstrates, creative growth-poles. The creative industry in the region now employs more than 30,000 people and shows a more than average growth potential. Eindhoven's share in this is huge.

The challenge that Eindhoven now faces is to involve the various neighbourhoods and their inhabitants in this. The Strijp S project that was extensively described in section 2.3 may become a benchmark in this respect. Fears emerged that similar projects may be a menace for already consolidated projects, in the sense that they drain away a part of their pull. Moreover, the redevelopment of inexpensive, peripheral neighbourhoods may crowd out the traditional inhabitants and also the cultural professionals, destroying the humus that flourishes especially in marginal circumstances.

4.4.2 Networks with the local economy

The City's emphasis on the creative industry, a subtle mix of arts and business development, favours the involvement of private parties in cultural development, but a lot has still to be done. Other cities like Manchester and Amsterdam may in this respect teach Eindhoven a useful lesson.

4.4.3 Private support for the arts and culture

In 2002, the City of Eindhoven had to deal with the increasingly urgent financial problems of the main cultural producers that it was supporting. The continuity of the activities was in danger and the balance sheets of a growing number of cultural organisations showed outstanding deficits. The starting point was a detailed financial analysis of twelve cultural institutions (LA Group, 2003 and DMO Controlling Unit, 2004). From both these studies dramatic picture emerged. Many important institutions were in financial difficulties. Moreover, with the exception of the Stadsschouwburg and the Open Air Museum for History, their share of revenues in total income remains far below 50% and their dependence on municipal subsidies (in the 2004 budget € 17m were reserved for the cultural institutions) is crucial for their continuity. Several conclusions were drawn.

The first was that the situation was financially unsustainable for the budget of the city. The subsidies had to be reduced and in order to avoid an ad-hoc approach it was decided to develop a cultural development strategy that allowed the city to identify priorities and concentrate efforts on the organisations that played a key-role in realising these priorities. The already discussed *Eindhoven innovative city of culture* strategy was the immediate result. The council voted the so-called Motion 32, stating that the objective of the new cultural strategy of the city had to have as principal target "to realise a cultural offer that is in line with the ambitions of the city, based on financially healthy cultural organisations, both in terms of liquidity and of solvability, within the financial possibilities of the City's budget" (DMO Controlling Unit, 2004).

The second was that possible synergies between cultural organisations were identified and the organisations invited to make a better use of these synergies. In reality, collaboration and networking among the different cultural actors is still insufficient. This may be the result of the dominating role of the City of Eindhoven that removes the necessary space to manoeuvre and flexibility to improvise. More responsibilities should be given in this sense to organisations that already spend part of their time networking.

A third suggestion was to reinforce the relationships with the business world. A fundamental precondition for this is the diffusion of what has been defined cultural entrepreneurship. A cultural shift has to take place in the cultural sector itself. The people managing the organisations have to become more business oriented, rendering the organisations themselves more efficient but possessing a particular sensibility for business opportunities and for cooperation possibilities with the private sector. The International Music Master Programme of the Music Center Frits Philips is a fine example of a tentative to interest private firms in supporting arts actively, yet paying attention to their specific needs.

4.5 Sustainability issues

4.5.1 Spatial issues: the spatial development of the cultural sector

From a spatial point of view, the city of Eindhoven intends to use the potential of cultural activity to reorganise its inner core and redevelop three areas that are lying just outside the inner city.

As far as the cultural assets in the inner city are concerned, most of them are already in place and have started to respond to the challenges that the strategy offers them. An important exception is the Stadsschouwburg. Its renovation is in full swing and it will only be ready in 2006.

The developments in the other areas that have been identified as strategic for Eindhoven's future, the *Westcorridor* and the *Dommelzone*, are in their infant stage. A number of facilities that are actually in other parts of the city may be relocated in the Dommelzone, where other facilities are already present, in order to further raise the mass of the cultural cluster as a whole. This also means render some of the existing facilities, such as the Campus and the University (Kennispoort) more accessible and open to the city as a whole.

An important question that needs to be addressed is whether Eindhoven as such has enough intrinsic vitality to develop all these areas in a profitable way, without cannibalising on the already developed infrastructures. It certainly is true that a number of projects lead a life of their own, typically the Evoluon, the Stadium, The Philips High Tech Campus, the Van Abbe Museum and the Technical University, but the development some, for example Strijp S, may go at the expense of others, for example the Emmasingelcomplex. In short, the overall sustainability should not be sacrificed for the feasibility of the single projects. This will require a carefully balanced programme of redevelopment, both in time as well in space; this idea has not yet been fully included in the policy documents that were gathered during the authors visit to the city and that were consulted to write this case.

4.5.2 Social issues

As far as the social dimension of the cultural development strategy is concerned, the issue that is addressed most aggressively is that of cultural participation. A special programme has been developed to intensify the participation of the youth, the cultural minorities and the inhabitants of (deprived) neighbourhoods in arts and culture. Much less attention is paid to the role culture can play in community development and even less to the role of culture in defying social exclusion. It was also highlighted in a previous EURICUR study (Van den Berg and Russo, 2004) that strategies to better integrate the student life in the community is crucial, transforming Eindhoven from a "nerd city" to the centre of a learning region characterised by a diverse and dynamic human capital.

In the case of Eindhoven, these issues deserve more attention than they currently are receiving. The slogans "Eindhoven Leading in Technology" and "Eindhoven Innovative City of Culture" indicate that the ambitions are oriented towards the upper echelons of the economy and the labour market.

In perspective, underestimating the issue of social inclusion may raise the problem of a permanent qualitative discrepancy on the labour market – low quality human capital that remains unemployed and job vacancies that are not filled in because high quality human capital is scarce – and of a structural exclusion of the lesser endowed inhabitants from the foreseen developments. In the end, the divided city may hamper these developments as such.

The City of Eindhoven ought to address the issue of how the burden of the chosen strategy is going to be spread over the different stakeholders immediately. It should become an integral part of the drive towards turning the economic base into a knowledge economy and make the city a culturally innovative city, where architecture, design and technology become exportable assets. Enhancing cultural participation is simply not enough; top-down policies should be mixed intelligently with bottom-up initiatives and a fair degree of improvisation and chaos allowed to survive. This does not mean abandoning the cultural flagships. These flagships are the engines of cultural development. But as can be frequently read in various web-forums on cultural development in Eindhoven: “there is no top without a bottom”.

Only by safeguarding both the top and fostering creativity at the bottom, a certain degree of active, direct involvement may be structurally guaranteed and may there be a large consensus among the inhabitants about the opportunities that cultural development offer them, consensus that today seems to be lacking.

4.5.3 Cultural issues

The strongest point in Eindhoven’s cultural strategy is that it is indeed very much rooted in the city’s vocations. Moreover, the basic infrastructures that are needed to implement the strategy fully, such as high tech laboratories and educational institutes, are based in Eindhoven and have an uncontested reputation.

Developing cultural activities on the edge of technology and design and enhancing the urban culture the city offers not only render the city more attractive for human capital that may sustain the innovative activities that city already hosts and help to attract new ones, it are also activities that may have an economic dignity of their own. The clustering that is taking place indeed is leading to the formation of a creative industry, as was the urban strategy’s explicit intention.

As far as the cultural sustainability is concerned, Eindhoven seems to be on the right track: it possesses the right assets (attractions, cultural infrastructure, educational institutes, innovative economic sectors) to take advantage of the opportunities that the information society is offering to modern cities and compete successfully with cities like Rotterdam and Amsterdam.

4.6 Conclusions

4.6.1 What is the role of culture in the local economy?

Eindhoven is one of the city's in the survey that has been particularly keen on developing the creative industry. In fact, today about 8,500 creative companies operate in the Eindhoven region. In these companies about 30,000 people are employed. The sector thus accounts for 8% of total employment in the region. About 87% of these firms are very small and have less than 10 employees. They are, however, growing fast in numbers and dimension and already in 2003 responsible for a total turnover of 1,2 billion Euros, a total of approximately 3% of total regional turnover. R&D proves to be very labour intensive.

Major players in the Eindhoven region are Philips, TNO Industrial Technology and the Technological University Eindhoven. The sectors ICT, Design and Arts form the core of Eindhoven's creative Industry. They represent circa 40% of the institutions and companies that operate in the sector. Hence, the city of hosts the biggest slide of activities that belong to the creative industry. The result of this all, for example, is that the Eindhoven region Europe's leading region in terms of patent density.

In tackling the problem of Eindhoven's social-economic revitalisation, culture has been playing and will play an important role. The city has decided to make its technological vocation the core of its regeneration strategy. An appropriate slogan was coined: *Eindhoven. Leading in Technology*. However, it was through concrete actions in the fields of technology and culture that the regeneration of the urban economy took off. Eindhoven thus embraced the knowledge economy and by facilitated innovative activities with a high information and technology content it accelerated the shift towards a modern service economy. Moreover, the local authorities recognised the economic potential of the cultural sector investing in activities belonging to the creative industry. The redevelopment of the land that has been left empty by Philips has a distinct cultural component too.

The latest challenge that Eindhoven is now seriously tackling is that of integrating the design and technology sectors even further. The synergies between the two sectors are enormous as is the link with cultural development in general. The *Open Innovation Network Design & Technology Programme* aims at accelerating the integration process, identifying and facilitating initiatives and projects that are on the edge of design and technology. It may be expected that this policy pushes the culture & economy relationship forwards.

4.6.2 Is this role sustainable? What are the dangers for the future?

Philips has always played a distinctive role on the social and economic life of Eindhoven. The city inherited numerous facilities and of buildings that were directly or indirectly linked to the interests of the firm. Philips has always invested considerably in the living environment for its staff. The departure of large parts of Philips meant that the city had to reconsider not only the city's development perspectives but also the role local administration, taking back numerous responsibilities it was used to leave the multinational. This reconsideration led to a new strategy regarding cultural development

(Innovative city of culture) and reserved a leading role for the City of Eindhoven in managing and facilitating the development process.

In reality, there is proof of an increasing networking between the different actors in the creative industry. But the City of Eindhoven has up to this moment been the spider in the web. The networking in the creative industry is enhanced by the fact that actors from different sectors and of a different character are located under the same roof. Not everybody in Eindhoven is happy with the dominating role of the City of Eindhoven in cultural development. Some firmly sustain that cultural development simply can't be planned but should be left to improvisation. In fact, some of the earlier mentioned success stories like that of Plaza Futura or of the Dynamo festival were purely coincidental. This brings us to the threats that the city of Eindhoven is facing.

Basis of the strategy are a number of important cultural infrastructures that as such today have a merely regional function. The Van Abbemuseum is a municipal museum of modern art that has in its collection and the exhibitions it organises and the spectacular extension of the museum that was opened in January 2003. In that year more than 160,000 people visited the museum. Another important facility is the Music Center Frits Philips. This centrally located facility, internationally renowned for its acoustics, is because of this particular feature among the most famous concert halls in Europe. In 2003, the Center attracted 155,000 people. A third major facility of Eindhoven is the Stadsschouwburg, the municipal theatre. The theatre knows a very long history. It opened in 1964 while in 1992 the public foundation that managed the theatre became a public company of which the City of Eindhoven owns 100% of the capital. As far as the less traditional facilities are concerned, Plaza Futura and the cultural centre the Effenaar are of strategic importance. In fact, the first attracted in 2003 78,000 people to the many initiatives it hosted and the second in the same year more than 94,000 persons. Two other important objects need to be mentioned. The first is the Evoluon, a futuristic building that once hosted a permanent exhibition of the inventions and innovative products of Philips and that has been transformed recently in a conference centre. The second, maybe even more important for the city's international image, is the Philips Soccer Stadium, the home of Champion's League participant PSV that can be found just behind the station and outside the inner city.

Most of the earlier described cultural facilities and events are located in Eindhoven's inner centre. The inner city is not particularly attractive from a historical point of view, but does possess a number of architecturally interesting buildings and does host attractive events. The industrial heritage linked to the former presence of Philips offers plenty of development opportunities. The Witte Dame may be a fine example of how neighbourhood renewal, the renovation of complexes of industrial heritage, cultural development and the fostering of the local creative industry may be successfully combined. In the same line of reasoning lies the ambitious programme *Strijp S*. This project is situated just outside the inner city and is a former complex of plants and offices that the Philips concern abandoned due to reorganisations and relocations. Both these projects illustrate the importance of the spatial dimension of the spin-off of the cultural development strategy for the city.

4.6.3 How should cultural policy face future challenges?

As was mentioned, finding the right mix between planning and improvisation and between order and chaos is a problem that should be addressed immediately. Not in the least place because the issue has important implications for developing and maintaining the largest possible consensus regarding the municipal initiatives.

A second challenge is related to the spatial equilibrium that needs to be found. The developments in the other areas that have been identified as strategic for Eindhoven's future, the *Westcorridor* and the *Dommelzone*, are in their infant stage. A number of facilities that are actually in other parts of the city may be relocated here in order to raise the critical mass of the cultural cluster as a whole. This also means render some of the existing facilities, such as the Campus and the University. This should be done without cannibalising on the already developed infrastructures. It certainly is true that a number of projects lead a life of their own, but in some cases efforts directed towards one area might be going at the expense of others. In short, the overall sustainability should not be sacrificed for the feasibility of the single projects. This will require a carefully balanced programme of redevelopment, both in time as well in space; this idea has not yet been fully included in the policy documents that were gathered during the authors visit to the city and that were consulted to write this case.

A third point that needs to be addressed more aggressively is the risk that the ambitious urban vision and the cultural development strategy may permanently exclude segments of inhabitants excluded. In the end, a divided city may hamper these developments. The local administration ought to address the issue making inclusion an integral part of the drive towards turning the economic base into a knowledge economy and make the city a culturally innovative city, where architecture, design and technology become exportable assets. Enhancing cultural participation is simply not enough; top-down policies should be mixed intelligently with bottom-up initiatives and a fair degree of improvisation and chaos allowed to survive. This does not mean abandoning the cultural flagships since these remain the engines of cultural development.

4.6.4 What can this city teach to others?

Eindhoven, notwithstanding its ambitions, remains a medium-sized city with a rather average endowment of traditional cultural infrastructure. No internationally famous music theatres, theatre companies, monuments or museums. Nevertheless it has proven to be one of the most interesting cases in this report.

This is because it has found its strength from pursuing a very coherent vision regarding the opportunities the city has to compete with other cities: a technological vocation that stems from the presence of the multinational Philips that makes the city one of Europe's capitals of innovation. Moreover, and this is even more important for our purposes, it has embedded its cultural development strategy in this overall strategy, linking arts and culture explicitly to technological development and attributing to this marriage a high economic potential: the creative industry. The local government thus fosters activities as design, architecture and other innovative activities as the new media and ICT.

By doing so, art and culture are also enforcing Eindhoven's economic potential. It helps to give the city metropolitan allure, which is so desperately needed to attract human

capital of high quality, a fundamental input for innovative activities. Technological development and innovation are in their turn delivering the inputs for an innovative artistic and cultural sector. A virtuous process has been started up.

The sound strategy and the City's leading role in fostering the cultural development process are both its major strength and potential threat. As has been clear in other cities that we have been studying, cultural development needs flexibility, improvisation, chaos even. An optimal balance should be found to leave enough room for the artists, to conserve the humus, to nurture initiative that come from the bottom up, without forgetting the fundamental elements that turn Eindhoven in one of the most innovative cities of culture of Europe.

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LIST OF DISCUSSION PARTNERS

T. van Gool - Director MU

F. Lubbers - Director Van Abbemuseum

J. van Griensven - Director Culture, DMO, City of Eindhoven

E. Boselie - Director Stichting City Dynamiek Eindhoven

K. van Dijk - Director Unit Strategie, DSOP, City of Eindhoven

W. Vringer - Director Music Center Frits Philips

R. ter Steege, Sector Strategie, City of Eindhoven

5 CASE STUDY OF KLAIPEDA

5.1 Synthetic information on the city

Klaipeda is the third most populated city of the Republic of Lithuania, a recent addition to the European Union. It is the main city of Lithuania Minor, or Prussian Lithuania, a region on the Baltic coast of this country (Fig. 5.1). This region has been for centuries an autonomous political entity. Two years ago, the City celebrated its 750th anniversary, and is proud of its tormented history, which started with the arrival of the German Order in the XIII century³⁶. After a brief period of French supervision following the First WW, in 1923 Lithuania Minor became connected with the rest of Lithuania, and in 1945 fell under the Soviet rule. The complexity of this multi-cultural background gives Klaipeda a cultural distinctiveness over the first two Lithuanian cities, the capital Vilnius and Kaunas. United Lithuania finally gained its independence in 1990, and more recently became a full member of the European Union together with other nine new member states. However, the city and its region are still searching for its cultural identity, missing a continuity which has been severed by the political challenges of the year 1923 and of 1945.



Fig. 5.1 – Location of Klaipeda and main European connections. Source: Klaipeda City Council, “Klaipeda – the Capital of Western Lithuania” (CD-ROM).

The population has been declining almost steadily since independence in 1990, when it stood at 207,000; however, the negative growth rate is inferior to that of Lithuania as a whole. Today Klaipeda is a city of some 190,000 inhabitants, at the centre of a distinctively rural region – the Klaipeda county – which only counts other 46,000 inhabitants. The city has a mixed ethnic background, with only 71% of the population of Lithuanian descent and a substantial 21.3% of Russian origins, plus small groups of

³⁶ It is still a disputed matter — and a politically sensitive issue - who were in fact the first settlers before the arrival of the Germans.

Ukrainians, Byelorussians, Polish and others. EUROSTAT mentions Western Lithuania as the wealthiest region of Lithuania in terms of gross regional income. The 7.1% unemployment rate is the lowest among Lithuanian cities and is not higher than that of other cities in this study.

The maritime identity and Baltic connections are also very much a part of Klaipeda's heritage. With a 20 m tons of goods' traffic, Klaipeda's is by any means an European main-port. It is also the only on the eastern coast of the Baltic sea that does not freeze in the winter. When private capital started flowing in, some years after independence, it became apparent that the port of Klaipeda is among those with the highest development potential in the Baltic region. This characteristic adds up to the high quality and cheap cost of the human capital trained in this area, and the attractive regional and urban amenities to make of Klaipeda a preferred destination for foreign investment and business development among the new entrant countries in the EU. According to 2003 data, foreign companies have invested more than one billion Litas in Klaipeda (290 M €, a 45% increase over 1999), which put the city behind the capital Vilnius only as the economic engine of the country. Remarkably, 40% of foreign investment comes from Denmark, followed by Switzerland and Germany.

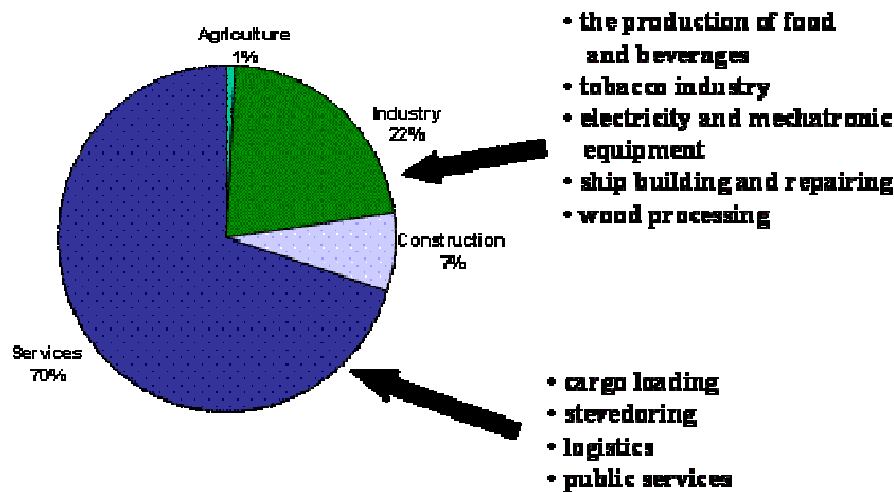


Fig. 5.2 – Economic structure of Klaipeda. Source: Klaipeda City Council, “Klaipeda – the Capital of Western Lithuania” (CD-ROM).

The service sector benefited most from the new development opportunities, gradually taking the pace of industrial and agricultural activities which were dominating in the Soviet times (Fig. 5.2). The service mix is typical of port cities like Rotterdam, with advanced services — among which international business consultants logistics, transport, and communications — representing up to 70% of the employment. Though declining, manufacturing is still strong at 32.6%. It includes traditional sectors such as food packaging, tobacco, metal and wood processing and of course shipbuilding, while the construction industry occupies some 6.5% of the working population³⁷. Some 200

³⁷ In total, there are in Klaipeda eight state-owned companies, 119 public stock companies, 2,937 closed stock companies, 7,077 individually owned companies, and 218 companies of other status (Klaipeda City Council, 2002).

firms have more than 100 employees: among them, local branches of Siemens, Philip Morris, IKEA. While small firms are embedded in thick supply networks, the large ones are decidedly export-oriented, with some 70% of the production in certain sectors flowing out of the country.

To further boost development opportunities, in 2002 the *Free Economic Zone* of Klaipeda was set up by the national government, the first and so far the only one in operation in Lithuania. The FEZ lies in an area occupying 205 hectares located in a strategic position by the city of Klaipeda, and is managed by the Klaipeda Free Economic Zone Management Company, which offers to clients an easy process of setting up easier and faster, and a very competitive system of tax and other incentives. The FEZ brought about a scale jump in the international orientation of the business climate, including the relocation of foreign managers and workers in this area.

The economic position of Klaipeda is the result of favourable geo-political conditions as a transport hub and a junction between East and West, but also the consequence of the efforts of policymakers and the local business community, on one side continuing the Soviet tradition of state-directed economic development strategies, pushing the export-oriented economic policy, and on the other making good use of new tools available to the regional and local tiers of government. The main actors behind these favourable developments are the Chamber of Commerce³⁸ and the City Administration, and in particular the Economic Development Agency set up by the city in a partnership with the Region (Klaipeda County) to implement the strategic development plan for the city. These two key players have a cooperation agreement under preparation, and collaborate at various levels with the Regional Government.

In spite of its strong maritime connections, the city of Klaipeda has a difficult accessibility for European standards. The airport of Palanga, at 20 km from Klaipeda, is mostly used as a holiday terminal from Scandinavian countries, while the international airport of Vilnius, which offers direct connections to some European capitals, is at a 3-hour drive from Klaipeda (or more than 4 with public transport). Additional investment is thus needed to expand Palanga's terminal and make it become interesting for business travel from the rest of Europe, or to improve the rail connection to the capital. At the present moment, most business contacts for Lithuanian exporters happen in Vilnius, which of course favours the capital as a company location. A good boost to Klaipeda's accessibility for the specific segment of cultural tourists could have come from a direct link Ryanair with, but a bid has been lost to Tallinn in Estonia.

Lithuania is losing population, as a result of an unfavourable demographic balance face to high emigration rates. Klaipeda is also following this trend. It is estimated that 300,000 Lithuanians will leave in the next years, as EU enlargement makes things easier for expatriates, but also that a half of them will come back after some time, when economic differences have reduced and the job market in Lithuania has become more diverse. The introduction of Euro replacing the Lita as the national currency will generate further economic frictions in the verge of a few years, with labour losing much of its cost advantage in favour of countries that still have not joined the Union, like

³⁸ The Chamber of Commerce of Industry and Crafts of Klaipeda (KCCI) covers the Klaipeda region and another smaller rural county, very different economically from Klaipeda, and one of the aims of the Chamber is to reduce such regional disparity. Other information on KCCI is provided in <http://www.kcci.lt/index.php?id=390&lang=en>.

neighbouring Russia and Byelorussia. A strong impact on the local structure of supply networks is expected, and the issue faced by the national and local authorities is how to make this process of transition as smooth as possible, possibly retaining the capital and the human resources that Klaipeda has attracted in the recent years. The new development strategy stands between diversification and “glocalisation”: it will be important to upgrade and promote *soft* location factors in the region, by highlighting more quality and “speciality” and less mere economic convenience. In this light, it is expected that culture will become increasingly important as a development factor for the city, which indeed has committed itself to become a veritable cultural hub, starting from a situation in which the importance of culture is shadowed by the industrial vocation of the city.

5.2 Cultural activity in Klaipeda: actors, assets, and policy

5.2.1 Culture highlights and infrastructure

Klaipeda is a culture-rich community, that counts as much as twenty-six cultural institutions, eight houses of worship of different confessions, ten museums, two libraries with fourteen branches, six archaeological and historical monuments, 186 registered objects of cultural value, four theatres, fifteen sport centres, and eight health care facilities.

Table 5.1 – Restoration works in Klaipeda, years 2002-2004.

Building or compound	Origin of restoration funds
Complex of castle and bastions.	From Klaipeda municipality 1,045,975 Lt. From Lithuania Republic budget 520,000. For 2004 year Klaipeda Municipality is planning to assign 220 000 Lt.
Building of Music Centre concert hall	<i>No data</i>
Klaipeda University buildings complex	Klaipeda university historical buildings are resorted from 1993 year and for all works already spend 18,000,000 Lt. From Lithuania Republic budget.
Klaipeda Drama Theater building	In 2002 got 17,000 Lt. In 2003-150 000 Lt. (Planning works); In 2004 – Planned 1,000,000 Lt.
“Nord LB” bank building	<i>No data</i>
Restourant “Memel” building	2,000,000 Lt.
Private building (Kurpiu str.3).	<i>No data</i>

Perhaps the most tangible aspect of Klaipeda culture is its *heritage*, which is partly connected to the historical architecture of the city centre, and partly to the maritime and port infrastructure which characterise the more recent economic history of the city. The historical centre of the city lies in a relatively small compound. Some historical houses, the street-grid and the typical market square architecture are all that remained after the bombings of WWII, when the original nucleus of Klaipeda was left with six inhabitants and the local economy and the infrastructure was levelled. The city has been rebuilt paying no particular attention to its historical features, but rather stressing the shipbuilding vocation. Only recently – after Lithuanian independence – there as been an

effort to rediscover and give new value to the historical identity of the city, placing it again at the centre of the economic life of the city. The main conservation efforts have been executed by the Urban Planning Department of Klaipeda Municipality through planning a different use of the city centre and identifying objects and buildings to be restored. The equivalent of 80,000 € have been put aside by the city for these activities in the 2002-2004 period. Other specific restoration projects tapped at the municipal budget as well as different sources like national funds, private donations and interventions, and international (mostly EU) programs. In Table 5.1 the most significant interventions are listed.

Klaipeda has an impressive offer of museum and exhibition space, organised in three main collections. The *Lithuanian Art Museum*, a national institutions whose main collections are in Vilnius, has three branches in Klaipeda. The *Pranas Domsaitis Gallery of Lithuanian Art Museum* (offering exhibition space for 1,600 sq.m.) was founded in 1973. A collection of Lithuanian contemporary art has been on permanent display until 2000. Afterwards, a new permanent exhibition of Lithuanian Art from 1920 to 1940 has been opened in the seven exhibition rooms on the West Wing of the Gallery. The world's-largest collection of the famous expressionist painter Pranas Domsaitis (528 pieces of arts), original of Lithuania Minor, is accommodated here, a gift of the US Lithuanian Fund to Lithuania. Lectures, art appreciation classes, and educational services for school groups are provided. In the gallery international and local exhibitions are held, and various cultural projects organized. Presently, a retrospective exhibition, presenting a development of Klaipeda arts during the years 1970-2004 is on display in the Gallery. The Pranas Domsaitis Gallery holds connections with the German museum network. Its budget is provided by national funds, and despite the lack of regular relations between the City and the national government, it manages to have a strong community role, for instance with educational projects that are not only directed to schools, but to all age and social groups. The *Clock Museum* is located in a refurbished 19th century building, and hosts an exposition which spans from the development of the construction of time measuring devices from older times until today; to the display of clocks from different countries, characteristic furniture and artistic works from particular periods. Finally, the *Juodkrantė* Exhibition Hall in the Neringa peninsula is used for temporary exhibitions and has a small collection of artefacts from that area.

The *Lithuanian Sea Museum* (see Box 1) is also a national museum that depends on the Lithuanian Ministry of Culture. In a display area of some 85.000 m² located around a fortress in Kopgalis, the northernmost point of the Curonian Spit, the museums exhibits some 60,000 objects to a yearly number of 400,000 visitors.

Box 1 - Following the restoration and reconstruction of the fortress in 1979 the main exhibits of the **Lithuanian Sea Museum** were put on display there. At the very initial stage of the creation of the Museum it became evident that the Museum will develop into a museum unit comprising exhibitions of marine nature and history of navigation. The central redoubts houses aquariums with fish species from Lithuania's fresh waters, the Baltic Sea and tropic seas, as well as a permanent exposition of prepared samples of marine fauna. An exposition of the history of Lithuanian navigation has been put on display in the casemates, while a collection of ancient and modern anchors is placed on former cannon platforms on the ramparts. An ethnographic fisherman's farmstead has been built on the shore of the Curonian Lagoon at the place where the old Kopgalis fishing village used to stand. Next to the farmstead there is a ground with fishing vessels which gave a start to industrial fishing in Lithuania. In 1994 a dolphinarium was opened, the last item in the Lithuanian Sea Museum complex which covers all areas of human relations with the sea.

The municipal museum network is organised around the *Historical Museum*. This museum, founded in 1924, had its collections displaced following the devastation of WWII. In 1947 the museum was re-founded and became one of the biggest historical museums in Lithuania; recently it has been given the new brand name of “Museum of History of Lithuania Minor”. The museum includes three distinct exhibition halls, the major of which hosts the collection displaying the economic, ethnographic, political evolution of the Klaipeda region. In a smaller hall, the *Castle Museum*, opened in 2002, a collection illustrates the history of the Castle of Klaipeda but also hosts exhibitions of modern and contemporary art. Finally, the Blacksmith’s Museum near the market offers a unique insight into Klaipeda’s old way of life and traditions.

For its nature, the museum has a program that is closely associated with the municipal cultural strategy, and indeed it is quite popular in the community. The growth in the number of visitors to the History Museum of Lithuania Minor in recent years is considerable and is largely the result of well-organised hands-on educational activities: for instance, schools can take part in the archaeological works of the museums research team. The educational mission of the museum is thus central: in 2001, there were more than 17,000 visitors to the museum, 80% of whom were school pupils. The museum’s community orientation is also tangible in the active participation to the city festivals. Outside of the festival, it organises events with local artists, offering premises and workspace and providing free access to the residents. In some cases the museum hosts touring exhibitions produced in Vilnius, but it also enjoys a good networks of international relations with Asian countries. The museum can therefore export some of its production in other Lithuanian and foreign towns, especially in Northern Europe.

Klaipeda, as many medium-large cities in former Soviet countries, as an enviable (though to some extent uncared for) legacy in terms of cultural infrastructure for *performing arts*: several theatres, a music-hall, and various cinema screens. However, Klaipeda’s distinct tradition, one which the community feels itself tied to, is jazz music. The jazz scene of Klaipeda dates from the 1970s, driven by the presence of a dynamic jazz school, which specialised in the most traditional, mainstream jazz styles, like Dixie, big band, and jazz rock.

The highlight of Klaipeda’s cultural activity is certainly the *Sea Festival*, which is held every year around the end of July and lasts for three days, and celebrates the maritime legacy of the city. The festival reached in 2004 its 70th edition. During the Soviet times, and especially during the 1960s, it went through its biggest growth. It was allegedly used as a propaganda tool to highlight Soviet history and values, like the “fishermen day”. In Soviet times it was supported by the State and financial resources were not a problem; yet with independence the question of economic sustainability, with a bigger and ever more expensive festivals and almost no receipts, was posed. The issue was partially taken over by the local private companies, themselves a continuation of Soviet state-owned economic infrastructure, which today sponsor up to the 95% of the festival budget. Sponsorship has grown substantially up from the year 2000, when it used to amount to 400,000 LTL (earlier it was smaller because prices were lower). It then took up again to reach 700,000 visitors in 2003.

The public company *Juru Svente* is the organiser of the Sea Festival. In times when “state artists” would perform for free and only a limited number of international stars had to be paid, the festival organisation was a manageable matter, which could also be dealt with by a limited number of city administrators and cultural managers. The

progressive commercialisation of the festival, with an increasing number of artists requiring a fee, meant that also the management structure had to change and become more articulated. The issue of fundraising became central with a budget that in 2002 – the special edition for the 750th anniversary of the city - touched 1,5 M LTL. In that year, all the companies gave money and so did the city. However in an increasingly competitive environment for festivals, both nationally and internationally, where Vilnius is likely to attract more money and attention, this raised concerns for the years to come as such exceptional level of sponsorship was not likely to be maintained.

This year the Sea Festival includes SEAS, an intercultural international festival (funded through a EU “Culture 2000” programme grant and also taps at national funds) involving a network of 14 partners among which many European port cities, from the Adriatic to the Baltic, and some fifty host artists. SEAS is a contemporary art event which reinterprets the local-sea relationship through a new experimental approach. Klaipeda is a key location as it will host the first edition of the event, which will then travel to the other cities involved.

The next most popular cultural festival in Klaipeda and one that has a strong influence on the whole cultural scene of west Lithuania, is the **Jazz Festival**, this year at its 11th edition. It was started in 1994 as an initiative of local touring musicians and staff at the conservatory, who saw a market opportunity in Klaipeda taking advantage of the school’s reputation and approach focusing on mainstream jazz rather than niche experimental forms which are at the centre of other Lithuanian festivals. The festival is today rather popular in Lithuania and well on its way to be known internationally, to the point that Klaipeda is called the “Lithuanian New Orleans”. The budget has risen from 200,000 to 500,000 LTL in the verge of a decade. The festival is held in different places around the city, with a main event in the central square. Access to the concerts is totally free, unlike most European Jazz Festivals. The overlapping with the opening of the sea festival at Palanga, increases dramatically the audience of the festival.

Also the Jazz Festival faces huge financial problems linked to its free character and the increasing difficulty of sustaining a sufficient level of sponsorship. Public support is also seen as insufficient, falling from a 20% support in the first edition to a 2-3% in the last editions; the organisers believe that it does not get the attention that it deserves in a political agenda which is scarcely oriented to the new. They are now changing the funding model, looking for program rather than budget sponsors and opening up to other, more commercial musical genres.

Some other festivals held in Klaipeda are:

- the ***Tinklai International Short Film Festival*** (6th edition held in 2004), which takes place during two weeks of September and other Lithuanian locations, among which Vilnius;
- the ***International symphonic music and opera festival***, also held in three weeks in September;
- the ***International Festival of Modern Dance***, which comes as a part of a national project for the development of ballet and dance in Lithuania.
- The ***International Choirs’ Festival of the Nordic countries*** was first organised in 2002, receiving a 25,000 \$ grant from the Nordic Art Council. It was

Klaipeda's first international cultural festival, with 2,000 singers coming from all the Nordic regions.

This impressive array of events and shows would need to be supported by state-of-the-art infrastructure for accessibility, performances and catering, in order to sustain its growth and defend its competitiveness. However, this is not the case and now Klaipeda faces serious challenges in this sector. Recently the construction of a new concert hall has become imperative, but lack of funding and political support could undermine this project.

It should not be forgotten how Klaipeda lies at the centre of a beautiful coastal region, on top of a lagoon defended by the open Baltic Sea by the spectacular Curonian Spit, a conservation area which gained the status of a UNESCO World Heritage Site on account of its unique mix of maritime natural environment and human history, with a full legacy of archaeological remains. On the north, the region includes the town of Palanga, a small fishermen' village grown in Soviet time to the dimensions and status of an internationally known sea tourism resort.

5.2.2 Image, quality of life, intangible assets

On a promotional brochure released by the City Hall one can read:

«Young, swift, liberal, open, tolerant, vivid, ambitious, maybe slightly “nuts” – these are the words that are often used to characterise the City of Klaipeda (...) a grey and dull industrial city that in a relatively short span turned into a leading city of this country».

Is this just a courageous attempt at a “bootstrap effect” with city branding, or a reasonable account of Klaipeda's acquired strengths? We should recall that for a long time Klaipeda only had an industrial identity, with no “cultural image” whatsoever or a cultural strategy to strengthen the city economy. The roots of Lithuanian Minor's heritage and hence the historical profile of the city were hidden with the annexation to the Soviet Federation, which was interested to the development of a new, ideological image of all the member countries of USSR; only to be almost forgotten when the devastation of WW II swept away much of what was left of Old Klaipeda. With the political concessions and forthcoming change, in the 1980s, something started to change; spaces were opened for local artists, an Art Faculty was opened, as well as a Maritime Museum and other museums and cultural facilities focusing on Klaipeda's peculiar heritage.

With the independence gained in 1990, the interest in Lithuanian history returned, but the development of a concrete and integral cultural strategy resented the disappearance of the political structure that supported the artists in the soviet times. While artists and cultural organisations tended to raise their demands, budgets and institutions were cut. The match between demand and supply could be found to some extent with popular cultural expressions like for instance music; but it was difficult to establish in the case of fine arts, where there are huge problems of communication between public and private. It is believed that these hardships are only temporary, as they have much to do with the big cultural change which the Eastern European peoples underwent in the last decade. However, in times of political and economic turmoil caused by European integration, proactive policies, even at the local level, it would be appropriate to

accelerate transition and develop the conditions for the development of a knowledge-intensive society in which cultural values are a key building block.

In this context, several obstacles come in Klaipeda's ambition to develop as a cultural hub. Firstly, the structure of the industry of Klaipeda, dominated by "old economy" sectors like shipbuilding and food processing, is not fully functional to the development of a creative community. An evolution of the economy towards softer and more flexible productive specialisation would be needed in order to ground more firmly cultural development in the local "way of life". Moreover, while the community is increasingly uncomfortable with its image of "port-only" place, the actions to diversify its image by highlighting historical and natural elements are still fragmented and not supported by a large plurality of local and national actors. The last edition of the Sea Festival intentionally presented the most modern, contemporary art works in the traditional heritage buildings. The City Administration has promoted a commission of image creation, which includes a more proactive use of culture through exhibitions and cultural events. Similar efforts, though, are not made by the economic department of the city, which focuses on "hard" economic interests, like mass-scale recreational developments with punctual, circumscribed events, night-clubs, casinos (mainly catering for the business sector visiting Klaipeda), and yacht and cruise facilities. These are important additions to the city's economy, but hardly enhance the cultural profile of the city or add to the residents' quality of life, while a well-structured, attractive cultural infrastructure which could serve the local population and the visitors alike, raising the cultural profile of the city, is still missing.

In conclusion, while the physical appearance of the city is being changed, highlighting more of the cultural heritage of the city (also thanks to the philological efforts of important cultural institutions such as the Historical Museum of Lithuania Minor), and less of the functionalist soviet architecture, the level of "urbanity" in the city remains rather poor, with scarce street-life outside the summer events, poor urban design, no icons or flagships of any sorts, and undefined cultural expressions. However, there are resources on which Klaipeda could tap to build a more visible cultural image: the industrial heritage, a perfect infrastructure for developing cultural talents and entrepreneurship, on one side; and the peculiarly mixed ethnic background of the city, which includes one of the largest German community abroad (though with Lithuanian independence many original Germans moved back to the homeland), and other minority groups, including not only the neighbouring Russians, Polish and Byelorussians, but also Armenians, Hungarians, Chinese, which coexist in an unique Baltic-city environment. This complexity is an ideal platform for cultural exchange and international linkages.

5.2.3 Spatial structure of cultural activities

The scale of cultural activity in Klaipeda is limited by the status of the city as third in a small country, culturally dominated by its historical capital Vilnius. While Klaipeda is judged as a potential "volcano" of ideas, in spite of all efforts to establish a cultural hub (for instance through the foundation of the University of Klaipeda 12 years ago), Vilnius inevitably drains away resources and finance, never allowing minor cities in Lithuania to effect a "scale jump" and cut off an autonomous art and culture scene for themselves.

Cultural activity in Klaipeda is thus organised in the main institutions, like theatres and museums. While the musical theatre offers plenty of space for the community-focused events, the changes in the industry and the rehabilitation of the cultural heritage of Klaipeda offers new high-quality space for cultural production (Box 2).

Box 2 – Klaipeda’s Artists House. The first chance of using the heritage to accommodate the cultural dynamism of the city has sprung from a small clustering of activity around the Klaipeda Artists’ House, a multifunctional space including an exhibition hall of the municipality, office space and the premises of the prestigious Baroti gallery. The artists’ house is conveniently located in a refurbished historical building in the centre of Old Klaipeda. It is not only a shared working space, but also an organisational platform, which allows young artists, cultural managers, potential customers and members of the community to come in contact in an informal, friendly environment. The small size of the artists’ house, however, do not allow a more intense networking with the private sector or the larger-scale development of cultural production businesses. Moreover, contemporary arts need large premises: large rooms for working space and exhibition halls for large installations, which can bring plastic art projects to be also commercially interesting. Finally the original idea of establishing an artists’ residence in the Artists’ House has been temporarily put aside. This project could have made a difference in branding Klaipeda internationally as a welcoming community of artists. Recently, the City Council has decided to reorganise the Klaipeda Artist House as a Centre for Cultural Communication, which will expand the functions and aims of the former institution.

Klaipeda needs a cultural centre, which can be both an incubator of new talent and an attractive meeting-place or forum for cultural debate in the community, especially targeting the young. With this idea, an ambitious project was started, the rehabilitation of the old Philip Morris production facilities or *Tobacco Factory* as a centre for creative industries, following the example of many other cities in this study, like Amsterdam with its *Westergasfabriek* or Tampere with its Finlayson area. When the tobacco company moved to a new modern building in the Free Economic Zone, the original 19th century plant was liberated, restructured and made ready for new uses; for instance, for the publishing sector. The project could tap to EU structural funds for urban regeneration. A coalition of NGO’s, cultural organisations and people in the city administration formed to sustain this project and build up the necessary agreement between all the parties involved. The idea was also supported by the national government.

However, after some years spent in preparing the architectural plans, convincing politicians and developing some “pilot” experiences to show the value of the project to the community (the “cultural season” of Klaipeda was presented there, a competition organised by the information centre of public organisations was won by this project, and a demonstration session to inform the local stakeholders of the outcome of similar projects around Europe was organised) the whole thing was stopped. Allegedly, the tide had turned and the value of the land was seen as too high to give it to a project with a risky financial profile, which illustrates the fact that confidence in culture as a viable production sector is still missing, though the original idea was precisely that of combining business with culture. A financial plan should have been prepared to demonstrate the viability for this operation, but it was impossible even to find the funds for the plan, killing the project. Ultimately, the Tobacco Factory has been reserved for Municipal offices.

In conclusion, Klaipeda is still without a landmark cultural centre to sustain, physically but also symbolically, a new stage of growth based on cultural and knowledge-intensive sectors. Waterfront redevelopment is now being waved as a new opportunity for cultural functions to be embedded in the economic development strategy of the city. However, there are doubts that the commercial orientation of that project will leave sufficient

space for the kind of activities which originally should have been included in the Tobacco Factory project.

5.2.4 Cultural policy: actors and strategic context

The cultural policy of Klaipeda and other Lithuanian cities is inserted in the general framework of the national cultural policy. Each Government of Lithuania draws up an activity programme outlining its main goals and tasks in the fields of arts, culture and cultural heritage, and assigns a budget to the plan. The most prominent cultural body within the Ministry of Culture is the Lithuanian Arts and Culture council, whose task is to make proposals on cultural policy, provide recommendations to the Ministry on various issues of cultural life, allocate state scholarships to artists, etc. The field of international cooperation has become abundant with opportunities and is being established at different levels between Lithuanian and foreign authorities, culture and arts' institutions, artists' organisations, NGO's funding agencies and private bodies. Between 1997 and 2003, a number of bilateral and multilateral cultural cooperation agreements were signed with 28 countries.

According to the Principles for Lithuanian Cultural Policy document of 2001, Lithuania's culture is defined as:

“expression of the creative powers of an individual and the nation, guarantee of their identity and persistence; it shapes and depicts spiritual values and tangible properties, helps to educate a democratic, free and open society, promotes social and economic development of the State and reinforces its security”.

This document promotes three key principles of Lithuanian cultural policy: i) cultural identity; ii) the promotion of creativity; iii) cultural diversity. Though Lithuania is country in transition, in which economic development policies are mostly driven by short-term objectives, the State recognises the principle of building for the future through investments in cultural education and in the development of creativity as an axis of the knowledge economy.

While municipalities and other local administrations are responsible for cultural development in their community, there is no general strategic document orienting their action, while the role of regional level authorities in cultural policy issues is rather weak. Though officially municipalities are not required to have a “cultural policy plan”, the cultural office of Klaipeda insisted, and fought a hard battle, to have the importance of culture recognised in the recent 10-year strategic plan for the city and to be an integral part of it (while for instance sport and social issues have not been included). The cultural office of the city has been assigned the task to use culture to build a new image of the city, enhancing its national and international profile. This gives an opportunity to increase the size of budgets for any project with a strategic profile, but funds can also be used to increase participation, and incorporate social concerns in cultural programs. In fact the cultural office promoted a social impact analysis to see what to expect from this point of view, and orientate the actions of the many actors and institutions involved in order to fulfil the ambitions of the community.

Indeed, the arena of actors that are involved in the strategic plan and to whom the cultural policy of the city has talk is large. Among them, are the Free Economic Zone, the Chamber of Commerce, and in particular the Economic Development Agency of Klaipeda, established with the same strategic plan, a public agency whose only

shareholder is the municipality. The main aim of these agencies are to attract investments and resources in this region, caring also about “institutional” community objectives of regional equality, employment, quality of life and of the environment. To achieve these objective they extend the network of local actors to various national ministries and circles of foreign investors.

In this framework, culture appears to be first and foremost an essential ingredient of any marketing plan directed at highlighting the regional strengths and uniqueness. Indeed, the support for the Sea Festival event, a real visiting card for the city, is strong and diffuse among all stakeholders. However, this very interest and strategic focus does not extend to the creative industries.

The idea of a creative sector that is artistically relevant and commercially successful is recently making its way through the department of culture of the city, which strives to build a visible link between art and businesses like fashion and architecture, “by-products” of culture. Institutional space is given to discuss these issues, yet the other city departments do not go that far ahead and are not ready to see the growth potential in the creative sector. Though local stakeholders allegedly see the importance of an holistic approach to culture which considers the whole process of artistic creation and education, when it comes to allocating budgets, prominence is given on cultural heritage and its preservation, which offer the readiest chances of valorisation and commercial success through the further development of tourism and leisure-related functions. While the cultural department is sympathetic towards young artists’ organisations, providing the networking environment necessary for the flow of ideas to become commercially successful and a financial support when needed, the same support is not obtained by the economic development actors. Furthermore, monitoring the advancement of the strategic plan and checking what advances have been realised in the field of culture has not been possible; dialogue between the cultural office and different departments is still difficult.

These facts reinforce the impression of the cultural policy of the city — and the cultural department itself — as “isolated” from the more general strategies of urban development. Behind the lines, the situation looks quite tough for Klaipeda. In a young country experiencing with political and economic freedom for the first time in this decade, the national policy for cultural development has adopted a “concentrationist” attitude, which favours the capital Vilnius, the only with a “critical mass” in terms of population and tourism attractiveness to guarantee a good level of returns from culture, and to be able to create a city image around it. Hence projects centred on Vilnius have more chances to be financed. On the other hand, in these way, secondary cities like Klaipeda get disaffected with culture and are led to leave cultural policy to the most commercial and less artistically valuable projects. Klaipeda is considered a wealthy city in its national system, that does not need support from national policies. For this very reason, Kaunas has a better position in terms of culture; an impoverished workers’ city, it gets more “strategic” attention. The EU enlargement, apart from bringing obvious benefits to the business environment and to open many doors for the Lithuanian society, is likely to increase further the competitive environment. For this very reason, Lithuanian cities will have to “be a system”, focusing on their relative specialisations instead than competing each other, with national budgets that foster development in strategic areas (like creative industries) rather than stifling artistic and societal innovation in peripheral centres. This also involves a reorganisation at the local level,

with cultural policy becoming a transversal task of many offices involved rather than being an isolated foreign body within traditional-thinking organisations.

5.3 Cultural cluster performance and dynamics

5.3.1 The cultural production sector

In Table 5.2 all the main cultural institutions of Klaipeda open to the public are listed, with the number of full time staff and the number of visits received in the last year. The large audiences for a city of 200,000 visitors (a total of little less than a 1.5 million in one year, including visits to the library and excluding attendances to the festivals) can be explained by the low price barriers: entry fees vary from a minimum of less than € 1 to a maximum of € 10 in occasion of opening season shows, while most facilities are accessible for free. Moreover, Klaipeda inherited from the Soviet times a high degree of popularity of cultural events, even of the high art type; yet the character of participation was not as spontaneous as it is customary in the Western world, and anyway this feature is being lost with time. Most institutions open regularly in the weekdays, and some have evening openings. A few galleries open seven days a week. The 908 people working full-time in the cultural sector represent a little less than 1% of the local employment; however, full-time equivalents from the summer festivals should be added to this figure, which also does not count the popular culture events like rock, jazz and pop festivals, the jobs in cultural education and in the creative industries, and the cultural jobs in other businesses.

Table 5.2 – Cultural institutions in Klaipeda. *Source:* Klaipeda Administration Cultural Department

Institution	Staff	Visitors (2003)
Klaipeda Drama Theatre	130	30,391
Klaipeda Musical Theatre	250	est. 50,000
Klaipeda Youth Centre	46	2,000
Klaipeda Music Centre	106	75-80,000
History Museum of Lithuania Minor incl.	47	23,000
• <i>Blacksmith Museum</i>		
• <i>Castle Museum</i>		
Pranas Domsaitis Gallery of Lithuanian Arts Museum	26	12,605
Klaipeda Clock and Watch Museum	23	10,000
Lithuanian Maritime Museum	92	292,851
Nature Museum of Kursiu Nerija National Park	2	3,000
Klaipeda Simon Dach's House	7	2,000
Klaipeda Art Exhibition Palace	23	13,500
Public Library of Klaipeda Municipality (6 departments and 14 branches)		653,401
Klaipeda I. Simonaityte Public Library (9 departments)	120	185,913

Ethno-cultural Centre of Klaipeda Municipality	14	29,000
Klaipeda Artists House	8	4,000
Baroti Gallery	2	8,000
Péda Gallery		
Klaipeda Gallery	3	10,000
Paletė Gallery	6	50,000
Puošné Gallery	2	1,000

The table illustrates that most cultural activity is carried out in museums, or is associated to performing and plastic art as displayed in galleries and exhibition halls. The museums are non-profit institutions that do not recover their operational costs through entrance fees and need either national or municipal budgets in order to keep their collections open to the public. The “confusion” of the budget of these institutions in the general state or municipal budget hardly allows an evaluation of their impacts or efficiency.

Most institutions, like the state-owned Lithuanian Art Museum and the Historical Museum of Lithuania Minor, have seen their audience increase in the last years³⁹, also thanks to the diversity of educational services offered, and to the fees that remain accessible to all. These institutions could increase their “for-profit” offer through the establishment of bookshops and other commercial services, however there is not much confidence among museum managers of the potential turnout of a commercial move, and more in general a limited vision on the possibility of opening up more the museums to the community as meeting places and leisure facilities. The pressure for a reorientation is there; funding has been cut for most institutions or must be justified, and there is little culture of fundraising, or expertise on how to make programs fit to financial plans.

Young independent organisations (Box 3), mostly born after the Lithuanian independence and therefore scarcely affected by the old “paternalistic” approach to art management, have an altogether different attitude; they know that they need to have commercial success to survive, but they are also convinced that this success may only come from artistic excellence, a closer relation with their (young) audiences, and more international visibility not only for the individual organisations but also for the whole concept of Klaipeda as a “creative community”. Three of them are mentioned in Box 3 as they represent different exemplary illustration of the dynamic, though small-scale, creative industry scene in Klaipeda.

Box 3 – Independent cultural organisations in Klaipeda.

Zuvies akis (“Fish-Eye”) is a community-based organisation of young artists and cultural managers who chose to stay or come back to Klaipeda. Its role is of a network working on projects and influencing the cultural policy agenda of the City, with whom it has established a good working relation, to the point that it regularly uses municipal gallery space for their activities, and key people in Fish-Eye collaborate actively with the city on projects like the SEAS

³⁹ The former increased their visits three times since their first year of opening four years ago, now reaching 12,600; the latter had the same progression from 1997 to 2003, now reaching 23,000 visitors in its three exhibition halls.

international art festival. The vision of Fish-Eye is that it takes commitment and good ideas for art to make its way in the political agenda of the city and become recognised as a “growth opportunity”.

The **Baroti Gallery** is located in a beautiful renovated building of the city hall. The Gallery is financially supported by a private art collector who is also the main client. It organises exhibitions of modern and contemporary arts by artists mostly from Vilnius and Klaipeda, and carries out projects and commission works, employing young local artists. In its eight years of existence Baroti has organized more than 150 exhibitions. Every three months Baroti puts up a new exhibition, organising small inaugural events to promote them. The exhibitions receive visits from all members of the community: businessmen, common people, as well by artists and other cultural practitioners. Buyers are mainly local (as the main client), but also some tourists and national collectors. The working environment is international; Baroti is used to links and exchanges with Western European countries, Baltic States, and Russia. The stated goal of Baroti's work is to familiarise the Klaipeda society and the Lithuanian guests with the modern tendencies and directions in modern Lithuanian and foreign art. In years, Baroti found its own 'working style': a necessary look at economic calculus, but a much closer watch at creative talent and audience response. The Gallery is well known as the first gallery in free Lithuania, considered among the top 10 art galleries in Lithuania, and its status is reinforced by the “community-oriented” use of its grand working space; other cultural managers of Klaipeda see in Baroti a model of success to follow, and a management template, especially as far as the techniques and the networking with international environment are concerned.

Solo Projektai has been a private company dealing with art production and management for 5 years. It is completely self-funded, using commercial projects (technical lighting, equipment rental, productions) to be able to develop its own artistic projects. International projects are developed within the international Baltic fashion festival. Solo Projektai cannot tap to cultural funds, in spite of its role of sustaining non-profit activities. They advocate a special tax regulation which would recognise their meritorious role for the community.

The centre of *fashion and design* in Lithuania is Vilnius, while Klaipeda and Kaunas are at an equal lower level. Klaipeda does not have a particular art sector or creative industry in which it excels, and can be considered more or as important as Vilnius. There are sometimes occasions, in theatre, music, in which Klaipeda does something outstanding, but not often and not systematically. Ideas are being sketched to develop Klaipeda as a leader in fashion, but it lacks the fundamental interest of mass-media. In this context, if any idea has commercial success, then it flees to Vilnius. Recently this “drain” to Vilnius has slowed down, however it remains a national problem that artists find far better opportunities abroad.

Music enjoys better perspectives. First of all, a number Lithuanian pop and rock acts come from Klaipeda, and the local music industry is rather active. Secondly the local jazz club, closely connected to the Jazz Festival Organisation, is a laboratory for jazz students, and a perfect place to perform and get an audience.

Festivals should be the strong commercial driver of Klaipeda's cultural scene, and yet — in spite of their indubitable tourist success - their role is ambiguous. On one side, the city administration, the “owner” of the event, is reasonably more interested in the cultural level of the Sea Festival event, and less about how to make it commercially successful. In fact, apart from a small number of pay-for concerts and some closed events organised by the local companies, most festival events (97%) are for free. The organisers tried to invite professionals that wanted their shows to be paid for, but people just would not accept it, the tickets stayed unsold. The local patrons are only prepared to pay for the catering, and the cost of cultural productions has to be covered through sponsors. Three years ago the national government put some money in, some 6,000 € which were used for marketing and lobbying with EU visitors. This support is not systematic, making it clear that government tend not to support “pop culture”, while the Klaipeda Sea Festival is seen as a pop cultural event. For the first time in 2004, the Municipality has risen the budget to some 100,000 € that are channelled to the festival

budget from tourism receipts. This is a new policy measure that can start a new process of “endogenous” growth, but the shortcomings of event marketing are evident. First, the local population cannot be convinced that they could pay a little to enjoy a better quality of the events. Secondly, a 3-days event has clear limitations not only as far as economic impacts are concerned, but also as a stage for cultural policy.

The debate on how to improve the financial viability of the festival and make it more culturally relevant for the city has so far been cautious and restricted; nobody wants to make the first move in a sensitive issue, but it is felt that relying on sponsor money only is tricky, as it could change the nature of the festival and does not leave stable enough conditions to do some long-term planning with the cultural strategy of the city. The lack of statistical data on this free event is also a barrier to do sound financial planning. A good idea, supported by key-people in the cultural management sector, could be to 'enclose' the event area, for instance in the Neringa peninsula, and use the ferry transfer to excite a fee for certain events.

In general, enhancing the commercial profile and therefore its economic relevance for the city seems to be mostly a problem of lack of organising capacity and the impossibility to obtain the necessary political support in order to start the necessary infrastructure and management works. The lack of a plan, an integral strategy for the development of the cultural production sector is missing, hampering the enthusiastic efforts of the young independent managers. An improved communication from their side, stressing the role of culture as a development opportunity, could improve this situation and attract the “active” interest of economic development players.

5.3.2 Cultural tourism

Tourism has grown during the years of Lithuanian independence (Table 5.3), but most noticeably there has been a shift from a state-driven, strongly regulated holiday-making to a free- tourism market strongly oriented to the Northern-European and Scandinavian markets.

Table 5.3 – Tourism statistics, years 1995-2002. *Source:* Klaipeda Tourism Board.

	1995	1996	1997	1998	1999	2000	2002	2003
Number of hotels	18	18	18	18	17	17	23	23
Number of places	1,598	1,259	1,318	1,318	1,311	1,200	1,409	No data
Arrivals	51,042	56,163	56,302	57,097	57,600	57,526	61,959	61,300
Overnight stays	101,293	121,402	126,321	128,542	141,600	No data.	No data.	141,000

While the number of hotel beds remained more or less constant in the last decade, Klaipeda managed to increase its occupation rate, passing from 51,000 arrivals and 101,000 stays in 1995 to 61,300 arrivals and 141,000 stays in 2003, with a peak of 68,000 arrivals in 2001, while foreign visitors more than doubled in this period, with a large share of them visiting the surrounding areas of the Klaipeda region. Foreigners covered in 2002 the 25% of arrivals, but their share is on the rise. The last years have also seen a strong increase in cruise traffic through the port of Klaipeda, with some

8,800 visitors from 28 cruisers in 2003 (almost four times more than in 1994) and a number of ships spending time in Klaipeda which passed from 15 in 2000 to an estimated 41 in 2004, which add to some 107,000 travellers passing by Klaipeda's port. Finally it should be mentioned that on account of its economic importance Klaipeda attracts a consistent flow of business visitors, and caters for them with 19 conference halls ranging from 15 to 300 seats; a large congress and conference centre, though, is missing.

As far as cultural attractions are concerned, museums' attendance varies with the season, with a peak among non-locals during the high season, when groups of vacationers from nearby Palanga spend time in Klaipeda, while in the cold seasons visitors there are mainly local students (altogether an 80% of the Historical Museum's visitors throughout the year) and recreationists from the region.

The few existing surveys reveal that the share of visitors to the city driven by cultural reasons (or "culture-motivated" tourists in the ATLAS terminology⁴⁰) are a marginal share, while some more visit Klaipeda's cultural attractions in conjunction with other primary elements motivating their visits, like the seaside vacations, or the natural attractions of Neringa peninsula, a World Heritage UNESCO natural site. Other visitor like business tourists appreciate cultural visits in their free time or are invited to participate in events and stroll through museums and galleries by the local business hosts. Finally, mass events like the Sea Festival do fill in hotel capacity, with some 30,000 guests in the three days of the event; however there's a capacity constraint in those occasions (so that the big majority of attendants sleep in houses of friends and relatives), and the types of visitors are only partly motivated by culture, which casts doubts on the capacity of the city at large and of the cultural sector specifically to derive real tangible benefits from this kind of events, where culture is still considered an addition rather than a central element.

This picture reveals that Klaipeda's tourism cannot be called "cultural tourism"; the few cultural tourists who are genuinely driven here by the local heritage are mostly interested in the German cultural history of the place and do go after their family roots. Finally, events like the Jazz Festival or the Choir festival attract national and to some extent also international audiences which are not necessarily interested in Klaipeda as such but enjoy a nice cultural atmosphere during their stay. Anyway, with a few exceptions, culture is not the *selling point* of the city, as it might be in Vienna or Edinburgh, nor a "characteristic" of the place, as one can find it in Amsterdam or Manchester, just to name a few examples from our study.

Can Klaipeda do more to market itself as a cultural destination? It has *potential* to do so, on account of its peculiar heritage, the place amenities and its natural landscape. Other elements could be put in a better light, like the industrial heritage on the waterfront, the local art scene and handicraft with its numerous amber jewellers. While in the tourist season the capacity of the city is filled, off-season there's plenty excess capacity too be filled in creative ways. Furthermore, it *needs* to do so, in order to enlarge the very short season and distribute more evenly the tourism economy, today mainly driven by the Sea Festival and the seaside vacations in Palanga.

⁴⁰ We refer to the subdivision between culture-motivated tourists, culture-inspired tourists and occasional cultural tourists introduced in various works based on ATLAS visitor research, like Richards (2001).

The development of tourism, cultural tourism included, is a task of the Tourism Development Agency, another branch of the city hall. The Agency is trying to attract investment for tourism development, for instance through hotel development and a large congress facility, badly needed by the city and its business community. However, while the Agency and the Chamber “use” the heritage of Klaipeda in their promotion activities, there is hardly any focus on culture in their tourism development strategy. Also, there is little sensibility on the fact that cultural tourism can only become a speciality of this city and region — as a national addition to urban tourism centred in Vilnius — if the focus of tourism marketing is put on different elements, like nature, the sea, and sea-inspired art, which to some extent may clash with the large infrastructure needed to develop different forms of tourism, demanding accurate planning and a sound management structure of tourism development activities.

5.3.3 Dynamics and networking in the cluster

The local artists’ community is represented by two associations, the Department of Lithuanian Artists’ Union, and a Klaipeda District Artists’ Union, which is closely connected with the City Cultural Department. Though these unions have scarce resources to help artists to develop their projects, they do take an active role in the city’s cultural programmes. Art finds a fertile ground in Klaipeda, especially among designers and visual artists, but it is not easy for them to break through the old generation of artists, 40-years old artists that have a “traditional” education, and so they are really few people who manage to become professional artists. Even within cultural organisations and among the independent producers, young persons are very few. The development of a viable, dynamic cultural production sector as the engine of the transformation of the economy of Klaipeda finds a main obstacle in the loss of creative talent.

The discussion on this issue at the city level is stifling, and circumscribed to “visionary” departments like the cultural office, which however has very little resources. It needs to offer to private sponsors good arguments in order to convince them that there is something more than short term returns to earn with cultural investments, and often this task is even harder with other municipal departments or politicians. The reason may be it is difficult to believe that there is development potential in art, when in the past culture was just associated with soviet propaganda. The few successes achieved — for instance, the use of the Sea Festival as a window of the innovative cultural elements of the city — are due more to personal relations and networking than to “formal” policy channels and a shared vision.

In spite of the City Administration’s claim that «most of Klaipeda residents are happy and have no intention whatsoever to move to any other city», and of the presence of two important higher education institutions, the fact remains that all the best talented pupils go to Vilnius after their studies in pursuit of a professional career in the cultural field. They seldom come back, as after being accustomed to life in the capital, they tend to think of Klaipeda as a cultural “pothole”. Objectively, Vilnius offers opportunities that here are not to be found in Klaipeda. It is a European capital of culture, with a visible mass of cultural activity and institutions, and most of all it has an “atmosphere”, which Klaipeda lacks altogether. In such an environment, competition and rivalry — but also collaboration and networking — nurture the evolution of the cluster; artists are obliged to evolve, to find new forms of expressions, and there’s always a bright spot for young talents. Moreover, in an urban environment artists learn by imitation how to

manage their activities in a market economy, and thus how to become commercially successful cultural entrepreneurs.

The cultural life of Klaipeda is small-scale and unsatisfactory for young local residents and the new graduates, in spite of the occasional interest that it may receive from tourists and holidaymakers, and the few signs of a certain evolution in the organising capacity of the sector. However, the relatively “uncrowded” cultural scene and the “open”, liberal environment of Klaipeda provide an opportunity for motivated organisations to try to revert this trend catalysing cultural initiatives and enforcing a strategy shared by all the stakeholders of the cultural sector. The few young people who returned and started to operate in Klaipeda to a very tangible job. With their help, a cycle can start and the trend can be reverted.

The Fish-Eye organisation started to address this topic, creating opportunities for shared projects which convince young talents to give a try to Klaipeda as a place to at least start a cultural enterprise. Fish-eye is very well connected with established organisations such as Baroti Gallery and with the City Cultural Department. The Klaipeda Artists’ Union has a young director, and there are young people involved. The Municipal Historical Museum is keen to offer space (at the renovated Castle of Klaipeda hall) and opportunities to local young artists, continuing an ideal thread in Klaipeda’s cultural history, and caring to no erect barriers between “fine arts” and innovative forms of creative expression. These organisations, together with the ten galleries of Klaipeda, mostly private and located in the old historical centre, the music clubs and the Jazz Festival producers, as well as the cultural departments of the university, represent a hub of activity, a wedge that can convince the important cultural producers of the city, like the drama theatre, the musical theatre, to evolve and modernise their productions on one side, and to share their organisational resources with the city and the whole network of cultural producers on the other. This is necessary as they are the only ones with sufficient visibility, mass and connections to be able to attract national funds and interest and use them to launch a new stage in the cultural strategy of the city. They already take part in the Sea Festival, but their involvement is hardly strategic, bi-directional; they raise their financial requests and are less “emotionally” committed than 10 years ago.

Today the relations in the cultural sector are developing for the better, also thanks to the work of organisations like Fish-Eye and the open attitude of the municipal department; however, they are not always successful in their goals. On one side, there is no real network: the exchange of information is merely at an informal, unstructured level but there’s hardly any real cooperation in projects, apart from some public funding when more managers have to get together. On the other, it is very much a “closed circle”. The sector lacks dynamics: institutions are lacking that train young people and increase their propensity to stay here. Surveys on visits to gallery exhibitions reveal that in spite of the enthusiastic feedback received by patrons, there are always the same 80-100 people attending.

5.3.4 Education, conservation and taste/audience development

Klaipeda is a regional centre and an educational hub of national magnitude, with some 33,000 students out of a population of 190,000, 14.4% of which are in six institutes of Higher Education, among which the Klaipeda University, and two departments of the

Lithuanian Academy of Arts, located in Vilnius. 1,343 student graduated in these two institutes in 2003. The next addition could be an interdepartmental centre for art education, a new project of the ministry of education to establish.

The University of Klaipeda was established in the 1990s (from the reunification of previously existing faculties), when Klaipeda was just an industrial port-city and the lack of cultural life was tangible. It offers 49 study programmes at undergraduate level and 55 at master or doctoral level, including seven professional courses. There are doctoral curricula in cultural studies such as history as well as journalism, advertisement and media studies, and tourism, which are striving for survival and are trying to become ever more international. Moreover there is a wide choice of courses from other disciplines.

The *Faculty of Arts* is part of the University. It offers study programs in music (chorus conducting, music pedagogy, vocal, jazz music (Box 4), piano, folk music, theory and history of music, wind and string instruments), artistic direction (in drama, events, puppet theatre), choreography (sporting dances, national dances). It trains artists, but offers few opportunities for developing managerial skills commercial training, though a course of event management is offered.

Box 4 – The Jazz School, formerly part of the local conservatorium, gained importance in the 25 years of its existence to the point of becoming a department in the Academy. It has an important double role of a cultural producer with strong local connections, and an educational institution of national scope: for the moment, it is the only one in Lithuanian (and one of the few among neighbouring countries) which offers a bachelor degree in Jazz. To this day, 200 jazz musicians have received formation here. 80% are jazz professionals, leaders of bands, or solo artists. A small part started a professional career abroad, while the rest pursued a different career, for instance in music education. The School is popular among foreign students, like Latvians or Russians. The nine lecturers are professionals, in the majority local alumni of the school. All lecturers are musicians and they have a jazz band of their own. The approach of the school is to pay more attention to practitioners, and less to "music teaching". The Jazz Festival provides an opportunity to the school to open up to the community and give students a chance to practice in front of a real audience. Master classes and workshops are also held as a part of the festival programme. As other institutes at Klaipeda's University, the Jazz School is trying to position itself in European networks, with a special attention to neighbouring Scandinavian and Baltic States, but it faces enormous budget problems and shortage of even the most basic equipment. It also lacks support from the city administration, despite the precious community role that it plays.

Apart from a few scholarships, the city is not too concerned with university affairs, which they consider a prerogative of the state, and on the other hand, the university does not look actively for this relation, opening itself up completely to the environment surrounding it. Barriers to collaboration are also put by the state regulatory framework for university budgets. These barriers hamper the development of potential synergies between education, and cultural education in particular, and the strategic development of the city. The lack of attention also regards the business community and the Chamber of Commerce in particular, which is more interested in practical, business-oriented education and organises its own training programs accordingly. However, the university, though inheriting a long tradition, is a young autonomous institution which still has to become completely accustomed to work in a networked environment. The location of some faculties and research institutes in the proximity of the Free Economic Zone, promises to facilitate systematic contacts with the international business community and increase the opportunity for creative studies to be recognised as an important addition to the local pool of knowledge.

While the local cultural institutions (museums and galleries) are used to work with schools and participate to the development of the cultural curricula in basic education, the exchanges with the academic community are rarer. While scientific scholars are not professionally concerned with the cultural life of the city, students are occasional consumers of cultural services and to some extent participate to the definition of the cultural supply of the city through their active engagement. However, the university does not facilitate this relation, for instance allowing students of art and culture to earn their study credits “on the field” by collaborating with the city and the cultural organisations on the various projects and events, therefore resulting a precious asset for the community.

5.4 Culture and the local economy

5.4.1 Culture and urban regeneration

Klaipeda is one of the wealthiest and fastest growing cities in Lithuania, and has gone a long way from its former status of a soviet port city, but it still suffers from a poor physical image according to international standards, and from the many ills of post-soviet urban societies, where dynamism and economic success can be found together with marginality, unemployment, shabbiness. Klaipeda’s historical features were largely lost during WW II, and the new socialist architecture did nothing to bring the city to a new splendour. Today, urban regeneration means not only a new way to valorise Klaipeda’s history through the rediscovery and a new valorisation of its heritage, but also the creation of convivial spaces to create a stronger, more cohesive society, to which important new elements, like students, foreign workers, the occasional visitor, do not easily connect. At both these levels cultural elements are involved, but the process is not uncontroversial.

A good illustration comes from the redevelopment project in the Castle of Klaipeda Area (Fig. 5.3). The castle is a landmark of the city, used for many years as a shipyard, and now part of the historical museum, regularly hosting cultural activities from local and host artists also within the Sea Festival. It is also a memory of the historical evolution of the city, including medieval, soviet and more recent architectural elements in the same complex. Around it is an area devoted to shipbuilding functions, which is now in the process of being cleared and transformed into a multifunctional area for leisure, cultural and maritime (yachting) functions. The key concept is to develop multifunctional projects that include cultural elements, so to make them financially viable. In this context, culture matches well with hotel and infrastructure development, and the whole redevelopment scheme can tap from European structural funds. A new cruise terminal is also part of the project. The waterfront redevelopment as the new “entertainment district” of Klaipeda will continue in the next years, and in this context, culture may become a good business for the city.

However, in spite of the initial intentions to keep the project under public control, and possibly to involve private companies in “lending” their own space to cultural projects, the area has been privatised (losing the control of the shipyards, an important asset of the city’s own identity) and the new owner has committed to the planned functional change. It remains to see if in these conditions local artists will be able to enjoy the use of cultural facilities; the castle museum space is the only public space left in the whole

project, and the cultural department, one of the key stakeholders in the process has not been involved in the planning process.



Fig. 5.3 – Promotional images of the Old Castle Complex redevelopment project. *Source:* Klaipeda City Council, “Klaipeda – the Capital of Western Lithuania” (CD-ROM).

The refurbished building of the Artists’ Union should have become a residence for artists, injecting precious life and international status in the unmoving city nights, but the idea has probably been seen as unprofitable and therefore turned down. Such partial let-downs, which go together with the ill fate of the redevelopment of the Tobacco factory as a cultural incubator, shows that for the local government has little confidence with the idea of culture and creativity as viable economic sectors for the city. Ultimately, this is hindering the potential of culture as a lever of urban regeneration, even in other parts of the city like the city centre, where the role of culture should be more obvious. While commercial elements such as yacht marina, hotels, shopping malls are found acceptable by all the players involved, culture continues to be the source of controversy, when it ever gets to be taken into consideration. Culture is seen as an economic driver only in connection with the “tourismification” of the city, that is the development of activities and programs that exploit the cosy character of the city as a stage for tourism, but this way of addressing the relation between “ambience” and economic development leaves a few traces. Large events, like the Sea or the Jazz festivals, do attract tourists but they generate little economic value, and very little innovation in the local economy and society.

A new opportunity to change this approach is given by the SEAS event, which will be held in port hangars and could be a demonstration of the opportunities arising from culture in image building; however, even among the project organisers there's the feeling that the communication capacity of the cultural sector is low.

5.4.2 Networks with the local economy

By all accounts, Klaipeda is economically booming: its GNP is growing faster than many other Eastern European regional capitals, new firms and foreign investment are flowing in, international accessibility is improving. Right now, eight international consultants are acting as business development facilitators in the area, using every tool available as the structural funds within European programs. This success is due first of all to the favourable geopolitical situation of Klaipeda, and secondly to the wise economic development policy of the City and the State. However, it has very little to do with the specific local culture. In fact, – as in all eastern Europe – the local cultural standards have hampered business development for quite a while and demanded a huge promotional and capacity building effort by the local business community, Chamber of Commerce in front, to change the feeling of international investors and set the new pace of economic growth. This also means that actors from Klaipeda had to some extent to disregard their own cultural approach, and try to become good business partners according to Western European standards. Cross-cultural mediation has become a key concept pursued by all the relevant actors. The Chamber of Commerce developed a project of skill development for the local small and medium entrepreneurs seeking to enter in commercial relations with Scandinavian partners.

In this context, artistic and economic life remain on separated tracks. In rare occasions, for instance in the textile and fashion industry, the connections between the world of creativity and that of production get to meet, arising mutual interest which is fostered by the Chamber of Commerce. If Klaipeda is a creative city with signs of evolution in the last decade, this is not clearly seen as an asset by the local businesses community. This distance between culture and economy is a constant of Lithuanian cities and of most countries for the former socialist block, possibly a legacy of the soviet era's compartmentalisation of the two fields. A good illustration of this separation is the sceptical view that the business community has of the local (and national) higher education institutions, which they consider far from fitting their needs in terms of practical business orientation. This distance between culture and economy is a constant of Lithuanian cities and of most countries for the former socialist block, possibly a legacy of the soviet era's compartmentalisation of the two fields. To some extent, this trend is also a reflection of an early stage of economic development in which Eastern European countries are just seen as cheap places for business expansion.

This context could change with the appropriate policies. Today, the local actors are promoting the quality of the city as a business and living location, counterbalancing the westerners' view that all Eastern Europe is the same as long as they have cheap labour force and a favourable tax treatment. The Science & Technology Park established by the Ministry of Technology and the Klaipeda University signals that Klaipeda may be a convenient place for business not only in terms of costs. The Free Economic Zone, apart from the immediate financial advantages that it awards to investors, generates a snowballing process from entrepreneurs who started operating in Klaipeda and got to be exposed to the local way of life and to transfer their business and social skills.

The construction of an “innovative milieu” for the present moment is only a technical concept: it does not pay attention to *social innovation* or creativity, which was instead the driver of "Tobacco Factory" project. However, giant steps could be done working closely with the large organisations, which do have a strategic sense of “place”, and are more willing to support local cultural projects if they believe that these can sustain the

competitiveness of a market or a place where they are operating. For instance, Philip Morris, one of Klaipeda's large employers, puts much emphasis in supporting cultural and tourism events, and shows to be interested in supporting the development of yachting culture. Local entrepreneurs do have stakes in cultural events, but no direct or active engagement, and are much more reluctant in recognising a strategic importance in culture and creativity which go beyond the short-term horizon of tourism businesses. Waiting for a generational change to come, the City should take full profit of the increasing internationalisation of its business community.

Events like the Sea Festival are also occasions in which culture gets circuited with other urban functions, allowing the springing up of new synergies. The Chamber of Commerce often invites foreign delegations to take part in the celebrations, where the "festive", cultural face of the city is presented. It is suggested here that these efforts should be sustained by a more integral "strategy" regarding the combination of culture and economic development.

5.4.3 Private support for the arts and culture

Whereas cultural investments by local firms and development agencies strive to get going, sponsorships are not hard to raise in Klaipeda, on account of the good return in terms of profits and publicity that they get from events like the Sea Festival. Indeed sponsor goes especially to festival activates, seen as a good opportunity for corporate branding and for the attraction of investors.

Table 5.4 - Sponsorship for cultural institutions in Klaipeda, year 2002. Number of companies that received sponsorships in parenthesis. Source: Klaipeda City

Type of activity	Sponsorship by local companies*	Sponsorship by national companies*
Artistic and literary creative work	230,769.7 (2)	97,478 (2)
Maintenance of artistic equipments	755,20.4 (2)	5,217 (2)
Activities of libraries and archives	21,287 (1)	6,419 (1)
Activities of museums and conservation of historical monuments	3,853 (1)	3,478 (1)
TOTAL	331,430 (6)	112,592 (6)

Some companies have specific ties with artistic events and support them enthusiastically; for instance, the interest of local and national firms for dance, ballet and folklore art and the level of sponsoring that they can raise is quite high (see Table 5.4). The City facilitates these links, and tries to create a good environment for more sponsoring of cultural as well as sport activities. Some illustrations can be quoted: a daughter company of the Japanese corporation Yazaki has settled in the FEZ and the Japanese partners show a great interest in folk, while a painting company from Finland won a competition to paint the houses and refurbish the city centre. Activities not included in the Sea Festival, like master-classes and workshops, get more sponsorship by cultural institutions, like British and Italian cultural organizations, whose interest is in *content* and have clear cultural objectives, for instance a the achievement of cultural contacts and the development of new knowledge.

In spite of these singular exceptions, the attitude of local firms with sponsorship is *passive*; most of them have a tradition of supporting the Sea Festival which they maintained through times of political transition from state-owned companies to market entities. It is not clear what their motivations are, apart from community pride and the sense of continuity. Firms see an advantage in sponsoring, but make little strategic sense of it. Clearly the direct image investment is not much: port companies have little to do with culture, and only the beer company has a “tangible” interest in sponsoring the event. The branding element is more comprehensible; firms invest in their image and the City departments second what is for them a city marketing thing, but there’s no clear, direct link with cultural content. From this point of view, sponsoring is precious to keep the festivals going, but lump sum transfers are a brake to developing a business model for culture, an environment in which there’s a recognition of the economic potential of culture and private investments in “cultural content” is addressed to reinforcing the competitive environment of the place rather than just supporting stereotyped images. New flexible models of private sponsoring for cultural projects are pursued in neighbouring Scandinavian countries, and cultural co-operation, for instance from the Baltic exchange programs, may allow the local actors to learn about them.

5.5 Sustainability issues

5.5.1 Spatial issues: the spatial development of the cultural sector

The almost complete characterisation of culture as a tangible or “festive” asset of the city has led to its physical “circumscription” in space, the medieval grid of the city centre, and in time: the three days of the Sea Festival, when the whole city, including part of the harbour, becomes a stage for cultural and entertainment events. The sea festival does not need a large infrastructure, which hampers its role as a lever for urban regeneration. Attempts to break down these borders and let culture become a “pervasive” element of the urban environment are timid, and limited to selected locations, like the Castle of Klaipeda, that would become cultural “extensions” of the festival. Instead, attempt to “use” culture in order to revitalise some parts of the city or to develop some new economic specialisations have been so far disappointing. The project regarding the Tobacco Factory was to establish a good place for creative industries, bringing together art and business, but there has not been a serious attempt to get European funds for this project and therefore the financial viability of the whole project died out.

The reasons of this failure have much to do with the “artificiality” of cultural regeneration in contexts where culture is not seen as a sector with economic potential and where it is not clear what the “stakeholdership” of culture is. As long as culture — at least in its most creative and experimental expressions — is seen as a “foreign object” by most urban players, it has little space as an asset for urban policy. Politicians, according to the main cultural stakeholders of the city, do not fully grasp the implications of culture for the local society and its role of stimulus to economic development. In a young country like Lithuania, the planning horizon is inevitably short, and suffers the pressure of a fast economic transition; in this context, strategic thinking is penalised and opportunities for debate and reflection are limited.

The approach should be reversed: the local community should be familiarised with culture as an element of the urban environment. The integration of symbolic and social elements in public space or new infrastructure planning, the improvement of the level of conviviality all through the years through the regular staging of “young” cultural events, the development of a program of support to young cultural entrepreneurs, can ultimately raise the awareness of the local community towards culture to a level at which it is seen as a natural field of economic development.

5.5.2 Social issues

As in other cases of medium-sized regional capitals in this study, there's enough cultural supply in Klaipeda for the aspirations of the community, and a good choice of activities for summer visitors. However, the development of the community is not as fast as the dynamism in culture. The young cultural production sector of Klaipeda can hardly be called a representation of the local society, in spite of the big changes it has gone through in the last decade. For instance, the establishment of any kind of higher education institution is supposed to have an influence on the cultural climate of the city and on the opportunities for economic development. The presence of students can be a wedge that orientates the local people to different values, and the academic community “imported” from other parts of the country can represent a new actor taking an active role in community issues. Yet in the case of Klaipeda the university is too young to be relevant for the city in terms of social and cultural output that filter in the local community. Students are not making any big difference as cultural consumers, and their role as new cultural producers or creative talents is very limited. When the university established in Klaipeda in 1991, the city made an initial effort to attract important scholars, and academic fellows, in order to start a process of “acculturation” of the city. This process should have been more integral, providing teachers with good housing, services and a stimulating environment, but it failed to go that far and this human capital never got really rooted in the community but stayed a “transitory” population.

Another limitation is in the role of minorities. There's very little “minority culture” in Klaipeda, in spite of the presence of different groups, and of a complex historical background reflected in the cityscape — part German, part Slav, with Soviet elements — and in the lifestyles and traditions of these groups. The “institutional” cultural supply of the City hardly interrogates or reflects this complexity.

In this context, the Sea Festival is the only real mass cultural event, participated by all age and social groups from all over the country, and appreciated by most. Yet recently even this “unifying” opportunity is starting to change. Face to the financial straits of the festival, larger portions of it became “privatised”, and this process has not been driven by the City in order to increase the quality of performances, which could have been a meaningful move to a higher quality (and therefore a possible social acceptance), but occurred under the push of private companies, organising their own enclosed events and excluding the wider audiences. The open, “democratic” feel of the Festival was a richness, a part of the cultural heritage of the place.

Thus, the cultural community of Klaipeda remains an “alien object”, with little social and political ties, very few motivation and opportunities to develop self-esteem and a sense of citizenship; which, ultimately, drives away the best motivated talents in search of a fresher environment, in the capital or abroad. The competition from Vilnius is not

just at a financial level, as most national subsidies are channelled there, which is comprehensible given the mass and the visibility of the Lithuanian capital's cultural asset. Though a centralist financial politics makes things worse it is also very much a question of sensibility, of interlace between culture, politics and society, with in Vilnius, one of the cultural strongholds of the old Soviet Union and of the New Europe alike, is much more pervasive. However, with the present day international mobility the real challenge for Lithuania is to keep its creative potential in the country; from this point of view, collaboration, rather than competition between Vilnius and the second order cities like Klaipeda should be promoted, identifying common projects and niche specialisation to develop in a decentralised way with strong national support.

5.5.3 Cultural issues

The community's relation with culture is strongly linked to the past, still too close for many citizens to forget how culture was essentially used as a propaganda tool. The Soviet State would supply a generous amount of cultural events and activities, but there would be very little freedom to develop "unplanned" cultural talents and themes reflecting a sincere local engagement. Instead, in contemporary Lithuania culture has as much value for the local community, including economic value, as more spontaneous, "unplanned" and creative it is. Yet this change is hard to come; the local community seems hardly ready to take full profit of the advantages that are coming from the new gained freedom in artistic forms.

The shift to a free market economy has meant that "fast consumption" culture, mass events are given a prize over fine arts and intellectual creation. For fine arts, it is impossible to survive without government help and getting donations from business community is almost impossible; at the same time, the commercialisation of old cultural institutions, without consolidated mechanisms of control and stewardship of culture, threatens to kill fine arts. On their side, cultural organisations and government structures still adhere to a conservative view of culture, relying on subsidies awarded out of incremental changes and therefore biased against the "new" and the "rentable". The fear prevails that looking for more economic efficiency, transparency and accountability in the delivery of successful cultural products like the large summer festivals would ultimately reduce the capacity to attract sponsorships and therefore result in a net loss for the organisations. Moreover, fragile local government do not dare to abandon a traditional "paternalistic" attitude towards cultural funding to abide with a more up-with-times model of cultural rentability, for fear of seeing their popularity falter in the process.

Clearly, a more diffused cultural debate, to be articulated among the whole population at many different levels, would set the basis for this change and provide fresh air for the cultural community. However, in spite of the cultural department's attempts at being a "spider" in the network of the cultural institutions and of the growing awareness of this necessity, there is no single, institutionalised platform of cultural debate in the city. The Historical Museum of Klaipeda's work is also a valuable contribution to such a debate, stimulating a reflection on the community's origins and history, but is hardly inspiring for local businessmen and not a "sexy" place for young creative talents to meet and exchange ideas. A different, "inspiring" place and program would be needed. Though not (yet) a "creative cluster", Klaipeda enjoys its good economic perspectives, a good sea accessibility and a favourable geopolitical context, which makes it potentially

attractive for starting artists as a magnet for art projects highlighting the special relation of people with the sea.

5.6 Conclusions

5.6.1 What is the role of culture in the local economy?

Culture is a well established feature of Klaipeda, on account of the remains of its architectural heritage and of its unique historical evolution from medieval regional centre to German hanseatic stronghold and soviet port. It also has a good cultural infrastructure, abundant higher education with important specialisations in jazz music and design, and the beginning of a “gallery” cluster driven by the enthusiasm of a few young entrepreneurs. However, culture is to a large extent disconnected from economic development trajectories and do not have any economic impact apart from the contribution that cultural activities give to the Sea Festival, a real brand for the city but an event so circumscribed in time that it hardly matters for the economic structure of the city. Funding art and culture in Klaipeda relies much on sponsoring by private firms and entrepreneurs which apart from a few exceptions have nothing to do with “content” but contribute out of a tradition rooted in soviet paternalism.

Cultural attractions in Klaipeda are of regional or local interest and infrequently rise at the level of becoming national or international attraction. The few occasions in which they do so — closely connected with the Sea festival, as in the case of SEAS the international contemporary art event which sees Klaipeda as one of the key organisers and staging locations — are constrained by lack of space and support. Finally, culture could be a driver for physical and social regeneration but so far a restricted political view on its effects has prevented it from doing so, as key culture-oriented redevelopment projects have been put aside or altered to accommodate “commercial” function. However, the City of Klaipeda administration is in the process of realising that today firms and citizens regard culture and quality of life with quite the same attention as they consider infrastructure and business incentives; and they are readjusting urban policy to this new concern.

5.6.2 Is this role sustainable? What are the dangers for the future?

There are two danger that Klaipeda faces. The first is that when the advantages of being a new member of the European Union will fade out, together with cost advantage and the usual factors that drive the business location choices in times of globalisation as well as the regional convergence strategies of the trans-national institutions. At that point, the quality of the human capital and knowledge resources will determine the economic strength of the place rather than cost factors. The increasing weigh of services over manufacture and port-related industries will also mean that the city has to be attractive and competitive for the new service class. At that point, the soundness of the local economic base will depend on factors such as the diversification of skills in the community, the innovative capacity of local knowledge assets, and the quality of life. All these factors owe substantially to culture, both as an element of the cityscape and an amenity to be enjoyed by an enlarged community, and a creative input that provides a competitive edge for local production sectors. Instead, the dispersion of creative talent

following from the lack of a stimulating cultural ambiance for the young, means that the city could be left with “cheap” or technically skilled human resources only, leading to an excessive “dependency” from the export-led, port-related economy, which, as noted before, will go through very turbulent times in the next future.

The second danger for Klaipeda is that culture becomes increasable stereotyped, and emptied of its very meaning, in a “festival city” where mass cultural events are only a driver for consumerist and tourism activities. This tendency shows lack of strategic thinking and managerial capacity: cultural events as well as the regeneration of parts of the city to accommodate new cultural functions are basically driven by market pressure and there is no attempt to “invest in content”. This same argument applies to the approach to fundraising.

Nightlife is a world that is disconnected with culture. There's very little 'alternative scene': pop clubs do not get any kind of support from the government. The attitude is not to think of 'youth culture' as something to be supported because meritorious. Very different attitude form Tampere.

5.6.3 How should cultural policy change / adapt to face future challenges?

The priority for Klaipeda is to stimulate a more open cultural debate, and increase the “stakeholdership” of culture and creativity to those social forces that are presently excluded for lack of interest or practical opportunities: local entrepreneurs, young population and university students, minority groups, and even politicians. Keeping creative talents in Klaipeda depends on the social and political support that they feel around them and that may crystallise in occasion of project and initiatives, and is a precious “stabilising” strategy for the local economy.

Then Klaipeda has to invest in the quality of the urban infrastructure for culture and socialisation, taking the initiative with a strategic attitude when changes are not easy; for instance, when property disputes arise, like with the case of the musical theatre, an unimpressive building which spoils the image of the central square of the city, yet of national property. The approach of using commercial projects to make space and increase the opportunities for creativity has not so far been taken up at the city level. The City could take this chance of joining forces with private parties and raise funds for a new congress centre, badly needed in Klaipeda, which could also accommodate musical and other cultural manifestation, on the model of the Tampere hall in another of the case studies in this research: a state-of-the-art facility to suit the needs of the local business and cultural communities alike, and possibly bringing them closer.

These basic conditions, the bottom-line for a city that want to be known for culture, can open up new opportunities for more ambitious projects, like the development of a cultural industry cluster in selected locations with “incubator” characteristics. In general, the cultural policy of Klaipeda should become an upmarket part of its socio-economic development strategy, and a not a residual part of it like in the present strategic document, where it is merely seen as an instrument for developing more tourism. Instead, a “creative industry development programme” should target first and foremost the international players, giving them an incentive to develop an active interest in the local creative forces and to invest in it. Local cultural stakeholders should support

this strategy and use the new opportunities to improve their communication capacity and self-organisations skills.

5.6.4 What can this city teach to others?

Klaipeda stands out in this research as a potential city of culture that needs to break down a “cultural lock in” before starting a development cycle, and therefore is a perfect illustration of problems and opportunities for other cities of this size and geopolitical context. It also shows that a poor score in creative businesses development and the lack of an “ambiance” for culture can result in a negative cycle of economic development to the extent that knowledge intensive functions are likely to become more important in the future. Finally, it shows that young democracies need time to escape the pressures of a rapid transition and develop governmental culture in delicate matters like art and culture, which offer no immediate paybacks.

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LIST OF DISCUSSION PARTNERS

A. Umbrasiene, Former Director of Public Company *Juru Svente* (event manager)

E. Jurkeviciene, Head of Economic Department of Klaipeda Municipality

R. Vaitekunas, Director of Klaipeda Development Agency

N. Lauzikiene, Head of Cultural Department of Klaipeda Municipality

J. Genys, Director of Minor Lithuania History Museum

V. Grubliauskas, Head of Department of Jazz, Faculty of Arts, University of Klaipeda

M. Skripnik, Head of Euro info centre, Chamber of Commerce, Industry and Crafts of Klaipeda

A. Baroti, Director of Baroti Gallery

G. Giedraityte, Member of artist association *Zuviesakis* (Fish-eye)

K. Jokubaviciene, Pranas Domsaitis Gallery of Lithuanian Arts Museum

H. Zizys, Director of Solo Projektai

6 CASE STUDY OF MANCHESTER

6.1 *Synthetic information on the city*

The city of Manchester is the capital of England's North West Region, the largest economic region in UK outside London. Manchester is by European standards a medium-sized city of half a million inhabitants, at the centre of large conurbation (Greater Manchester) of 2.5 million. The city is historically known as the stronghold of the first industrial revolution, the main national centre for textiles and related activities. Not surprisingly, the city was also the first one to see the collapse of the manufacturing industries since the late 1960s. Severe problems were experienced, not differently from many other major industrial cities in Northern England. Yet Manchester is also a centre for innovation and research, which are conditions for adaptability in changing economic contexts. Its socialist political tradition and its ethnically mixed character⁴¹ are also distinctive traits in every aspect of the urban life.

In the 1980s, Manchester embarked a radical urban policy programme (Quilley 2000). This was meant to contrast at a local level the free-market politics of Thatcher's central administration, which was provoking serious problems especially in the most deprived communities, among which Manchester's city centre and some of the peripheral towns. This programme, much a reactive and expensive policy approach, did not solve the worst problem affecting the community, but helped to develop networks and to strengthen city pride. However, a change was needed. Following the electoral defeat of 1986, the labour-led council started a wide-ranging program of urban regeneration based on the attraction of investments and the re-imaging of the city, now branded as a dynamic, resourceful urban economy. Culture was the keyword: the city government pioneered a new focus towards sports, art and culture as strongholds of socio-economic recovery and city branding. The concept of a city that puts to value its creative assets in the new service economy was relatively novel for a city that could not offer many "traditional" cultural amenities to its citizens.

Though much the result of urban boosterism (Bassett 1995), Manchester's new cultural image was not disconnected from reality. Manchester has developed in years a cutting-edge position in popular youth culture, particularly in the field of music and design. Moreover, the city hosts some of the most outstanding and better preserved industrial heritage in Britain, a direct reflection of its working-class identity. The two aspects cohere in a strong cultural infrastructure, providing creative ideas, sympathetic audiences and state-of-the-art venues for art and culture. Indeed, in its policy documents the Council acknowledged the cultural industries as an area for economic growth for the late 1990s and into the new millennium. The success of the Council's policy is also testified by the keenness to make of Manchester the first of Britain's "24-hour cities". Becoming an attractive city would also mean higher urban values, more visitors and

⁴¹ The 19% of Mancunians identifies themselves as "non white". The inner city district of Manchester is a multicultural centre with a significant ethnic minority comprising 12.6% of the district population. The largest group is Pakistani (3.8%). Sizeable Pakistani populations are also to be found in the neighbouring districts of Oldham (4.1%) and Rochdale (5.5%). A large Indian population (5.2%) lives in neighbouring Bolton. Significantly, one in eight of all Pakistanis and one in twelve of all Bangladeshis in Britain reside in Greater Manchester. This cultural diversity is expected to increase over time, given existing trends.

“buzz”; promoting the quality of the urban environment was due to bring ideas and capital into the local productive sectors. After a hundred years, as Quilley quotes, the city centre did start to be seen attractive again as a place for residence, first by the members of the creative class, then widely among all social groups.

Manchester holds more than one trump card to strengthen its development based on the cultural economy: the optimal accessibility, which makes it a favourite location for events, meetings and short city trips; its knowledge infrastructure, which provides creative inputs and human capital to the local cultural scene; the diversity of its community, seen by authors as Florida (2002) as a precondition for economic excellence; and its solid reputation of a dynamic arts centre. On the other hand, the levels of unemployment, deprivation and marginality are still higher in Manchester than in many other big British cities: of 33 wards, 27 are in the lowest quartile of income. While some authors would claim that this situation has been an initial driver for original artistic expressions (youth culture as an *aestheticisation* of conflict and marginality), it could also be argued that the sustainability of development requires that culture — from being a symptom — becomes a “cure” for these urban ills, providing opportunities for empowerment and integration. To this respect, urban planning and management can help, channelling investments and interests in educational and support programmes that increase the consistency of culture with other aspects of community development.

Indeed, Manchester is now at a turning point in its cultural strategy, adopting new tools and a new organisational framework that allows on one side to “open up” the range of objectives and integrate them with other fields of urban management (land use, economic development, public works, city marketing, tourism) and on the other to enlarge the range of stakeholders involved in policy, from the European Union to the neighbouring communities, from private partners and sponsors to the national boards.

6.2 Cultural activity in Manchester: actors, assets, and policy

6.2.1 Culture highlights and infrastructure

The cradle of the first industrial revolution and therefore an economically thriving city in Victorian times, Manchester has accumulated an impressive architectural heritage, precious art collections, and a first-class cultural infrastructure for theatre and music. Yet what’s probably the biggest selling point of the city is the very legacy of the industrial strength of the city: the many factories, warehouses and redbrick public infrastructure which give Manchester the unique appeal of a “smokestack-mills” city. The city also hosts an annual programme of festivals which are a reflection of its cosmopolitan community — the Chinese New Year, a Caribbean Carnival and the Asian Festival “Mela”. It has been estimated that Manchester’s functional region for culture is large by all extents: the city’s cultural offer serve a population of 11.2 million, within a 50-mile radius around it.

However, Manchester has continued to accumulate cultural capital to the present times, on account of recent investments in “flagships” cultural infrastructure and the support to cultural organisations and activities. Over £395 million (€ 560M) have been invested in sports facilities, museums, art galleries, parks and squares, which have been visited by some 10.5 million people each year. This investment — which attracted significant

private sector contribution — includes the opening of the MEN Arena (Europe’s largest indoor arena), the Bridgewater Hall, the Manchester Art Gallery, the Royal Exchange Theatre and a new exhibition facility, Urbis. Cultural facilities in the wider Greater Manchester area also include famous attractions such as the Lowry Arts Centre and the Imperial War Museum at Salford Quays. Highlights of Manchester’s cultural assets include (Manchester City Council, 2002):

Museums and Art Galleries

Museum of Science and Industry, Manchester Art Gallery, Manchester Museum, Urbis, Imperial War Museum North, Museum of Transport, Pump House People’s History Museum, Manchester Jewish Museum, Whitworth Art Gallery, Cornerhouse, Cube, Castlefield Gallery, Lowry Centre and a number of smaller attractions (over 10 public art galleries and over 19 private galleries)

Theatres

Some 13 theatres including the Royal Exchange Theatre, the Palace Theatre, the Opera House, Library Theatre and the new young people's theatre, The Contact

Classical and Contemporary Music

The Bridgewater Hall, Halle Orchestra, BBC Philharmonic, Manchester Camerata, Goldberg Ensemble, Phappha, Royal Northern College of Music, Chetham’s School of Music, Manchester Music Service, European Opera Centre.

Sports facilities and teams

The Manchester City Stadium, Velodrome, Aquatics Centre and facilities for tennis, hockey, athletics and squash. Manchester is home to two Premier Division football clubs: Manchester United and Manchester City; the Lancashire County Cricket Club; Manchester Storm Ice Hockey team.

Key facts and figures

- £395 million’s (€ 561M) worth investments in the cultural infrastructure of the city since 1995
- 10,483,942 recorded visits were made to major cultural attractions in 2000/2001
- 22,585 people employed in the cultural sector in the city
- 4,553,000 visitors stayed overnight in Manchester in 1999, contributing € 500M million to the economy

Yet the “cultware” of the city is far from limited to the built heritage and infrastructure. Manchester is world-wide known for its art and culture production sectors, mostly in media and communications. Media production has grown into a driving economic sector for the city after that Granada TV and BBC settled important production facilities in the city, activating all sorts of “filiere” effects and spin-offs, and in particular an established network of production and post-production facilities. On account of these developments, Manchester is today considered England’s second media city.

But it is other “edge” fields of cultural production like pop music, fashion and design, that gave the city the nickname of “Madchester”. This tag hints at the combination of wild entertainment and serious research, which blend uniquely into innovative forms of

creative expression. Some of the most successful English rock bands of the 1970s, 1980s and 1990s came from Manchester, which has also been long considered the “club capital of Britain”. Famous designers, publicists and fashion leaders started in the Manchester’s Northern Quarter warehouses. Independent businesses, like small record companies, ateliers and galleries keep an important representation in the city, though their survival is today questioned face to the heavy restructuring of the cultural economy and the rise in values of the traditional locations in the city.

More recently, Manchester started to become an attractive location for visual artists who used to gravitate around London. They meet regularly at joints like the *Cornerhouse*, an international centre for contemporary visual arts which built a reputation for innovation and strong ties with international networks such as European Art Manifesto, which promotes a reflection on “places” as object of arts. Founded in 1985 as a charity, CH hosts three cinemas, three art galleries and a cafeteria. It receives funding by the Arts Council England, EU, NWDA and AGMA (Association of Greater Manchester Authorities). The premises on Oxford Road are offered for free by the City Council. CH works with a number of creative artists from the region, acting both as meeting-place and “shop window”. It operates a publication service distributing visual arts books and catalogues worldwide, and runs an extensive programme of activities including debates, courses, seminars, practical gallery workshops and training events. It is interesting to note that one of the most visible effects of the presence of the CH in the city is the opening of commercial art galleries by people who take part in CH’s activities.

6.2.2 Image, quality of life, intangible assets

Over the years, Manchester has built an image of cool, creative city, with a lively cultural scene that attracts young audiences and gives a chance to talented artists, national and international. This image is very much a legacy of the 1980s, when the “Madchester” sound, an innovative and provocative blend of raw power and melodic inspiration, topped the British charts and stayed there for good, leading though new fashion cycles. Musicians like Ian Curtis and the Joy Division, the New Order, the Durutti Column, Oasis, Badly Drawn Boy, are among the best loved and most successful in Britain and have brought the name of Manchester to young people all over the world. Another atypical brand for the city is sport, with Manchester United being considered one of the most famous and followed team in the world. So strong are city’s ties with its football teams, that the Council considers sports as integral part of its cultural strategy, and both city teams have programs of community development (van der Berg et al. 2002).

With the exception of important cultural events, drinking, football matches and shopping are the main city attractions. Yet Manchester does a good job to surprise visitors, by welcoming them in a cosy and refurbished city centre, with a 21st-century cityscape. Physical regeneration only does not explain the transformation of Manchester’s old-fashioned, industrial image into one of a hotspot of culture. This is rather owed to the “buzz” around specific activities and initiatives, like the development of a “gay district”, which started as a government effort to sanitise a heavily policed underground scene, and then evolved into a major entertainment and residential regeneration project. In the verge of a few years, living in the city centre changed from

unthinkable into a popular move for the creative class and the skilled workers of the city's top businesses.

Though not (yet) a 24/7 economy city (walking in the city centre at night still gives an impression of insecurity and loneliness), Manchester is definitely a café-club-galleries city like few others in Britain. Both as a place for consuming culture and producing it, Manchester enjoys the advantage of coupling small size with diversity: it is a compact, affordable city to live in (if compared with London), which concentrates different institutions, functions and lifestyles in a relatively small area. Manchester's cultural offer is high-quality guaranteed; though not as abundant, it is less subject to the "tourist traps" found, for instance, in the London scene. The attractiveness and the cultural character of Manchester are also a result of its contrasts: the juxtaposition of new and old architectural styles, of different groups and lifestyles, of many cultures and minorities into a closely knit, unique urban environment.

6.2.3 Spatial structure of cultural activities

Manchester has made giant steps in the last decade. Areas of the city which have suffered from acute economic and social deprivation have been transformed over this period, whilst other areas have substantially improved future prospects. The city centre has been enhanced radically, and the range of attractions and facilities it offers to residents and visitors has been expanded. Among these, one should be mentioned and is *Urbis*, a new exhibition facility opened in June 2002 on the grounds of a derelict car-park site in the northern side of the centre, as a part of a huge urban regeneration project which followed the 1996 IRA bombing. It is an eye-catching glass building, and a new museum concept which «explores people's experiences of urban life, revealing contemporary urban culture and investigating cities of today and tomorrow» through interactive exhibitions.

The leisure and cultural life of Manchester is very much "zoned", and the Council makes this diversity visible by putting different colours in city maps so that visitors easily find the kind of environment that they are looking for. Needless to say, this distinction is also subject to evolution and life cycles, and "creative clusters" all tend to converge towards a unique, mixed-use model. However, important differences still remain. As far as "café culture" is concerned, bars and clubs are concentrated in the *Gay Village* along Canal Street (Fig. 6.1), the most celebrated entertainment district of the city. The redeveloped area of St. Peter's Fields is called the *Conference Quarter*, as infrastructure to host large events is mainly there, and has attracted large top-end hotel and restaurant developments. The *Chinatown* quarter groups a host of Far-Eastern restaurants and shops.

Fig. 6.1 - Canal Street, Manchester's main leisure district. Copyright Chris Ebbert ©, <http://www.picturesofengland.com/>



Knowledge workers and institutions (both of the *creative* and of the *technical* type) are gathering together in the *Oxford Road Corridor*, which hosts three university campuses, the BBC facilities and many research and development institutes. Due to this kind of concentration, Oxford Road has been strategically selected as the main focus of the “knowledge capital” programme of the North West Region. Finally, *Castlefield* and the *Northern Quarter* are the two areas of the city explicitly designated as “cultural quarters”, mixing entertainment, consumption and production spaces (Box 1).

Box 1 – Manchester’s cultural quarters. Developments in **Castlefield and Salford Quays** were started in 1980s, in an effort to revitalise old and neglected docklands and other infrastructure dating from the city’s industrial past. The councils of Manchester and Salford, and later the newly-created Urban Development Corporation, decided to attract private sector investment in this project through the organisation of partnerships. The development corporations were enabled to override local planning legislation, and were charged with the “upgrading” of infrastructure services, which has included the recovery and new offer of buildings and services, a residential building programme, a thematic tourist facility associated with television production (Granada Studios Tour), the creation of the Museum of Science and Industry, the new Imperial War Museum North and the Bridgewater Hall. The development of Castlefield and Salford Quays could be described as a “top-down” approach, with large-scale investment, property-led development, and a thematic streamlining of museums, heritage and other tourist sites. In many ways, the regeneration programme could be deemed a success, with regard to the newly created tourist, residential and service-industry facilities. Castlefield is now one of the most popular areas of the city, considered by many to be the hidden jewel in the city centre crown. The area between Castlefield and the suburban town of Trafford is being promoted by the NWDA as a media cluster, taking advantage of the presence of a leading player like Granada which outsources many services to small firms and facilitates spin-offs.

The **Northern Quarter** can be seen as an antithesis of the development model followed at Castlefield. It attracted little planned investment, and yet - and probably because of this - it has become a haven for avant-garde (craft, fashion and design), characterised by micro businesses and organisations; an evolution of the city’s youth and pop-music cultures, the key “innovative milieu” of cultural production in Manchester. In the 1960s, the main street in this area was Manchester’s most popular commercial drag. A failing but still sizeable working class community remained

after the demolitions of the early 1970s; some of the traditional businesses that served this community were able to survive. On account of the low rental costs, an associated laxity with planning permission, the central location, and the opportunity to exploit some of the remaining commercial premises and disused warehouses, alternative cultural businesses began to re-colonise the area. The Northern Quarter's "bohemien" atmosphere was closely linked with the success of the "Manchester sound", driving the area to become a prime site for youth culture in the UK - both production and consumption - principally in the music, fashion and design industries. New creative businesses were attracted to the area: relatively small, predominantly run by young people, embedded in dense networks, their activities closely linked to the local "scene". Today, the Northern Quarter hosts over 300 small and micro cultural businesses including clothes boutiques, music shops, the Department Store (a mixed-use facility hosting many artists and the CIDS offices), the vibrant Craft and Design Centre - the largest provider of studio/retail space and support for designer-makers in the North West region -, bars, restaurants, jewellers, in addition to specialist professional services as solicitors, architects, interior designers, accountants and dentists, and a number of facilities for homeless, addicts, and other weak groups. It also includes an alternative shopping centre - the renowned Affleck's Palace, which, since opening in 1982, has provided outlets for independent designers, acting as a magnet for tourists and a meeting place for Manchester students - and the Chinese Arts Centre which hosts a gallery and tea shop.

In conclusion, Manchester offers a very wide range of situations with the relation between *culture* and *place*. Culture can be seen as a *growth sector* (Northern Quarter and more recently Oxford Corridor), a *product* (Castlefield), an *atmospheric element* (Gay Village) or an *element of distinction* (Chinatown and Rusholme, a multicultural area known as "curry mile"). This diversity reflects shadows and lights. The district of Ancoats in East Manchester is one of the most deprived wards in Britain, and now is the focus of the biggest regeneration programme in the country. On the other hand, the Northern Quarter is amidst a real struggle to survive, caught between the restructuring of the leading industries located there and the wave of property-led redevelopment which is imposing a new valorisation structure to the area and could ultimately determine its "sanitisation". It nevertheless maintains a vitality and a diversity which are veritable assets for the community.

6.2.4 Cultural policy: actors and strategic context

Cultural planning and policy frameworks are found at the national, regional and local level. The national level sets the priorities that are then articulated in regional and local strategies, integrating, coordinating and monitoring the initiatives coming from lower government levels and their partners.

The British Government's *Department of Culture, Media and Sport* (DCMS) issued guidelines⁴² for all local authorities to develop a *Local Cultural Strategy* by the year 2002. Moreover, cultural activities are supported by *National Cultural Agencies*, bodies responsible for the distribution of Treasury and Lottery funds and for national policy and strategic initiatives relevant to specific areas of culture⁴³. The national cultural policy is intended to be consistent with the national education policy. DCMS assigned the responsibility to develop and coordinate the implementation of a cultural strategy

⁴² These objectives are set out in a document titled "Creating Opportunities: Guidance for Local Authorities in England on Local Cultural Strategies".

⁴³ Among these are the Arts Council of England; Sport England; Re:Source (Libraries, Museums and Archives); English Heritage; British Tourist Association; the Film Council.

for the *North West Region* to a partnership, the Cultural Consortium – now Culture North West (CNW) – in which the regional articulations of the cultural agencies are involved. The North West Regional Development Agency (NWDA) as well has recognised the importance of cultural industries, developing strategies centred on the two major cities, Liverpool and Manchester (the former has been selected as Cultural Capital of Europe for the year 2008). The Regional Economic Strategy sees the value of culture and creativity as economic drivers and tools for sustainable community development. In this context, it sets out to identify the appropriate mechanisms to support the new creative, knowledge and leisure economy. In particular, the NWDA looks to the *media industry* as the most promising growth sector.

The *Manchester City Council* defined its cultural strategy in accordance with this framework. Manchester was one of the first cities in Britain to endorse a strategy explicitly focused on cultural production activities as growth sectors for the local economy and the community. Its new cultural strategy document both informs and is informed by the Regional Cultural Strategy. Moreover, as any other local authorities, the City Council is also required to establish a Local Strategic Partnership (LSP), which develops a community plan. This sets out a series of objectives, actions and targets across all areas of public service. Manchester's LSP includes culture as a community development element. The role of culture in supporting skills, motivations and achievements is therefore emphasised in the city's Education Development Plan. Consistently with the range of objectives that the strategy sets out to achieve, the definition of culture adopted in Manchester is very broad⁴⁴. In spite of such breadth, the Council has focused action on creative industries, and on small independent operators as the most likely to activate cycles of endogenous growth. The *Cultural Strategy Team* has been set up inside the City Council as a separate unit within the Economic Department, and it is responsible for the planning of the cultural infrastructures of the city, teaming up with those wishing to fund the arts.

In 1994, a keystone of the city strategy was laid down in the first *City Pride* document, not a traditional policy document but rather a manifesto for the city, which promotes the development of Manchester as a European regional capital. Under the *City Pride* heading, the cultural policy of the city became embedded in more general regional development objectives. The neighbouring Districts of Salford and Trafford teamed up with Manchester in the *City Pride* initiative, and also the private sector contributed, extending the governance process at a horizontal and vertical level. Within the *City Pride* framework, the Council endorsed the initial *Arts and Cultural Strategy* document of 1992, dealing with matters such as urban culture and social revitalisation. The consultants advised that the city should invest in its public realm, encouraging “café culture”, and support its night-time economy through a liberal policy on licensing.

At this stage, the Council was able to attract significant European funds to co-finance its regeneration schemes. The *Commonwealth Games*, hosted by Manchester in 2002, proved an ideal opportunity to trigger additional investment, introducing Manchester to an international audience and strengthening public-private partnerships, producing at the

⁴⁴ It includes cultural organisations and facilities (sport arenas, leisure centres, clubs, orchestras, theatres, libraries, museums, art galleries, cinemas), events (matches, festivals, tourism promotions, sport competitions), education (as provided schools, colleges, universities, adult education and language institutes), activities (sports, arts, play, entertainment, leisure, visits), environment (built heritage, public squares, parks), businesses (creative, media, sports, leisure and tourism industries).

same time an occasion for cultural encounter and awareness of social issues (Van den Berg et al., 2002).

The economic theme of the cultural strategy of Manchester is marked by the necessity to maintain the momentum for change and strengthen the bases for a competitive, balanced urban economy. However, it remains to be seen how policy can *produce* cultural growth – something that is known to be utterly unplanned and idiosyncratic. Traditional planning tools are ineffective, and instead much focus is to be devoted to “creating the conditions” for cultural industries to take off and contribute to local welfare – locations, investments in human capital and education, relations and networking, social exchange. In that respect, the role of the *Creative Industries Development Service* (CIDS) is fundamental. CIDS is a non-profit limited company, funded by the European Regional Development Fund, NWDA, Manchester City Council and other regional partners to assist the creation and the development of businesses in the creative sectors.

Manchester’s current Cultural Strategy was published in the year 2002 after a complex process of analysis and auditing. It sets out a vision for the development of the city over the next decade, placing culture at the heart of the city’s ambition as an international hub, and its commitment to overcoming social and economic challenges. To achieve these goals, the strategy focuses on *a*) the attraction of a *wider and more diverse audience*, coordinating the marketing of the city’s cultural opportunities to key markets, *b*) the development of a programme of *cultural events* to build on the city’s image, *c*) the support to *grassroots initiatives* (street parades, ethnic celebrations, and local artists’ exhibitions), with the purpose of enhancing community cohesion and the participation of different groups; *d*) the coordination of information for tourists and residents to promote Manchester as a wholesome “cultural experience”.

The objectives of the strategy are expected to be achieved over a period of up to ten years, and its advance is continuously monitored through a system of indicators (cf. Tab. 6.1). The bodies responsible for the implementation of the strategy at the local level are both internal to the city organisation (Cultural Strategy team), external (CIDS), and partnerships (MM, CNW), and are found transversally in different council services (culture and sports, but also economic development and education), under the coordination of a “Chief Officer Theme Group” within the City Council. The spatial focus of these policy efforts relates to the metropolitan level; in addition to this, the *Association of Greater Manchester Authorities* (AGMA) supports cultural activities that enhance the international reputation of the conurbation.

Tab. 6.1 - Performance indicators for Manchester’s cultural strategy. *Source:* Manchester City Council, 2002

Performance indicators	baseline	year baseline	3 year target	5 year target	10 year target
Number of Visits to Cultural and Recreational Facilities	10,483,942	2000/01	11,000,000 (+5.5%)	11,500,000 (+4.4%)	12,500,000 (+8%)
Percentage of Residents Using Cultural and Recreational Facilities	63.6%	2000/01	68%	70%	75%
Satisfaction levels of those using Cultural and Recreational Facilities	73%	2000/01	75%	78%	82%
Number of Visits by Education Groups	Work in	MCC depts.:	To be set		

	Progress	2001/02 AAM: 2002/03	when baseline is established		
Number of Employment Opportunities in Culture	22,585	1999	22,811 (+1%)	23,335 (+2.3%)	23,965 (+2.7%)
Number of Overnight Visits to Manchester	4,553,000	1999	4,598,530 (+ 1%)	4,690,500 (+2%)	4,925,025 (+5%)
Tourism Contribution to the Economy	£ 350M (≅€ 500M)	1999	£ 357M (≅€ 507M, +2%)	£367.7M (≅€ 522M, +3%)	£389.7 M (≅€ 553M, + 6%)

6.3 Cultural cluster performance and dynamics

6.3.1 The cultural production sector

Recent research has confirmed that employment in the cultural industries in the City of Manchester is significant: Manchester has the largest regional concentration of creative enterprise with 22,585 people employed and 4,000 businesses operating in this sector. The sector contributes around € 935M to the City Pride area (boroughs of Manchester, Tameside, Trafford, Salford), some 3.5% of the GDP. Additional € 1,685M are generated indirectly (Source: Manchester's Creative Industries Development Service). According to other figures released by the Regional Intelligence Unit in 2002, the cultural enterprises (creative industries, sports, heritage and tourism) in the metropolitan region of Greater Manchester are 13,729, employing more than 147,000 people, and accounting for 12% of all employment (see Table 6.2). In particular, employment in the sole creative industries counts almost 64,000 people and 5.2% of all jobs in the area. Over a third of those people (26,000) are self-employed. 10,000 are employed in new media/digital content, nearly 6,500 in TV, film and radio over 3,800 in the music industry and 3,000 in design. Firm size is typically small to very small, with a large representation of self employed (over 26,000), but some 20% of the firms employ over 50 people.

Tab. 6.2 - Cultural Industries in Greater Manchester. *Source:* Regional Intelligence Unit, 2002.

Subsector	N. business units	% in cult.	% in total	Employees	% in cult.	% in total	av. firm size
Advertising	571	4.2	0.7	4,470	3.0	0.4	7.8
Architecture	700	5.1	0.8	6,105	4.1	0.5	8.7
Arts & antiques	134	1.0	0.2	846	0.6	0.1	6.3
Design	337	2.5	0.4	2,927	2.0	0.2	8.7
Designer fashion	646	4.7	0.8	960	0.7	0.1	1.5
Music	205	1.5	0.2	3,783	2.6	0.3	18.5
Media (film, video, radio & TV)	343	2.5	0.4	6,458	4.4	0.5	18.8
Visual arts & crafts	383	2.8	0.4	3,205	2.2	0.3	8.4
Performing arts	199	1.5	0.2	2,258	1.5	0.2	11.3
Publishing (incl. literature)	295	2.1	0.3	4,883	3.3	0.4	16.6
Digital content	1,698	12.4	2.0	10,171	6.9	0.8	6.0
Other (e.g. support services)	330	2.4	0.4	17,702	12.0	1.4	53.6
Heritage	360	2.6	0.4	3,042	2.1	0.2	8.5

Tourism	6,303	45.9	7.3	65,750	44.6	5.3	10.4
Sport & leisure	1,225	8.9	1.4	14,795	10.0	1.2	12.1
TOTAL	13,729	100.0	15.9	147,355	100.0	11.9	10.73
total creative industries	5,841	42.7	6.8	63,768	43.3	5.2	10.92
total heritage & tourism	6,663	48.5	7.7	68,792	46.7	5.5	10.32
total sport and leisure	1,225	8.9	1.4	14,795	10.0	1.2	12.08

The cultural industries are also a significant sector at the *regional level*, with 393,000 employees (12% of the jobs in the region), more than a third of which in the creative industries, and 6.4% of the businesses in the region. Digital content, designer fashion, architecture and publishing are the key sub-sectors in creative industries in the North West. Businesses and especially employment in the creative industries are concentrated in Greater Manchester, whilst tourism and sports are more dispersed in the North West Region.

The “idiosyncratic” way in which Manchester has been put on the cultural map of Britain meant that there is a big split, both semantic and relational, between the high-brow, fine-arts facilities and the small independent producers of the pop culture, with some significant bridges being erected in the field of creative industries, where large “client” organisations like Granada (Box 3) invest in networking and creativity, seeking for talent and inputs to be incorporated in their flexible, articulated production lines. Both the Bridgewater Hall and Urbis are owned by the Council but operated by MSG, a US company which also manages the Manchester Arena, with an agreement currently valid until 2009. However, both are doing more than just “caretaking”, one exploring new fields of music, the other becoming the centre for urban culture.

Box 3 - Granada Television, now part of the ITV-PLC group, is the longest-established independent broadcaster in the North-West England (in 1956, Granada began broadcasting to the whole of the North of England, including Yorkshire, for five days a week). Granada feels very much part of the local creative cluster, and in to some extent a driver behind it: many of the staff at Granada – from the very top to the employees – are involved in the development of the new media sector. Its impact on job creation is very strong: Granada generates 1000-1500 employees in the North West region, with 3-4000 jobs indirectly activated in the creative industries. The benefits coming from the training and the working experience at Granada are very high as a lot of free-lances work for Granada and almost the 80% of people working at Granada left to open their independent organisations, continuing contact, working and networking with Granada.

The City and the NWDA are also trying hard to bring those two realities together, promoting fora and supporting associations, but they cannot overcome completely the diffidence of the small artists in the workings of the corporate economy, on one side, and the lack of confidence of the established business in a largely fluid, organic cultural production sector.

The new wave of “flagship” investments by the Council, though providing new opportunities and “windows” for the small producers, has been seen by them as a confirmation of the fact that the city has no interest in investing in human capital and instead abides the interests of the business community – more construction work, higher urban values, more tourists (see Box 4). This impression is possibly reinforced by the fact that *Marketing Manchester*, the marketing agency for the city, also emphasises mainly the mainstream cultural supply. The setting up of the *Independents Network* to promote independent creative entrepreneurship could be fundamental to that respect, as

such activities are integral both to the creative industry and to the branding of the city: marketing, tourism and inward investment. Interesting debates and dialogues are therefore taking place.

Box 4 - The Bridgewater Hall, opened in 1996 as the new concert hall of European standards of the city, notable for its beautiful architecture and acoustics. It is home of the city's renowned Hallé Orchestra and the main performance base for the BBC Philharmonic and Manchester Camerata. Its construction is the result of a long negotiation process which have resulted in a public-private partnership led by the Council. The funding (€ 60M) came for 1/3 from EU, 1/3 from the City Council, 1/3 from the Central Manchester Development Corporation (a National Government body). Building on its strong reputation, in 2003 BH attracted 450.000 visitors, 95% of which are estimated to be local. The audience is mixed, ranging from academics and intellectuals attending the classical music productions to younger people who come for rock and pop artists. The BH strategy is indeed to combine events for old and young audiences: among the 345 events organised so far are a piano festival, but also pop music concerts like the Cinematic Orchestra and Gotan Project. Hosting the reception of the Commonwealth Games helped the change in the perceptions of local people towards the activities of the BH, broadening its patrons' base. Its festivals are sold out and though the BH cannot be considered a tourist attraction, the regeneration project centred on the area where it lies has included top-hotel and restaurant additions to the tourist infrastructure of Manchester, aside with office buildings and housing.

6.3.2 Cultural tourism and estimation of induced expenditure

Greater Manchester attracts some 17 million of visitors each year (4.5 million staying overnight), who spend approximately € 22M, a third of which in the city itself. Tourism and visitor activity contributes around € 800m per year to the city's economy, while the total impact on the local economy is estimated in some € 40M (5.5% of the GDP of Greater Manchester) and 31,500 jobs. The leisure infrastructure of the city, including hotels, bars, cinemas, music clubs and shops, expanded significantly as a result of public and private sector investment in projects of malls such as The Triangle, Printworks, Great Northern and Spinningfields. Together with the cultural investments, that contributed to making of Manchester one of the most attractive destinations for short breaks and day visits in the UK⁴⁵. The 2002 Commonwealth Games event, attended by half a million visitors, boosted the city's outreach for tourism further. Manchester is also developing a world-class infrastructure for congress tourism, including venues such as the G-MEX Centre, the Bridgewater Hall, the Manchester International Conference Centre, as well as university facilities and top-end hotels at St. Peter's Fields.

Commentators and surveys conclude that the cultural motive are not a driving factor for attracting visitors, at least not as much as shopping, sport events and entertainment. Cultural attendance is rather seen as a complement to these types of visits. However, the question is raised whether tourist marketing embrace the large cultural potential of the city: the knowledge that the 80% of cultural audiences are in the wealthier segment of the population gives an idea of the potential impact of developing a more visible cultural tourism sector.

After taking over the responsibilities of the North West Tourism Board Tourism, tourism marketing is now competence of the *Marketing Manchester* partnership.

⁴⁵ The City Centre Management Company partnership has been set up to promote the city centre as a leisure and shopping attraction for day visits.

Though there are links between the cultural strategy of the city and tourism development and management, the “target markets” of tourism are much wider than those of the night-time, creative city. Through its events strategy, the ambition of Manchester is to position itself as an international tourist destination. The primary objective to change the common perception of Manchester as an industrial city with problems has been on the overall achieved, strengthening the quality of life, leisure elements and projecting this image internationally thanks to events such as the Commonwealth Games. More importantly, Manchester has developed a reputation for quality – it delivers at least as much as it promises, achieving high visitor satisfaction. The challenge today is to find a point of convergence between tourism marketing and the impressive cultural developments of the city, making of culture an asset for economic development. While the two ends of the regeneration strategy of the city – attracting new visitors to the city and building on the creative potential – need not be in conflict, the focus given by Marketing Manchester to capital investments and business tourism did generate some friction. International, world-class tourism needs safety and comfort and this is not completely consistent with the “Madchester” attitude of the local cultural stakeholders, while culture is not explicitly at the centre of tourist product development efforts. One could argue, though, that the club-life and spontaneous initiatives of “edge” cultural producers of Manchester made the real change as far as the attractiveness of the city is concerned, and this is why these kind of initiatives and a “bottom up” approach should be favoured, rather than rigid planning. It is now recognised that contemporary art and culture can attract a much wider audience provided their marketing is coordinated and engaging. The branding of Manchester to international markets then can be more straightforwardly based on its cultural strengths, and the “night time nirvana” humdrum.

Marketing Partnership is a grouping of sectorial interests for mutual benefit and to jointly promote the City. This partnership has recently been entrusted to manage the marketing back-office, bringing stakeholders in the retail sector, manufacturing, ICT, biotechnology and the arts to share ideas for a more genuine, content-oriented and coherent marketing strategy for the city. Out of the first meetings, came the idea of establishing a “city pass” to access various cultural activities for both residents and tourists. This may prove an important tool to monitor cultural attendance, stimulate mobility among different leisure forms, and spread the visits in space and time by promoting off-season and eccentric products. More importantly, such “bottom up” approach in setting priorities is likely to create more awareness of the potential that original cultural production (and its diversity) bring to the city.

6.3.3 Dynamics and networking in the cluster

Existing research portrays Manchester’s cultural sector as, above other things, highly dynamic. This dynamism is due to a number of factors:

- The “cluster” structure of the sector and the associated organisational flexibility;
- The large number of small and independent artists or entrepreneurs;
- The possibility to rely on an important higher education sector, both as a talent pool, and as an open audience;

- The existence of various programs and institutions devoted to audience development and in general providing fora for debate and cultural awareness.

In Manchester, as in many European cities, the “*new independents*” are a driving force for the growth of the sector: a large and growing share of employment in the creative industries is indeed accounted for by the self-employed, freelancers and micro-businesses. *Indies* are often producers, designers, retailers and promoters all at the same time. They do not fit into neat categories. They are solidly profiting from the informal networks through which they organise work, often employing friends and former schoolmates. Although some are ambitious entrepreneurs, most of them prefer to stay small in order to retain their independence and flexibility. Such loose, fluid, and highly creative clusters operate outside or at the edge of the public funding structures. That does not mean that they see themselves as artists who deserve public subsidy, but rather they want to make their own way in the market (Leadbeater and Oakley, 1999).

Being at the edge of different cultural genres, the local cultural production sector is naturally exposed to fashions, downturns, and problems related with a young and unskilled entrepreneurial base. Many producers did not follow regular higher education curricula, and their businesses are severely under-capitalised. This explains the large turnover rates in the sector and its lack of professionalism: the best record executives of the UK are arguably located in Manchester, but they also go through dire straits from time to time. On the other hand, the very conditions which make this sector fragile and risky are those which make it very flexible and innovative. The challenge for policymakers is to give it more solidity, to make it become a sector worth investing in, and activate a cycle of endogenous growth by linking more clearly cultural education and production.

CIDS was set up with these aims in mind. One of its long-term ambitions is to develop projects to keep graduates in Manchester and support new enterprise development, reducing the leakage of talent from the City to London and international destinations. Projects are planned to boost in particular the “screen industry”: games, TV, radio and new media, in partnership with BBC and Granada. Fashion and textile is another potential growth sector, and the contribution of the Manchester Metropolitan University, with its emphasis on fashion and new media with its more creative, vocational and arts tradition, could boost the sector and help to to develop skills in this field.

The structure of the cultural sector means that it is highly dynamic and flexible, as argued earlier, but also that it is very fragmented. The very boundaries of the cultural production sector are blurred: the local operators, differently from the common perception that outsiders have, do not feel themselves part of an unique creative community, but of many different “scenes” which, to some extent, are also in competition. Cultural divisions, the lack of leadership and scarce organisation capacity inhibits the capacity to work together, multiplying the strengths of the sector and lowering the operation costs. This is particularly important in joint sector activities like marketing, which needs critical mass and coordination to be successful. In this way, important ideas, like the initiative of the Bridgewater Hall which asked venue managers to participate in the staging of their cultural festivals, have been abandoned.

More in general, there is awareness of lack of cultural debate. The opportunities for the cultural sector to reflect upon itself and define its ambitions are rare and unplanned.

This is seen as serious threat to the role of Manchester as a cultural hub, and the diffusion of the cultural impacts in the community. Out of these considerations, many “networking” initiatives have been taken in the recent period, building on the cooperation effort that made the success of the Commonwealth Games. In particular, a new body, the *Cultural Consortium for England's Northwest (Culture North West)*, has been set up to favour the involvement of all relevant actors in the design and implementation of the regional cultural strategy. The CNW cooperates with the regional bodies to maximise the positive effects that culture can make on regional issues such as health, education and social and economic regeneration. It does so by championing culture in the Northwest, forging links across the Creative Industries, Heritage & Libraries, Sport and Tourism sectors and proposing a common vision for the sector’s development. It is also responsible for building and overseeing the delivery of the regional Cultural Strategy. Its role is strategic and not executive; its strength lies in the members’ collective ability to identify significant cross-sector opportunities for the region.

Arts about Manchester (AAM) is a membership organisation (partly owned by members, part cooperative), established 15 years ago. Its members are professional arts organisation, mainly large organisation as the Manchester Art Gallery. It receives a small public subsidy by the Arts Council North West and the Greater Manchester authorities, plus state subsidies and own contribution by members. The rest comes from self-generated income. Members get benefits, as discounts for media and promotion services, but AAM’s main goal is to favour networking among members and with community-based organisations. AAM also carries out other membership services, like organising meetings, and since last year it provides training. Finally, AAM does project-funding for new techniques or markets, providing a mailing list, the data base of organisations.

The media cluster which is being developed in selected locations at Castlefield and Trafford could indeed play the role of a driver for the cultural industries, more than Bridgewater Hall, that despite the open and innovative nature of its programme, is seen as an expression of the “establishment” and mistrusted as a partner. The announcement by the BBC that it intends to set up a major regional centre for broadcasting and production in Manchester is providing the opportunity for the City to work with the Corporation to identify the benefits that can be derived from this. The BBC’s location on the Oxford Road corridor is a major opportunity for the Knowledge Capital initiative. Opportunities arising could include business incubator units and a production space, in order to contribute to the growth of small companies and further boosting the dynamism of the cultural cluster.

In this sector and at its fringes a new generation of “noisy” entrepreneurs and trendsetters is gaining credibility and status as spokespersons and sector leaders, who are not afraid to take sides and develop innovative concepts even in fields as social justice and housing (Box 5).

Box 5 - Shisha is an agency for the support to contemporary South Asian craft and visual arts. It is an independent organisation which, as a charity, receives funding from the Arts Council and AGMA on account of the role that it has in the development of the community strategy. Shisha’s mission is being a spider in the web between Manchester’s Asian artists and the international markets, building an important link in terms of cultural content which also results in enhanced cohesion and civic pride. It thus pays much attention to education issues (e.g. professional development

for artists, curators, and promoters), to open-mindedness and to the interests of minorities. Favouring the exchange of ideas between British and Indian curators is a key field of activity and then a curatorial trip to India was organised. Shisha also provides practical advice on how to develop South Asian visual arts and crafts programmes, and helps arts organisations to diversify their audience, breaking down preconceptions about visitors and work of South Asian origin. It realises cutting-edge exhibitions in Manchester and touring exhibitions, publications and artists-in-residence programmes, collaborating with other arts organisations. In 2002, the Commonwealth Games gave Shisha an opportunity to enhance cooperation with international galleries, which led to the organisation of a number of projects focusing on four South Asian countries' production.

Obviously the spatial component of the cultural cluster is very important, and areas designated as “clusters” do have their own networks of cooperation at a management level. The *Northern Quarter Arts Ltd.* grew out of The Northern Quarter Association, an innovative concept of association of residents, artists and businesses, formed to promote the economic and cultural regeneration of the area. In 2002-2003, NQA Ltd. developed various meeting and production facilities with the support of the Arts Council and private sponsors, among which the Department Store. Today the NQA provides its facilities for other arts organisations at a discounted rate, and acts as a support for the promotion and production of art in Manchester and the North West region.

6.3.4 Education, conservation and taste/audience development

Manchester's higher and further education institutions are a major influence in encouraging the innovative character of the city's cultural life, not only through a wide and articulated range of educational curricula and a world-class research positioning, but also by hosting a diverse student community, which is both a wedge and an exemplary audience for cultural change in the city. Finally, the city has also been a pioneer in research regarding the cultural industries and cultural policy, spearheaded by the Manchester Institute for Popular Culture (MIPC) at the Manchester Metropolitan University (MMU).

The MMU illustrates the high degree of interlacing that there exist between the city's economic history and its higher education infrastructure. MMU has been deeply “embedded” in community issues since its birth as a polytechnic school, and a support to urban policy. With its art college, MMU also was the most involved in culture, arts and design activity among the three major universities of Manchester. With the transformation of the polytechnic into a full-fledged university, the institutional ties have been loosened but the ‘rooting’ of the school in urban affairs continued to take place informally as its academic staff are directly or indirectly involved in the cultural sector of the city. Recently, MMU made a greater effort to enhance both its internal coordination and its dialogue with the city. As a consequence, it has become a natural partner in a number of city projects. For instance, the whole concept of “knowledge capital” revolves around higher education and research (also spatially: the Oxford Road area is the location of all three major campuses on the local universities), in an effort to replicate the success story of other “information technology milieus” like Cambridge. This project looks even further, as it explicitly consider “creative”, non-coded knowledge an essential ingredient of an innovative community. Though at the present moment the cultural sector is not a part of the “Oxford Road Corridor”, the cultural assets of this area (not only the university but also the BBC and other cultural meeting places like Cornerhouse) give the whole plan a distinctive edge.

Differently from other local universities which are more national-oriented, MMU maintains a pragmatic attitude towards its environment, which makes of it an ideal “bridge” between the world of education and research and the local issues. MMU “uses” the local level as a laboratory of ideas, and targets the local community – enlarged with the student population – as the “end user” of its knowledge output. The faculty of Arts and Design (including more than 3,000 students) offers curricula in museum studies, textile design, fine arts, music, screen writing, new media, sport, coming to be the key source of human capital in the Manchester’s region cultural panorama.

Though higher education is seen to play a crucial role is supporting the city’s ambition to develop as a cultural hotspot and an innovative knowledge capital, much emphasis in Manchester’s cultural policy has been driven by the comparatively low and erratic scholarisation base of the city, and by associated problems of marginality, integration, and even deprivation in some wards.

The picture of secondary education in the Greater Manchester region is patchy. Low skills remains the biggest problem, and especially in the North and East of Manchester there has very low standards. The City has sustained a creative educational approach, often in the face of opposition from national government which has enforced a National Curriculum focussed on traditional priorities with little scope for developing its own priorities based on local knowledge. However, the role played by innovative approaches in re-shaping education is very important. Manchester, as other British cities, has tackled its problems in creative ways – also thanks to the comprehensive policy framework and funding structure provided by the national government. Manchester does particularly good work in linking education policies with cultural activity and creativity, and the local private cultural organisations are at the forefront of social and educational innovation. This is reflected in the development of *Zion* as a support centre and meeting-place for creative talents in an economically deprived area around Hulme, and in the designation of Manchester as a pilot for the Arts Council’s *Creative Partnerships* initiative (see Box 6). Moreover, there is a continuum in cultural policy between lower and higher level of education, as universities, and MMU in particular, train the teachers that are then incorporated in a more creative, contemporary approach to primary and secondary education.

Box 6 - Creative Partnership Manchester-Salford. Creative Partnerships is a government initiative by Arts Council England and the Central Government, which has been preceded by a pilot project (“All our futures”) and will last until 2006. The basic idea is that UK has a competitive advantage in creativity, as it is demonstrated by the fact that many of the best talents in art and popular culture on this century come from this country. In order to keep this potential and transmit it to the future generations, it is necessary to develop innovative forms of basic education. Thus, creativity is stimulated bringing artists in primary and secondary schools, thus developing a strong tie between education and the local “creative milieu”. 16 Creative Partnerships have been set up in some of the most deprived areas of the UK.

The Manchester-Salford initiative involves 25 schools in the City Pride area, half of which are primary schools, totalling 2000 to 3000 participants from 4 to 18 years old.. The project partners also include the Manchester University and the Education Authority,. As well as the teachers and the artist community. The project aims at medium- and long-term changes in the profile of people who get educated here. The project targets are fixed by the national government (though such changes are arguably difficult to measure). Yet one important first result of the initiative is already visible, that is the establishment of a network of teachers from different schools who have embraced an innovative education method and are willing to coordinate their efforts. The project also helps to diffuse successful practises among artists.

At a more general level, both Granada and the BBC are involved in media education and community access programs, like the Granada Media Education Partnership, a three-year partnership with six education institutes, which develops in-company training as a regular part of study curricula, making sure that the education received is consistent with the market opportunities and the needs (constantly revised) of a large corporation like Granada. Granada also supports a Centre for Visual Anthropology at University of Manchester. The Manchester United Football Club has entered a partnership to provide out-of-school learning. Urbis is active in building linkages with cultural entrepreneurs to do projects with schools. The Education Department and the Cultural Department of the City are cooperating in deciding which courses have to be implemented, in order to develop centres of excellence for specific sectors, such as for example broadcasting. Finally, both BBC and the Hallé Orchestra have audience development programs. Innovative audience development work has targeted different sectors of the community. Arts About Manchester, the consortium through which arts organisations in Greater Manchester work together to build audiences, have launched innovative audience development projects targeting different sectors of the community, as the *Family Friendly campaign* and *Arts Ambassadors Unit* which worked with black communities.

6.4 Culture and the local economy

6.4.1 Culture and urban regeneration

Following the devastating IRA bombing of the city centre in 1996, new opportunities for redevelopment were created in the city centre, which attracted the interest of large corporations keen on investing in the booming leisure economy. The construction of large shopping malls and entertainment alleys, the refurbishment and pedestrianisation of the main streets, as well as the investments in cultural attractions and leisure infrastructure brought about a favourable climate for cultural consumption (though, as argued by some commentators, possibly excessively “sanitised”). Moreover, as a result of its increased vivacity, the city centre has turned into a preferred place for living, especially among the same people working in the creative industries, who are willing to consider the city centre facilities as “meeting places” and are not intimidated by the sometimes “aggressive” character of clubs, venues and galleries. New developments at the edge of the city centre follow the same path: this has happened in Castlefield with the Bridgewater Hall, which attracted hotel and office developments, and is now happening at the East of Manchester and in Trafford, in the area around the stadium. In some case, these regeneration schemes abide to specific policies (like the social inclusion policies tackled by the National Strategy for Neighbourhood Renewal) and attract specific EU (i.e. the URBAN programme) and national funding sources, as the National Lottery.

It should be stressed that urban regeneration in Manchester’s city centre has changed in focus in the years, from the early 1980s, when this meant especially that the old Manchester residents should be enabled to access to social services and cultural facilities, to the 1990s, when regeneration is mainly seen in “attracting” new resources: new users, new residents, investments, and in this way guarantee a new cycle of value generation for the cultural assets of the city. The Commonwealth Games have been

successful in balancing social and economic objectives, and have resulted in a real kick for Manchester's regeneration strategy (see Box 7).

Box 7 - The Commonwealth Games of 2002. The role of the Commonwealth Games - the largest multi-sport event ever held in the UK (over 4,000 athletes from 72 nations competing in 17 sports, involving 15,000 volunteers and attracting one million spectators and a global television audience of over one billion) - in the city's regeneration strategies has been outstanding. The Commonwealth Games have been a catalyst and an incentive to cultural development, as well as a major lever to renew the cultural infrastructure. International sporting venues have been developed, such as Sportcity and the Stadium Complex which includes international facilities for squash, a tennis centre and the English Institute of Sport, the Velodrome and Aquatics Centre. The City Council has cooperated with national bodies, voluntary associations and private sector sponsors to put in place sports development programmes which favour access, participation and talent development. In recognition of developments in East Manchester, the area has been designated one of the country's first "Sports Action Zones". Linked to the Games, the Spirit of Friendship Festival, a nationwide festival combining sport, arts and education, has been organised. This included Cultureshock, an international multicultural arts festival in the Northwest, which provided an opportunity both to develop links with Commonwealth countries and to celebrate the diversity of the city and region.

The Commonwealth Games definitely put Manchester on the map as a destination for cultural tourism, events and city breaks, and revealed to the world the image of a city that lives up to its fame as a creative hotspot but is also liveable and cosy, though — as argued — it is not yet a completely hospitable city during the weekdays. Visitors and students add to the mass of locals as keen cultural consumers, and especially among students there is the talent needed by the cultural economy of Manchester to sustain its cycle of development. A lively cultural climate encourages debate and entrepreneurship in the creative fields, and the presence in the city of a large and important (in addition to creative, as seen above) higher education infrastructure, is a precious engine of this mechanism. To this, it should be added that compared to some years ago, today young people and graduates are less likely to flee to London as soon as possible looking for glamour and success, and some of those who did this, are coming back — partly due to London's overheating, partly because the cultural brand of Manchester, itself a result of the city's marketing efforts, is today sufficient to keep a sizeable numbers of operators in place.

The issue of social capital that accompanies and substantiates Manchester's regeneration efforts is kept in high importance by the Council and other development agencies involved, such as North West Region. This is exactly the main focus behind the *Knowledge capital* project, that aims at strengthening the process behind the creation of a learning region. The regeneration of the city is thus seen as a necessary step for the talent, knowledge and technology generated in local universities and firms to get "rooted" in the local economy and work as a development asset for the community. In a city where only the 10% of the local pupils ever gets to higher education, being able to attract this capacity and to use it to strengthen the local society is a priority.

6.4.2 Networks with the local economy

While the cultural industries represent tangible employment opportunities for the Manchester society, at a more general level cultural dynamism is an asset for other

economic sectors, that can win the competition for the best human resources by offering an attractive work location. Indeed the urban structure of Manchester has been modified to accommodate this influx of workers, with top-class housing developments taking place all around the city centre in strategic locations. Like other successful British cities, Manchester is arguably in a favourable situation for these benefits to unfold; real estate is still relatively convenient and therefore it is easy for large firms to invest and expand. An illustration is provided by the shopping business: Selfridges obtained a very convenient franchising deal and established in Manchester the second biggest facility in the UK.

At a less tangible but equally important significant level, all economic sectors, to various degrees, enjoy the benefits of an innovative, creative climate. Though the boundaries between “traditional” and creative industries can be sometimes blurred, it is also easy to see how long-established manufacturing sectors, such as the textile and aerospace industries, could profit from a dynamic local design school; how tourism would thrive in a city that offers world-class music and sport events all years round; and how any other sector could gain from the local availability of playwright and creative talents working in the advertisement industry.

To this regard, the survey conducted in Manchester has identified some weaknesses. With a few exceptions in the fashion industry and other innovative engineering sectors, the local economy has been in slow in recognising the advantage of a local creative milieu in fostering innovation and market penetration. Especially the meeting between “old” manufacturing industries and new, post-fordist businesses was problematic, for lack of a common language. Yet today contemporary markets attribute great value to styling and design in manufacturing. Hence bridges needed to be built, in order for culture to make a bigger impact on the city economy and make a breakthrough change in the economic profile of the region. Culture does create jobs, but unemployment and productivity levels in the region are still unsatisfactory and need restructuring.

Economic and social objectives permeate each other, as the city sees the opportunity to build on its cultural achievements to strengthen its position regionally, nationally and internationally, and attracting further investment and development opportunities. The private sector may ultimately enjoy a better business climate on account of a more innovative and “trendy” environment. The social development dimension of the cultural strategy aims for residents to be offered adequate choice and access, so that they can fully enjoy the range of cultural opportunities available. Empowerment is also seen as important to stimulate the “stewardship” of culture and the productive capacity. To keep social and economic objectives together, it is important that the business community sees the advantage of investing in the local level. Therefore the Council points on the formation of *partnerships* as a means to achieve specific strategic objectives through the sharing of responsibilities with other regional public and private actors.

The first efforts by institutional agencies such as the North West Development Agency to improve networking have not yielded sizeable results. A more effective driver to this change is in higher education and research. Universities enhance the innovative capacity of the milieu, becoming centres of excellence and diffusing the knowledge (even of the creative type) generated in their programs to the local industries. The practical orientation of MMU is especially seen as an asset for the business community and has been on its turn influenced by the capacity of certain industries to manufacture products with a high creative and symbolic content. Through the financing of interesting

initiatives like MIRIAD or education programmes, the government is pushing the ‘reconnection’ with the modern theories about art and industry that has hit education during the 1960s and 1970s. One main direction of research and practice is in public art as an element of the creation of identity of a community. Barcelona and its renewed, human cityscape is a good benchmark for MIRIAD managers.

Other initiatives happen at a more sectoral level and put an emphasis on the “local” assets. For instance, *Shisha* facilitates the links between artists and galleries, stimulating young people to become curators. By launching a program celebrating Asian personalities who became successful, Shisha supports the cultural make-up of the community. Due to the national regulatory framework for broadcasting which foresees that 25% of the regional production has to be commissioned to independent organisations, *Granada Media* is so well connected with all the influential players and the constellation of talents in the media sector production chain that it has come to be recognised as a driver for the whole industry.

As a result of these largely “unplanned”, bottom-up initiatives, which genuinely cohere in an idea of “learning region”, the conditions for a more effective role of development agencies like NWDA have today greatly improved. In their effort to stimulate the development of an innovative economy, NWDA focuses on facilitating even further the transfer of knowledge, creativity and people from the university and the society at large to the business community. It recognises explicitly that art is to be considered part of the “creative assets” of the city, one in which Manchester has an advantage, which is to be defended and nurtured by looking with care at the social conditions of the city. It also very much sees the strategic role of education in training people who can adapt and move swiftly between apparently separated but increasingly intercommunicating worlds art, leisure and business. Again, Manchester has first class universities and art school, the most innovative research and educational programs in applied arts. A third element in the creation of a Knowledge City is the empowerment of community-based organisation, trusted networking actors who can be “spiders in the web” bringing people with different backgrounds to talk to one another, share ideas and start new projects. Small but strategic institutions like Cornerhouse or Shisha have received support by NWDA. Finally, knowledge circulation is facilitated by technology – the progress in digital art and the use of IT as management tools for small firms are two equally important elements that illustrate the added value from coupling creative with technical knowledge. Presently, a wireless network is under construction, linking three universities, the BBC and Cornerhouse plus many other art facilities in the “Oxford Corridor” area, providing a powerful backbone for the circulation of knowledge and the development of joint activities.

This level of coordination is a necessary condition for a more innovative economy, but a change in the mental attitude of people, entrepreneurs included, is also crucial. According to Peck and Ward (2002), Manchester is today commonly perceived as the second city in the UK. A better “sense of place” improves the capacity of the local stakeholders to look around them and recognise the potential in local networks and talents. Due to the enhancement (and improved “communication”) of the creative environment, today examples of success stories in attracting new firms can be quoted. Top firms in their sectors, such as Ticketmaster, the international ticketing agency, and Fuji, the giant media manufacturer, settled in Manchester seeing an advantage in this location. Marketing agencies like MIDAS (see Box 8) are working in this direction,

attracting potential investors with a conveniently small – and so manageable – location but a wide and visible market.

Box 8 – MIDAS, the Manchester Investment and Development Agency Service, is a partnership organisation covering the 10 local authority areas of Greater Manchester and forms part of the Manchester Enterprises Group. MIDAS offers an extensive package of advice and assistance tailored to the needs of national and international companies that are considering setting up, relocating or expanding into the Manchester area within the United Kingdom. In 2002/2003, MIDAS helped to safeguard or create nearly 3,200 jobs and played a part in securing investments by almost 100 businesses.

The next step would be to diffuse to the whole of the society the creative inputs, and in this way give stronger social bases to the current regeneration efforts. The huge projects underway are driven by large development corporations that may not be completely in tune with the ambitions of the place or aware of the requirements for the development of a creative community. Thus the local stakeholders fear that they underestimate the need to keep a critical social balance and “openness” in the urban environment.

6.4.3 Private support for the arts and culture

Already at the end of the 1980s, it became apparent that the sustainability of culture-based development was challenged by a severe problem of undercapitalisation and poor access to credit, which eventually spurred to creation of CIDS as a support agency (O’Connor 1999: 70), which partly improved the situation. In the next years, Manchester has also done a first-rate job in the last decade to improve its cultural infrastructure by attracting investment in flagship projects, and present itself as a top-class cultural hub to the world. Building partnerships has been a fundamental tool for the realisation of such infrastructures, as the City Council’s attitude has been to only invest in projects in which the private sector is participating. Important actors as Manchester Airport PLC have taken the lead in encouraging commercial sponsorship for the arts in Manchester and the surrounding region.

However, the problem of funding is emerging to ensure that the newly-created cultural opportunities remain affordable and accessible for residents. More in general, private investment in culture risks to be a two-edged weapon, enhancing the attractiveness of the city but bringing culture to be a factor of exclusion and division instead than a shared value for the community. At the same time, the United Kingdom’s long history of public funding to arts is today seen as a brake to a shift towards a “rentable” use of the heritage and culture assets, that is, new and creative ways to make cultural projects pay for themselves and produce benefits to the community. An illustration is given by the projects revolving around the other North-western capital of Liverpool, which has recently been chosen to host the European Cultural capital event of 2008.

Therefore, a different type of involvement of the private sector is today sought for, one that looks at the returns that are expected from a creative community rather than at mere profits, and adopts a long-term horizon in the constitution of a “learning region”. In this light, the private sector has to balance its naturally risk-minimising business behaviour, with the acknowledgement that risky, experimental, *extroverted* art events or cultural activities pay off and are those who truly “make a location”.

The city council can play a role, not by merely co-funding those projects, but for instance taking the leadership in bringing private partners and sponsors to adhere to the vision of an innovative place, where “seed money” in art projects may contribute to activate all sort of beneficial spin-offs. This consensus may then be consolidated in partnerships and shared projects of a “sustainable” nature. Private art facilities like the Bridgewater hall have a reputation and openness in their programming that are both a vehicle for the internationalisation of the city and a guarantee of cultural excellence. Indeed, while the latest approved public budget for culture (2005/06) includes some € 28.5m of expenditure in leisure services, € 19.5m in libraries and theatres, and € 9.5m in the city galleries and museums, totalling 6% of the budget (to which some € 433m of expenditure in education should be added), this operating funds ought to be seen as a lever for further private capital investments.

6.5 Sustainability issues

6.5.1 Spatial issues: the spatial development of the cultural sector

The physical re-development of the city of Manchester has fuelled the city’s enhanced cultural climate and reputation. Quilley (2000) argued that the first new wave of housing redevelopment corresponded with the redevelopment of the Canal Street area, intending to provide suitable residence to the patrons of the many bars and cafés; the “Gay Village” was built almost by chance. The city centre regeneration has been frantic, pushed further by the Commonwealth Games. Castlefield and Salford Quays have been transformed into top-class business and conventions areas. There are not many areas left to be redeveloped now, and the attention is shifting to the northern edge of the centre, where the Northern Quarter is increasingly tight between housing and office projects and the Smithfields site, the site of the city’s wholesale and retail produce markets until the 1970s. An agreement between the Council and a private developer will lead to the refurbishing of this area with a mixture of residential, commercial, retail and leisure uses in new and renovated buildings, opening a corridor that will connect the Northern Quarter to other key cultural facilities of the city like URBIS.

These new developments are hailed by many as a positive change from the grim cityscape of Manchester in the early eighties. However, the predominance of property-led development has also led to undesirable effects, such as standardisation of the urban design (the typical redbrick facades of Northern England are giving way to eye-catching but “global” architecture). Today, the city centre is hospitable and safe, but it is seen as lacking “sense of place”. Moreover, excessive emphasis on retail and leisure functions have come to associate “consumerism” to the city brand, which is somewhat inconsistent with Manchester’s *bohemien* image, and does not completely fit the needs of the most disadvantaged part of the community.

The “disembeddedness” of this approach to regeneration from the city’s DNA is well illustrated, again, by the Northern Quarter. This neighbourhood, which owes its charm, its status as a haven for artists, and ultimately its commercial success to its “openness”, is being redeveloped according to a US-style business improvement model, stressing quality of life, leisure, easy access for visitors. However, the risk is high that this change could happen *at the expense* of its cultural vitality, bringing the success cycle of a key sector of the local economy to an end. The pressure from redevelopment is so high that

few cultural producers are left in the NQ, and they can afford to do it because they get subsidies.

It must be noticed that the success of the Northern Quarter did not depend in origin on huge capital investment: the area has received very little public investment and only a limited amount of private investment, coming predominantly from self-employed small entrepreneurs. Consequently the area has nurtured optimal conditions for a cultural cluster to emerge, “open”, cheap space, multiple uses, mix of production, consumption and residence functions, and “sense of place” determined by the profitable uses granted to the old warehouses and lofts.

It is not merely a problem of space for cultural production, which can be easily found in new “urban empties”, at the edge of the city centre in the newest redevelopment schemes. The issue is rather that of destroying the networks and the “centrality” that made cultural production matter and change the face of the city. This provokes a rupture in the close-knit atmosphere which is a key ingredient for the vitality of a cultural cluster. Moreover, while the city centre is shifting northwards, it remains desolated after shops are closed; the social life of the city takes place in the suburbs, where the population lives.

This situation is very much the result of a “top-down approach” in urban development. Manchester has attracted huge capital investment, but property-led development has come to expose the fragility of the creative sector, causing the gentrification of the cultural quarters and the progressive shift of the creative forces at the edges of the city, resulting in a net loss of complexity and vitality. At the same time, the deprived suburban neighbourhoods have not gotten any of this “sunshine” and in spite of the excellent educational initiatives like *Creative Partnerships*, remain plagued by social and cultural problems.

New developments are of course needed and welcomed, but these developments need to be undertaken with the consent and support of the community. In particular, investments in infrastructures – physical, communicative and organisational – are required if the cultural sector has to enhance its competitiveness, in view of persisting problems with “creative drain”; cultural managers and practitioners who find a limit to their opportunities in Manchester may easily flee to London or to other “creative hotspots” in Britain, like Liverpool (music), Newcastle and Glasgow (media), Sheffield (art and design).

6.5.2 Social issues

The process of redevelopment of the city centre has been successful, but has also attracted criticism, failing to secure widespread social support. For one thing, it has brought many “newcomers” in Manchester, provoking a strong economic pressure on original residents and lifestyles. Secondly, it has generated a sort of “dependency” of the local economy on external human capital. The attraction of human and knowledge assets from outside, especially as producers and consumers in the thriving cultural economy, is to be seen as a very positive change because it indicates that today Manchester is “on the map” and is highly competitive in a specialised field. On the other hand, it has partially failed to produce tangible benefits that trickle down to the local community, resulting in some case in a mere “substitution” of people and functions, shifting the character to the city and its assets from local to global networks. Today, the city centre is mainly a place for regional shoppers and service sector workers

who come to Manchester from all Britain. The clubs and cafés of the “cultural districts” like the Northern Quarter and around the Oxford Road attract a large student and tourist population together with the usual Mancunian customer base. The percentage of residents using cultural and recreational facilities, lies at 63.6%; which means that the local market mass for culture is relevant, but the capital infrastructure like the Bridgewater hall, URBIS and the new museums attract many visitors and an affectionate but small group of educated local audiences.

One of the themes covered by the Manchester Community Strategy (MCS) is the enhancement of the cultural base of the city. The Manchester Local Strategic Partnership, now known as Manchester Partnership (MP), a broad-based coalition of local, regional and national organisations representing the public, private and voluntary and community sectors, has been given the task to develop the MCS, improving the quality of life of all Manchester residents, increasing their social and economic opportunities, and enabling them to fully participate in the life of the city. The MCS provides the framework for regeneration and service improvement over the next ten years, and sets out the priorities over the first three years. It is the task of the Manchester Neighbourhood Renewal Strategy (MNRS) to translate the direction and priorities of the MCS into action at the neighbourhood level, along with the action plans of the MP’s thematic partnerships.

However, while the MCS would try to encourage the cultural participation of residents, they increasingly have to “compete” with outsiders and this may have adverse effects in the way in which they feel the cultural infrastructure of the city as “theirs”, which is a key idea of social development policies like *City Pride*. Furthermore, whereas the community strategy aims to enhance diversity in cultural participation and entrepreneurship at neighbourhood or community level, linking in this way cultural initiatives with strategies for community regeneration and building community capacity, the new regenerated city centre accommodates functions that are predominantly white.

In synthesis, the feeling is strong that while the original goal of the Cultural Strategy was to use art and culture as tools for widespread social benefits, integration and inclusion, the success of the city as a cultural hotbed has in fact deepened the gap between a shiny city centre and turbulent, grim peripheries.

Some forward looking policies explicitly tackle the problem of integration between old and new user groups: for instance, the *New Opportunities Fund* and *Sport England* (two government agencies) funded a program of engagement of university students in the sport activities of the neighbourhoods’ communities. The program, promoted by the students’ unions, aims at showing a different face of the students’ role to the residents, stimulating the sense of citizenships among students and making the locals see a clear advantage in the availability of external human resources. Likewise, other voluntary programs have been developed through the universities (without granting credits) as a complement of students’ curricula.

6.5.3 Cultural issues

Lifestyles, education, and citizenship issues inevitably influence the cultural landscape of the city. In the last 20 years, a constellation of actors, like cultural managers, visual artists, musicians, designers, creatives and academics has worked, more or less in a coordinated way but in any case sharing the same social networks and languages, to build a cultural brand of the city, characterised by originality, functionality, commercial

appeal, and strong ties to the social environment (ethnic and working-class content). This outcome has influenced the work of the government, who came to be convinced of the socio-economic potential in culture and of the importance of the cultural brand in marketing the city, and has stimulated the business community investments in place and innovation. Creative activities at the boundary between pure artistic creation and business applications are the focus of economic and development initiatives, and universities and art schools make sure that these activities are sustained by training and education in theory and techniques.

However, the cultural climate of the city has changed in the years. Today, the cultural sector is as lively as before but the “brand” is more blurred. While the highly successful media and design industries thrive independently of place considerations and become integrated into national and international networks, for spontaneous, place-specific idiosyncratic activities it is hard to get to the surface. The danger is that the genuine creative spirit of Manchester goes “underground” again.

If one symptom could be identified, it is the relative lack of attention towards the cultural heritage and the cultural history of the city compared with the importance attributed to the “new” and “hip”, a sign that the success of the creative industries has weak cultural roots and is exposed to the forces of globalisation. It is highly meaningful that in our survey of the cultural activities of the city, we barely came to talk with representatives of the heritage sector or traditional art forms. Manchester does not see itself as a “heritage city”, and relies on national policies to care about its heritage, while local policymakers look at culture with different, “utilitarian” eyes. The cultural heritage of the place, the redbrick factories and the “pub culture” conviviality, cannot be swept away without repercussions on the very identity of the city and its sustainable development; and in fact the attitude of the City to this respect is today is changing as evidenced by the development and restoration of Ancoats and the moves to designate this as a World Heritage Site.

However, there are political issues emerging from the full development of a 24/7 night-time economy, which inevitably conflicts with the lifestyle of groups like families and senior citizens. In the most recent years, the goal of developing a “friendly city for all” has meant that the cultural strategy had to be “constrained” as far as opening times, licensing and open-air events are concerned. This discloses a certain difficulty in integrating the cultural strategy with urban objectives, which may be due to the fact that the “constituency” of cultural stakeholders is more limited in power and structure compared to other groups of the city, and it illustrates the persisting a lack of clarity in the strategy goals.

Specific initiatives which attack this sort of “cultural unsustainability” of Manchester’s regeneration efforts could be mentioned. Cornerhouse set up a group (with the North West film archive) to record the oral history of the neighbourhood, with the aim of linking the past with the present and strengthening community pride. More in general, cultural debate is welcome and actively sought for by many small players, like Shisha, whose focus is the South-eastern Asian community and proposes a calendar of initiatives aiming not only at strengthening the capacity of the community, but also at defining a new brand of Manchester as an entrepreneurial multicultural city. Urbis has an aware approach towards the local community, trying, through content development, to produce a change of the community’s negative perception of the regeneration process affecting Manchester, and stimulating a socially responsible use of the idle areas left in

the surroundings. The access in Urbis is free, thanks to a well developed financial plan and funding from the City Council.

6.6 Conclusions

6.6.1 What is the role of culture in the local economy?

Manchester is one of the cities in Europe that more explicitly used the cultural economy and the arts, especially popular art, to achieve all sorts of urban development objectives: social regeneration, city marketing and spatial/physical redevelopment. With an increased national and international attractiveness, a cultural production sector now counting for some 12% of the employment in the metropolitan region, and a highly innovative cultural scene established, most of these objectives have been achieved. Though the process of re-imaging of the city is exposed to the sways of fashion and economic recession, Manchester is today a much more liveable and attractive city than it used to be twenty years ago, coming to challenge London as the British hotbed for cultural innovation. The news is recent of the shift of further BBC production facilities from London to Manchester. Some of the original residents who left the city are also coming back, enhancing the bases for the development of a knowledge city where excellence in art forms mingles with new entrepreneurial styles and innovativeness.

6.6.2 Is this role sustainable? What are the dangers for the future?

Despite its successes, the reputation gained as a creative city and the innovative approach taken by the cultural strategy, Manchester remains a community with more problems than many other British regional capitals: unemployment, low skills, poor educational attainment, ill-health and crime, even deprivation and social unrest in some of its wards. Paradoxically, the wave of pop artists who made the fame of “Madchester” were an expression of such social diseases. Bravely, Manchester turned big problems into strengths, becoming a fashionable, hip and “sanitised” city, and attracting wealthy groups back to live in the city. Putting together the strong ethnic character of the city and the city’s international reputation for sports, the Commonwealth Games were an opportunity to shift the discourse on “sustainability”, as a long-term, balanced and inclusive result of regeneration.

The question though is to keep this momentum going, and use the cultural improvements to face the most challenging issues. Yet there are some dangers that can hamper this outcome. Development generates pressure on the social and cultural capital of the city, and has consequences on the location characteristics of the cultural clusters, a key element for their success. Manchester has an image of a successful city, however this identity can quickly fade out if the cycle of development is not maintained. Threats come from the standardisation of the urban environment under the pressure of global consumerism and landscaping. The positive novelties in this environment, like Bridgewater hall and Urbis, have a hard life getting integrated to the rest of the creative production sector. While a lot of emphasis has been given to marketing, coordination and tourism, there has been little capacity to “steer” the development of a cultural climate, the condition for the endurance of the cultural cluster.

Such developments are the inevitable result of a process of privatisation of the space through the production of “fenced” communities and shopping arcades. Even if in initial stages such manipulation is seen as benign, it may pose a potential long-term threat to the civic space and public realm. The concentration of cultural consumption means that animation in these spaces is invariably constructed through the creation of leisure and cultural events, through a planned programme of concerts, festivals and street markets aimed at encouraging tourists in the area. Such activities do raise questions with regard to the vibrancy and vitality of the street-life once the festivals and events are over. Here two forces are coming at ends: Manchester could be given completely to free market development, but emotionally, not economically, it might not be a good idea. The emotional aspect has to be taken into consideration in the creativity discourse. The development of cultural quarters has to be understood as a continuous process requiring a programme of investment in areas such as training and education, small businesses support and the refurbishment of buildings as mixed-use premises, rather than the reconstruction of places as spaces for pre-determined “cultural” activities.

6.6.3 How should cultural policy change / adapt to face future challenges?

The Manchester model of culture-driven regeneration policy is internationally regarded as a template. The establishment of the Cultural Industries Development Service (CIDS) is also a national flagship for support and investments in the cultural economy.

However, culture is always in motion and so must be policy. Some of the sectors that gave Manchester the “creative edge” reputation are today on the wane (for instance, other big cities like Liverpool, Sheffield or Bristol did a better job to keep their music industry going) or being displaced by their very success. Others flee to London, where they enjoy an incomparably higher market exposure. Others still might see Manchester as a new ideal location, building on the local assets – TV, media and design are at the centre of the most recent policy efforts.

Manchester, in that respect, has been timid in using explicitly its strengths in the night-time cultural life to attract tourists, though this has a very strong catch to visitors and especially young people, possibly because of the expectation of opposition from conservative residents’ groups. This situation can be improved with a better communications strategy and improvements in the licensing policy. Moreover more coordination is needed at the base level of the cultural producers, so that the City marketing organisation can develop a trust in them and more solid cooperation channels. The idea has been proposed to offer hotel packages that include late breakfast and check out, targeting night-clubbers: a good idea that however needs more cohesion between hotel managers and organisers, who now talk totally different languages. In the future, an opportunity in this sense will be given by the set up of a new regional body for tourism marketing and management at the Greater Manchester level, with a reasonable budget to engage in the development of new tourist products.

Diversification of the arts agencies is also extremely important and vital for the city: the Arts Council England, North West is not that present for the development of the cultural sector in Manchester. MIDAS could market Manchester as a creative hotspot but they focus more on cost/benefits issues.

6.6.4 What can this city teach to others?

A part from showing how far-fetching cultural planning can be, Manchester illustrates perfectly the close link that exists between creativity and spatial development and the volatility of this relationship. Creativity is permanently mobile, and if there's an attempt to build a structure to it, it fades out rapidly. Cultural activities should not get dispersed, because they benefit from centrality, and they should not become institutionalised because they could become sterile. However, open networks can become formidably good businesses for a city.

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LIST OF DISCUSSION PARTNERS

Lyn Barbour, Director, CIDS (Creative Industries Development Service)

Nancy Barrett, Director, Creative Partnerships Manchester Salford

Tony Doherty, General Manager, URBIS

John Hyatt, Director of MIRIAD, Manchester Metropolitan University

Jane Luca, Controller of Regional Affairs, Granada Television Limited

Alnoor Mitha, Director, Shisha

Dave Moutrey, Director, Cornerhouse

Justin O'Connor, Director, Manchester Institute for Popular Culture (MIPC), Manchester Metropolitan University

Sarah O'Donnell, Head of External Affairs Manchester Metropolitan University

Howard Raynor, Group Chief Executive, The Bridgewater Hall

Fran Toms, Head of Cultural Strategy, Chief Executive's Dept, Cultural Strategy Team, Manchester City Council

Ivan Wadson, Chief Executive, Arts About Manchester

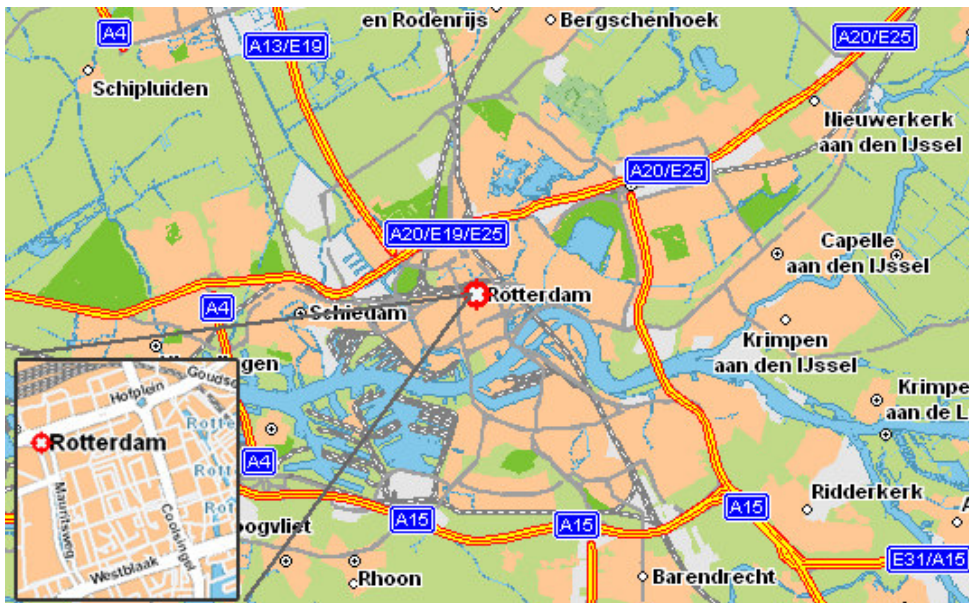
7 CASE STUDY OF ROTTERDAM

7.1 Synthetic information on the city

Rotterdam is situated in the southern part of the Dutch province of Zuid Holland. Located in the Rhine Delta, the city is the hart of the Rijnmond Region that is part of the Randstad conurbation (Fig. 7.1). Besides the world's largest seaport, Rotterdam has a regional airport mainly used by business flights and that will be connected to the high speed train link Amsterdam – Brussels – Paris/London in the near future.

Since the end of the 19th century, the population of Rotterdam grew spectacularly thanks to flourishing sectors such as shipbuilding, petrochemical industry and wholesale trade. In the mid sixties, at the top of its economic development, the city population reached 740,000 inhabitants. From the seventies onward, social, political and economic factors favoured spatial de-concentration and caused a dramatic drop in the population till the early nineties. Nowadays the population is stabilized around 660,000 inhabitants, the majority of which are non-indigenous. Rotterdam is a metropolitan melting pot of at least 135 different nationalities and cultures, the largest ethnic minorities being people from Suriname, Turkey, Morocco, the Dutch Antilles and Cape Verde. It is a vivid tableau with ships, cyclists and heavy traffic, asphalt, quay walls and tunnels, viaducts and bridges. The city contains warehouses that still “smell” of the past and futuristic architecture, crane islands and towering drilling rings. Nevertheless it has a skyline to be proud of and offers the opportunity to walk just a few yards to see a completely different view. Furthermore, the city is constantly digging, building and changing, so street corners may look different within a year. The impression one get about Rotterdam is that is not just one city, but many cities in one: it's residential and a port, a pleasant park and home to the heaviest industry imaginable, a fusion of past and future (Carillo 2004).

Figure 7.1: the Rijnmond Region and the City of Rotterdam.



Thanks to its seaport complex Rotterdam serves as an important international logistic node and centre of trade. Until the sixties, the very rapid expansion of the economy attracted many low-skill immigrants. Since the seventies the industrial development stagnated: industrial activities such as shop buildings and food industry lost their dominant position. This led to socio-economic problems that reached the highest level with the economic recession of the early eighties when the Rotterdam economy suffered of huge levels of unemployment (it has been estimated that almost 20% of the active population was without a job). Late eighties and the nineties saw the progressive tertiarization of the city, mainly due to the development of the financial sector. The city is slowly changing from a grey industrial hub to a world class commercial centre, whose mixed population and cultural diversity is regarded as an asset and not more as a problem (van den Berg and Russo, 2004).

7.2 Cultural activity in Rotterdam: actors, assets, and policy

7.2.1 Culture highlights and infrastructure

Despite the persisting image of an industrial city inherited from the past, Rotterdam can nowadays boost plenty of cultural and artistic institutions and activities. The city has a wide selection of *museums* (37) that range from modern art to historical treasures, from architecture to photography, from historical ships to exotic animals.

An impressive clustering of museums adorns the “museumpark” in the western id eof the city, the centre of a wide regeneration area during the 1980s and 1990s. These include, among others:

- the *Museum Boijmans van Beuningen*, one of the most important museums of the country, founded in 1849. Its broad collection includes Old Art, with masterpieces such as Breughel’s Tower of Babel, and Modern Art, with an important collection of Surrealism. Very important are also the collection of Prints and Drawings and the collection of Applied Arts and Design.
- the *Netherlands Architecture Institute* (NAI) is surely one of the most famous knowledge centres for architecture in Europe. The NAI moved to Rotterdam in 1993 in a striking building designed by Jo Coenen, located in the Museumpark in the centre of the city. More than a museum, the NAI is a cultural institution that stores important archives and collections and makes them available to both general public and professionals. Each year the NAI presents more than 15 exhibitions on architecture, urban design, interior design and landscape architecture. It has one of the largest architecture collections in the world; the library has over 35,000 books on architecture and related disciplines plus an extensive range of Dutch and international architectural journals (source: www.nai.nl).
- the *Kunsthal*, whose building – designed by the famous Rotterdam-based architect Rem Koolhaas – is a work of art in its own. Its over 3,300 square metres host some 25 exhibitions a year including old art, new art, design and photography.

- The *Maritime Museum Rotterdam* has a collection that comprises some half a million maritime objects from ship models to paintings, form cartographic collection of atlases to photos and navigation instruments. Some of this collection dates back to 1852, year in which the Model Room for the Royal Dutch Yachting Club was created by Prince Hendrik. This Model Room became the basis for a public municipal museum created in 1874 (source: www.rotterdam.nl).

In recent years many music, *theatre* and *dance companies* have moved to Rotterdam. The *Rotterdam Philharmonic Orchestra*, directed by world-famous Gergiev (an icon for the arts sector of the city, and the persona around which revolves an important music festival every year) is one of the world’s best symphony orchestras. Other important companies are the *Ro Theater* and the *Scapino Ballet*. These companies can use state-of-the-art venues such as the Rotterdamse Schouwburg, the Oude Luxor Theater, the Nieuwe Luxor Theater and De Doelen. *De Doelen* is the second concert-hall of the country per number of visitors. With more than 600 concerts per year, it attracts more than 450,000 visitors. De Doelen is also a state-of-the-art congress centre that hosts thousands of events and congresses yearly. Larger events, such as pop concerts and sport events, take place in the Ahoy venue in the southern part of the city and in the football stadium De Kuip.

Rotterdam has managed to position itself as a city of events, which draw largely on the multi-cultural environment and celebrate it, but also on alternative lifestyles (Dance Parade, Gay Parade) and futuristic city image (the Harbour Days). Among the former, the Summer Carnival is a yearly 3-day Caribbean Carnival that presents Latin music and an amazing colourful street parade. The Dunya Festival, at its 28th edition in 2005, presents a mix of music, dance and literature from different cultures around the world. Last but not least the International Film Festival Rotterdam (IFFR) is by now one of the largest in Europe and the one to be considered most “democratic”, with easily accessible screenings for all and prizes decided by the audiences; it is today a recognised international brand and attracts a large national and international audience, contributing for a full week in the “dead season” of end-January to the vivacity of the city and the good performance of the hospitality sector. Other second-order film festivals taking place in Rotterdam are: the Blacksoil Film festival a festival about hip-hop and dj underground culture, and the Arabic Festival.

Table 7.1 - Top-5 visitor attractions and events in Rotterdam (1999-2001). Source: OBR, 2002

Top 5 Attractions	1. Diergaarde Blijdorp	Top 5 Museums	1. Boijmans van Beuningen
	2. Casino Rotterdam		2. Kunsthal Rotterdam
	3. Tropicana		3. Netherlands Architecture Institute (NAI)
	4. Spido		4. Maritime Museum Rotterdam
	5. Euromast		5. Maritime Buitenmuseum
Top 5 Events	1. Marathon Rotterdam	Top 5 Podia	1. Pathe Cinema
	2. Solero Summer Carnival		2. Ahoy Rotterdam
	3. FFWD Rotterdam Dance Parade		3. De Doelen
	4. International Film Festival Rotterdam		4. Luxor Theater Rotterdam
	5. World’s Harbor Festival		5. Cinerama

The cultural infrastructure of the city also includes a large zoological garden, the most visited attraction in town (Table 7.1), and a real “heritage” neighbourhood in the peripheral district of Delfshaven, something which clashes with the futuristic image of Rotterdam but nevertheless manages to attract visitors and locals in the cosy “Dutch” atmosphere created by canals, mills, and ancient houses, which has established this part of the city as a location for bars, restaurants and musical events.

Last, the impressive architecture of Rotterdam’s centre (on the two banks of the Maas river) is itself a point of attraction for many “specialised” visitors and a true brand of the city’s dynamic and work-oriented culture. Rotterdam’s tradition in architecture dates from the beginning of the XX century with the celebrated works of Oud and Dudok, defining the image of the city. But the real changes are of much recent époque. When Rotterdam’s centre was levelled by bombing and flooding in WWII, nobody could have said that this was possibly an opportunity to create something completely new, a sort of “open air architecture museum” as it started to appear when the demise of the traditional port-industry and the necessity to enhance the urban architecture and design left many free spaces. The regeneration of the waterfront brought plenty of impressive new buildings: Piano, Foster, Koolhaas, and many other world-famous architects have had free room to create veritable art objects that today adorn the cityscape, exalting the interconnection of land and water with flashy buildings recuperating and elaborating the maritime tradition of the city. In the middle of it all stands the Erasmus Bridge, erected in 1997 and joining the two parts of the city – divided for long not only physically but also socially and culturally – and so providing an ideal visual icon of the city’s will to excel and progress.

Rotterdam is also a “fun city” and a haven of urban culture, and while this has more to do with entertainment and social life than with strictly cultural issues, it is worth mentioning that large dance infrastructures as the Now and Wow in the port and Las Palmas in the Kop van Zuid have served as blueprints for the regeneration of idle infrastructure, re-valuing some port buildings and even doing so, as the Now and Wow, in an itinerating way, as the facility has now moved to a new premise in another “difficult” area at the Afrikanderplein.

7.2.2 Image, quality of life, intangible assets

For decades, the image of Rotterdam has been that of an industrial city dominated by port-related activities; a city with a sprawling structure, where industrial growth and immigration from former colonies have substantially pushed the suburbanisation of the middle-classes, affecting the vitality of the city centre in a typical “American” development model. Increased environmental awareness, lack of safety and declining social conditions (in the peak of the oil crises of the 1970s, unemployment touched record levels), increased the pressure for a radical change, which came in the late eighties and early nineties.

The grand vision of reshaping the city development trajectory consisted not only in attracting investments to change the physical image of the city, but also to create new conditions for social peace and to boost the city’s centre image as a place for culture, sociality and leisure. Thus the city managed not only to diversify its economy, which

became distinctively less port-dependent and more oriented to the service sector, but also to increase the quality of life and the offer of specialised facilities in sports, culture, events (van den Berg *et al.*, 2002). One-shot events like the European Cultural Capital (2001) and the European Football Cup (2000) and periodic events such as the International Film Festival, the Marathon and the thematic years (2001 culture, 2003 water, 2005 sport, 2007 architecture) have played an important role in change of the city's image, which only in the 1990s started to be on the international map or reasons different than its strength as a mainport (which after the heavy restructuring of the 1990s, has managed to maintain its rank as the first in the world).

According to recent surveys (Gemeente Rotterdam, 2004a), in 2001 78% of local inhabitants thought that there was a lot to experience in Rotterdam, with an 8% increase on 1997 data. Nevertheless, the 70% of the population still thought that the city should become more attractive. Safety and the quality of the living environment were mentioned as the two most important factors to improve the quality of life in the city, an indication that has been confirmed by a survey among the visiting students of the Erasmus University (Van den Berg and Russo 2004). It could be argued that the image of the city is improving among local inhabitants but it is still not good enough to attract people that are now living outside the city. In order to attract the medium-high income groups, Rotterdam is also enhancing the quality of its housing stock providing approximately 3,000 new top-market houses per year. It has been realized that culture can play an important role in the attraction of these groups but that it should be seen as a plus; basic facilities such as high-quality housing, safety and green public spaces have to be considered as pre-requisites.

The high level of multi-ethnicity that characterized the city can represent a strong intangible asset in attracting the so-called 'creative class'. The countless ethnic restaurants – a real selling point for Rotterdam, where it is possible to taste almost all of the cuisines of the ethnic groups represented there – and shops and events such as the Summer Festival and the Dunya Festival at the same time enrich the cultural atmosphere of the city and facilitate the process of social inclusion of ethnic minorities. During the International Film Festival, an international co-production market (Cinemart) is organised and a Fund (Hubert Bals Fund) is awarded aiming at supporting filmmakers from developing countries.

A distinctively young and diverse city as Rotterdam has indeed created its own melting-pot culture, uniquely integrating ethnic, quasi-tribal cultural elements in post-modern cityscape. For many people Rotterdam is one of European capitals of innovative architecture and housing, of ethnic gastronomy, but also of Caribbean culture and of dance music. Intelligently, the city governments have boosted these aspects in the past, integrating potentially conflictive elements in a unique supply and image which stretches much further than what any other racially-mixed large city in Europe could do. Multiculturalism and diversity were also at the centre of the European Capital for Culture event of 2001, a celebration of Rotterdam's cultural policy in the last decades, whose slogan was "Rotterdam is many cities". The event has probably represented the peak of Rotterdam's commitment towards art and culture and its maximum international exposure. However, not everything went as well as expected: for one thing, the events in the calendar have been attended by relatively few residents and especially among the minority groups participation has not been that high, in line with the general data on

cultural participation in the city which is comparatively lower than in the other Dutch great cities⁴⁶. The result of extensive research carried out on the EC 2001 event (e.g. Richards, Wilson 2004) indicates a case of a lost opportunity to create a more cohesive city.

In spite of the innovative planning ideas that have guided in the past the construction of a multicultural city (subsidised housing in the centre, multicultural education and cultural supply, social services, etc.), today the city is thus still “divided”; the feeling of insecurity from one side and of exclusion on the other is larger than ever, probably a reflection of world trends which are exasperated in a city where more than two thirds of the city residents are of non-white descent.

7.2.3 Spatial structure of cultural activities

Most of the cultural facilities of Rotterdam are located in the city centre, in an area stretching from the central station to the two banks of the river Maas. Several cinemas, the Old Luxor Theatre and 20 of the 37 city’s museums are located in this area (see Figure 7.2). The Museum Park can be considered the real cultural hart of the city, a true “museum cluster” but also a “metropolitan cultural cluster” in the taxonomy proposed by Santagata (2001) including several atmospheric, cultural production-related and leisure elements. Cultural flagships such as the Museum Boijmans van Beuningen, the Kunsthal and the Nederland Architecture Institute are in this area, as well as the galleries, exhibitions spaces, theatres and restaurants of the Witte de Withstraat, which create a very rich cultural atmosphere. This trend is confirmed by data (TNO, 2004): 40% of the employment generated by the creative industry of Rotterdam is localized in the city centre area.

Figure 7.2 – Rotterdam’s museums in the central area. Source: www.musearotterdam.nl



⁴⁶ COS (2005) estimates that in 2003 the 54% has visited the cultural institutions of the city compared to 62%, 59%, 67% respectively in Amsterdam, The Hague and Utrecht.

From a spatial point of view the city of Rotterdam is trying to develop the cultural supply beyond the above-mentioned central area. Westwards, in the historical neighbourhood of Delfshaven, the City Council has transformed the former power station Schiecentrale into a creative melting pot where companies and artists operating in the audio-visual sector and ICT can locate. Already 75 companies employing more than 400 people work in the building; 18,5% in the multimedia and internet sector, 27,4% in film, television and video production and 10,2% in the audio sector (source: www.schiecentrale.nl). Towards north, Rotterdam has developed the project called 'Kennisboulevard A13' ('Knowledge Boulevard A13'). This project is the result of cooperation among the city of Rotterdam, the Province of Zuid Holland, the Erasmus University Rotterdam and the Technical University of Delft (a small town located few kilometres north of Rotterdam). The main aim is to realize a business park especially meant for knowledge-intensive businesses. Its strategic location close to the A13 highway Rotterdam – The Hague and to the Rotterdam Airport represents a strong potential to attract knowledge businesses and workers. This area integrates the recuperated Van Nelle factory (see below), a prime example of industrial heritage, which now hosts many small creative businesses and offers exhibition spaces. Finally, Rotterdam has been long interested in re-integrating the large southern part of the city, which includes many "problem areas" in the social and economic development of the rest of the city, with scarce success. The redevelopment of the southern waterfront Kop van Zuid (see below) has certainly added state-of-the-art facilities to the cultural and economic infrastructure of the area, but it remains unclear whether this growth is filtering down to the deprived community of the surrounding neighbourhoods. In Van der Berg and Russo (2004) it is argued that especially the location of the new educational complex of Rotterdam Hogeschool (including students' residence) has the potential to become a lever for community development in that area.

More "traditional" cultural districts have emerged in the above mentioned neighbourhood of Delfshaven, with many history-themed bars and restaurants; in the laid-back, ethnically-mixed Oud Noorden, that has a focus on community-culture facilities; and in the high-class Kralingen, which proximity to the Erasmus University's main campus and whose village-style atmosphere at the edge of a large park have transformed into the favourite student residence area.

7.2.4 Cultural policy: actors and strategic context

From a historical point of view – and in spite of the association of the city with the figure of Erasmus – Rotterdam had never been a cultural hotspot of the status of Leiden or Amsterdam, just to quote other Dutch cities. For this reason, the progress that this city made to become a hub of contemporary "global" styles and cultural current is outstanding. A good overview of the recent history of the urban cultural policy of the city is provided by Hitters (2001). While the first comprehensive art policy plan is dated 1957, only the strong cultural transformation of the sixties convinced the local government to consider art as a good that should be available for all. At this time culture became part of the "welfare-package" that local authority provided to its citizens. The port and related activities had been for decades the focus of private and institutional investors of the city, which contributed to the no-thrills "work-minded" character of the Rotterdam citizenship. This model wavered when the port succumbed to crisis, calling for a transformation of the economic base of the city, and international competition demanded more attention to quality of life, image and atmosphere which in the

Rotterdam of the 1970s seemed completely missing. The Municipality of Rotterdam was then forced to take the initiative and started to develop a cultural programme for the city.

At the end of the seventies art and culture lost definitively their high-brow status; also amateurs and experimental arts started to be supported by the local authority. In the eighties the financial acceptance of cultural policies started to be questioned, since their cost was considered to high compared to the limited influence they had on the demand for culture. In the nineties a new impulse for the cultural policy was generated by the city administration. The relation between art and urban development became a central theme; art and culture policy was seen as integral part of the revitalization process of the urban environment, becoming therefore instrumental policy. The main priorities in the cultural plan of the nineties were the stimulation of the international character, the promotion of high-quality urban facilities and the diminishing of the dependence on public financing through the involvement of the private sector. During this period “the city invested considerably in cultural infrastructure, such as the Schouwburg, the Kunsthal, the Museum Boijmans van Beuningen, the Natural-historical Museum and the Museumpark (Hitters, 2001). Rotterdam as European Cultural Capital 2001 was the most visible achievement of the city’s cultural strategy of the nineties. The idea has also been to create open spaces for cultural debate and creation, and let that fertilise the urban environment; hence the development of the Witte-de-Withstraat, and other cultural spaces around the Showburgplein, Delfshaven, and in the port areas. At the beginning of the XX century, Rotterdam has invested over the past 20 years a total amount of some € 140m in capital funding, and approximately € 90m every year on culture and the arts, roughly 8% of the municipal budget available for discretionary spending (Weeda, 2001).

The ECC 2001 event, though not completely successful, leveraged an additional € 25 m in capital expenditure for the thorough renovation of one of the most attractive canals in the city (along which the Cultural Capital office was located), € 18m for the expansion of several museums, some € 40m for the new Luxor theatre that opened in 2001 (Weeda 2001).

The cultural plan covering the 2001-2004 period focused on the involvement of the education sector in the cultural life of the city; the use of the city’s cultural diversity as a tool for social inclusion; the enlargement of the audience and the supply of more demand-oriented products; the use of culture as tool of urban development and the stimulation of the private sector to play a more important role (especially from a financial point of view) in the cultural climate of the city (RKS, 2000). During this period, the biggest problem concerned the lack of adequate spaces for artists in the city. Especially for young (and not yet known) artists it was very difficult to find affordable workplaces (galleries, ateliers, podia). Moreover there was concern regarding the overlapping in the supply of cultural activities, the deficient cohesion among different disciplines, and the insufficient cooperation among the main actors involved (RKS, 2000).

The new 2005-2008 cultural plan has six main priorities: more attention for the cultural heritage of the city; a renovated attention for the enlargement of the audience; strengthening the involvement of the educational sector; strengthening of culture as tool for social inclusion and spatial-economic development; investments in cultural

infrastructure; strengthening the position of individual artists in order to promote their independence and entrepreneurship (RKS, 2004).

A comparative look at the two last cultural plans reveals some common points as well as some discontinuities. Firstly the specific focus on “cultural accessibility” through the so-called *Actieprogramma*. The start of this programme was motivated mainly by the demographic trends of the city and it consists in an extra impulse of activities aimed at young people, ethnic minorities and residents of deprived neighbourhoods. The two main aims of this programme for the period 2005-2008 are: (1) to attract a larger and more diversified audience to cultural events and (2) to involve more students in cultural-oriented educations in order to create the base for the future audience (Gemeente Rotterdam, 2004b). Moreover, cultural policy continues to be used as a tool for social inclusion especially by improving the cultural supply in the most deprived neighbourhoods of the city. Finally, the natural follow-up of Rotterdam 2001 European Cultural Capital has contributed to enlarge the audience and to keep an eye on the investments in cultural infrastructures that has led to the construction of the new Luxor Theatre and to the enlargement of the Wereldmuseum and Museum Boijmans- van Beuningen.

Yet in the most recent Cultural Plan the city seems to have changed its policy towards a larger involvement of the private sector. Since the large private actors operating in Rotterdam seem not to be interested in investing in culture (besides the odd sponsorship), the local authority tries now to promote the entrepreneurial development of individual artists and cultural managers.

An illustration is given by the establishment of the Rotterdam Film Fund (RFF) in 1996 as an instrument to encourage audio-visual businesses to settle in Rotterdam, giving a special attention to the productions that contribute to long-term strengthening of the local economic base. € 2.75m have been spent in 2003. The fund helps filmmakers to finance at zero interest post-production activities and supports them free of charge with locations, facilities, local crews and permits.

Box 1 – The Rotterdam Film Fund (Carillo 2004). The RFF is an independent organization giving technical and financial support for audiovisual business projects in the Rotterdam region, under the condition that 150% of the total loan has to be spent within the Rotterdam audiovisual sector. For non-Rotterdam-based film-makers who make use of the fund it is difficult to fulfil the obligatory expenditure in the field, mainly because of the sector lack of visibility. However, the introduction of the RFF had a substantial impact in terms of generated expenditure. Starting from a € 0.4m loan from the RFF in the 1996, the corresponding outside investment spent in the city were 0.3 millions (90% of the loan). In the 1999 a RFF loan of € 1.3m generated expenditure for €1.6m (161% of the loan) and in 2002 the € 2.5m the AV sector generated imported expenditure for € 4m (207% of the loan). It is then apparent that the more the city spends through the RFF, the more it gains.

7.3 Cultural cluster performance and dynamics

7.3.1 The cultural production sector

Table 7.2 reports the employment in the different sectors of the economic structure of the city in the period 1996-2005 (COS, vv.yy.). The sector “culture, recreation and other services” represented in 1996 a little more than 3.5% of the total employment of the

city, but it was the second fastest sector in the period 1996-2005 (+45.2%) only second to business services. However, it can also be noted as in the last years the sector seems to have stabilised and actually growth is expected to come to a halt in 2005.

Table 7.2 - Economic structure of Rotterdam, 1996-2000. *Source: COS, vv.yy.*

Sector	employees					%change1996/ 2005
	1996	2000	2003	2004	2005*	
Transport, distribution/communication	40,512	40,902	36,724	34,911	34,360	-15.19%
Financial services	16,590	19,047	17,714	18,642	18,090	9.04%
Business services	33,260	60,162	57,998	58,059	56,540	69.99%
Public administration	12,806	15,442	18,539	18,257	18,280	42.75%
Education	17,712	20,220	24,216	23,764	23,320	31.66%
Health and welfare	35,360	39,585	45,218	46,193	46,490	31.48%
Culture, recreation and other services	9,190	12,567	13,734	13,766	13,340	45.16%
Horeca	7,174	8,553	9,173	8,436	7,940	10.68%
Primary industry (agr., fishery, energy extr.)	510	675	498	466	420	-17.65%
Industry	31,157	30,105	27,710	26,018	24,070	-22.75%
Public utilities	1,853	1,761	2,171	2,642	2,640	42.47%
Construction	15,020	16,228	17,408	16,617	16,820	11.98%
Retail	38,150	40,987	40,272	38,444	36,460	-4.43%
TOTAL	259,294	306,234	311,375	306,215	298,770	18.10%

* estimated data based on preliminary observations

The city represents the strongest centre of the region with regards to the cultural and creative industry. The cultural production firms alone are estimated to count 920 firms and 4,500 employees (respectively 4% and 1% of the city total figures) according to census data elaborated by the Spatial Planning Department of the Dutch Government (Raspe, Segeren 2004). However, there is much more when a wider definition of cultural industries is adopted, considering the whole articulation of the creative production sectors. A recent report of the TNO Institute (2004) analyses the employment and the added value generated by the creative industry in Rotterdam. In 2005, the creative sector⁴⁷ of the city employed 10,300 people (3.3% of the total employment) and produced more than € 400m of added value (2.2 % of the city's economy). Even if in absolute terms the sector may not be very important for Rotterdam's economy, the creative industry grew in the period 1996-2003 at an average

⁴⁷ In the abovementioned TNO report the creative industry is composed of the following sectors: arts, media & entertainment, creative business services. This division is different (and less articulated) from the official definition of cultural industry given by the Vienna Declaration and used for other case studies of this research.

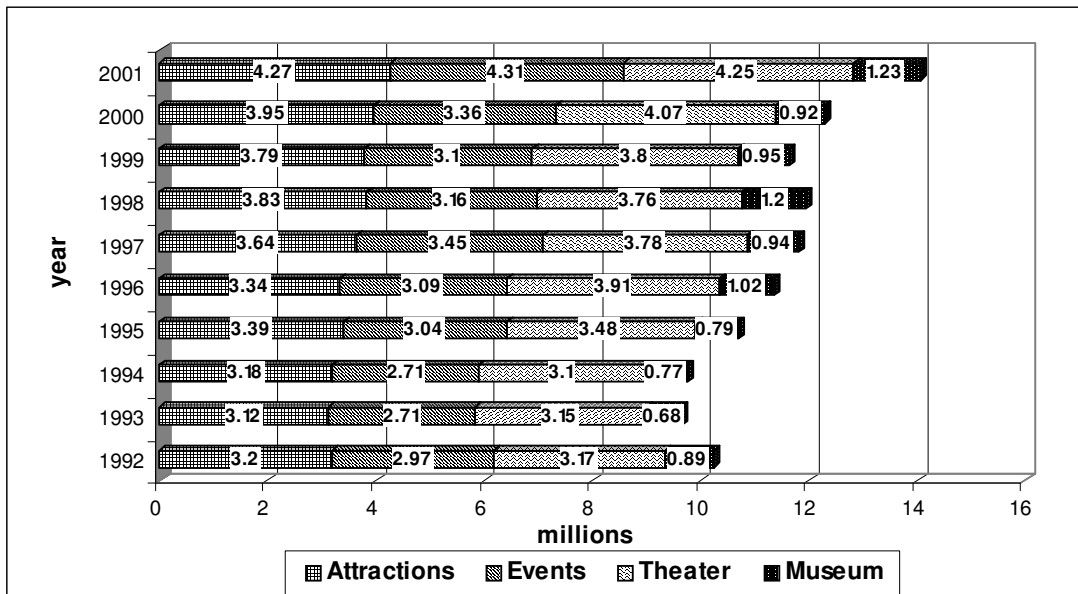
8% rate per year, compared to the 2.7% of the rest of the urban economy. Moreover, the share of local employment in the creative sector is above the national average.

This does not automatically imply that the creative class is also predominantly living in the city; in fact, in comparison with the other three large cities of the Randstad, Rotterdam is the city where the presence of the creative class is relatively smaller. The city is deemed not good enough in providing adequate quality of life conditions (atmosphere, cultural events, locations, housing) for the creative talents (Marlet and van Woerkens, 2004), and shows not to be capable of retaining students once they have graduated (Van den Berg, Russo 2004). It seems that the city represents “the place to be” only for architects, but for the other members of the creative class Rotterdam does not offer a sufficiently attractive living environment.

7.3.2 Cultural tourism

Due to the developments occurred in Rotterdam since World War II, the city has never been an attractive tourist destination. The image of an industrial city and the proximity with Amsterdam – the real selling point of the Netherlands – has left Rotterdam at the margins of the tourist market, occasionally doing well with business and congress tourism and with large sports events. Rotterdam totalled 0.73m overnight stays in 2004, only a tenth of Amsterdam’s figures in the same period, and some 30% less than The Hague. Domestic tourists are almost 50% confirming that Rotterdam is especially attractive as a shopping and trade centre but less as a destination for international visits.

Figure 7.3 - Number of Visitors to Rotterdam 1992-2001. Source: OBR 2002.

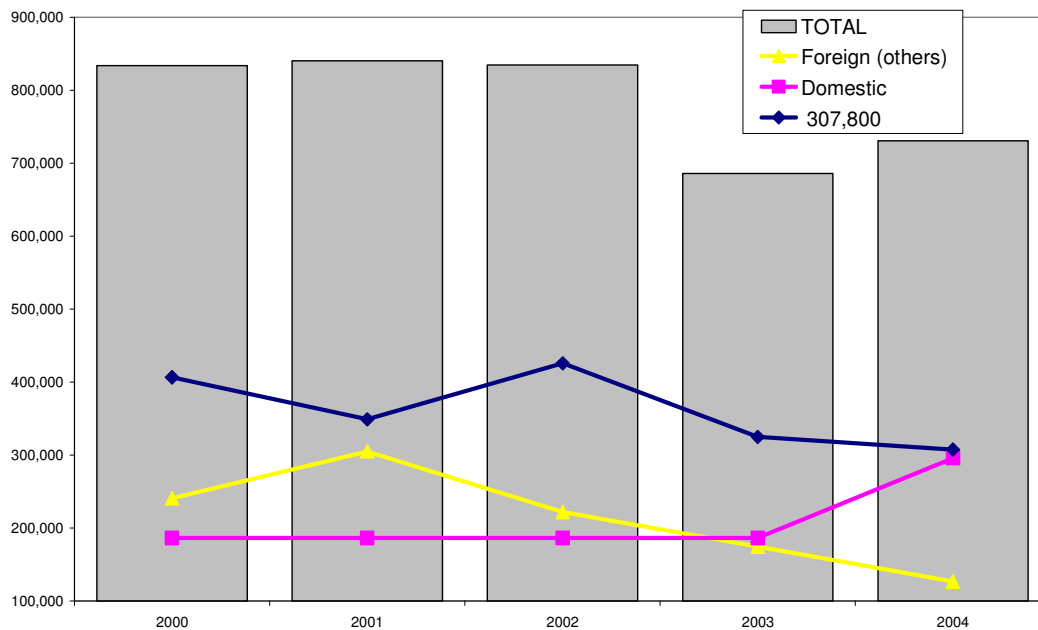


In recent years the city has tried to promote the development of the leisure sector and culture has played an important role in it. The climax of this development has been reached by Rotterdam in 2001 when the city was nominated as European Cultural Capital. More than 14,1 millions visitors visited some attractions, events, museums and theatres in that year (Fig. 7.3)., and this number does not include the regular shoppers,

commuters and attendants to sport. Almost 2.2 million visitors came on purpose to attend the ECC event (16% of total), injecting some € 62.7m in the local economy (OBR, 2002).

Since then, however, the tourist market has shown contradictory signals of development. On one hand, in the period 2000-2003 tourist expenditure in the city have increased of €44 m (3.2%) and there has been a 9.6% increase in the employment (+1,600 jobs) (source: www.obr.rotterdam.nl). On the other, the number of guests and overnights in the Rotterdam hotels has decreased in the period 2001-2003 respectively by 23.8% and 18.4% (Telegraaf, 2004). This may be a signal that the 2001 event failed to provoke the structural break in tourism positioning that was hoped for, and that a “temporal substitution” effect has prevailed: people have come to Rotterdam in the year of the event and have not cared to come back afterwards, or to spread the good news. The growth of the last year is almost completely due to the growth of the domestic market while international visitors are declining (Fig. 7.4). The slight increase in average expenditure however reveals that there are today more opportunities to spend in Rotterdam, which confirms the growth and the increased sophistication of the supply side, culture included.

Figure 7.4 – Overnight stays in Rotterdam. *Source:* City of Rotterdam kerncijfers 2004-2005



In any case, the tourism sector of the city is still very dependent on business activity. Three out of four hotel guests in Rotterdam are in town for business purposes; this percentage is much higher compared to the other major cities of the Randstad. This high dependence on business tourism may also contribute to the reduction in the number of presence and overnights of the last two years: in periods of economic uncertainty many companies try to save on travel costs and this has affected badly the hotel sector in Rotterdam. The fact that Rotterdam attracts few tourists is confirmed also by the trend in cruise tourism. Thanks to the large port the many cruises land in Rotterdam –

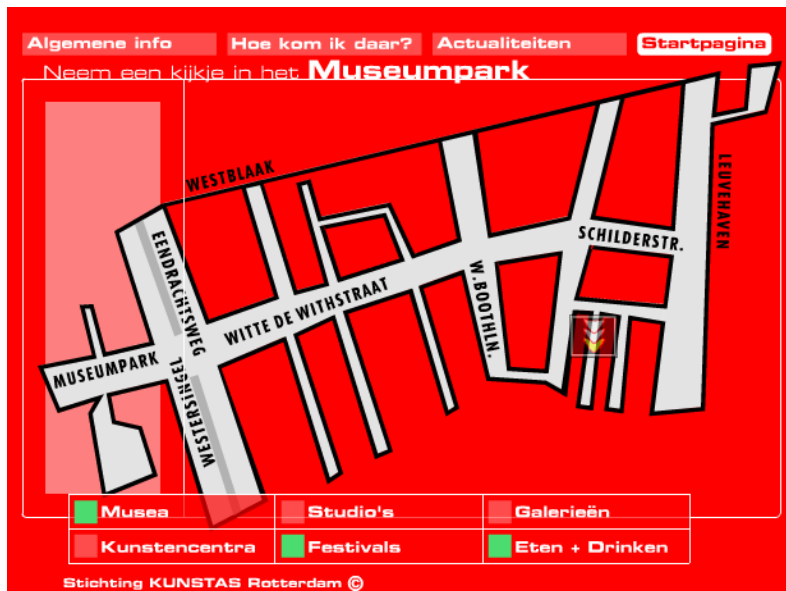
recently also the Queen Mary II, the largest cruise ship in the world, has landed in the city – but their guests just jump in a bus to go to Amsterdam and do stay to not visit the city.

Interestingly, Rotterdam is highly attractive in specialised tourist niches: industrial tourism, architecture tourism, and sports events offer much to small but passionate numbers of patrons. The City and its tourist office VVV have not been capable so far of enlarging the reach and integrating these strengths in a unique “Dynamic City” tourist product.

7.3.3 Dynamics and networking in the cluster

Historically, Rotterdam is a city with flat hierarchies between cultural institutions, and a climate that supports the blurring of the traditional boundaries between fine and popular arts; in this context entrance barriers for cultural managers and businesses are rather low, and there is a great potential to develop a creative economy following the path-breaking models of cities like Manchester and Amsterdam to quote just a couple of examples in this project. The established cultural institutions of the city, most of whom are publicly managed, are real platforms for the city’s original cultural expressions: it is not infrequent, for instance, that the De Doelen hall hosts concerts of traditional ethnic music, or that the Schowburg organises sessions of modern and even commercial dance. In fact, there is no real “art establishment” in a new city like Rotterdam.

Figure 7.5 – The Witte-de-with cultural cluster as publicised in <http://www.kunstas.nl/>



The “cultural capital” of Rotterdam (a complex notion involving accumulated knowledge, experience with art production, institutions and hybrid places of consumption and production) is of the unconventional type; while the city has basically no tangible historical heritage apart from the small “enclave” of Delfshaven, and locals participate in cultural activity in very low numbers compared to other cities of this size, Rotterdam is a sort of “cultural icon” for specialised outsiders, and has a completely

post-modern cityscape that favours “new models” of cultural aggregation (use of open public spaces, roaming cultural activities, fast redevelopment or recycling of built urban infrastructure).

The city of Rotterdam has indeed used its “versatility” to try to develop various forms of cooperation among cultural producers. The Museumpark/Witte-de-Withstraat area is conceived and managed as a cultural cluster totally open to the new⁴⁸, and has created its own “marketing instrument” with the area portal <http://www.kunstas.nl/> (Fig. 7.5), which delivers information on the cultural facilities in the itinerary leading from the Maritime Museum to the Museum park.

The Lloyds Quarter, a waterfront area formerly dedicated to port-related activities located in the Delfshaven district, is an area that got specific attention from the city in recent years. One of the major projects of redevelopment in this area concerns the already mentioned Schiecentrale. This former power station has been renewed with the main purpose to create an audiovisual and ICT cluster in the city. This redevelopment project was also meant to contribute to the improvement of the image of the borough. The redevelopment of the Lloyds quarter was started as a 10-year project started in 1996 by the Development Corporation of Rotterdam OBR (the owner of the land). Of the four stages foreseen by the project, three are already completed. At present, 75 companies are located in Schiecentrale with more than 400 people employed in the creative sector (source: www.schiecentrale.nl). Most of them work in film, TV and video production, in the multimedia and internet sector and in the audio sector.

The Rotterdam audiovisual sector (Carillo 2004) is characterized by dense interpersonal networks. This is due to the familiar-size of the sector and to the project-like attitude about the way of working in the business. Firms often work also with freelance people for separate projects or pass jobs to colleagues when they are unable at that moment to engage in a project. While long term and strategic cooperation between firms seems to be poor, interaction between firms and people in the cluster is continuously increasing, an example is “*Het Initiatief*” (The Initiative), an organization of different types of freelancers and firms in the sector, whose aim is to improve the visibility of the audiovisual firms in the region by promoting their competencies and activities.

Concerning interrelations between *audiovisual industry* and *education* a mismatch has been observed by Carillo (2004) among the audiovisual firms’ needs and the qualities of the graduates from the different institutes, which results in complaints for a lack of practical skills and ability to handle modern equipment. On the other hand firms are important for on-the-job training of students and education institutes function as vocational training institutes for people already employed in the sector, and they constitute the breeding ground for potential and media firms to emerge.

Although the audiovisual sector is growing, one of his main obstacles is the lack of flagships (for instance large international firms) which are instead caught in the gravitational pull of the Amsterdam area. The only event giving Rotterdam a competitive advantage as a film industry location and a reasonable visibility is its

⁴⁸ Witte de Withstaat’s construction as a cultural cluster has been analysed by Hitters and Richards (2002), who highlight the bottom-up approach to cultural management allowing cultural and commercial functions to coexist more easily, but hindering “cultural productivity” due to the lack of formal structures of governance.

International Film Festival. Indeed, the Film Festival organisation “*Cinemart*” is a co-production market organised every year in occasion of the IFFR for five days. After a selection process, it gives fifty independent film makers and producers the opportunity to present their plans before an international company of professionals, projects from Rotterdam having preference. Today the Rotterdam Film Commission invites film-makers to promote the city as the main movie-port in Europe, providing free support to audio-visual producers. It mediates, advises and organises and at the same time fulfils an advisory role towards the city council when awarding economic support.

Another attempt of developing a cultural cluster is the Van Nelle Factory, formerly used for the manufacturing of tea, coffee and tobacco. Designed in the late twenties, it can be considered a striking example of industrial architecture, and has recently been considered for inclusion in the UNESCO world heritage list. In 1995, when the Van Nelle company decided to leave Rotterdam, the city’s administration had to find a new use for the building. After months of consultations it was decided to designate the complex as a business location around the theme of architecture, design and technique (Aouaki, 2005). In 1997 the project “Van Nelle Design Factory” was approved. The original aim was to accommodate a mix of tenants and users within the sectors of architecture, design, ICT, art and culture. Partly due to the economic stagnation of the last years the original conceptual view has been partially changed. The target group of ICT has been dropped in favour of the leisure sector; the idea is to use the place to organize cultural and recreational events able to attract visitor especially after working hours. Nowadays the Van Nelle Design Factory hosts approximately 40 firms – most of which were previously located outside Rotterdam – mainly in the sectors of architecture, events, interior and design. The latest plan is to create a design cluster around it.

In spite of these efforts, the general impression is that public initiative has not so far engendered any kind of “endogenous” growth; cultural development remains much a direct result of public expenditure and when, as it has been the case in recent years, this wavers and a higher responsibility is demanded to the private sectors, then the decline in the quality of the cultural life of the city is immediately visible. In this light, clustering seems much an “artificial” move especially if compared to what Amsterdam has achieved with very little “seed money” which has been followed by large private investments and a wealth of bottom-up initiatives. While a city with the history and the international image of Amsterdam is clearly not the model to follow, it remains close enough to drain away much of the cultural talent and development potential that could be used instead by Rotterdam. The slow growth in the media cluster of Rotterdam, a development in which the City had placed many expectations, can be seen as a direct effect of the fastest pace at which Amsterdam is moving in the same field, aided by the stronger capacity of the cultural sectors there to take the initiative and of the local government providing good planning solutions.

7.3.4 Education, conservation and taste/audience development

There are different educational institutions that have an impact on the cultural life of the city. We can identify three: higher education institutes, the local cultural centres and the architecture-related institutes.

The Erasmus University Rotterdam offers a wide variety of education facilities and programmes including economics and business, law, philosophy, history and art, social

science and medical and health science. The two complexes of the University are located at the edge of the city centre – the Erasmus Medical Centre hosting the Medical Faculty on the west and the Woudestein campus in Kralingen hosting all other faculties on the east. In the academic year 2000-2001 the total number of students of the Erasmus University was 16,091 (source: www.eur.nl). Besides the University, the city also counts several institutes for higher education (HBO in the Dutch education system). In 1999, the six HBO institutes of Rotterdam had a total of more than 30,000 students (Russo and van den Berg, 2004). The Institute for Higher Education for Music and Theatre, the one more related to cultural activities, is the only HBO institute that had a decline in the number of students in the period 1991-1999 (COS, 2000); however industrial design and media studies are taught in the large Rotterdam Hogeschool which has recently resulted from the merging of two national institutes.

In the last few years there is more interaction between different higher education institutes and their offer (for instance connecting training in art and ICT), even though the level of strategic cooperation could be improved regarding the joint marketing of the institutes, even in collaboration with some firms, to put Rotterdam more firmly on the map as a media education centre. This is expected to further enhance the potential economic spin-offs from education for firms in the cluster (van den Berg, Braun and van Winden 2001).

Rotterdam can be considered as one of the European capitals of architecture. Two world-famous institutes contribute to this fame: the Netherlands Architecture Institute and the Berlage Institute. The former, already described as the most famous museum of architecture of Europe, has educational programmes mainly focused on schools and children. The aim of these programmes is to stimulate children to take an interest in their physical surrounding and to become actively interested in architecture (source: www.nai.nl). The Berlage Institute is an international postgraduate institution for education and research in the field of architecture, urban planning and landscape design. Many international students attend yearly the master classes organized by this institute, which becomes a springboard for the positioning of Rotterdam at the centre of a large, almost global hub of business and research relations regarding architecture and planning.

The local authority intends to develop further the relation between students and the city by focusing on two areas. The first area is located in the western part of the city where a whole street of subsidized houses has been put on the market with a special attention for young tenants. The second is the cultural cluster of Witte de Withstraat that is already a popular meeting place for students and young professionals. In this area the aim of the city is to increase the synergies between a student-intensive area and the leisure infrastructure of the city (Russo and van den Berg, 2004).

A very active role in the relation between culture and education can be played by the Local Cultural Centres (LCCs). At the end of the nineties the city realized that while cultural activities were developing well for the city as a whole, they were not good enough at neighbourhood level. The role originally intended for the LCCs was to link the neighbourhood communities with the city's supply of cultural activities. In the beginning few financial resources were available (approximately €36,000) and it was decided to invest them only in one area, the neighbourhood Afrikaanderwijk, in the southern part of the city. The Culture Plan 2005-2008 considers the development of LCCs very important and gives the city the task to initiate, support and coordinate these

centres. In a LCC different forms of cultural activity are supposed to take place specifically designed for the inhabitants of the neighbourhood; it is also a concentration of resources illustrating and supporting the social and cultural life of the neighbourhood; it's a combination of hardware (infrastructure), software (programmes) and orgware (management resources) related to those activities. In the local authority's view, the LCCs can play a fundamental role in the development of the cultural base of the city and, therefore, for the cultural demand of the future, by better endowing the local audience groups with a specific, tailor-made cultural supply. LCCs may succeed in enlarging the audience for cultural events by bringing the cultural supply of the city closer to people. Moreover they have also the function to scout and develop new talents. Finally they can play a fundamental role in the social integration of ethnic minorities.

Considering the cultural audience we noticed that there have been no major changes in the attitude towards cultural activities of the inhabitants in the last years. The most recent data (de Vries and Rijpma, 2004) confirm that in 2003, as in 2001, 75% of the inhabitants have paid a visit to a cultural performance at least once a year. However if we exclude the cinema, the percentages are 62% (2001) and 60% (2003). Also considering the mayor museums, such as the Kunsthal, the Boijmans- van Beuningen and the Maritime Museum, the situation doesn't change. The percentage of local inhabitants that have visited these facilities in 2003 is almost the same of the 2001 data. A small increase has been registered only by galleries and ateliers: 17% in 2001 and 20% in 2003.

7.4 Culture and the local economy

7.4.1 Culture and urban regeneration

As argued by Hitters (2001) since World War II the city of Rotterdam has a tradition of using cultural policies to solve different kinds of urban problems. Cultural events and projects that were promoted by the city have always served objectives outside the strict realm of the arts. Especially since the nineties the relation between culture and urban regeneration became central in the cultural policy of the city.

An example of a culture-led urban regeneration is the Cultural Axis (Kunst-As in the Dutch language) of Rotterdam. In the very centre of the city the Museumpark, Witte de Withstraat and the old harbour constitute an extraordinary stretch of the city specialised in culture with more than 30 museums, galleries and studios. As reported by Hajer (1993), the development of this area as a cultural cluster started with the 1985 Inner City Plan whose main was to expand the cultural facilities largely to enhance the city's image. On this area there is a combination of experimental initiatives and world-famous museums. Several ethnic cafes and restaurants and unique shops complete the cultural supply of the area, which represents without doubts the cultural heart of the city. Another example of urban regeneration through cultural policy is given by the already mentioned Lloyd quarter. This on-going project of urban renewal is based on the redevelopment of the former power station named Schiecentrale.

These two examples well represent the main themes that have characterized the cultural policy of Rotterdam since the nineties. The development of the WdW cluster has been pushed by the great focus on new architecture of the city at the beginning of the

nineties, but also could use the originally low land values in a marginal part of the city in a period when the construction of the Erasmus Bridge and the ongoing waterfront redevelopment, which have “re-centred” the city towards the river, had not started the revalorisation process of the whole area. The Lloyds quarter project is based on the development of the audio-visual sector, presently one of the main pillars of the city’s cultural policy: again, a depressed part of the city could use low values to develop a facility that normally would be outplayed by speculative pressures.

However, the “mother of all the regeneration projects” which should have changed once and for all the face of the city, that is the waterfront redevelopment on the southern bank of the Maas, delivered only part of what it had promised. To be more precise, while it certainly added a stunning new visual element to the city and valuable business and cultural infrastructure, it failed to catch up with the surrounding area — the original reason for huge public investments in this area was to involve the Rotterdam South community in the jobs generated there and to recoup the physical and cultural distance that keeps the two sides of the city separated — and to become the real centre of the cultural and leisure activity of the city. Instead, while the new stylish housing stock and business facilities have sold at record prices, the invisible division line of the city has merely shifted southward and there’s not much life on Kop van Zuid apart from the odd night-time event; a testimony of this is the very poor performance of the many restaurants and bars which opened in the yachting marina and have now already started to close down. This is a peculiar demonstration of how regeneration projects based on cultural development, albeit involving prestigious flagships like the new Luxor Theatre, are doomed if they lack attention for the “social embedding” of the new facilities even at the very local scale. While it is not clear that the Rotterdammers are willing to cross the bridge (a mental rather than a physical exercise for the average citizen of this city), it is very unlikely that any of the disadvantaged communities in the south, which the city wants to integrate, will see the new facilities as an opportunity for employment or have any stimulus to participate to the type of cultural offer staged there.

7.4.2 Networks with the local economy

Rotterdam is still fully in the transition process from an old-style industrial city to a global knowledge city, based on the service-sector economy and the production of creative goods. In this transition, culture plays an important role. Especially in a city like Rotterdam, where the presence of the private initiative in the cultural sector has always been quite scarce, culture can act as initiator and can have a fly-over effect for the local economy. The sector where the attention of policymakers is pointing is today the audio-visual, which is closely connected with the Lloyds quarter developments.

Statistics on the size of the audiovisual industry in the Netherlands are scarce. Estimates show that the total production value structure consists 60% of TV and 4% film. The rest includes business-to-business communications (28%) and commercials (7%). In comparison to other small countries, Dutch TV production industry is quite strong in economic value, thanks to few big TV production companies that export programmes and concepts on a large scale⁴⁹ (Carillo, 2004).

⁴⁹ The Netherlands are indeed the third largest exporter of TV programmes in Europe after UK and Italy, but on the contrary film production in Holland is weakly developed. The audiovisual industry in the Netherlands is concentrated in the area between Amsterdam (prominent location for firms active in the

The AV sector in Rotterdam is very small and accounts for less than 1% of the total employment in the region. The Rotterdam Production Guide for Film, Television, Video and Multimedia (+ *3110 Rotterdam by numbers, 4th issue 2003 / 2004*) edited by the Rotterdam Film Commission in collaboration with Rotterdam Film Fund enlist some 100 firms. The sector is dominated by relatively small companies employing fewer than five people and working for commissioners in the business community, government agencies or TV stations (national or local). Nevertheless the role of national and regional TV stations as clients for the Rotterdam-based firms is limited. The best known audiovisual producer is Blue Horse Productions, a large TV/video producer that moved in 1997 from Hilversum to Rotterdam. No large film producer are located in the region, moreover most of the city film producers make “cultural” films for relatively small audience. Rotterdam main competitor is the Amsterdam area, considered the most important city for the film industry, as a meeting place for the leading people in the Dutch film business and producer and developers of TV and radio commercials.

The Rotterdam production guide reports that in order to develop the cutting edge role of the audiovisual sector more money is needed to reach a “critical mass” and bring about the urgently needed flow of specialised staff from Hilversum and Amsterdam to Rotterdam. The seed money represented by the Rotterdam Film Fund would then be able to attract the so-called “creatives” and all sorts of AV companies to finally set up shop in Rotterdam generating much more indirect employment because of all these people coming to live in Rotterdam.

The previous consideration pave the way to another reflection: the scale of the audiovisual sector in the Rijnmond region is too small to support specialized services with a very restricted number and scale of facility suppliers like cameras and other equipment, meaning that sometimes firms have to “import” their equipment.

7.4.3 Private support for the arts and culture

The role of the private sector in support of culture has historically been poor, proving quite insensible both to investments in the cultural capital of the city — especially looking at new forms of creative expression, which are the ones with more potential to hook up with new paradigms of economic development — and to the necessity to retain or attract new creative talent in the city, for instance developing instruments and campaigns to convince new graduates, researchers and artists to settle down and build a career in Rotterdam. An old-style mentality prevails in the business community, for which technical and liberal professions are the real important ones, and the strength of the port industries and of the financial sector in the city would be sufficient to attract the best skilled workers. Yet this attitude may leave dangerous holes in the mix of the labour market, with all the best creative talents flocking to cities where the private sector does deem these capacities high, like Amsterdam (see case study in other section of this report) or Antwerp. In recent years the situation seemed to change slightly: in both the cultural clusters – Witte de Withstraat and Lloyds quarter – the private sector is

film industry and commercial production) and Hilversum, as well as many production firms. The largest audiovisual producer of Holland is Endemol, located south of Amsterdam. (Mc Kinsey, 1993 quoted in van den Berg, Braun, van Winden, 2001: 218).

participating actively. Nevertheless the role of initiator of any new project is always played by the local authority.

An important role to stimulate a re-orientation in private sector strategies is played by the Economic Development Board Rotterdam, which was set up in the year 1997 (?) when the city realized that in order to strengthen the Rotterdam's economy the city's administration should work in partnership with other local actors. EDBR includes 32 representatives of the business and the knowledge sectors operating in the Rotterdam metropolitan region, and includes an International Advisory Board, where international experts are invited to give their critical view on Rotterdam ambitions and policies. The EDBR has the task to prepare the vision and strategy of the city for the next decennium, preparing the ground for the integration of the city and of the corporate world's interests. In this vision knowledge, creativity and culture have an important role.

The already mentioned projects of the A13-Kennisboulevard, Lloyds quarter and the development of the medical cluster around the Erasmus Medical Centre are initiatives promoted by the EDBR.

7.5 Sustainability issues

7.5.1 Spatial issues: the spatial development of the cultural sector

Just like the national capital Amsterdam, Rotterdam is a middle-sized city, large enough to accommodate quite a large urban diversity and small enough to preserve the characteristics of a human-scale city, although the urban sprawl that characterised the historical development of Rotterdam (as compared to Amsterdam, which did not have to rebuild its city centre and whose structure does not depend on the port location) made it more difficult to establish a real "urban centre" and much of the conviviality of the city is rather at neighbourhood level. Most of the cultural facilities of Rotterdam are located in the city centre, in the area between the Central Station and the river Maas and along the Witte-de-Withstraat – Museumpark "cultural axis": an area which until a few years ago was not very lively, especially at nights (when the shops and malls of the centre close down), and that possibly as a consequence of the development of that cultural cluster, is beginning now to establish itself as the real social centre of the city.

From the point of view of the sustainability of its culture-driven development, Rotterdam has not yet reached a stage in which cultural development is endangered by the effects that it creates on the city through gentrification. In fact, at the moment there are no signs of crowding-out effects in the cultural areas of the city. Housing and office prices in these parts of the city are in line with those on similar areas. In Rotterdam there are still plenty of empty buildings that can be used to host cultural activities. The availability of cheap workspace is of primary importance for artists, especially for young artists operating in experimental arts. The local authority has a tradition of renovating empty buildings to provide space for the development of cultural industries. It was done in the nineties for the Witte de Withstraat area and it's now the case of Schiecentrale and the Van-Nelle Fabriek. Also with regards to the nightlife generated by the cultural activities in the city centre there are no signs of crowding-out effects. Most of the people living in the cultural districts of Rotterdam are either directly involved in the cultural sector or have particular lifestyles (i.e. singles or couples with no kids) that are not incompatible with the hassle of a nighttime-economy, especially in the area of the Witte de Withstraat.

At the same time, cultural development can't be seen as entirely relevant in terms of stimulating a spatial change in the city, though, as said earlier, there has been some change in the way in which Rotterdammers live "their" city and especially the city centre: since a decade, there are places to go at night and people in the streets at almost any time of the day and night.

7.5.2 Social issues

Due to the strong expansion of the port in the sixties and in the seventies, many immigrants – especially from former Dutch colonies as Suriname, Antilles and South-East Asia – flocked to Rotterdam attracted by the large demand for low skill labour. The technological modernization of the port and the economic crisis of the eighties have therefore left the city with huge social problems. Today Rotterdam is a city where the majority of the inhabitants have not Dutch origins; the largest ethnic communities are represented by people from Suriname, Turkey, Morocco, the Dutch Antilles and Cape Verde. Most of these people, especially the first generation of immigrants, obviously did not fit in the restructuring of the port and other economic sectors, and have become long-term unemployed. In addition, there's a large problem of female and juvenile unemployment. However, for a long period, ethnic diversity did not generate excessive problems in the city. Thanks to exemplary public policy in the fields of culture, economic support, training and health, and to the knowledge of Dutch by immigrants from former colonies, multi-culturalism has always been perceived as an asset for the city, and this image has been upheld against economic problems (Semperebon, 2004). Diversity has become a sort of "cultural marker" of the city, one of the few Latin-American cities in Europe. Large multicultural events such as the Summer Carnival and the Dunya Festival have been established as tools for social inclusion.

Things changed and the problem "exploded" as an hot issue in more recent years, when successive generations of immigrants of non Dutch-speaking origin – especially those with a Muslim background – proved to be harder to manage as an integrating community, spurring a political reaction from the city. In 2002 the political party of the assassinated Pim Fortuyn – whose political campaign was based on the immigration issue – got the majority of the votes in the local elections; as a consequence, the cultural integration issue started to be approached in a rather different way. The city is today less lively, exciting than a decade ago, possibly a result of large budget cuts for cultural activities, diminishing the potential of the multiethnic and "informal" mix of the city and provoking resentment among minorities groups and cultural managers.

Yet cultural policy can still play a role in the process of inclusion of ethnic minorities. The development of the Local Culture Centres (LCCs) promoted by the city in its cultural policy programme for 2005-2008 do not only have the task to bring the supply of culture closer to local inhabitants, but also to promote cultural diversity and the coexistence between different cultures. Through the LCCs it's also easier for Dutch people to get to know the cultures of the large ethnic minorities of the city.

7.6 Conclusions

7.6.1 What is the role of culture in the local economy?

Though historically it has played an important role as a red-thread of the regeneration policy which led to the contemporary Rotterdam and its futuristic and diverse image, cultural activity is currently not a top priority for the City Council. After the political changes of the last years, and face to an apparent failure from the point of view of cultural integration, a decade-long process of cultural investments in the city (large scale infrastructure projects, large cultural festivals) has come to a halt. It was decided instead to look for closer collaboration with the private sector and a more pronounced business-orientation of the cultural industries. As the Witte-de-With cluster development, based on large scale cultural infrastructure and the empowerment of local actors, could be seen as the perfect illustration of the cultural policy pursued in the 1990s, at the centre of the new vision (articulated in the 2005-2008 cultural policy document) is the creation of a media-cluster in the Lloyds quarter, a development that is fully consistent with the creation of a knowledge-intensive corridor in the north-western part of the city and with the idea of leveraging new added value for the whole of the economy from seed investments in the creative industry.

7.6.2 Is this role sustainable? What are the dangers for the future?

From the economic point of view, employment in the cultural sector has grown remarkably and it stands out as a winner strategy to bring Rotterdam to levels and trajectories of economic development comparable to those of the mid-size “creative cities” around Europe, like Amsterdam or Manchester. Also from the physical and spatial point of view, the continuity of the development process is not questioned; there is still a lot of empty and cheap space available for new creative industry sectors in former industrial lots and even in the centre of the city, while crowding-out symptoms not yet present. Social sustainability is the most problematic aspect, as past regeneration programmes have failed to instil “social peace” (leading to their restructuring) and new “growth cluster” policy does not connect clearly with cultural integration of ethnic minorities. While the city is today not livelier than a few years ago, there are certainly more opportunities for micro-entrepreneurs. The danger is that the minorities do not feel “included” or empowered and do not take an initiative in expressing their culture in entrepreneurial forms. But social issues are not only relevant when the lower-ends of the job market are concerned. Rotterdam also misses a clear policy to be attractive for the top-end workers, creative talents as well as young professionals. For instance, currently it is difficult for the city to attract workers that may be employed in the audio-visual cluster (actors, directors, camera-people, producers, location managers, etc.), because the concentration of film and TV production in Amsterdam is very high and Rotterdam misses the amenities and the “cultware” basis that the capital of the Netherlands can offer.

Things could change after that, recently, a “student-city” taskforce has been set up dealing with such issues as the development of careers in the city, the support to housing, and the design of optimal relations between the world of the academy and that of business.

7.6.3 How should cultural policy change / adapt to face future challenges?

More cooperation with the private sector should be looked for, as today the investments in culture can be profitable enough, and indeed there are examples, as in the development of the two cultural cluster of the city, where this has proved true.

More cooperation among different departments in the city and its Development Corporation OBR is also needed to bring education, public works, housing and culture to work together for a creative city, where the “intangible” elements of atmosphere, conviviality, tolerance and openness are as important as the physical infrastructure hosting cultural activities and the economic supports to the development of a cultural industry. With regards to the development of the audio-visual cluster, the decision about introducing the so-called Rotterdam Film Fund (RFF) represents an appropriate move to catch-up with Amsterdam. It may help to attract firms, artists and other professionals and to reach critical mass for the improvement of technical facilities (Carillo, 2004). Further development could be expected by an explicit use of one of Rotterdam’s best known events, the Rotterdam Film Festival, as a platform for the development of the local audio-visual industry.

More cooperation with the University at many levels could improve the cultural image of the city, not only because the city needs to get the students back in it and to keep them once they graduate, as argued above, but also because the physical location of the university and the development of higher education in the region, the coordination of the city’s and the university’s foreign relation programs, and the fine-tuning of higher education and research supply with the emerging vocations of the city could become critical elements for the trajectory of Rotterdam from a port city to a knowledge centre.

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7.6.4 What can this city teach to others?

Rotterdam is a demonstration that also a city with a bad image and almost no indigenous tangible heritage left can use culture as an asset and develop its own “cultural brand”. However, culture is a long term investment: a city should know that it takes time to evaluate the results, and sometimes the fast political cycles outdate these expectations. Rotterdam shows that it had to reduce its ambitions and focus on specific issues, as architecture and – later – the audiovisual sector.

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LIST OF DISCUSSION PARTNERS

Mr. Herman van Wamelen, City of Rotterdam

Mr. Stefan Hulman, Alderman for Culture and Transport, Rotterdam City Council

8 CASE STUDY OF TAMPERE

8.1 Synthetic information on the city

Tampere is the largest city and the main economic hub of Finland outside the Helsinki Region (which includes Espoo and Vantaa). It is also the largest inland city in Scandinavia. Granted the status of city in 1779 by Gustav III, King of Sweden, for purposes of industry and commerce, Tampere became at the verge of the 19th century one of the largest industrial centres in the Nordic countries. While the city has 200,000 inhabitants, the Pirkanmaa region where Tampere is located has 450,000 inhabitants and the highest population density of Finland outside Helsinki. The 1.6% of the population of the region are non-nationals, 5,250 of which live in Tampere.

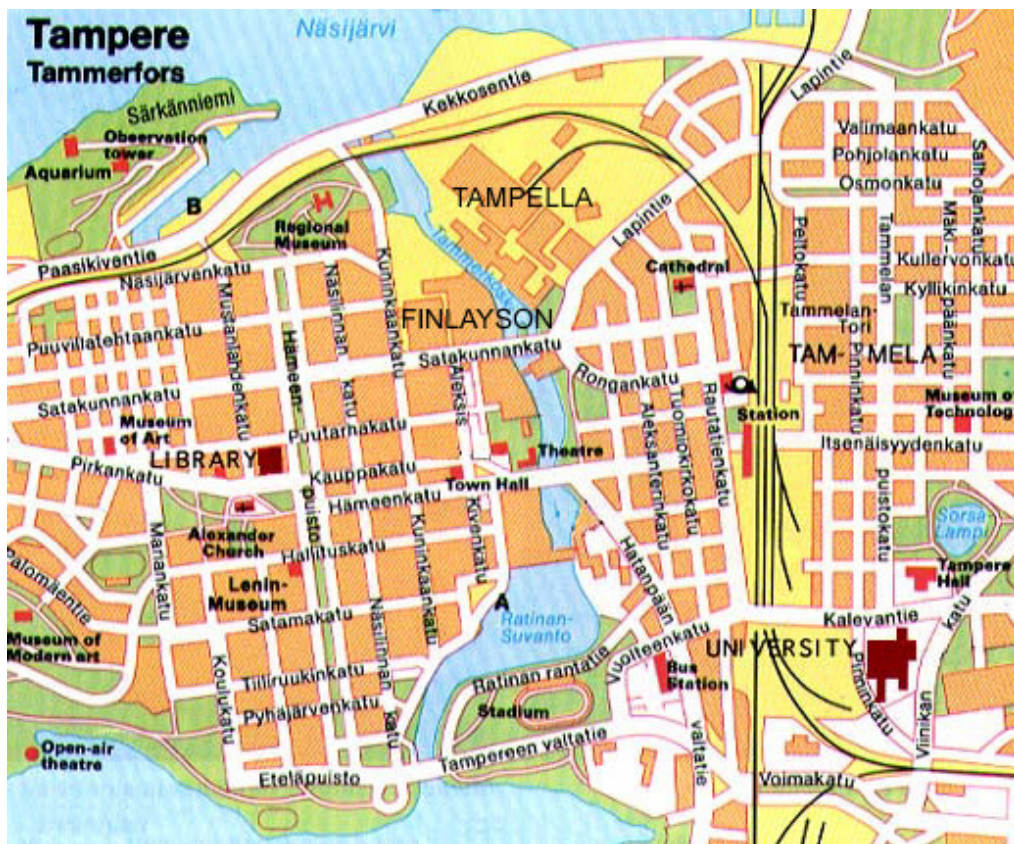


Fig. 8.1 – Map of the Tampere city-centre. Source: University of Tampere

The city is located on the Tammeroski Rapids between two large lakes, connected by a canal overlooked by old factories, paper mills and smokestacks, in part still in function, in part devoted to new civic uses (Fig. 8.1). An industrial city in its very image, Tampere has been given the nickname of “the Manchester of Finland” (Fig. 8.2). The contrast between the perfectly refurbished redbrick industrial heritage and the water environment makes a point of uniqueness for this elegant city. The image of the city is also a legacy of its working-class history; Tampere was one of the hotbeds of the socialist movement and hosted a Bolshevik headquarter in the years immediately prior

the October Revolution. Compared to the rural feel of most inland Finnish community, this is a distinctively “urban” characteristic. At the same time, it is surrounded by wilderness areas and fascinating natural landscapes where plenty outdoor activities are available. Numerous parks embrace the city, and two recreation areas, Pyynikki and Pispala, offer enchanting views over the lakes and the forest.

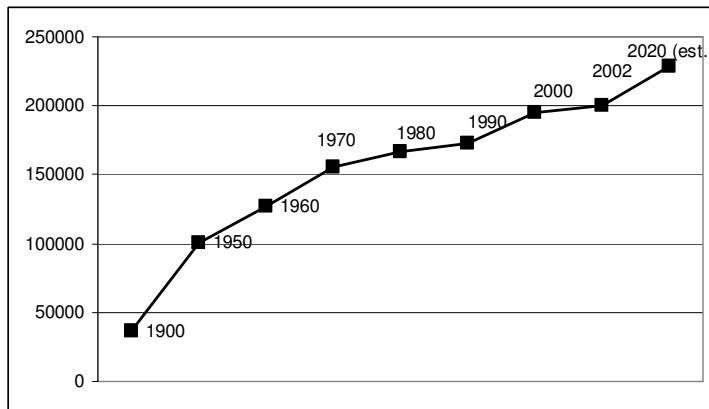


Fig. 8.2 – Tampere’s city-centre waterfront (author M. Lavanga)

Contemporary Tampere is a distinctively young city, growing at a fast pace on account of the right mix between size, qualified jobs and high levels of quality of live that it offers to potential newcomers. Tampere, it is argued, is just the right size: not too big and not too small, it provides a cosy urban ambience without the hectic environment and the high costs of Helsinki. The cultural highlights of the city may not be so well known for international standards, but the good international accessibility (standard and low cost companies fly directly to Tampere from London, Frankfurt, and other Scandinavian and Baltic capitals) promises to change this situation. After all, Tampere has historically enjoyed an international “flavour”: founded by the Swedish, and

ulturally connected with the Russians. As in the Scottish case of this research, a dualism and much competition exists between Tampere and Turku, the other Finnish “second city”, a middle-class city of heritage on the Baltic sea. It is argued that while Turku offers more of the “traditional culture”, Tampere has a special position for artistic excellence and experimentalism.

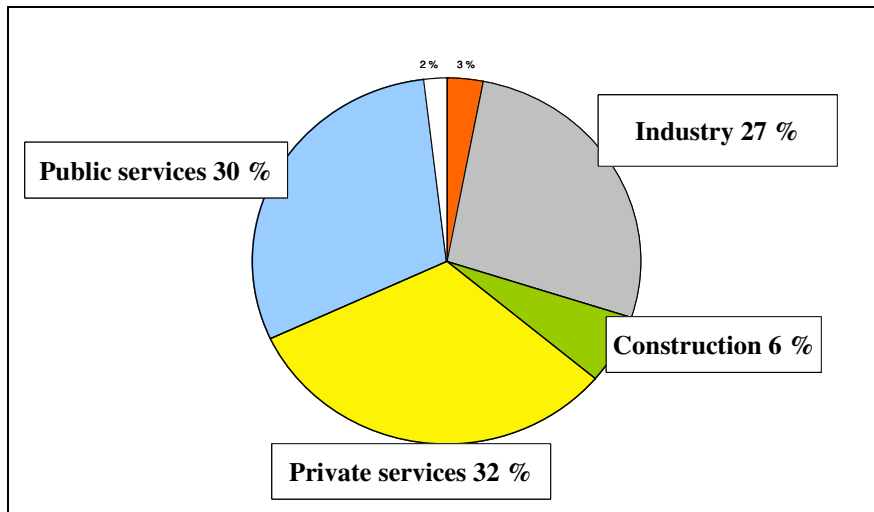
Fig. 8.3 - Evolution of population in the City of Tampere, years 1900-2020. *Source:* <http://www.tampere.fi/tilastot/enkku/index.htm>



Tampere was the main textile and paper production centre of the country, which led it to develop a strong mechanical engineering industry in this century. Manufacturing keenly adopted new technologies – in particular IT – as well as information-intensive business operations. Hit as any other northern European industrial hubs by deindustrialisation and energy crises between the end of the 70s and the beginning of the 80s, the city went through a hard recovery process, mainly pushed by the new booming in telecommunications. Still at the beginning of the 90s, with the whole country ravaged by economic crisis, unemployment was staggering at around 20%. During recent years, economic growth in the Tampere region has been faster than the average in Finland. Before the current global recession, the yearly growth rate of GNP in the region was at 6% (Tampere Chamber of Commerce, 2003).

Though the unemployment rate is presently rather high at 13.5%, the situation has improved much. In this light, the high number of unemployed can be interpreted — paradoxically — as a sign of the good situation that Tampere enjoys: it attracts many under-24 from other Finnish regions, who are only temporarily unemployed while they look for good jobs. The city has still more unemployment than Helsinki, and the number of long-term unemployed is comparatively quite high, but the loss in traditional sectors has been more than compensated by new jobs in the new economy industries, engineering, telecoms and services. The largest employer is the municipal administration, followed by the University Hospital, Nokia, and the two universities (the Tampere University of Technology and the University of Tampere). The breakdown of the 88,247 employees in different sectors in 2001 is illustrated in Fig. 8.4, which shows how by the standards of European cities, industry retains a large size in the regional economy. All in all, jobs opportunities in the Tampere region are 104,504 (roughly 22 % in industry and 70% in services).

Fig. 8.4 - Employment by field of operation, Tampere Region, 2001. *Source:* Tampere Chamber of Commerce and Industry, 2003.



Today Tampere boasts a thriving business environment, with three large manufacturing clusters, in mechatronics, health and bio-engineering, and ICT. Nokia, the world leader in telecommunication, was originally born in the Tampere suburb with the same name, and holds important production facilities and some of their R&D labs in the Tampere region, employing 3,500. The same holds for Sonera, Finland's former national telecom company. The international orientation of the business sector is also strong, with headquarter functions or production facilities held by several large international companies in the region. The diversity in enterprise structures and the sheer number of innovative companies make the region an attractive location for new enterprises, further encouraged by a tight network of collaborations between research institutions and the public sector. Ten mechatronics companies located in Tampere are today world leaders in their respective fields.

However it is ICT where everybody's eyes are watching, as this sector is gradually recovering after the bubble burst of the years 1999-2000, at least as far as business services are concerned. As the R&D labs work side-by-side with industry giants, new ICT applications are developed in sectors such as engineering and health sciences, boosting their competitiveness. Today, ICT is meeting the world of culture and entertainment, and a culture-rich city like Tampere has the potential to be an ideal testing ground for innovations in the field of the creative industries.

8.2 Cultural activity in Tampere: actors, assets, and policy

8.2.1 Culture highlights and infrastructure

Tampere is not a capital city like Helsinki or an heritage city in the traditional sense of the word like Turku. However, it has an enviable cultural offer to European standards. Its industrial image has not prevented it from developing into a very active cultural centre with first-class facilities; on the contrary it gives Tampere an edge over other

Finnish cities as far as the uniqueness of the cityscape is concerned. The paper mills on the river, the old manufacturing complexes and well-kept examples of workers' architecture populate the city centre. The waterfront on both sides of the canal has been refurbished with passageways and waterworks, and the bridges crossing it offer a breathtaking view (especially at night, thanks to the good illumination) of a unique cultural landscape mingling industrial images, rationalist urban design, nature and street life⁵⁰ (Fig. 8.5).



Fig. 8.5 – A view of Tampella (author M. Lavanga)

Tampere's *museums* are organised according to the “museum cluster” model: most of its nine Municipal Museums (among which the *Museum Centre Vapriikki*, Box 1) are located around the Finlayson/Tampella area, the largest museum complex in Finland, while seven other museums, among which the Mältinranta Art Centre and the Lenin Museum, have urban locations at close distance.

Box 1 - The Museum Centre of Tampere is housed in the Vapriikki premises, which used to be a large industrial and engineering facility within the Finlayson/Tampella complex. The occasion to create a real “museum” cluster in Vapriikki came out after a fire destroyed the Technical Museum 15 years ago, and received a further boost when the city received 10 M Euro investments from the government to prepare itself for the European Summit of 1999. In

⁵⁰ The industrial heritage tour "From the Cotton Mill to a Palace" takes visitors to the unique industrial milieu of the Finlayson area, which is located by the Tammerkoski rapids right in the heart of the city. On this tour, visitors will have a chance to see the Kuusvooninkinen building, as well as the colossal Sulzer steam engine that produced electricity for the mill, and the entire factory area, where the roar of weaving machines has been replaced by more modern sounds.

addition to exhibition spaces, the Museum Centre has own collections, and runs conservation programs, photo archives, a reference library, an auditorium, an education program for school children as well as research and management activities. The facilities of the Museum Centre and the Valssi café may also be rented to private uses. Vapriikki organises around fifteen exhibitions every year, which add up to special events every week-end and virtual visits made possible on its website.

The Vapriikki Museum Centre provides an important counselling service to the municipality when arts works to be located into schools and offices are bought. It is the centre of a large network of cultural institutions, facilitating meetings, administration, conservation, and the organisation of exhibitions. Locals are the most important share of the audience for the Museum Centre, but visitors come from all over the country, and in particular from the Helsinki area and from southern Finland.

Museum attendance in Tampere has grown steadily from 252,000 visitors in 1996 to 454,000 in 2002 (Table 8.1). The *Amuri Museum of Workers' Housing* (open only in the summer months), illustrating important aspects of the community's social practices through a reconstruction of a workers' neighbourhood of the 18th century, has tripled its visitors in this period. The *Sara Hildén Art Museum*, which is the permanent home of one of the most important Finnish collection of modern art, national and foreign, receives some 30,000 patrons every year, including the attendance to special events and meetings. Owned by the *Sara Hildén Foundation*, it is maintained by the City of Tampere. The collection currently amounts to some 3,300 works. The Sara Hildén Foundation continues to be responsible for expanding the collection, and places its acquisitions in the art museum. The operating costs of Sara Hildén Art Museum (personnel, house costs and functioning) are covered by the municipal budget.

The *Tampere Hall* is the largest concert and congress centre in Scandinavia. Owned by the city, it is run independently as a limited company. It is a multifunctional building in impressive modern architecture, well-endowed with restaurant and café facilities, where concerts, large events, conferences, seminars can be organised at the same time in two large and many other smaller halls, with a seating capacity of 1,756 and 450 respectively. In 2002 the congresses attracted 81,662 attendants, the performances 104,139 and other events 51,563. Two separate administrations run respectively the cultural programs and the convention centre, but there are obvious financial relations between them. Indeed combining congress activities with cultural programmes proves a viable way to guarantee to the institution a sustainable financing system. The Tampere Hall generates 80% of its budget through its own revenues, while the city's contribution covers only 10% (still the highest expenditure entry in the municipal budget). The Tampere Hall is a community-oriented, environmentally aware facility⁵¹ using an interactive, educational approach in the presentation of its programs to patrons. The *Tampere Philharmonic Orchestra*, hosted at the Tampere Hall, offers a high-quality repertoire, attracting large audiences in relation to the available resources. The orchestra regularly receives considerable positive feedback both from the national press and audiences. In the year 2002, attendance totalled 56,000. During the spring season, the average audience per concert was 1,132, and during the autumn 1,343. Season tickets are held by some 600 patrons throughout the year. Supported by a State grant, the Orchestra organises a musical education project and a composing project for schoolchildren. During the last seasons, the orchestra played in the Tampere Opera production of Bizet's *Carmen*, and two recordings were fitted in the schedule.

⁵¹ The Tampere Hall received a «Most Environmentally Conscious Congress Centre» award at the EIBTM in Geneva in 1994 and the Häme Environmental Centre environment award in Finland in 1995

Tab. 8.1 – Attendance to culture and recreation, years 1996-2003. *Source:* City of Tampere statistical office

	2003	2002	2001	2000	1999	1998	1997	1996
Amusement Park Särkänniemi	764,619	769,147	1,703,316	1,261,324	1,385,272	1,260,191	1,365,489	1,360,255
Tourist Boat traffic		109,948	122,835	109,337	118,512	106,940	119,290	110,722
Airport	304,052	236,272	266,050	256,323	222,951	194,688	178,558	n/a
Museums	216,877	453,824	434,092	322,249	227,339	293,123	321,013	251,951
Cultural heritage (churches and monuments)	1,350,944	1,656,940	1,619,391	1,644,798	1,509,359	1,547,373	1,623,193	1,587,312
Tampere Hall		237,364	288,084	267,449	278,698	240,587	310,800	262,310
Theatres	340,578	444,627	440,914	403,205	479,357	534,315	473,807	481,565
Festivals	985,389	945,492	879,913	810,684	708,900	788,849	689,041	662,300
Sports	347,667	297,015	295,646	284,370	294,732	281,240	181,718	227,584
TOTAL	4,310,126	5,150,629	6,050,241	5,359,739	5,225,120	5,247,306	5,262,909	4,943,999

The *Tullikamari*, or Cultural Centre of the Old Customs House, under the administration of the City of Tampere (Cultural Affairs Office), hosts the Pakkahuone Hall, a large venue with a seating capacity of 550, and standing places for 1200, suitable for acoustic and amplified music, theatre and dance; it may also be rented out for catering services. In 2003, Pakkahuone held more than 170 events with 79,500 visitors. In the same compound one also find Klubi, a 350-seat club well-known throughout Finland for its live music performances, and the offices of the *Tampere Festivals*: the Tampere International Short Film Festival, the Tampere Music Festivals, the Tampere International Theatre Festival, and the Dance Festival. The initiative to offer to many the festival organisers a low-rent location under the same roof came by the City. All the festivals organisations are non-profit associations, relying particularly on voluntary workers.

The cultural infrastructure of the city is completed by a world-class convention centre, the large and popular *Särkänniemi Amusement Park*, and two buildings with “creative cluster” functions (the Cultural Centre of the Old Customs House, and the AKI factory in the city suburbs). The Viikinsaari Island family park includes a multitude of cultural activities, and receives approximately 70,000 visitors a year. Park concerts regularly see record-breaking audiences.

Though it can counts on a large artists’ association (including 200 individual artists), Tampere has not developed a visual art festival, whereas the small town of Mänttä, at some 90 km from Tampere, is a well-known art centre on account of its Gösta Serlachius Museum of Fine Arts and the experimental and daring Mänttä Art Festival. However, Tampere has an remarkable supply in most other art forms, starting with a genre such as “workers’ literature”, for which it has become a sort of a Finnish centre, whereas with regard to plastic and visual arts, in spite of the presence of excellent educational facilities in the field, it lags much past Helsinki as a production and exhibition centre. On the other hand Tampere can be considered at the same level of Helsinki as far as *performing arts* are concerned. The theatre network of Tampere, including twelve different institutions: with respect to the size of the city, it involves a notable amount of professional stagings, six nights per week. It welcomes an audience of

half a million every year, in slightly decline in the last years (not differently from national trends).

Yet Tampere’s strong points are most of all in *cultural activities*. It is a festival city, the theatre capital of the country, and an important educational centre in arts and culture. It has the biggest city library in Finland - receiving 1.2 million visitors every year - and the highest share of local attendants to cultural life and events. The most popular cultural institution of the city is by far the **Tampere Municipal Library**. The library consists of the main library and a reading room, 14 branches, two mobile libraries and a roaming web bus, as well as six institutional libraries. In 2002, it supplied various collections to 44 institutions, old-age homes, and community centres, and catered for 96 home-service customers. In addition to the physical network of libraries, users are served through the Internet. The library also functions as Pirkanmaa Regional Library, covering the 32 other municipalities which form the Tampere Region. The Ministry for Foreign Affairs runs an “Europe Helpdesk” service in the basement of the main library building.

Cultural activity becomes bustling in Tampere especially in occasion of *events*, which are held in this city in a higher number and variety than any other city in Finland, including Helsinki. Tampere’s festivals offer can be roughly subdivided in a large number of small specialised events, and a few large popular events. The City Hall takes direct responsibility in some of them but for the most part it keeps a “facilitating” role taking part in boards and funding committees and leaving the management responsibility to the community-based organisations and cultural institutions of the city. The chart in Fig. 8.6 below gives an illustration of festival attendance in the last years with the detail on the most important and characteristic ones.

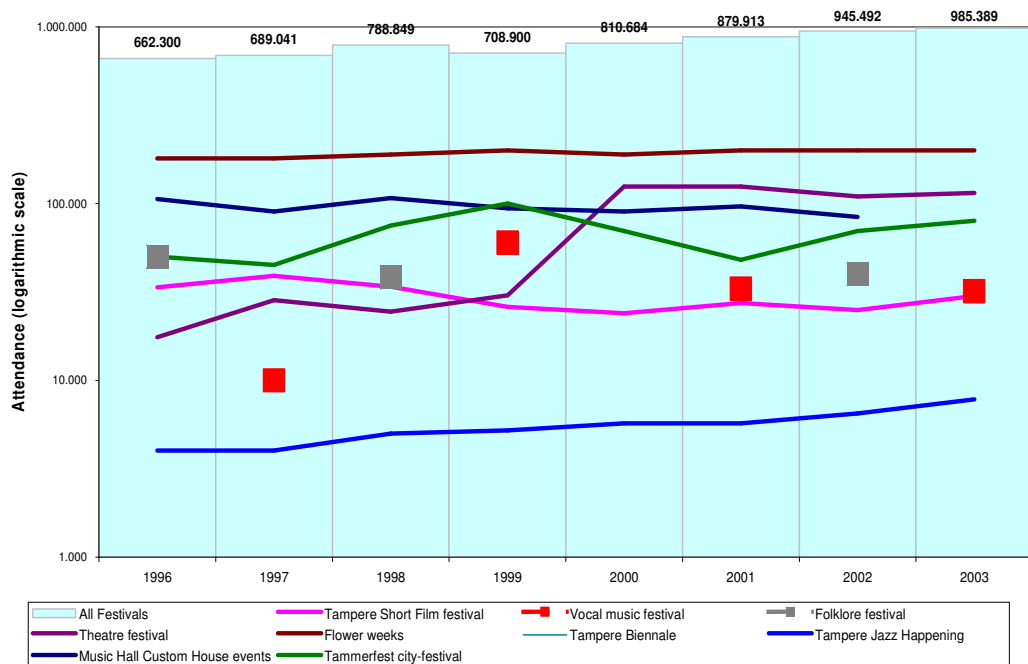


Fig. 8.6 - Attendance to events and festival in Tampere and detail for main events, years 1996-2003.
 Source: Tampere City Hall cultural office.

The *Tampere International Short Film Festival* holds an established position not only as a significant cultural event in Finland but also as the oldest and largest Short Film Festival in Northern Europe. It gathers relatively large audiences in its genre, but most of all film-makers and other professionals in the Finnish film and television industry. In its 34th edition (3–7 March 2004), almost 27,500 people attended more than 120 festival screenings, and about 650 people were accredited as festival guests, with up to 600 films shown from 40 countries in almost 10 venues throughout the city. In addition to screenings, the Festival offers seminars, exhibitions, concerts, club nights and many chances for audiences and film-makers to meet. In cooperation with the Pirkanmaa Film Centre, it co-organised *Videotivoli*, a children's and youth film and media education event. The festival is a good opportunity for the local audience, mostly students, to meet professionals from Helsinki and abroad, and establish precious working contacts. However, the international breadth of the event is also stimulated by the large participation of foreigners. For instance, Nokia employees enjoy the international atmosphere during the festival and they come to be a sizeable share of the audience. The festival organisation targets different audiences and special groups, for example the mental handicap people with the "Shooting Stars" festival, and children with a festival within the main festival for films made by children. Promotion for the festival is carried out directly in companies and in schools. While state funding has been weak and did not adjust to the festival ambitions (the festival receives the same support as ten years ago) and own revenues only amount to 35% of the budget, the city pays for some 30% of the festival and sponsors cover up to the 10%. 2 people are permanently employed in the festival organisation.

The *Tampere Music Festivals* consist of three separate festivals: the Biennale (first week of April), the Vocal Festival (the next will be held in June 2005) and the Jazz Festival, which runs its 23rd edition in November 2004. The three festivals altogether attract some 10,000 attendants every year, taking place in a dozen of venues around the city. Due to their small size, the three festivals are run directly by the Cultural Office of the City, which grants the largest share of the budget (more than 70%), while the rest comes mainly from own revenues (22%). Public support is reputed good and at the same time artistic freedom is also respected. During the Biennale, electronic music is also performed, attracting a young and specialised audience. The Jazz Festival is by far the most well-known of the three, and attracts international audiences and performers due to its specialised character (it is mostly about contemporary jazz), as compared to the largest but more mainstream Jazz event in Pori, not far from Tampere, held in the summer. The Vocal Music and Tampere Jazz festivals receives very positive reviews in the media, and were attended by some 40,000 people. The Cultural Office also hosted the Finnish National Jazz Days.

The *Tampere International Theatre Festival* is run by an independent non-profit association of 18 partners, among which the City of Tampere, some universities, associations and theatres. It was founded in 1969 on initiative of the local theatres and the City Hall, and reached the last year its 36th edition. Funds come mostly from the City and the State, contributing respectively around a fourth and a third of the budget, while another third is covered by own incomes. A few private sponsors add up: a local brewery, some restaurants, where selected performances are held, as well as various foundations and cooperatives. It is the oldest annual professional theatre festival in Scandinavia, introducing international and Finnish theatre to relatively large audiences. It consists of five separate programmes, as well as several meetings, seminars and

discussions open to the public, or for professionals only. In 2002, 180 theatre performances drew an audience of 25,000 people. Apart from the official programme, other events organised around stand out. A *Club Festival*, run in cooperation with the main private sponsors, groups small-scale performances suitable for restaurant premises. *OFF-Tampere* is a fringe section granting space to all those who wish to do it at their own expenses; in 2002, over 30 groups participated. In total the 2002 festival edition included 371 different events and the total number of visitors was 100,000, rising slightly in the following year. Though nationally well-known, the theatre festival is mostly (around 70%) attended by locals. A growing share of the audience is constituted by people coming from the Helsinki area, while 2-5% comes from abroad. Even though the internationalisation of the Theatre Festival is much slower than in the case of the other festivals due to the language barrier, August is a good period to attract a fair number of national tourists.

The Cultural Office of the City is the key player in one-off events like the *Local Culture and Heritage Festival*, a national event which staged in Tampere its 55th edition in 2003. This festival brought together nearly 600 participants, and the several side-events attracted thousands of participants. Particular emphasis was given to the culture for children, which grew into a regional project, involving twenty-six municipalities and numerous other partners in the organisation of the five-week «children's happening» in the spring. The happening attracted more than 32,000 visitors in Tampere and 52,000 in the entire Pirkanmaa region, with the Cultural Office in charge of the coordination and marketing of the event. Together with the International Folklore Festival "Pispala Schottische" (Box 2), this is an illustration of how events are meant to celebrate local values and offer them as an educational asset to the local and national public.

Box 2 - An event that captures very well the local traditions is the international folklore festival **Pispala Schottische**. Pispala Schottische is a series of three events: Pispala Schottische, Dance Mania and Folklandia Cruise, which get together under the organisational umbrella of the Finnish Youth Association and the City of Tampere. The festival, a member of CIOFF (The International Council of Organizations for Folklore Festivals and Folk Art), is organized every second year. The participants include some 2,000 dancers and musicians from Finland, as well as international guests from all around the world. The programme of the festival includes concerts, open-air performances in parks and squares, processions and seminars, which are normally attended by some 40,000 people. The event features prominently in the media, both locally and nationally. Dance Mania is an event of concerts and education of modern folk dance and music held in Tampere every other year in September. Folklandia Cruise is a winter festival of folk dance and music. It is held in January on M/S Silja Europa with the participation of the most important Finnish organizations and festivals of folk music and dance. The budget of Pispala Schottische is 465,000 € for any two-year period.

Last, but not least, the "urban" festival of Tampere is the *Tammerfest city-festival*, whose 10th edition was held in the July of 2004. In this occasion, some 85,000 visitors flock to Tampere, the rock capital of Finland. The performances are spread around the whole city, with 20 locations to attend live music, mostly from national artists, and with a few world-known invited guests. A distinctively commercial event, it can generate up to 90% of its budget through own revenues and the sale of merchandising. The organisation is small with only one permanent f/t employee, but the regional impacts are substantial and are likely to increase even more in the future with the opening of the Ryanair route to UK and Germany.

Sport is also part of the services that the cultural sector of the City Hall delivers to the community. Hockey, in particular, is important in Tampere, and considered a part of the city heritage. Football is also a part of the legacy of Tampere as an industrial city, attracting workers from all around Scandinavia. The Hockey Hall, divided in different rooms and clubs, is an important piece of infrastructure for the city and a commercial multifunctional hub, where especially in the winter the citizens spend a considerable part of their free time.

8.2.2 Image, quality of life, intangible assets

The second city in a quiet, sparsely populated country, one does not expect Tampere to be a hub as far as culture and creativity are concerned. Yet a short visit may partially offset this preconception. It discloses to an occasional visitor as a laid-back city with a bustling street life during the summer months, and a “café culture”, which in the long cold winters takes place mostly within its old factories reconverted to multifunctional shopping and cultural facilities, as well as in the university campuses. In addition to at least 200 restaurants and cafés, there are approximately 60 pubs, bars and clubs within a half kilometre from the centre. Business people, students, visitors to museums, cinema-goers, restaurant and café clientele, and workmen alike meet in Finlayson’s passageways, in the middle of the city.

The working-class heritage of the city is reflected not only in its architecture but also in a peculiar public realm that highlights social responsibility, care for the environment and equal opportunities for education⁵². Tampere has radical roots and a distinctively “red” image, and it is not shy about it. It hosts the last European museum dedicated to Lenin, who spent important periods of his life in Tampere and met Stalin there for the first time, but also the most important theatre production of Finland and one of the best national universities.

Without any extraordinary attraction, Tampere offers a human-scale size, easy networking and a diverse enough social composition to present itself as a small, knitted cosmopolitan community for Scandinavian standards. Tampere is highly regarded by Finnish people as a city with a high level of quality of life, and especially the cultural provision of the city is attractive for young households moving here from smaller rural communities or from the hectic, expensive Helsinki. Local people make a point that while 20 years ago the summer was a dead period for Tampere, the success of summer festivals is an exemplary illustration of ongoing changes.

8.2.3 Spatial structure of cultural activities

Tampere is a small city, and much of its cultural life of the city is clustered in its city centre on both sides of the canal, where all the main attractions and institutions are at walking distance. At this small scale, it makes little sense to talk about spatial differentiation, though there are spaces with a distinct cultural function, like the Finlayson/Tampella complex (Box 3), the Custom House Cultural centre (a popular hang-out for young artists and music audiences), and the “Siberia” area.

⁵² Tampere received the European Sustainable City Award in 1999, as ecological, social, cultural and financial sustainability have been made part of the city’s financial and operational planning.

Box 3 - James Finlayson, a Scotsman, came to Finland via Russia and founded a cotton mill in Tampere in 1820, thereby creating what was to be the first major industrial establishment in the country, catering for the large Russian market. Finlayson cotton mill exemplifies the state-of-the-art technology of his day with regard to both machinery and building. It introduced large water wheels and turbines in Finland, as well as an automatic fire-extinguishing system. In the late 19th century, Finlayson boasted the largest steam engine and the first electric light bulb in the Nordic countries. The necessary skills and know-how were acquired from England: drawings for machinery and buildings, as well as foremen to run the various departments of the factory. Completed in 1837, Finlayson's six-storey factory building, called Kuusvoininkinen, is the most significant monument of Finnish industrial history. It was the first building designed for large-scale industry, where halls had no partitioning walls. Instead, the intermediate floors were supported by cast iron pillars. Today, Kuusvoininkinen is a protected building, and the National Board of Antiquities and Historical Monuments is supervising its restoration.

Finlayson was a closed town within a town. In the mid-1800's, it had all the institutions that became familiar in other Finnish industrial towns and villages later in our century: factory owner's mansion, officials' and workers' housing, a hospital, a church, a school, a community hall and a home for the elderly.

When the Finlayson mill closed down 20 years ago, it was an opportunity to open it up to the local community. Institutions such as the Media Museum, the Aamulehti newspaper, the Tampere Polytechnic School of Arts and Media, were offered convenient working space and flocked in, started a cycle of regeneration of this area, now popular with students and young cultural consumers, and crowded with cafés, restaurants and clubs. Out of this success, the compound became attractive also for all sort of specialised services and fashion designers, who look for a “hip” place to be. The E-Tampere information society programme has its offices there, as is the Tampere Region Centre of expertise Programme for Media Services.

However, it should be recalled that Tampere is a regional centre and performs functions of cultural hub for a large territory. The city government of Tampere works in close cooperation with neighbouring cities and the regional layers of government to make sure that this role is accepted and that some cultural functions are “decentralised” (for instance, the Business Promotion Department of the city of Ylöjärvi cooperates with Tampere and Helsinki, and the neighbouring city of Hämeenlinna has polytechnic faculties). Akun Tehdas, a production centre for popular music gathering fifteen companies, is located at 10km from Tampere, in the neighbouring municipal territory of Ylöjärvi.

8.2.4 Cultural policy: actors and strategic context

In Finland, municipalities have a large financial autonomy. Cities are competing to enlarge their tax base attracting skilled human resources and young talents; to do so, they have to beat the competition of Helsinki by offering more human-scale and convenient access to public facilities. The provision of cultural services is clearly one of the public services which can enhance the competitive profile of a specific location for single-member families and young households. It is also generally accepted in Finland that culture should be part and parcel of public expenditure policy, so there is little there of the commonly-found “deregulation” of cultural policy through a larger involvement of private partners in “rentable” cultural products.

Box 4 - The main goal of the **Cultural Office** is to provide cultural recreation and a sense of security for people and organisations as well as to highlight the principles of equality, diversity, tolerance and international interaction. The Cultural Office promotes creative artistic expression by supporting arts institutions, art education and the free practice of art, and provides information about the cultural background and development of society.

The task of **youth services** is to assist young people in coping with the processes of life. Tampere's youth services promote the individual, social and cultural development of children and youth. Youth work helps the child or young person recognise future challenges as well as understand the changes in society; it consists in educational and support activities where young people participate and take initiative. The 13 city youth centres and the Vuoltsu activity centre arrange various activities for the children and youth of Tampere. Thirty-two afternoon clubs for schoolchildren were in operation in 2003. The popular, intoxicant-free Line music happenings introduced a new form of action, gathering as many as 1,000 young visitors per night. Activity clubs, camps and field trips as well as the summertime Traffic Park and Lehtisaari adventure island offered meaningful recreation for thousands of children and young people in Tampere. International activities included cooperation with the youth services of the City of Tartu in Estonia and a youth trip to Spain. The Tampere Youth Forum was very active, and the youth services were also involved in the Children's Parliament and cooperation with the children's rights advocate of Tampere.

In this context, the City of Tampere has pointed with decision to support the cultural sector. This is shown by the size of the municipal budget allocated to culture (including sports), which in 2004 was 7% (some 57.7 million euro), against the average 4.5-5% of Finland's largest cities. The budget is taken care of by the Department of Culture and Leisure of the City Hall, whose tasks are divided into three main areas: cultural and youth services, the Tampere Philharmonic Orchestra and support to cultural institutions and projects⁵³ (Fig. 8.7), employing in total some 225 people, plus other 26 in cultural associations, circles and foundations paid with the grants received by the City.

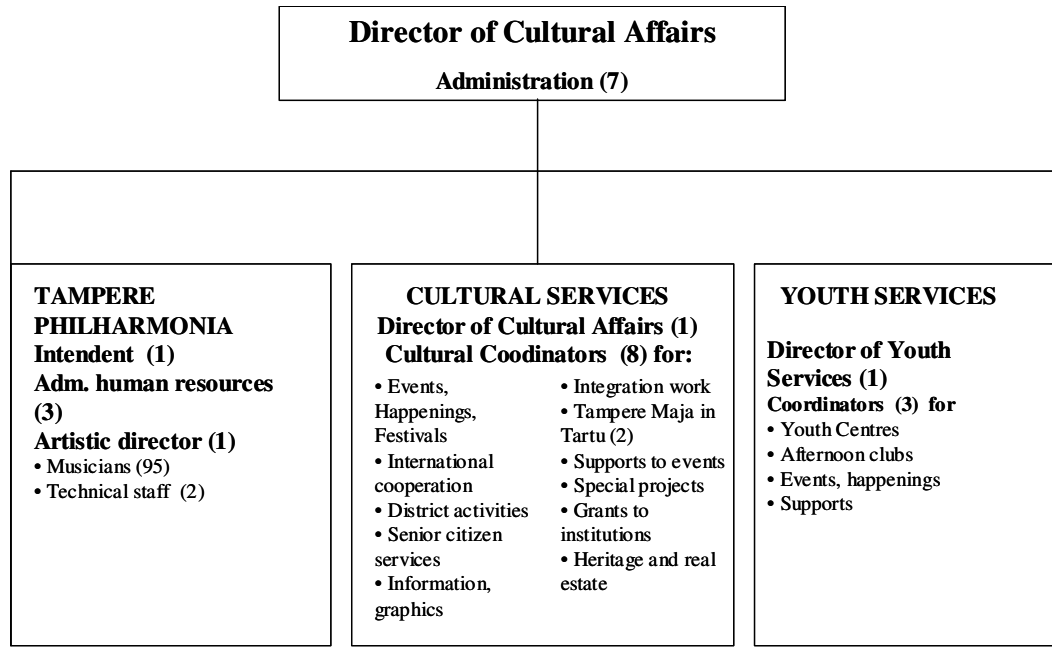


Fig. 8.7 – Organisation of the Cultural Office of the City of Tampere

⁵³ According to a City Council ruling, annual subsidies are given to Tampere Hall, Tampere Theatre, the TTT Theatre of Tampere, small theatres entitled to government grants under the Theatres and Orchestras Act (Ahaa Theatre, Theatre Mukamas, Theatre 2000 and Dance Theatre Mobita/Dansco), as well as to Tampere Conservatoire and Pirkanmaa Music Institute.

The focus on the young of all age groups is strong, and has become the main area of activity for the Cultural Office (Box 4). Tampere spends some € 1.3m to set up and maintain a network of thirteen “youth centres” which are managed by associations themselves. This kind of facilities is provided in many other European cities against the will of the city, rather than for its initiative, by “squatters”. In total, some 280,000 people have been welcomed such centres in 2003. During the spring and autumn, a total of 1,145 children and first-graders participated in afternoon clubs, which cost some 1,6 M Euro to the city (earning some € 0.5m from attendance fees). The supply of children’s and youth activities increased significantly in the last years. Another area of emphasis is the *support to community spirit and local identity* through the production of numerous events, and the organisation of promotion activities throughout the region. Furthermore, supporting immigrant communities in their cultural heritage and integration as well as developing cross-administrational cooperation regionally and locally are also emphasised. Finally, it should be noted that art, music, and plastic art classes taught in schools are funded through the Culture and Education budget of the City.

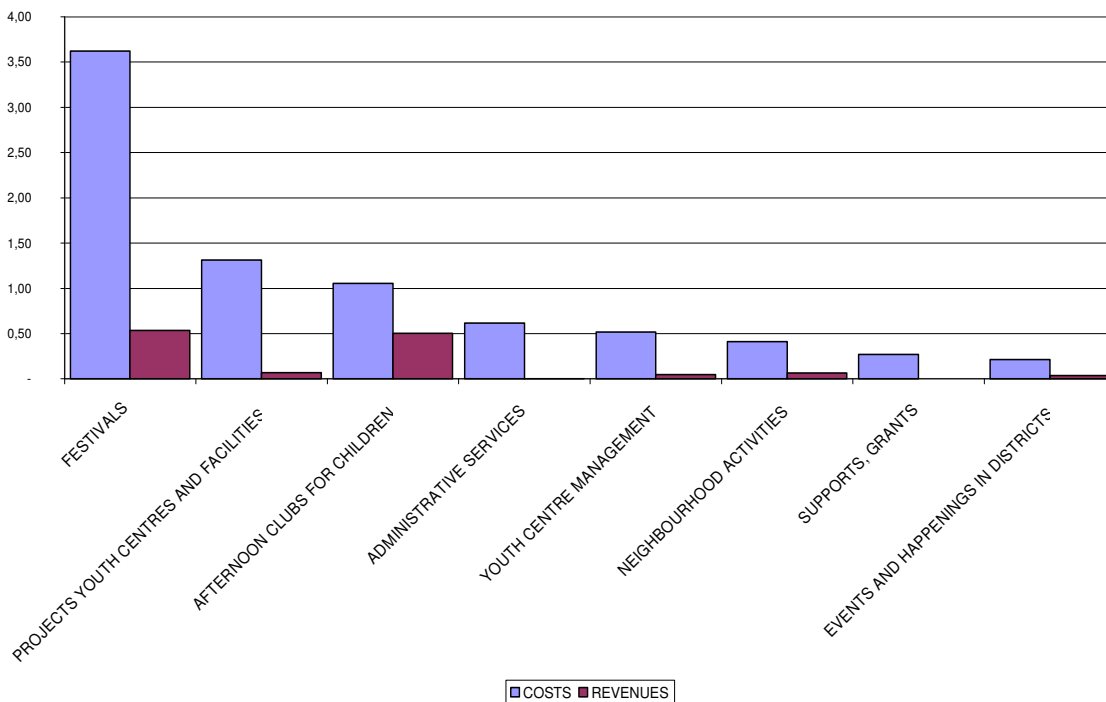


Fig. 8.8 – The City of Tampere’s budget for Cultural Office in year 2003. Breakdown of costs and earned revenues in Millions of Euros. Supports to cultural institutions are not included (10,6 m€)
Source: Cultural office of the City of Tampere.

The cultural budget of the city also includes regular programs for the residents and special events. Some of them are produced directly by the Cultural Office, but in many cases the City is but one of the event organisers or sponsors. It also supervises the activities at the Old Custom House Cultural Centre, and manages senior citizens’

activities. The Virkku “daytime gatherings” were introduced in 2003, attracting 16,100 people on that year. Other projects included the participation in international activities together with the international relations unit at the Mayor’s office, and the production of TV programs for immigrants. Contributions and production grants support the extensive supply of culture and art as well as youth activities. The largest contributions are made to the Tampere Opera, the International Theatre Festival and the Film Festivals. In total, the organisation or support to festivals cost to the city € 3.6m and earned some € 0.5m Euro from attendance fees by a total paying audience of 278,000. The total budget of the city for cultural activities has therefore been of € 8m, with revenues for € 1.25m (Fig. 8.8).

The total city budget for culture has grown by 5.1% in the 2004, reflecting the relative stability of culture as a field for public expenditure in the face of economic crisis. While social and health services are growing faster than cultural services, it is widely acknowledged that there is no real pressure for more public support, and as no breakthrough in city policy are foreseeable, only slight increases are to be expected in the next years. It can therefore be argued that the city’s cultural policy serves well the ambitions of the local community, and continues to produce important cultural opportunities for the country as whole.

Tampere is often quoted as a “best practice” case in fields of urban management such as an interactive relationship between citizens and administration and the capacity to attract innovative firms and nourish research and development in the region (see Box 5); however, there has been no role for cultural industries in this vision so far, which to some extent stifles the “creative” side of the local information society, merely based on technical excellence. Together with the cities of Jyväskylä, Oulu, Pori and Turku, the City of Tampere is now participating to the research project “Cultural industry as success factor of creative city” run in the period of 2004-2005 by the Research Unit for Urban and Regional Development Studies (Sente) of the University of Tampere. The City Hall is using the research project to develop an integral strategy for the development of a creative milieu.

Box 5 - E-Tampere is a wide-reaching cooperative programme project promoting cooperation between enterprise, research, education and the public sector with the aim of making the information society a natural part of everyday life for all citizens, without discrimination. E-Tampere has been developed as a Finnish pilot project funded by the eEurope programme, by a large network of institutional and technical partners: the City, the local universities, firms, and innovation centres. It is articulated in six sub-programmes each addressing a specific issue in the development of the information society, like e-governance, knowledge transfer and e-commerce:

- **RELab** builds development centre focusing on service industry
- **Infocity** concentrates supporting multi-channel development of public service process
- **eAccelerator** boosts co-operation of especially middle-size companies with a strong connection to industry
- The **Technology engine programmes** concentrate on projects focusing on the application of new technologies and the utilization of research results
- **eBRC** is a research centre of business activities in information society and a development programme
- **ISI's** objective is to strengthen Information Society related research carried out in Tampere

At 2004, the programme advances according to plan (project portfolio 58 million euros, realization rate 101,4%). While the proportion of finance from enterprises and international sources has increased in total funding, capital investment exceeds 23,3 million euros. Some 450 researchers and more than 230 enterprises participate in over 250 eTampere projects, including 16 international projects. Several extensive international and national

seminars (eGlobal, eBRF, Spearhead network seminar etc.), new public online services have been developed, and the City website is visited more than two million times a month. eTampere has created forms of cooperation that would not otherwise have emerged, it has created several new channels have been created for citizen participation, and has enhanced internationalization establishing a new, intensive cooperation culture. In the new stage of the E-Tampere programme, it is recommended that the regional approach, the cooperation with firms, and the international scope are strengthened, while the focus of the programme should be shifted more from research to application and the development of products and services.

Source: E-Tampere website: www.etampere.fi

8.3 Cultural cluster performance and dynamics

8.3.1 The cultural production sector

Table 8.2 gives a breakdown of the employment in the cultural sector, as recorded by the Cultural Office of the City. All in all, some 5,200 people are permanently employed in the cultural sector, just short of 6% of the total workforce.

On the whole, Tampere enjoys a large participation to culture in relation to its size and ambitions. The threshold for access to culture is rather low, on account of the relaxed and democratic lifestyle of the city and of the excellent educational and social services, including state-of-the-art library services. Anybody wanting to participate in cultural events or be active in cultural activity has a wide range of opportunities to do it.

Table 8.2 - Employment in the cultural sector in the City of Tampere, year 2002. *Source:* Cultural office of the City of Tampere.

	f/t jobs
Administration / public sector, incl.:	1.367
Libraries	224
Cultural Office	147
Tampere Philharmonic Orch.	103
Dept. of sports	347
Museums	209
Adult Education	309
Sara Hilden Academy	28
Education, incl.:	2.965
Comprehensive Schools	1.884
Vocational schools	492
Tampere Polytechnic	589
Private sector and non-profit, incl.:	875
Theatres	333
Festivals	31
Unibibliothekes + SNI	101
Tampere Hall	64
Private museums + galleries	70

Cinema	30
Cultural Circles	36
Särkänniemi Amusement Park	210
TOTAL	5.207

However, the cultural production sector is less developed and almost completely absorbed by activities of cultural *reproduction*, like festivals and theatre performances. Tampere is more a city of cultural institutions than a city of professional artists, and within urban policy, the community role is highlighted rather than the economic or regional impacts that culture may have. It is tacitly assumed that professional culture and creative industries can only flourish in a bustling city like Helsinki, whose proximity to Tampere is sufficient to drain away most of the initiatives that may originate here. Not only the capital is a much larger and accessible market for culture, also enjoying a specialised “urban” tourist demand which Tampere cannot achieve; it also hosts a network of national institutions, art organisations and individual practitioners supporting each other and capable to attract more financing and subsidies than any other city in this small country. Tampere is by any extent a “second order” city for cultural production, possibly following Turku. Still, even in this “cultural periphery” something is moving: the young cultural scene has the potential to reshape the urban economy in ways which are consistent with the full development of the information society.

The *creative industry sector* is small, with a sizeable concentration of designers, media and advertisement producers at Finlayson. There is a film centre at Pirkanmaa arranging screenings and other cinema related information and educational activities, employing a staff of six people. Particularly important are a small number of national broadcasters, such as TV2, the main channel for children’s, teenager’s and sport programmes, also drama, entertainment and factual programmes, part of the YLE (Finnish Broadcasting Company), the broadcasting company with the highest audience share in Finland, 44% in 2003.

Publishing is by any means a small-scale industry with little economic relevance, whereas the “cultured” Turku is the real publishing hotspot for Finland. Tampere’s Kirjapaino company publishes the Aamulehti, the second largest Finnish daily newspaper, since its first edition in 1881. Aamulehti often supports initiatives for social integration and development through cultural activity.

Music is one of Finland’s most developed cultural production sectors, on account of a long tradition in classical and opera music (Finnish opera singers are internationally well-known) as well as traditional and folk music. Furthermore, Tampere stands out as the national “capital of rock”. He gained its reputation as an important hub for youth culture at the end of the 1970s, when the main Finnish rock bands were active in this area, and maintained this position through the following decades at alternate waves (another point in common with Manchester!), retaining in the present times some production capacity in Ylöjärvi

The event and festival production sector is the most “tangible” sign that culture can be a business, but indeed it is small-scale, mostly subsidised, accounting altogether for 31 full time jobs. The music festivals only employ a permanent staff of five people. Two events stand out as large employment and attention generators for the city: the Tampere

International Theatre Festival, the oldest and, judging by the number of attendees (101,000 persons), the most popular festival, and the internationally famous Tampere International Short Film Festival. The theatre festival employs some 100 temporary staff (corresponding to 8.5 f/t equivalents), and generates indirectly other 7-8 job openings in the region.

8.3.2 Cultural tourism

Tampere is an important destination for national tourism, as a combined effect of the notoriety of its festivals and events, and of the city's central position as gateway to a beautiful rural region with many natural and sport attractions. The Finnish Ministry of Tourism' strategy document identifies "vocations" for the various destination regions; on account of its industrial image and business-like environment, Tampere receives a special attention for the development of business and convention tourism. However, the city has an attractive cultural tourist supply. Aside from the popular day trips to the Särkänniemi Amusement Park and the cruises on yachts and sailing boats on the lakes, visitors from the region and the whole country come to Tampere on purpose to attend attractions like the Vapriikki Museum Centre and its exhibitions, the international festivals, the regular programming at Tampere Hall and especially the Opera (at least a couple of events every year are seen to attract a national audience), as well as theatres performances.

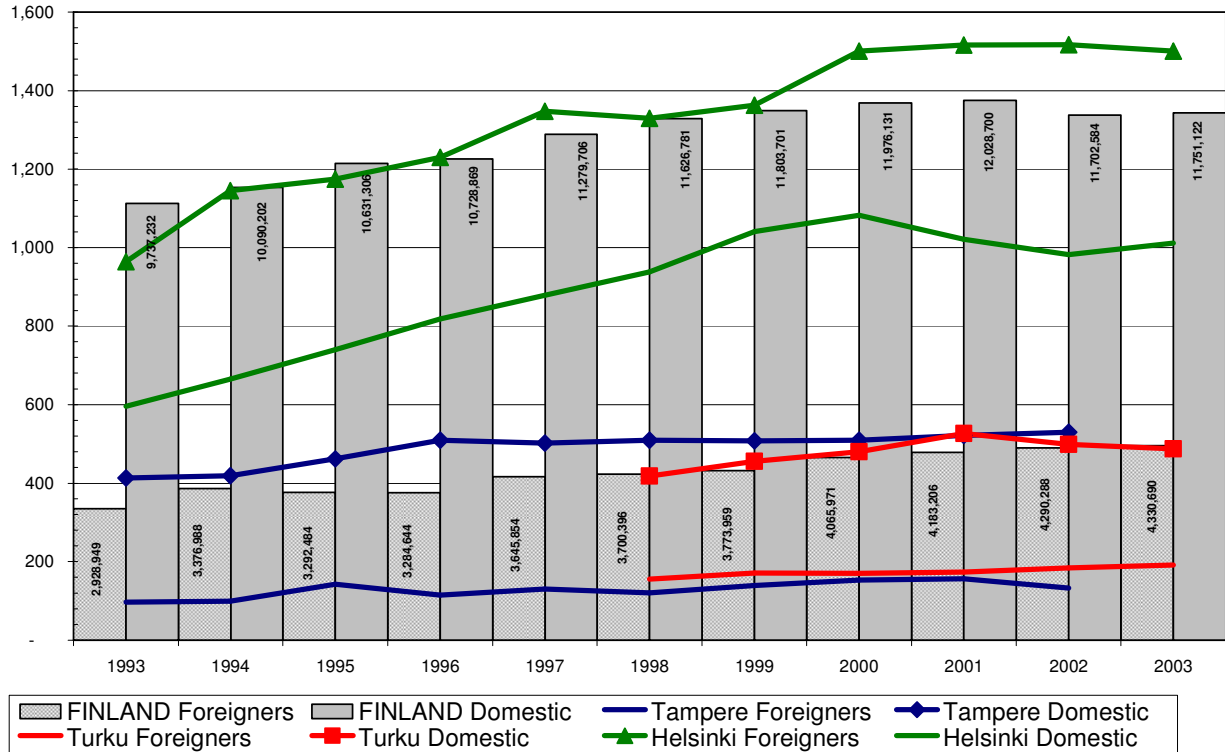
Tampere receives some 600,000 overnight tourists, 20% of which are foreigners (Swedish, Germans, British and Americans are the most numerous groups), with an average stay of 3.1 nights, mostly individuals and family groups. These figures put Tampere at a remarkable position in Finland's city tourism⁵⁴. Tampere receives slightly less visitors than Turku, but gets more domestic visitors (Fig. 8.9); its share in the domestic market is stable at just above 4%.

In 2002-2003 the Tampere Tourist Board conducted a survey to assess the impacts of tourism; the direct income generated by tourism business in Tampere was estimated in € 333m, which marked a 8% increase over the estimate of a previous 1999 survey. Tourism is therefore an important contribution to the urban economy; in particular, the most popular festivals provide an "export base" to Tampere that adds consistently to other economic sectors of the city. The visitor markets that are identified as the most relevant by the Tourist Board are: 1) congress, meeting, and fair tourism; 2) family tourism; 3) cultural tourism. Family tourism emerged from the 1999 survey as the most economically profitable, followed by business tourism (27%), cultural tourism (23%), and congress and fairs (20%). Regrettably, there is no way to single out the share of visitors primarily motivated by culture and their expenditure pattern in those surveys, and the importance cultural attractions in Tampere has not been surveyed. Sport events, like the summer sport rallies, attract some 10,000 visitors every year. It is believed that culture only plays a marginal part in attracting visitors, and this is especially the case for the international market. Indeed, a "cultural tourist package" is offered to national

⁵⁴ The Finnish Tourist Board regularly gathers information by interviewing departing tourists on the boarders. The grouping of tourists in the survey does not, however, include culture tourists (the four groups being business, leisure, visits to friends & relatives, others). Leisure tourists spend during their visit in Finland some 440 euros (117 euros per day).

visitors only, including one theatre performance, a hotel stay and a visit to the Art Museum.

Fig. 8.9 – Visitors in Finland (histograms), and in the main Finnish cities, years 1993-2003. Thousands of visitors. *Source:* own elaboration on TourMIS data.



While conferences and congresses are taken care of by the Tampere Convention Bureau company (whose main shareholder is the City), tourism marketing for the Tampere region is provided by the Tourism Office, a city-owned non-profit organisation. The TO drew up a tourism Strategy 2002-2006 document which sets out the main lines of Destination Marketing, placing a special emphasis on leisure tourism and the attractiveness of the city for family tourism from neighbouring countries, like Sweden, Russia and the Baltic States. Marketing addressing the other European countries stresses more the peculiar and little-known Finnish life-style and culture as highlights for a visit to Tampere.

Today, Tampere has a new opportunity to present itself as a national gateway for budget travellers from around Europe, as it hosts the only low-cost air link with routes to the UK, Germany, Estonia and Sweden (provided by Ryanair and Blue). The Ryanair link came after a long negotiation and was the main reason behind the enlargement of the airport. In this way, people who pass by the city “occasionally” on their way to other more established destinations in Finland (especially Helsinki) can be lured to experience some of Tampere’s peculiar attractions and events, and the same holds for people from

Eastern Finland travelling abroad. The impact of the new routes is considerable, with some 50% increase of overnight stays in the Region by the new market segments, like British visitors, and an on-going adaptation of the accommodation structure. New hostels, low-budget hotels and camp-parks are being prepared for the summer season, and are likely to be filled up in occasion of Tampere's summer events like the Tammerfest and the main sport actuations.

In spite of these opportunities, there is very little strategic collaboration between tourism marketing and the cultural institutions to make themselves more visible through ad hoc arrangements and reach to the foreign tourism markets. A signal of this lack of attention is the fact that while the Tourist Office sells advertisement space in their brochures, the cultural institutions never buy it. Not even the cultural programs of a large facility with a national catch like the Tampere Hall have a large stake in tourism promotion; the audience mostly come from the surrounding regions, going back home after the concert.

8.3.3 Dynamics and networking in the cluster

In a democratic community without large income gaps and social conflicts, the cultural sector of Tampere stands out as a good representation of it: responsible, diverse, dynamic and human-scale. In the context of a state budget for culture which is constantly increasing, it can be expected that also in Tampere the cultural sector is on constant evolution. The most evident sign of this dynamism is the increasing interest and success that the festivals get.

In spite of the strong push for the supply of cultural activities coming from the community, the "market" for cultural production, which can be roughly given by the tourist demand and the demand of creative inputs by firms, is somewhat limited and this hampers a more visible role of cultural producers in the city. It can be said that the "creative resources" of the city flee to where such market pull is, that is in Helsinki and abroad. An anecdote perfectly captures this situation: the most celebrated Finnish filmmaker, Aki Kaurismaki, made a fortune in Helsinki, but he is a casualty of the University of Tampere, a fate shared with other successful national pop artists like Juice Leskinen (the godfather of Finnish rock) and the rap idol Paleface. To some extent, however, Tampere does attract some young artists and cultural managers, especially those who look for excellent educational and research facilities, and for high-quality and cheap working and exhibition space.

Tampere is also a place where networking is made easier by the small scale and the convivial atmosphere. The work of the Tampere Artists' Association (Box 6) is an illustration of dense networking in the field of visual arts.

Box 6 - The foundation of the Tampere Art Society in the last decades of 19th century gave an impulse to the visual arts scene. The war in 1918, however, hindered its activities and to fill this gap a group of artists and writers founded the **Tampere Artists' Association** in 1920. The main aim of the new association was to provide support and help to professional artists in the Tampere area, and this still is one of the main concerns of the present-day association. Other tasks include the developing of the general interest in arts and culture in the area. Nowadays the most visible form of activity is the up-keeping of the gallery in Mältinranta Artcenter (<http://www.sci.fi/~maltti/gb.htm>), a former water refinery designed in 1926 by architects Bertil Strömmer and Eetu Murros, given by the City of Tampere in 1983 for the use of the Artists' Association. The Tampere Artists' Association is the second oldest in Finland, with a

membership of 226 (April 2004): painters, sculptors and printmakers, as well as artists working with the new media in arts (photography, videos, multimedia, animations etc.)

The Association rents a spacious exhibition hall, and runs a special project called “room for artists” for three weeks at a time; the aim is to present high-quality contemporary art to the public. Since the beginning of 2000, the Association coordinates the lending of contemporary artworks by its members, also offering consultation to companies that wish to have, for example, an artwork in a specified place and have it changed into a new one on a monthly basis.

To improve the working possibilities of its members Tampere Artists' Association keeps a printers' workshop with equipment for paper art, lithography, silkscreen printing and various forms of metal graphics. A separate working space for multimedia and computer arts is planned for the near future. Furthermore, there are plans to build a foundry and other workshops in the premises. The Association provides further education for the members in co-operation with other art institutions, like the Tampere School of Art and Communications. Summer courses are offered for the members and non-professionals alike as well as children.

Other cultural fields have similar networking arrangements. The Film Festival acts as a window for local video artists and the whole Finnish film industry. Tampere is known as a “meeting place” in those occasions, enjoying the right atmosphere and a relaxed mood. The managing company of the festival, Tampereen Elokuvajuhlat (Tampere Film Festival Association) is the hub of an extensive network of collaborations including actors and producers coming from the Film School, the Media Faculty, the national broadcasting corporation, the Sonera IT company, the City of Tampere, the Finnish Film Foundation, the Finnish Ministry of Education, AVEK, the Promotion Centre for Audiovisual Culture and numerous community-based and national associations. Last but not least, the MindTrek association of media industries organises every year an event including a full program of seminars, exhibitions and performances (see Box 7).

Box 7 - The **MindTrek Association**, born in Tampere, is a non-profit umbrella organization for societies working in the fields of digital media and information society. The association operates both nationally and internationally. Nationally association coordinates the MindTrek Week and arranges different kinds of seminars and conferences on important themes in the field. The association consists of university partners, non-governmental organizations and companies. It is unique in the sense that it does not only cover the field of commerce but also science, research and citizens. The MindTrek Media Week and MindTrek Association have been international in scope from the very beginning. The first MindTrek event in 1999 hosted a EU INFO-2000 Programme Conference, an Europrix Awards Gala, the International Mobile Media Summit, and a number of other international networking events. Last year MindTrek had visitors from almost 30 countries. Most MindTrek events are conducted in Finnish, but there is always conferences and seminars where working language is English.

One can read from the promotional brochure of the MindTrek event of 2001: How do new digital tools affect our way of life, our culture, our work and our methods of learning? How do consumers and product development interact? What kind of benefits do wireless technology and navigation services bring to users? What ethical issues will digital future raise? Is there equality in a society of networks? The aim of the [MindTrek] conference is to gather together 700 digital media professionals, designers and doers. The conference looks at various phenomena within digital media from an interdisciplinary perspective and examines the influence of technological innovations on people's lives. The focus of the conference is on people, not on technology or business.

In the publishing sector, the “Book Festival” should be mentioned, a one-day event organised every February by the Aamulehti newspaper in the Finlayson area. Many important Finnish publishers and writers are present to this event, which turns out to be an excellent networking opportunity not only in the field of literature but also for all the creative talents (designers, playwrights and decorators) working there. Another interesting initiative has been organised by the two local universities, in order to make

the new knowledge available and accessible to local community: two full days of seminars in philosophy, in occasion of which a great number of books and publications by local scholars have been sold to the Tampere citizens.

Working relationship cutting across genres — the kind of crossover which makes the fortune of many European cities — is not much present in Tampere, apart from the case of the festival and museum directors who are sharing the same working facilities. A physical space for exchange and debate between audience and producers, blurring the edges between art forms, seems to be missing. It could come in the future, when the Tampere Hall will be renovated making more space for permanent activities. Since a number of years, the MindTrek event is organised and hosted in the Tampere Hall. However, the “mainstream” image of the Tampere Hall could be an obstacle in brining young cultural audiences and artists to share this space for debate. An alternative could be provided by the Museum Centre Vapriikki, which already actively promotes a cultural debate directed to the young. Several of its exhibitions are organised in cooperation with other institutions in the city, e.g. exhibition on the history of Tampere has been organised in collaboration with Aamulehti.

The Department of Culture and Leisure of the City Hall is aware of the need to enhance networking in the cultural sector, and its actions have had a positive influence on significant bottom-up initiatives, as in the case of the Sorin Circus company for young people which was started by amateurs, and with the help of the City (which provides 13% of their budget) has now become the best and known young circus company, also producing TV shows and exporting productions abroad.

8.3.4 Education, conservation and taste/audience development

Finland has one of the most comprehensive university networks in Europe, and Tampere represents the second largest concentration for higher education in the country. In terms of student per resident ratio, Tampere is the first “student city” of the country with a total of 36,000 students with a large representation in technical facilities and in humanities. Students in Tampere are particularly mobile, both between courses in the same university as well as between different universities. This flexible curriculum may explain the slower-than-average pace at which local students get their degrees, but certainly strengthens their profile as members of the information society. Tampere’s educational opportunities are very well developed also as far as primary and continuing education are concerned. The Municipality and the State support a number of centres providing arts education, a visual arts school, and an Adult Education Centre (the oldest among the 254 adult education centres in Finland). The latter offers 1.100 courses to some 10,000 students of ages ranging from 20 to 70, with educational level that may also be quite high. In a city where unemployment is still high, the role of the AEC is important to open new employment opportunities. The Viita Akademia (Writers’ Academy) has close links with the city and the Writer Association; students are mostly amateur though art education with young kids is also offered. The Sara Hildén Akademia also runs an Arts School for Children & Young People, owned by the Municipality of Tampere.

The *Tampere University of Technology* hosts some 10,000 students offering curricula in subjects where Finland has a strong tradition, like Engineering and Architecture. Close cooperation is held with the industry, especially hi-tech; students are confronted early in their studies with challenging R&D tasks related to novel commercial products. Interest in the university is steadily increasing among international students, as the TUT is offering international study programmes in English.

The *University of Tampere*, founded in 1925, is the largest local university, with six faculties and a total number of some 14,800 students (in particular, 3,363 students in the Faculty of Humanities, and 2,045 students in the Faculty of Information Sciences). The university is the first in Finland in terms of applications available per places. Compared to the others, the Faculty of Humanities in the University of Tampere offers a particular specialisation, with a department which is not considered part of the academic but of the art infrastructure: the “Acting Department”, a unit of excellence in acting education. Other art-related institutes at Humanities are the Department of Literature and the Arts and the Theatre and Drama Department, while media studies are present in two faculties with the a transversal institute of international relevance in cultural studies, offering courses in creative industries and presently running a national research project on “Cultural Industry as Success Factor of the Creative City”. Since two years, a professorship in media studies is directly financed by the Municipality, which demonstrates the interest of the city in improving its profile as a research and development centre for this strong business sector.

The Faculty of Humanities is a successful example of “interface” between higher education and the local community. Many research projects conducted at UoT aim at the assessment of the relevance of culture in the local economy and society. Many projects are shared with Aamulehti, one of which has to do with the “Domestication of new media”, a research project funded by ALMA Media, the newspaper owner. Other interesting projects are the result of cooperation with the private sector, regarding the user-friendliness and the social perspective of new technology, possibly leading to the establishment of a local excellence in research on such topics. The university regularly hosts visiting lecturers from local and national media companies, in the framework of a so-called “The Communicative Programs”. Within E-Tampere, a workshop has been opened at the UoT regarding net-journalism, and the new ways to widen citizens participation in urban issues. In all such projects, the UoT is a key player in opening up the cultural debate and involve local stakeholders in exchanging perspectives on cultural issues, and possibly joining forces to elaborate viable commercial solutions⁵⁵. The central location of the UoT and of student accommodation is the result of an explicit decision of the university bodies, which makes student life visible and relevant for the city economy. The demand for housing by the students of UoT is growing, so the private sector is increasingly perceiving the benefits of this presence in the city.

Tampere also hosts two other institutions of higher education. The Pirkanmaa Polytechnic is a regional, multidisciplinary, service sector-oriented polytechnic institution, with approximately 4,000 students and interesting degrees in tourism, music, communication/media. The Tampere Polytechnic which offers a diverse range of degree

⁵⁵ A Game Research Lab at the University of Tampere aims to be one of the first-rate nodes of top expertise in user and content focused research of interactive media in the world. Games are also one of the key focus areas of Laboratory’s Experience Design Research Group.

programmes, three of them taught solely in English, comprises three independent schools, the Business School, the School of Technology and Forestry and the School of Art and Media (Box 8).

Box 8 - The **School of Art and Media** of the Tampere Polytechnic hosts 500 students, receiving applications from all over Finland, 40% of which (1 on 11 are the students taken in the Arts Department, 1 on 8 in the Media Department) from the Greater Helsinki area, with an increasing number of international students. The school offers a very popular programme in English – “Interactive Media Programme” – to acquire advanced know-how in skills of audio-visual content production for the Internet, DVD and iDTV (15% of students come from Europe and Canada). Although media art is not big in Tampere, the production of TV programs and videos is a growing industry and the school is very active in linking to the media industry. Some 100 projects every year are organised in cooperation with private companies, e.g. MTV, Channel 4, and the national TV broadcasters. The school's commercial turnover is impressive, with 25,000 € received for the projects in a few years. Surveys to monitor the career of students after graduation are conducted regularly: 40% work as free-lance or entrepreneurs, 28% get a long-term job, 21% get a short-term job, 4% are continuing their studies, and only 7% are unemployed.

The school is also playing a role in the local cultural network, for instance placing students for a stage period at the Cultural Office of the City, and cooperating with the University of Tampere on many projects. Some students of the Polytechnic were involved in a video-production project with primary school pupils. Arts students take an active role in the local artists' associations, showing capacity of self-organisation and achieving a good exposure in private galleries. The exhibition of the final course projects is regularly at the Museum Centre Vapriikki and in other venues of the city, a move to familiarise the new local audience to art. Students also develop their own networks, as Chinese students who run an important association for the local Chinese workers.

The Student Union, to which every new student pays an obligatory membership fee, is an active cultural player in most Finnish university cities. TAMY, the Student Union of UoT, organises concerts, film screenings, excursions, discussions. Moreover, the union membership grants discounts in bookstores, theatres, and transports, providing an additional incentive to students to make use of the cultural infrastructure of the city.

The presence of the higher education institutes can be seen to generate many positive spin-offs for Tampere under many respects, not in the least measure because of the dynamism it brings to the cultural life of the city. Students sustain the supply of music clubs, restaurants, theatres, dance, literature, festivals. The city centre is more lively thanks to students and especially the almost 1,000 foreign students who arrive every year make a big difference in the international profile of the city.

However, most creative talents in Tampere's higher education are likely to be only temporary residents as new art graduates would flee to Helsinki where most job vacancies are normally found (more than half of the Finnish creative sector job market is estimated to be there), or even abroad. Indeed most students are “resigned” to go to Helsinki even though they acknowledge the good living climate of Tampere and they are aware of the problems that starting a career in a big city like Helsinki implies.

8.4 Culture and the local economy

8.4.1 Culture and urban regeneration

The arts in Tampere are part of the heritage of its community. Tampere has a hundred choir groups, a library that always been an important place, and it is home to the

realistic social literature. In the beginning of XX century, manufacturing workers were the biggest and most visible group of the community. A middle class was almost totally missing; popular cultural activities, such as attending the library, participation to choirs and traditional music groups, going to theatre, were very popular among workers. These activities represented for the local community an opportunity for exchange and personal development escaping the patronising “institutionalisation” of social life inside the factory walls. Traditional fine arts and music gained ground later, in the 1920s; the main cultural institutions were born at almost the same time when the factories closed down, possibly as a move towards a higher level of social cohesion to avoid exclusion and marginalisation in the society as in many other de-industrialising northern cities. In the 70s, rock music was embraced as the new form of expression of the urban youth, accompanying Tampere in its latest stage of its development, until the lifestyle change of the late 1980s with the opening of underground theatres, but also the typical elements of a “café culture”, like clubs, bar, and numberless festivals. The ties between culture and labour as not been lost; still today, they represent a binding element cutting across the local community.

The redevelopment of the Finlayson/Tampella complex also contributed to the change in the image of the city. The project was carried out in conjunction with a general plan for the city centre, in order to enhance the attractiveness of the city centre as a place for commercial activities and a residential location, to improve the urban landscape, to make the industrial sites an integral part of the city centre from the point of view of function, traffic and urban design. People who worked in the Finlayson area, once inaccessible to non-workers, are proud that today their old workplace has become a museum area and a meeting point for the community, and especially for the young. The Museum Centre Vapriikki, which moved in the Finlayson/Tampella area in 1991, contributed enormously to the revitalisation of the area and to the improvement of its image, being at that time the only non-industrial activity.

8.4.2 Networks with the local economy

Tampere is an industrial hub that has been capable of a transition from old style manufacturing (mainly based on mechanics and forestry related industries) to innovative technology and light engineering, also developing two typically post-fordist, knowledge intensive sectors as telecommunications and health sciences. It is also a city rich in culture, and the questions arise whether the cultural climate of the city has a role in this transition, a topic addressed in the previous section, and whether culture itself may represent an asset that could become economically valuable as “processed” in the new manufacturing and service sectors.

One problem of “tech cities” like other Finnish industrial centres, such as Espoo or Oulu, is that there hardly seems to be “a life after ICT”. The issue is the extent to which technical production ties with the local system of knowledge in creating unique, place-specific production systems which are embedded in the local social dynamics. Cities may be very strong hotbeds for technology on account of excellent educational provisions and a long tradition in engineering, but such advantages are increasingly volatile: industries delocalise, technical knowledge becomes “immaterial” and placeless, and university students don’t stay in the place where they have been trained. This is probably not completely the case in Tampere, which possesses a dynamic and diverse economy. World class expertise in signal processing and excellent networks is a very

good reason for Nokia to stay and grow further in Tampere. However, in order for the social capital to remain “attached” to the city, stronger “local” ties need to be developed. The university strength is not sufficient, more “structural” advantages need to be built in terms of the quality of life, city size, and international accessibility. Another issue is how to link more closely technology to “content”: the possibility to apply technical excellence for the production of goods and services over which the city has a competence and resources to spend in the process.

Indeed, while in other local industrial sector the connection between creativity and business are looser, and most business is conducted on a B2B basis, ICT lends itself very well at the reproduction and even processing of cultural content; not to mention that communications per se are a cultural phenomenon which has strong “localised” features; there is a natural convergence within an ICT productions sector between technical aspects and content development. So, Tampere has a chance to grow an ICT cluster and keep it going if it cares about the conditions that sustain growth: using hi-tech to promote and diffuse local cultural assets is a good opportunity to “ground” technical excellence in local advantages. Culture is highly place-specific; the artists and institutions of Tampere offer a distinctive product and are embedded in a social and cultural background which cannot be confused with that of Helsinki or any other larger and more luring location. In Finland, networking and scientific crossover are the key of the recent economic successes. Companies, universities, researchers, investors and development companies work together in very close cooperation, and this proximity starts to affect also the creative side of hi-tech: design, promotion, and marketing. Tampere has an unmatched cooperative tradition and an openness in social and business relations; the success of E-Tampere is a demonstration of the power of networking for economic development. So in principle nothing should hinder the virtuous marriage of technology and art.

However, problems are not missing. First, the ICT sector is not excessively concerned with the cultural quality of the place, the environmental strong points are currently sufficient to attract interest and investments. The ICT and the business community in general do not have such close ties with university and education as other Finnish cities have (with the exception of TuT, illustrated in Box 9), like Turku or Helsinki, where even ties with the University of Art and Design are looked for by the telecom corporations. Secondly, interrelations between art, festivals, and the high-tech sector are surprisingly poorly developed. Some past failures in collaboration between the Festival organisers and Nokia make it hard today match aspirations with the reality. The fact is that in times of crisis, even the most forward looking telecom company are forced to select only the most profitable projects, and culture — especially with at the small scale of Tampere’s cultural industries — is not producing fast returns like other business applications.

Box 9 - Students as Entrepreneurs at TUT. In the Faculty of Industrial Engineering and Management, education focuses on entrepreneurship by increasing courses in business planning, the development of small companies, and knowledge-intensive entrepreneurship. A new service, the Enterprise Club, has received a positive reception among students. Students and researchers with a good business or product idea and the intention to start a business may be accepted into the club; those accepted as club entrepreneurs receive a personal coach and financial support from the University for the costs of their company’s beginning stage. The club agreement is made for 1 to 2 years, after which the entrepreneur continues his or her activities independently. The University is planning to provide in-campus workspace and office premises for club entrepreneurs.

The local ICT firms like Sonera develop content that is “global” or at least nation-wide in nature. Only in a few cases, like with catering service, there’s tailoring fitting the local needs. While it is estimated that in 2-3 years time it will be fully possible to provide content for citizens and visitors, it is also felt that there are too much expectations from the ICT sector, in times in which the sector has not yet fully recovered from the “bubble burst” of the late 1990s. Digital culture on mobile WAP technologies and Pc, as well as streaming cultural services in the internet, are the future. For the moment, Sonera cares about the packaging and delivery system of content, not the “creative” content. The development of a local/regional market is only starting, and the brand management is still done at the national level. Moreover, not always do the IT firms (especially the tech units) have the capacity to understand what cultural contents can be developed adding value to their production lines. There’s a lot of buzz on digital culture, but very few successful examples and competent visionaries around.

In any case, today opportunities for investing in culture are so at hand that the local IT firms cannot miss them. Indeed, Sonera is currently experimenting with “mobile gaming”⁵⁶, taking profit of the existence of a specialised game lab at the UoT. Music, streaming videos, games are developed in the Sonera labs, and the whole organisation of the company is slowly shifting towards a creative rather than corporate thematic approach.

One key player that is behind the success of the “cluster economy” of Tampere, but is little concerned with the opportunities from the creative industries, is the Tampere Chamber of Commerce and Industry. Established in 1918, the Chamber counts over 1,300 members, of which 80% are small enterprises. It cooperates with higher education institutes and the Regional Council (nominated by communities) to keep the region attractive. Opportunities for networking also multiply from the development of an “urban” cultural environment in Tampere. The Theatre Festival has good network relations with the TUT, Nokia and the national broadcasting company. The Museum Centre Vapriikki also works close to the Business Development Department of the city on some projects.

The opening of the Media Museum in the Finlayson area is an example of good cooperation between many local stakeholders: the City, the Aamulehti newspaper, the telecom company Elisa, and the journalists’ association, among others. Though it is mostly focusing on the history of traditional media, it also organises exhibitions and events regarding the new media and the internet. On account of these developments, and the impact that they have on the living climate of the city, companies have started to take a more direct interest in culture, for instance, using it as a spearhead of the city’s strength during conferences and speeches, and highlighting it to their business visitors.

⁵⁶ The “Mobile Content and Entertainment Forecasts and Analysis” report predicts that the mobile games market, valued at € 0.2 billion in 2002, will grow massively to nearly € 3 billion in 2008. Mobile gaming will be key in driving growth in the mobile content and entertainment services, with nearly 80 percent of gaming revenue (€ 2.4 billion) derived from downloadable games, according to the report.

8.4.3 Private support for the arts and culture

There is not much support for cultural activity in Tampere from the private sector. Nokia is increasingly place-less and international-oriented, with few community ties left, in spite of their interest of investing in the “local”. Owing to the fact that public financing for art is part of the Finnish governmental style and supported by the community, there has never been a real concern for lack of funding, even in times when economic crisis shrunk the overall city budget.

The financing of the museums comes mainly by the city budget, however the commercial activities (café, restaurant, bookshop, evenings rented out to companies) allows for a more independent and sustainable finance. As fiscal incentives for donations and financing to the cultural sector are quite low in Finland⁵⁷, the municipal museums lacks of a sponsoring policy. However the contribution of the association of the “Friends of Art Museums” is important. A year card is available, with discounts opportunities in the activities of the museum and opening invitations. The Media Museum at the Vapriikki Centre is now also endorsing this system.

The sponsors’ contributions accrue mainly to the orchestra, as it is expected that they have something to offer to international business visitors.

8.5 Sustainability issues

8.5.1 Spatial issues: the spatial development of the cultural sector

In a small city in a large, sparsely inhabited country like Finland, culture can barely arise spatial issues; the question of creating a “cluster” environment in order for the social dynamics of culture to be nourished, has been brilliantly addressed with projects such as the development of the Finlayson area and the Cultural centre at the Old Custom House. At a small city scale, clustering is a more likely to be a benefit for consumers, who can have social relations connected with a stimulating cultural environment even when the harsh weather makes it very hard to have a social life, than a generator of supply-side effect, though it is definitely an advantage for the city to have readily recognisable “critical areas” for urban culture like Siberia and Vapriikki, where to concentrate investments and promotional efforts.

There are however issues of consistency of the cultural projects at the regional level. While the city invests in “urban culture”, the Regional State Arts Commission is slows down this process, financing arts in the rural areas so people do not leave the countryside to go to live in big cities. To some extent, Tampere fails to present itself as a large regional hub for cultural activity, though its cultural institutions have a wide regional catch. The Pirkanmaa Film Centre is the first attempt to extend the cultural

⁵⁷ In Finland, there is no legislation or special administrative arrangements that would offer incentives for sponsorship. On the other hand, income taxation legislation offers tax deductions within a narrow limit (min. 850 euros, max. 25 000 euros) for donations to the State, universities or to non-profit organisations in the arts and science considered culturally significant by a special Tax Relief Board. Tax-deductible donations to the preservation of national cultural heritage do not, however, have an upper limit (Compendium of Cultural Policies in Europe, www.culturalpolicies.net).

excellence of Tampere to its region, providing a state-of-the-art facility to film culture in rural areas too. The Art Museum in Tampere, the Museum Centre Vapriikki, the Library and the Tampere Philharmonic Orchestra receive money from the State to organise cultural activities in the region.

At the present moment, however, the city cannot attract artists and workers in the cultural sector, as adequate residences are missing and are not seen as a priority for social policy, though there is a collaboration project between the Arts Association and the city to provide studio houses for artists in the future.

8.5.2 Social issues

Tampere is a quiet city without big social divides or burning political issues, despite its socialist background and the turmoil of the 1970s, when students turned against the municipality. The jobs lost in the manufacturing sector have been recuperated in the new service sector, and today in spite of the high unemployment rate (pushed up by the large share of short-term unemployed), there's consensus on Tampere as a "city of opportunities" which continues to attract singles and young households. The good social services offered by the municipality prevent unemployment from becoming a real problem in the city, and equality of access to public services, as culture is seen, is a strong point. The Aamulehti newspaper tried three years ago to urge people to debate, though at the beginning this initiative did not raise much interest, today a "street parliament" is organised regularly as an open meeting in the newspaper's auditorium. This situation is quite common to most Finnish cities, and at a wider scale of Scandinavia, though Finland has obvious points of distinction.

In Tampere, "stakeholdership" of culture is a tangible thing. The community is involved in decisions regarding cultural services in a big way, and often takes the initiative in enhancing the capital assets of the city, as it happened in the case of the Tampere Hall, the construction of which was undertaken with the municipal budget to meet the demand coming from the orchestra to have a suitable working space. The excellence in theatre is also an expression of the community solidarity spirit, as is the interest for the local society demonstrated by higher education in many joint projects with the city institutions, in spite of the national relevance of the schools.

E-Tampere as an international best practice for inclusion and innovation in government styles: it makes citizens' life easier and provides a platform for the further enhancement of cultural service. Even the participation component is stressed in Tampere, this could turn out to be a precious service in a city where for most of the year a substantial share of the regional population cannot easily partake the "café culture" of urban Tampere.

Today Tampere faces a relatively novel social challenge where the cultural component is quite strong; due to the high levels of quality of life, to the historical connections, and to the success of the local companies, Tampere is well on its way towards becoming an international community. Currently, citizens from over 100 nationalities are present, with the Russian-speaking as the largest minority group, at 2.6% of the population (mostly Finnish people living in St. Petersburg who came back to Finland when the borders opened up). People working in Nokia only represent 30-40 different nationalities.

This diversity is a cultural asset for the city, and a further spur to raise the levels of ambitions of the city as far as its national and international positioning are concerned as a place for culture and entertainment. To give more visibility to immigrants and their cultural contribution to the city life could then be used as a city marketing tool, in addition to be a strategy of social inclusion. An idea of a local journalist of the started a weekly 4-page insert in the Aamulehti newspaper written by immigrants. This “window” is an opportunity for immigrants to be themselves journalists, and develop a self-reflection of the process of becoming themselves part of a diverse community. It is felt that integration has been made somewhat easier through this project (awarded a Scandinavian journalism prize), especially with the regards to the large Chinese community and the many Asian technicians working for Nokia. The municipality is issuing materials in its own websites in four different languages, and the Cultural Office issues a weekly “multicultural news bulletin” in three languages on the local TV-channel (www.tampere.fi/culture/mamu/mamu_english.htm).

However it is felt that despite the excellent social services, the road to internationalisation in a closed society like the Finnish is still long; especially university student, who could be the heralds of Finnish culture abroad and create precious links with European countries and abroad, are reluctant to engage in exchange programs. One reason is the high cost of travelling abroad (partly fixed with the introduction of low-cost air routes).

8.5.3 Cultural issues

Due to its origins deeply enlaced with the workers’ movement, Tampere has a strong “grassroots feel” in its culture. Compared to Helsinki, which is a city of high-culture and conflicting countercultural movements, Tampere is a city where there’s a “cultural harmony”. Not enjoying the same fall-out of state support and subsidies as the institutions in the Helsinki Metropolitan Region, the community is proud of what it could achieve out of their own initiatives and makes a good use of it; the artsy young and the middle-class go to different laces but they do not look each other with much suspicion as it would happen in many other workers’ town around Northern Europe. This environment would be seen by many commentators as one in which cultural production is somewhat sterile, lacking conflicting, dynamic element, but it should not be forgotten how Tampere was and still is the capital of rock music in Finland, and one of the main education centres for art and new media.

However Tampere cannot be judged as a straightforward *creative city* on account of the big drain of creative talents who flee to Helsinki or Espoo’s tech labs. Though it may happen that once acquired a certain degree of experience in Helsinki, people move back to Tampere, this process has so far hampered Tampere’s chances of developing a creative industries sector of its own, which could be the link between local culture ad the other economic sectors of the region. Tampere is not “sexy” enough to keep people working here and express their talent with a business edge and an eye to social networks, so new strategies to put Tampere on the “cultural map” of the nation, and even of Europe, are required.

In spite of the generous municipal budgets for culture, the city does face problems in the development of its cultural sector. First, even if there is a “cultural strategy” for Department of Culture and Leisure, it doesn’t serve as a point of reference for the whole

administration. Culture is a residual voice in the city budget, in the sense that it is allocated a budget on the basis of the financial availability and of the community size, with marginal improvements from year to year. There cannot be any “breakthrough” change related with a higher level of ambition, which could only come from a strategic discussion of the role of culture, for instance, as a vehicle for diversification in economic development patterns. It is also difficult to gauge the implications of cultural policy for other sectors of the municipal administration. Secondly, the city is hardly capable of monitoring the performance of the cultural industries through regular data collection and analysis, and it is also hard to compare Tampere with other Finnish cities to that account. This could become a problem in the moment in which the city would decide to raise its levels of ambitions regarding culture, and make it become a springboard of urban development anticipating and sustain urban changes, in particular when a more pronounced international orientation is taken into account.

A better cooperation between cities and private sector is needed to effect a scale jump; the lack of sensibility shown by the private sector towards culture is so far hampering the city’s ambitions with respect to their cultural positioning. Today the city is thinking to apply for the Finnish slot in the European Cultural capital event in 2011, in conjunction with an Estonian city like Tallinn or Tartu, and is planning to earmark a € 35 million budget for the preparation of the event though no decision has been taken. Yet Tampere suffers a substantial competition by the second “cultural capital” of the country, Turku. To win the bid, Tampere will have to demonstrate how important culture is for local development and what is the mass of resources and organising capacity that they can count on in the organisation of the event; here is where the private sector contribution in terms of funding and ideas can really make a difference. The city should also stress its “edge”, transition image and adopt an innovative approach to cultural planning.

8.6 Conclusions

8.6.1 What is the role of culture in the local economy?

The role of Tampere in the local economy is relevant; not only it represent a substantial share of jobs to the population (some 6%), it also has a neat social impact and it help the city define its identity as an inclusive, participative city. The “ambience” created with the rehabilitated industrial heritage buildings is also a trump card of Tampere’s cultural image. However the intangible effects on the local economy that are observed in other cities have been spurred only to a limited extent.

There is a missing link between the creative talent embedded in the city’s cultural and educational institutions and the business, and an integral strategy to bring the two together is missing. The links of culture with the innovative character of the hi-tech sectors of the city have been stifled, and the international character of Tampere’s cultural supply is too limited to be interesting for the business sector to pay more attention to it.

8.6.2 Is this role sustainable? What are the dangers for the future?

Tampere is a city where the development of a cultural economy is neither the only option to growth nor an easy one, suffering from the competition of two important cultural centres close-by like Helsinki and Turku.

However, Tampere offers a unique combination of post-industrial industries, industrial image and working-class culture, and high levels of quality of life, which none of its competitor have, and the potential to develop a specific excellence in a certain type of digital art production is strong, especially in a historical stage in which the tidal wave for the restructuring of cultural budgets and subsidies, that for the moment does not seem to touch Finland, might call for a more entrepreneurial attitude from the cultural sector. That would serve the community, keeping the cultural services going and expanding (also at the regional level) to meet the new challenges for an increasingly complex and diverse community, but it would also prove a powerful tool to provide content development for Tampere's hi-tech industries, which in the future may have to "go local" to survive international competition.

8.6.3 How should cultural policy change / adapt to face future challenges?

The "shy" Tampere, that hides its cultural strong points to the occasional visitor, and contents itself to attract families with children, should bring creative lifestyles and cultural programs to a more visible level. There is need to invest in more aggressive, sexy city images that could make the private sector aware of the potential that culture offers as a local development asset.

This calls for a more active role of the City Administration in stimulating cultural debate through networking at different level. Cultural planning should not be seen as a passive response to a community demand, but as a proactive stimulus to economic change. A proactive attitude in the cultural policy field call for a reorganisation of the position of culture in the overall policy agenda of the city. The starting momentum for such change is the oncoming bid to host ECC 2011. The city could promote an ideas contest among the city's cultural stakeholders to develop a city brand where the link between culture and hi-tech would be evident, and have the private sector supporting and funding this "brainstorming" initiative. The Chamber of Commerce should also be led to recognise the innovative potential of (new) cultural production, developing a small creative business support centre to convince starting artists not to leave to Helsinki as soon as they get their qualifications. Cultural institutions should become more creative in raising funds to expand their operations, but there could be also at this level a municipal backup with the creation of a sponsors' club to coordinate this efforts and channel sponsorships in a strategic way. For instance, Ryanair could be involved in putting their brand on some of the city's cultural festivals in order to attract a more international audience profiting from low-cost international connections. To tackle the problem of a slow internationalisation, the municipality could give an incentive to students to travel more, for instance giving grants for young persons' international mobility when they commit to a study topic of local interest.

All these initiatives, however, should be grounded in a city cultural strategy to have consistency and breadth, one that is not simply a budget reallocation but sets out a vision for Tampere as a cultural experimentation centre for the next ten-fifteen years, starting from careful benchmark with Helsinki and Turku and trying to develop the city's specificity with respect to cultural production and services.

An interesting lead is given by Tampere's excellent e-government services. Whereas in the first place culture had no special position in E-Tampere, it now presents itself as one of the natural areas for the development of advanced services for the population and as a field for product innovation, bringing together art, business and health.

8.6.4 What can this city teach to others?

Tampere demonstrates that a city may have a low level of ambition with regard to cultural development, without for this reason underestimating the cultural needs of the society. It indeed shows that public support to arts and culture pays in terms of a liveable, sustainable community. It also shows that grassroots culture is not necessarily in conflict with excellence in the provision of fine art, and that young culture and services for the whole community may coexist serenely and support each other.

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LIST OF DISCUSSION PARTNERS

Mr P. Palttila, Director of International Affairs, City of Tampere
Mr L. Saressalo, Director of Cultural Affairs, City of Tampere
Mr J. Männikkö, City Economics and Budgeting Manager, City of Tampere
Mr K. Löytty, Business Development Officer, City of Tampere
Mr J. Yli-Rajala, Financial Director, City of Tampere
Mr T. Jaatinen, Director Tampere Museums
Mrs S. Joenniemi, Curator of Art Museum, Museum Centre Vapriikki
Mr P. Markkula, Director Business Development, Telia Sonera Finland Ltd.
Mrs K. Suonio, former Managing Director, Tampere Hall
Mrs K. Varantola, Dean of the faculty of the Humanities, and Mr M. Lehtonen, Professor, Arts and Media, University of Tampere
Mrs A. Taskinen, Assistant Manager, Chamber of Commerce and Industry of Tampere
Mr M. Huotari, News Editor, Aamulehti newspaper
Mrs L. Luotonen, Marketing Manager, Tampere Tourist Office
Mrs R.-L. Seilo, Executive Director, Tampere International Theatre Festival
Mrs J. Suonpää, Lecturer on Media Art, Tampere Polytechnic
Mrs J. Kortelainen, Art Teacher, Tammerkoski Upper Secondary School
Mrs Riitta Ollila, Chairperson of the Cultural Board of the City of Tampere

9 CASE STUDY OF THE HAGUE

9.1 Synthetic information on the city

The Hague (or “Den Haag” or “s-Gravenhage” in Dutch) is the governmental centre of the Netherlands. It is, together with cities like Amsterdam, Rotterdam and Utrecht, part of what is widely known as the Randstad, the northwestern part of the country where most of the population and economic activities are concentrated (Fig. 9.1).

Figure 9.1: Maps of the Netherlands and The Hague. *Source:* European Commission, 2004, and Den Haag, 2004



The Hague hosts the different Ministries and the Parliament and Senate, many national and international governmental organisations (56 of the latter), 104 embassies and consulates; last but not least, the city is the hometown of the Queen and (formally) the Crown prince. Its institutional importance makes the city a potentially interesting location for the headquarters of international (multinational) corporations. Indeed, 155 headquarters of international companies are established in The Hague; for a number of reasons, they may want to be close to where important decisions are made. In the past decades The Hague has lost some of its former appeal as location for multinational companies, but more recently it seems that the tide is turning. Recently, for example, Shell has decided to move its European headquarter to the city.

If we have a closer look at population dynamics, we observe that the city as a whole counts 469,568 inhabitants (CBS). More than half of its population, that is 261,036 people, are of Dutch origin. The Hague is a thus truly multicultural city. It is also a very diverse city for nationalities hosted, indicating its diverse ethnic mix but also the internationality of its economic structure. Its urban region ranks second after Amsterdam among all Dutch regions in terms of diversity (a Shannon diversity index has been used for this calculus, including the ten most represented population groups by nationality). The population is supposed to grow from 2003 till 2010 (reaching 494,000 inhabitants); from thereon, a small additional rise is foreseen (up to 515,000 inhabitants (Structuurschets)). The Hague is a relatively young city: 47% of its inhabitants are

between 20 and 50 years old. The population structure, together with the relatively high degree of educational levels of its working force, makes the city an interesting location for tertiary and ICT activities.

This is reflected in the city's economical structure. A total of 220,473 people are employed in The Hague; 25% of these are employed in public administration. One fifth is employed in services that serve businesses. Other important sectors are the health sector, recreation and small- and medium sized industry. Another 8% finds employment in the communication sector. In other words, the economic base of The Hague is rather narrow; non-base activities are dominant and this renders the local economy insensitive to fluctuations in the development pace of the global economy (ECORYS, 2003). The search for and development of new, attractive clusters of economic activities, such as the creative cluster, is therefore of the utmost importance.

As far as economic change is concerned, the region around The Hague has grown considerably during the second half of the nineties, a period of growth for the Dutch economy as a whole. Employment increased with 15% while gross added value grew with 23%. Growth, however, remained slightly below the national average and that of the four big Dutch cities together. An important explanation for The Hague's performance is, according to ECORYS (2003) the relatively low productivity in several key sectors of the city's economy, in particular the public administration and the tourism industry (both extremely labour intensive).

A closer look at the winners and the losers in the local economy (see Table 9.1) shows that traditional service activities have lost much of their importance. Banks and commercial activities are among these.

Table 9.1: Winners and Losers in the Local Economy and Average Yearly Employment Change (1995-2001). *Source:* ECORYS, 2003

Winners	Losers
Consultancy IT (26%)	Gas and Water (-14%)
Radio and Television (25%)	Agriculture (-14%)
System Development (21%)	Journalism (-13%)
Antique Dealers (11%)	Automatisation (-12%)
Insurance (10%)	Higher Education (-9%)
Water Distribution (10%)	Vehicle Renting (-8%)
Administration Services (9%)	Food Retailing (-5%)
Environmental Services (9%)	Staffing Organisations (-5%)
Telecommunication (8%)	Food Industry (-5%)
	Banks (-4%)

Winners are in particular two important sectors linked to the ICT sector: IT Consultancy Services and System Development. A third, Telecommunication, has grown less

significantly but enough to sustain that ICT has become one of the strategic sectors of The Hague's economy.

9.2 Cultural activity in The Hague: actors, assets, and policy

9.2.1 Culture highlights and infrastructure

Amsterdam is the natural cultural centre of the Netherlands. All the other Dutch cities, and hence also The Hague, find it difficult to compete with the capital city, not only because of the fact that the majority of national funds destined to culture are going to Amsterdam. In fact, artists, art galleries, organisers of cultural events and other important ingredients that together form the cultural milieu of a city usually prefer Amsterdam as basis for their activities. In spite of this unfavourable starting point, The Hague possesses a number of cultural facilities that are competitive at the national level and some even at an international level.

The old s'Gravenhage is an old medieval town that flourished during the Dutch Renaissance. The Hague can now boast a total of 1,142 protected cultural objects (buildings, sites and architectural objects) according to the Dutch law for the protection of cultural heritage, and 12 protected historical conjuncts and cultural landscapes; while other 199 objects and 6 conjuncts can be found in the urban agglomeration as a whole.

From an international perspective, the *Mauritshuis* is one of the most visible cultural institutions of the city. It consists of two historical buildings in the old centre of The Hague where its impressive permanent collections of 17th century paintings are exposed: the Mauritshuis itself and the much lesser known Galerij Willem V. Moreover, the *Mauritshuis Foundation* organises important exhibitions (six so far, with Vermeer in 1996 and Holbein 2003 as examples of painters to whom an exhibition has been dedicated) that are supposed to strengthen the image regarding the permanent collections and generate funding for the institutional activities. The exhibitions were visited by between 150,000 and 450,000 respectively people (the exhibition about Vermeer is deemed a huge commercial success), many of them foreign tourists.

A second asset of international importance is the *North Sea Jazz Festival*. This festival, hosted by the Nederlands Congressentrum that is located just outside the business centre of the city, yearly attracts world-class jazz acts and therefore thousands of music lovers, also from abroad. Unlike the Mauritshuis, the North Sea Jazz Festival is footloose in nature. It is traditionally linked to the city of The Hague, also through the impresario MOJO Concerts but — given also the difficulties in which MOJO Concerts finds itself in — any other location may be as attractive or even more attractive for its organisation. In fact, in 2006 the North Sea Jazz Festival will be organised elsewhere, but two new Festivals have been organised that should fill the gap the Jazz Festival is undoubtedly leaving. The first is *TodaysArt*, an international festival for the arts, music and technology that aims at the a young and broad public, and the second is The Hague International Music Festival, an international event dedicated Jazz and world music.

The Hague then hosts an impressive number of *museums and institutions* with regional and national appeal (a total of 30 in the urban region). The *Gemeentemuseum Den Haag* is owned and financed (75% of income of the Museum) by the City, and hosts important collections of jewellery, porcelain, clothes and paintings (its collection of paintings of

Mondriaan and of the *Haagse School* is unique). It is located peripherally with respect to the historical centre, next to the *Nederlands Congrescentrum*. Its collection of works of Escher has recently been transferred to Paleis Noordeinde, a former palace owned by the Dutch royal family and located in the historical centre, and is managed by the Gemeentemuseum, just like the GEM (gallery for contemporary art)-Fotomuseum (museum of photography). The new management of the Gemeentemuseum has been studying a series of novelties that should boost the number of visitors that the museums yearly receive (in 2003: Gemeentemuseum 268,000 visitors, and Eschermuseum 70,000 visitors). The name has recently been changed in *Gemeentemuseum Den Haag* to underline its focal role in the city's cultural offer. More space in the museum will be reserved for interesting local artists. Last but not least part of the museum will be rebuilt to host a more dynamic cut-through of the collection where visitors can interactively and thematically experience the strongest pieces of the museum.

Other important museums are the *Haags Historic Museum* (21,200 visitors in 2003), the *Museon* (162,000 visitors in 2003), *Museum voor Communicatie* (36,300 visitors in 2003) and *Panorama Mesdag* (130,000 visitors in 2003). Their catch, however, is largely regional with the exception of Panorama Mesdag.

As far as *music* is concerned, The Hague hosts the *Residentie Orkest (RO)* that has its home in the Dr. Anton Philipszaal. This Orchestra has lost some of its original appeal, with chief conductors like Willem van Otterloo and more recently Jaap van Zweden, but still offers a respectable repertoire. The Anton Philipszaal is located in the completely refurbished heart of the city, the Spuiplein. It forms a unique facility together with the Lucent Dance Theater, home of the widely known *Nederlands Dans Theater (NDT)*, and the Nieuwe Kerk (owned by the Jaarbeurs, Utrecht), although it seems clear that the potential synergies with the urban environment of which it makes part still are somewhat under-utilised. A very recent initiative to enlarge the supply of classical concerts and dance performances in the complex regards opera, to many of those operating in the cultural sector of the city a very promising segment of the cultural supply of the city.

Strangely enough, more than for its classical music The Hague is known to the Dutch for its role as centre of *popular music*, very much like Manchester. Groups like the Golden Earring and Gruppo Sportivo and more recently Anouk, Direct and Kane all had or have their roots in The Hague. The city hosts many podiums and clubs where bands perform but the point of reference for pop music is the *Paard van Troje*. This venue has recently been completely renovated at the expense of the City. The renovation took four years and was completed in September 2003. The complex now contains two podiums, a restaurant and a bar and the programme not only contains concerts, but performances and parties as well. The number of visitors should rise the coming years from a mere 110,000 to 200,000 people.

Het Filmhuis has grown up to become an important point of reference for film lovers, adding to the other 29 cinema screens already present in The Hague (CBS statline). Yearly, about 285 films are offered in 4,000 sessions and in 2003 more than 100,000 visitors were registered (the figure for the total of The Hague's screenings was 2 million in 2003). Recently a fourth screen has been opened; the construction of a fifth is under consideration. The fact that films are in the original language favours a foreign public. Moreover, the Filmhuis serves as 'Cinematheek' and maintains a unique library of books about films and actors. Its presence on the already mentioned Spuiplein may give

rise to synergies with the other cultural institutions located there. However, as long as these relationships continue to be informal, ad-hoc and not at all guided by the local administration, as happens to be the case in some of the other cities included in this study, these synergies remain latent.

Although The Hague hosts a considerable number of *theatre companies and theatres* (Koninklijke Schouwburg, Appel Theatre, Theater aan het Spui, Korzotheter, Diligentia, Openluchttheater, Pepijn, Circustheatre of Scheveningen to name but a few), they merely serve a very loyal regional or local public. Interesting are the open-air performances hosted by the Openluchttheater and those for children. The Circustheatre counts 1,793 seats and is particularly suited for musicals and other events that attract large audiences from all over the Netherlands (approximately 700,000 visitors a year). Theatre performances are mostly in Dutch and therefore hardly accessible to tourists and foreign inhabitants. Given the international vocation of the city this needed attention and gradually the attention is indeed shifting to pieces in the English language.

Some of the abovementioned spearheads may very well deserve extensions and spin-offs. In fact, there may be room to further develop important festivals regarding dance, opera, film, jazz music and popular art that take profit of the already existent know-how and organising capacity that The Hague possesses. The earlier mentioned report stresses the necessity to involve the private sector more heavily in the development and organisation of events. The position of *Den Haag Marketing and Events* as both the event organiser and the organisation that evaluates the success of events has been ambiguous at the least. More detailed and impartial evaluations are needed to evaluate the effect these events have been creating.

Apart from the cultural products that were discussed above, the city hosts a large number of smaller art institutions, such as galleries, podia and events. Although these institutions merely serve a local public, they make The Hague to a certain extent an attractive cultural centre and give it a more innovative character. Some interesting examples are the “Komeet”, the “Caballeropanden” and the “City Mondial”. *City Mondial* is a tourist product based on the presence of multicultural facilities, shops and products in four neighbourhood that belong to the central part of the city; the aim is to attract purchase power to these neighbourhoods through the tourist demand based on the attractive supply of products and services offered by ethnic entrepreneurs. The *Caballeropanden* is a former cigarette factory plant transformed in a cultural cluster now hosting expositions, film presentations, galleries, ateliers and cultural events. Other redevelop projects (Constant Rebequeplein and KPN halls) contain a distinct cultural dimension and may serve as incubators for artists. The *Komeet* is a culture-aware initiative from the city aiming to stimulate cultural enterprises undertaken by young people. Each year three prizes for a total of € 30,000 are awarded to young citizens of The Hague.

Finally, The Hague is known a city of *events* on account of the notoriety of its “North Sea Jazz” festival, the world’s largest indoor jazz festival. In 2004, coinciding with the Dutch semester of the EU presidency in the second half of the year, The Hague hosted a “year of culture” when more than thirty cultural organizations celebrating their jubilees (the Royal Theatre, for example, celebrated its two hundredth anniversary, while the Residence Orchestra and the Museon celebrated their centenaries). The city hosted in that year many important European conferences, providing a source of inspiration for the world of art and culture in The Hague, and cultural activities would also reflect the

European theme. Artists from all the EU member states presented their work in the city through music, dance and exhibitions. Two important free events attract each year thousands of visitors to the city: *Parkpop*, the largest free pop festival of Europe, and the *Koninginnenacht*, a free large music event held yearly during the night of the Queen's Day (30th April) with podiums spread all over the inner-city. In 2003 they attracted respectively 69,000 and 200,000 visitors. Another important attraction (120,000 visitors in 2003) is the *Ha-Schi-Ba*, the Haagse Schilderswijk Bazar, a yearly multicultural festival that takes place in the district of Schilderswijk including performances from many ethnicities. Minor events are the *Binnenhoffestival*, a cultural event in the Binnenhof (location of the Dutch Parliament), and the *Winternachten*, a festival where literature and music mix together with the aim to confront ethnic cultures with the Dutch culture.

Table 9.2 illustrates the development of The Hague's supply of concerts, plays, dance performances and festivals and their public in the period 1999-2001, both in absolute terms as well as in relation to the number of inhabitants that live in the region around the city.

Table 9.2 - The Supply of Concerts, Theatre Plays, Dance Performances and Festival in The Hague. 1999-2001. Source: Ondernemingsplan 2005-2008, SEMD, 2004

	1999	2000	2001
Inhabitants (x 1,000)	441	441	442
Theatres	12	12	12
Podia in Theatres	16	16	16
Seats	7,813	7,813	7,813
Inhabitants/Seats	56	56	57
Concerts	657	387	391
Theatre Plays	1,007	882	1,032
Music Theatre	436	351	392
Dance	322	293	232
Cabaret and Other	482	571	451
Total Performances	2,904	2,484	2,498
Inhabitants/Performances	152	178	177
Performances/Day	7.96	6.81	6.84
TOTAL VISITS (x 1,000)	1,423	1,210	1,216
Visits/Performances	3.23	2.54	2.75

As far as the capacity of venues is concerned, the supply has remained substantially constant, both in terms of podiums as well as of seats. Cultural events held in the urban region in 2004 total were 16 for a total of 77 days of programming. The total number of performances has declined drastically in 2000 and recovered but marginally in 2001. The decline can be attributed especially to a decline in the number of concerts and dance performances. The temporary closures of *Diligentia* (2002-2004) and the *Paard van Troje* (1999- 2003) plays an important role in this development. Moreover, the decline in the number of performances has caused a rise in the number of inhabitants per performance, which may be seen as a proxy for the local potential demand for art

performances. In the same time, the number of performances per day has decreased from almost 8 to 6.84 different performances per day. This makes the density of supply very much in line with the other cities included in the survey. The supply of culture in general in the city of The Hague is characterised by a large amount of fragmentation, diversity and the absence of a strong, binding theme. While the decline in the number of performances, in particular of the number of concerts, may be judged negatively for a city that has chosen culture as a priority, the recent increase in the number of visitors per performance is to be judged positively. It should help to make individual performances more viable.

9.2.2 Image, quality of life, intangible assets

Among its inhabitants The Hague is generally considered as a city with an international image, a fair offer of cultural opportunities and an elegant and cosy cityscape (Den Haag, 2004a). The fact that the city lies on the coast is considered as a plus, while the attractiveness of the city centre and the situation of safety are estimated not to have any influence on the image of the city. It is interesting to notice that even if 89% of the inhabitants agree in defining The Hague as “a city with cultural potential”, the same category (“cultural opportunities”) is not considered as an important aspect that determines the image of the city (Den Haag, 2004a). The fact that the Queen of the Netherlands has chosen The Hague as her residence is undoubtedly an intangible asset that contributes to the city’s image.

Table 9.3: Citizens’ evaluation of the cultural supply in The Hague (source: Den Haag, 2004a adapted by the authors)

Age	Evaluation 2004	Ethnicity	Evaluation 2004	Monthly income	Evaluation 2004
16-24	7.2	Dutch	7.5	< €1301	7,1
25-44	7.3	Turkey and Morocco	6.9	€1301-€2000	7,5
45-64	7.5	Suriname and Curacao	6.9	€2001-€3000	7,5
65+	7.5	Others	7.5	> €3000	7,6

Table 9.3 reports the results of the 2004 citizen’s survey regarding the evaluation of the cultural supply of the city. Generally speaking The Hague’s cultural supply is evaluated well but not extraordinary well, meaning that there is still room for improvements. It seems that the higher age classes and income classes (that often coincide) appreciate the city’s cultural supply more than the average. A clear difference can be noticed in the evaluation of high-income groups and low-income groups; this could be related to the fact that high-income groups are usually also high-educated and, therefore, have more interest in cultural activities. Another difference can be seen in the evaluation given by

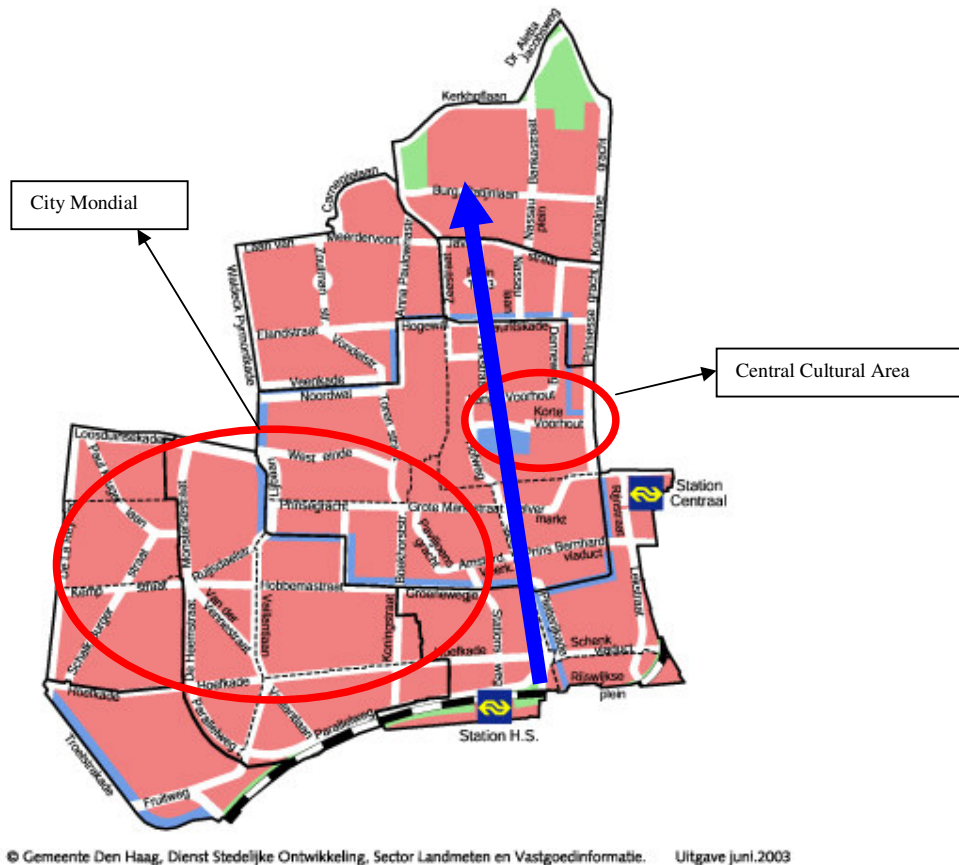
Dutch people and the largest ethnic communities living in The Hague: not surprisingly the first group evaluates better the city’s cultural supply than the latter. Differences in taste and backgrounds can easily explain these differences. However the city has developed several cultural activities specifically targeted at ethnic minorities such as the already-mentioned Ha-Schi-Ba, Winternachten and City Mondial.

Amateur art offers an interesting practice for would-be professional artists and it can have a positive influence on cultural participation. The *Centrum voor Amateurkunst* is in charge of the distribution of financial subsidies and the allocation of available locations for the different amateur associations. In 2003 there were more than 180 different amateur artists associations - mainly regarding music and acting – with approximately 6,400 members.

Finally there are two projects that contribute to the diffusion of cultural activities. The *Uitpost* Magazine is a magazine issued by the local authority that reports over the cultural activities in and around The Hague. Linked to this initiative there is the *Uitpas*, a discount card that can be used in theaters, museums and galleries. The *Ooievaarspas* is a discount card for cultural activities meant for low-income inhabitants issued by the municipality with the specific aim to prevent the ‘cultural exclusion’ of these groups.

9.2.3 Spatial structure of cultural activities

Figure 9.2 – The city centre cultural cluster of The Hague. Source: www.denhaag.nl (adapted by the authors).



Most of the cultural activities of The Hague are concentrated in the area around the central station (Fig. 9.2). In the area surrounding the already cited Spuiplein many cultural resources of the city are found, such as the Mauritshuis, the Haag Historish Museum, the Koninklijke Schouwburg, the Koninklijke Academie voor Beeldende Kunsten, the Residentie Orkest and Het Filmhuis. Moreover, at walking distance from this area we can find the Letterkundig Museum, the Koninklijke Bibliotheek and the Koninklijke Conservatorium towards north, and the Paard van Troje, the Grote Markt and the Vrije Academie towards south.

In recent years, The Hague has been trying to extend the city's cultural activity along a east-west axis that runs through the abovementioned central area. Starting from the second railway station of the city ('Den Haag Holland Spoor') to the direction of the sea, the initiative *Cultural Night 2004* ('Cultuurnacht 2004') has developed for that event a route that includes sixteen cultural and tourist attractions, including the Hotel Mercure and the Municipal Museum

Other initiatives that are extending the area of cultural consumption of The Hague are the above mentioned City Mondial and *Avenue Culinaire*. The first, starting from the already cited Spui, develops south- and westwards eventually reaching the Paul Krugerplein; the latter, which consists in a selection of restaurants and pubs offering a unique international cuisine and choice of drinks, spreads out around the perimeter of the abovementioned main cultural central area.

9.2.4 Cultural policy: actors and strategic context

The fundamentals for the current cultural policy of the City of The Hague have been laid in the so-called. These strategic plans for the arts and culture bear the signature of the Alderman for Culture and Financial Affairs contain the vision of the City with respect to this specific sector.

The '**Meerjarenbeleidsplan Kunst en Cultuur 2001-2004**' contains both a very general introduction and a long list of institutions; moreover it gives the details of the funding scheme made available for the period 2001-2004. The general aim of the city's cultural policy is to develop a broad, diversified and high-quality cultural supply and make it available for as much inhabitants as possible.

The plan sets out to stating again three important starting points for cultural policy: globalisation, multi-culturalism and the focal role of ICT. According to the plan, that is due to lead to a number of general priorities, aiming to:

- give importance to cultural education;
- involve the younger citizens in culture;
- broaden the cultural supply in order to reach a broader public;
- enlarge the interest in arts and culture;
- diversify the supply of podia;
- involve the elderly citizens in cultural activity;
- stimulate the innovation in arts and culture through cultural incubators;
- make budgets more flexible.

Two imbalances emerge from the plan. The first is that between the weights of the contribution for exploitation and that for programming in the total amount of support awarded. The relative scarcity of means for programming leaves the different cultural

institutions no choice but to avoid the risks related to the innovation of their exhibitions or manifestations. This may hamper the wish expressed in the plan to favour renewal. A second bias is related to the first: the substantial budgets available for physical interventions, for *hardware*, and the apparent resistance to structurally invest in *software* and *orgware*. It is true that the accommodation plays an important role in creating a favourable artistic and cultural climate and that the renovation of accommodation and the revitalisation of public space may render the city more attractive as a whole, but as other cases in this project demonstrate, it is possibly even more important to provide sufficient means for the principal actors of cultural development, the artists themselves and their business units.

Each year the local authority finances different cultural projects. The budget available is distributed among four categories: general cultural projects, multicultural projects, festivals and project for cultural education. In order to get subsidized, the projects concerning the first three categories should generate added value for local audience, for the image of the city and for the artists that perform them. The fourth category is mainly meant for schools or other cultural institution that are not included in the first three categories. Table 9.4 provides an overview of the projects subsidized by the city in 2003.

The prosecution of cultural policy for The Hague is endorsed by the new plan **‘Meerjarenbeleidsplan Kunst en Cultuur 2005-2008’**. The Hague has chosen to work in more closer contact with the national government, through the Ministry for Science, Education and Culture. One of the reasons is because the cultural supply of the city not only has a local function but it also performs a distinct role at national and international level (Den Haag, 2004d). However, according to a policy document “Den Haag, ‘s-Gravenhage en The Hague”, with the exception of the dance sector, the city has no distinct cultural products with a supra-regional attractiveness for tourists. The city should therefore never neglect its regional markets and promote these assets in a synergic way (Den Haag, 2000).

Table 9.4 - Total number of requests and funds awarded for cultural projects in 2003. *Source:* City of Den Haag statline.

	N.	Subsidies in Euros
Total requests	126	2,042,604
Total requests accepted	60	570,800
<i>of which:</i>		
General cultural projects	39	373,200
multicultural projects	4	31,850
Festivals	5	68,500
Projects of cultural education	12	97,250
<i>Presented by:</i>		
Formal institutions	30	343,100
Informal associations, entities	30	227,700

The Municipality has mainly a catalyst function in the cultural policy of the city: it is a policy developer and policy coordinator but it rightly has no executive role in the

selection of the artistic content of the different initiatives. This assignment has been attributed to the *Zonderop Committee*, an ad-hoc commission set up in March 2003, whose tasks were to evaluate the artistic content of the cultural projects/initiatives submitted for funds and to reallocate part of the financial means that the city has reserved for the cultural sector. This has resulted in a more coherent overall cultural plan.

The title of the strategic plan for the period 2005-2008 reveals the intention of the City of The Hague to focus on the positive influence that culture and arts have for its international position. It tries to make a more efficient use of the cultural assets of The Hague in terms of image building, an important element that helps to attract global firms to the cities. The plan for 2005-2008 appears to be more selective than its predecessor and this certainly is a step in the right direction. Another step in the right direction is the economic strategy of DSO of the City of The Hague (2005a). In this strategy an explicit link is made between cultural development and the economy, stressing both the relationships between the cultural activities as fundamental inputs for economic activities and that between the presence of cultural facilities and the attractiveness of the city as a location for economic activities. What is still missing are concrete proposals to reinforce these relationship. Moreover, the role of core cultural activities for strengthening a creative industry in the previously mentioned cultural strategy is still too weak. In the next section, the creative industry of the city of The Hague will be studied in detail.

9.3 Cultural cluster performance and dynamics

9.3.1 The cultural production sector

Table 9.5 gives a breakdown of the employment in the cultural sector according to the Vienna Definition of creative industry. In the period 2000-2004 the growth in the cultural sector has been very strong in terms of employment, with almost 3,700 jobs created (+14.4%). Not all sectors inside the cultural and creative industry have evolved in the same way. On the hand there is the spectacular growth of the audiovisual industry (+180.9%), and the very strong growth of the multimedia sector (+32.9%) and of museums and libraries (+17.0%). On the other hand more traditional sectors in the creative industries as advertising, music and architecture have lost jobs in the last 5 years.

Table 9.5: Employment in the cultural and creative sector according to the Viennese Definition of creative industries (source: Gemeente Den Haag, adapted by the authors).

	2000	2001	2002	2003	2004	Diff	Diff. %
Architecture	5953	5618	6759	4632	5617	-336	-5.6
Audiovisual field	767	769	878	908	2154	1387	180.9
Fine arts and the art	329	298	318	328	339	10	2.9

market							
Performing arts, entertainment	1359	1380	1464	1365	1419	60	4.4
Graphic art / fashion / design / photography	3488	3526	3781	3722	3535	47	1.3
Literature / publishing / print media	2961	2944	2885	3176	2931	-30	-1.0
Music	629	597	617	611	563	-66	-10.5
Museums/libraries	1302	1377	1422	1466	1523	221	17.0
Software / multimedia / Internet	7757	10897	11083	10599	10311	2554	32.9
Advertising	968	931	969	924	806	-162	-16.7
TOTAL	25513	28338	30176	27731	29197	3684	14.4

The findings represented in the table, are in conflict with a similar research that was executed on behalf of the Ministry of Economic Affairs and that was published in 2005 (EZ, 2005). On the basis of a different definition this research found that The Hague was the only of the four big Dutch cities (the others being Amsterdam, Rotterdam and Utrecht) that saw its share of creative employment in total employment diminish between 1996 and 2004.

In 2002 the Dutch national government changed the policy for the subsidized jobs; this change led to a reduction of 15% of the subsidised jobs in 2003 and 2004. In the year 2004 the city of The Hague had 3200 subsidized jobs, of which only 87 in the cultural sector – only 2.7% of the total (Den Haag, 2004b). For the coming two years € 2 million have been made available to convert 20 currently subsidised jobs in regular ones.

9.3.2 Cultural tourism

The number of hotel guests that stayed in The Hague in 2002 totalled 534,100. Half of them came from the Netherlands (49%), the other half from abroad, and about 154,000 of these came from Europe. In terms of bed-nights recent developments are uncertain. From 1,099,600 nights spent in 2001, in 2002 1,025,500 nights were registered, a number that slightly recovered to a total of 1,031,700 bed-nights in 2003. The Dutch market seems to be shrinking; the European market is expanding. Since the average stay of the tourists is declining, the total number of overnight stays tends on the whole to decline correspondingly; as the figures show, this is compensated by the rise in the number of European tourists. The Hague is not only a destination for residential tourists, but it is also visited by some 20 million day-trippers per year. It is estimated that excursionists generate as much as € 400m of income to the local economy. About 11,000 people were employed (DSO, 2000) in the local tourism industry in the year 2000; in 2001 this had risen to 12,010 people, which represents about 9% of total employment (ECORYS, 2003), while firms are approximately 2,515.

The tourism product of The Hague remains linked to traditional elements such as the beach of Scheveningen and attraction parks such as Duinrel. Moreover, the *Pier* in Scheveningen and *Madurodam* (Holland in miniature) are crowd pullers. These products are mature and need to be enriched by more appealing and dynamic segments of the tourism market such as cultural and urban tourism. On the whole, as a destination The Hague needs more diversification to compete with other Dutch cities like Amsterdam or Rotterdam.

In fact, culture seems to be a spearhead in the tourism and city marketing policy of *Den Haag Marketing and Events* (see for example its Marketingplan 2004), the organisation responsible for tourism and city marketing. However, cultural tourism development – and notwithstanding the fact that this segment is of particular economic interest because of the high average spending of urban and cultural tourists – is still hesitating; at this very moment concrete perspectives for a definitive consolidation are still missing. From the interviews it emerged that many key actors operating in the cultural sector blame the Den Haag Marketing and Events organisation for not fully understanding the potential that the cultural sector offers to the city and its tourists, dispersing too many resources on traditional segments of the tourism market. They also argue that a clear vision is lacking, allowing culture to be a priority in the policy agenda, and hold the city responsible for the delay in development.

Last but not least, it was shown that cultural development might be a key trigger for urban renewal. A good example that is often quoted is that of Bilbao's Guggenheim, a museum that attracts millions of visitors and that gave rise to the revitalisation of the surrounding neighbourhoods. But in the other case studies present in this research a number of best-practices can be found: Usher Hall (Edinburg), Museion (Bolzano), Urbis (Manchester), Museum Quarter (Vienna). As will be shown in the next section, the cultural policy of The Hague has been biased somewhat towards interventions in hardware rather than in cultural software and orgware. This has helped to change the face of several important parts of The Hague's CBD and was absolutely necessary. Particular importance should be given to the Spuiplein, which may now very well become a unique cultural cluster of the city. Another example is the refurbishment of the Paard van Troje and of the Congrescentrum. Again, actions in the right direction have been taken, preconditions have been created, and although some more time will be needed for their effects to emerge, a lot has still to be done to fully utilise the latent opportunities that were created the last decade.

9.3.3 Dynamics and networking in the cluster

As was discussed in the theoretical part of the research, in many cities with a strong creative environment the cultural capital of the city has been a lever for the development of culture-based production sectors, the so-called a creative industries, a development fully consistent with the paradigm of the "knowledge economy" where production is rather the elaboration and elicitation of intangible knowledge and symbolic value through social networking that the manufacturing of goods in the typical "factory" environment of the Fordist economy. While the previous sections concentrate on the spearheads of the cultural sector of The Hague, we now focus on a particular initiative that touches a specific activity gravitating around the cultural sector: ICT.

More than in other cities involved in this project, The Hague is penalised by the absence of a management model system or an institutional framework that explicitly gathers the

different cultural institutions in a cluster; following the development models sketched by Mommaas (2004) or Santagata (2004), the attempt to construct something that comes close to a creative industry is doomed to fail. The Hague has no re-known fashion or multimedia industry, nor does it possess ateliers for modern design. However, the municipal government has identified activities in the ICT sector, a sector that is expanding rapidly in The Hague, as potentially complementary to the cultural sector. Moreover, Telecommunication offers opportunities, with important firms such as Siemens and KPN that have their headquarters in The Hague.

Therefore, in its 2001-2004 strategic plan the City explicitly reserved about € 100,000 per year to strengthen the relationship between ICT and the cultural sector, and decided to establish an ICT knowledge-centre for cultural institutions. Although it is beyond doubt that the synergies between culture in all its forms and ICT offer huge social and economical potentialities in general, it is too soon to evaluate the effect of this particular initiative in terms of success of what may be timidly called a creative industry in particular and in terms of development of the local economy. The impression remains that the economic development potential of arts and culture is still largely latent.

An interesting institution for the development of a network in the cultural cluster of the city is *Stroom*. This organisation focuses on assisting and facilitating local artists and is a sort of follow-up of what was known as the BKR, a form of subsidy that helped artists to maintain themselves. The *Stroom Foundation* is not only financed by the city of The Hague but also by the state (Ministry of Culture, Education and Science). It is also responsible for the use of art in public space (in fact, part of the money required to build or renovate neighbourhoods is reserved for the integration of art in public space) and in this context it has developed a route of statues that has become a success among inhabitants and tourists. It is complementary to the *Beelden aan het Voorhout* event (700,000 visitors in 2000 came to see 40 works of plastic art) and the *Sprookjesbeelden aan Zee* in Scheveningen and has definitively put The Hague on the map as a city of sculptures.

9.3.4 Education, conservation and taste/audience development

With regard to the construction of a creative industry, the educational sector has often been mentioned as a player of fundamental importance.

In theory, The Hague possesses all the elements of the educational system that a city may need to strengthen the process of cultural development. Although it lacks a University, it has a Royal Conservatorium (815 students in 2000/2001 according to the OCW-Monitor 2002) and a Royal School for the Arts (925 students in 2000/2001 according to the OCW-Monitor 2002). Moreover, the Haagse Hogeschool, the equivalent of what were the polytechnics in the Anglo-Saxon education system, offers a number of specialisations that may be of interest, such as design and informatics. Also, it should not be forgotten that at within a travel distance of 1 hour from the centre of The Hague, five of the most important university centres of the Netherlands can be found: Amsterdam (with 2 universities), Leiden, Delft, Utrecht and Rotterdam, hosting the 60% of the university students of this country.

In practice, these institutions have lost most of the relevance they had decades ago. Every year they do produce significant numbers of young artists (152 in 2001) and musicians (139 in 2001), but their role — and hence the impact that they may have for

culture-driven economic development — is marginal, lacking the reputation of similar institutes in other cities, in particular Amsterdam and Rotterdam. In fact, both schools are not yet enough integrated in the cultural system of The Hague. Organising capacity should be the key word in improving these relationships and the local administration should take the lead, notwithstanding the fact that educational policies are largely a national responsibility.

The Municipal government is dedicating specific efforts to art education in elementary schools. It hopes thus to enlarge the participation of young inhabitants, especially minorities, in cultural events of all types. Part of this money goes to the already mentioned Stroom.

An important role is furthermore played by the *Koorenhuis*, an institution that receives financial support from both the City and the national government for developing educational programmes and promoting arts and culture in schools. The Koorenhuis is universally recognised as an intermediate between the cultural and the educational sector, but has been confronted with structural problems as far as its management is concerned. The Koorenhuis is responsible for the implementation of the *Kunstenplan* (Cultural Programme) for elementary schools, and of the Art Projects at high schools. In 2001, 146 elementary schools participated in the Cultural Programme with 35,000 pupils and five high schools; 7,795 students were involved in the Art Projects (OCW-Monitor 2002). Both the Cultural Programme and the Art Projects directly involve producers of arts and culture, such as the RO and the NDT. Moreover, the Koorenhuis organises courses that are followed by 7,669 persons, young (35% of participants) and old (65% of participants). The initiatives of the Koorenhuis, strongly supported by the City of The Hague, may become a benchmark for the other cities involved in the study.

As far as audience development is concerned, every year the city of The Hague conducts a survey among its citizens on the base of which it is possible to have a general picture of the city. According to the 2004 edition of the abovementioned survey 60% of the inhabitants had, in the previous twelve months, visited or attended at least once a cultural attraction or festival in the city (Den Haag, 2004a). These are usually people with a high education, high income and of Dutch nationality. An interesting consideration can be made analysing the evaluation of the city's cultural supply in the period 2002-2004; while the average grade has remained almost the same – 7.3 in 2002 and 7.4 in 2004 – the percentage of people evaluating the city's cultural supply with low grades (5 or less) and high grades (9 or higher) has increased to the detriment of the median value.

The *Guidelines for Cultural Planning* (Richtlijnen voor Culturele Projecten, Gemeente Den Haag, 2004b) that was recently issued by the City gives room for special projects in the field of cultural education and audience development, both within the context of or in relationship with the initiatives of the Koorenhuis as well as outside.

9.4 Culture and the local economy

9.4.1 Culture and urban regeneration

The Hague is an open, international city with an above-average level of education and a high share of white-collar workers among its residents. This is beyond doubt an important stimulus for cultural development, as increasingly this group represents the largest demand for cultural facilities and activity in a city. On the other hand, cultural development has been recognised by many to be an important location factor for both highly skilled workers on which innovative activities are nowadays increasingly dependent and knowledge based economic activities that are very sensitive to attractive environments in general and attractive cities in particular. One of these sectors consists of all those activities that are related to ICT and indeed The Hague has gained employment precisely in this sector. The already cited study by ECORYS (2003) shows that culture has not yet been considered an important location factor for businesses.

In any case, the importance of the relationship between cultural development on one hand and economic development on the other, one of the relationships that lay at the very heart of this investigation, has not yet been fully understood by the local administration. This emerges clearly from the analysis of the current cultural development strategy of the City of The Hague. This weakness was continuously confirmed during the interviews with the key actors of the cultural sector that were conducted in February 2004 and will be an important element in the policy advice that follows the synthesis of the findings.

The fact that the Mauritshuis is a national museum renders the relationship with the rest of the cultural sector, but in particular with the local administration, much less fluent. However, in the last years the relationships with other suppliers or promoters of cultural events have been intensified. Exhibitions are programmed in coordination with for example the Gemeentemuseum and events are marketed together with Den Haag Marketing and Events. Notwithstanding these evident improvements, the potential of the Mauritshuis as catalyser of the development of the cultural cluster as such are far from fully utilised.

9.4.2 Networks with the local economy

In order to enlarge the role of the Paard van Troje as centre for popular arts even further, experiments with the Conservatorium and the Art Academy have been initiated to train DJs and VJs. Other aspects of popular culture, such as fashion and film, still offer plenty of opportunities to develop synergies with other cultural institutions (Gemeentemuseum, Filmhuis) and strengthen the city's image as the Dutch capital of pop. Parkpop, an open-air pop music festival that takes place in summer attracts a large number of visitors and reinforces the image of The Hague among the youth. With this respect, the absence of a university of its own is seen in The Hague as a major handicap.

But also the links with businesses still are rather weak and may be. Efforts should be made to enhance the involvement of the private sector in the development of the city's cultural ambitions. Good examples may be the constructions of Trust Funds or independent companies (public-private partnerships) that were established in Manchester and Vienna.

9.4.3 Private support for the arts and culture

The economic structure of the region around The Hague is rather peculiar. It depends very much on the public sector and much less on the private sector, notwithstanding the presence of the Westland and its Greenport. In fact, of the largest 30 employers in the region only 7 are private firms. The national government employs thousands of people: KPN (Telecommunication), Nationale Nederlanden (Insurance) and ING (Banking) are the largest companies located in The Hague. The possibility to find substantial support for public issues like the provision of art works and widening access to culture is thus negatively affected right from the start. What may compensate this is the fact that the few firms that are present in the region are important enough to be sensitive to operations that favour the art and culture sector.

9.5 Sustainability issues

9.5.1 Spatial issues: the spatial development of the cultural sector

At the moment, most of the cultural supply and the new initiatives that were developed in the The Hague area regard the inner city. In a limited number of focal points, cultural activities are emerging. It is still too early to talk about a straightforward cultural cluster, but especially the Spuiplein has the potential to become the main cultural quarter of the city. Space for related economic activities that may be attributed to the creative industries, however, is relatively scarce and rather expensive. This has been recognised by the Municipal Government and hence investments have been made in incubators among which the already mentioned Caballerofabriek.

Other attractions, such as the Municipal Museum and the Nederlands Congres Centrum are geographically dislocated with respect to the rest of the cultural supply of the city. This may either be a disadvantage, provoking a dispersion of functional ties between cultural producers and affecting the mass of the cluster; or an advantage, in terms of added potential to enhance cultural development and consequently give impulses for social and economical change in areas that are of lower value than the central ones, and therefore offer more room for the location of collateral activities.

9.5.2 Social issues

Social marginality and difficult ethnic integration have become in recent years relevant problems in the urban agglomeration of The Hague, with frequent accidents and the emergence of a limited number of no-go areas; a trend that has been exasperated by the recent world events and the awkward situation of the Muslim community. A city with a distinct “white” core and “black” run-down suburbs (not differently from the capital Amsterdam and unlike Rotterdam, where social housing has been paramount in the reconstruction of the city centre), The Hague risks to grow divided also socially and culturally.

Integration has therefore been established as a key ingredient in The Hague’s cultural strategy. A recent policy document (Gemeente Den Haag, 2004c) states that, in addition to the mainstream cultural activities, municipal support should be given to initiatives that help on one hand young inhabitants and on the other immigrants or cultural minorities to discover the cultural supply of the city in all the dimensions it possesses.

Through this programme, the City of The Hague recognises the important role culture and arts can play in the integration of minorities in the society, in creating understanding for cultures other than ones one, and therefore rightly turn culture into an important tool for social inclusion. City Mondial and the space reserved for exhibitions in the City Hall are concrete examples of the policies developed in this context.

9.5.3 Cultural issues

As far as cultural development is concerned, The Hague is certainly on the right track. It has recognised the economic importance of culture, it has made culture one of its priorities and has invested heavily in cultural facilities. But a lot has still to be done to make culture a true spearhead of economic and social development, and get cultural industries to be a leading sector of the local economy.

If we consider the fact that 2004 was the “official year of culture” in The Hague, the fact that opinions regarding The Hague as a city of culture seem to have polarised could be considered either as sign of dissatisfaction but may as well be a sign of miscommunication. Moreover, in 2004 also the percentage of people judging sufficient the investments made by the city in the cultural sector has decreased compared to the 2002 data. Considering the large commitment of the city in the last year this could again be a symptom of miscommunication. A more adequate marketing strategy of the city’s cultural initiative, both with respect to visitors as well a inhabitants, should be a priority. The Mayor himself, for instance, could take the lead in the change of the cultural communication style of the City.

It has already been stated that the potential that the cultural sector actually offers deserve to be used even more efficiently. Thereto, more efforts should be put into the coordination among cultural players and connected parts of the cultural network, not only on a daily basis — by establishing a platform where the stakeholders regularly meet — but also on a structural basis in terms of a more organic development process for the cultural strategy (although it should be said that the 2005-2008 cultural policy plan is a leap forward with respect to the previous one).

Moreover, more attention should be paid to cultural *software* and *orgware*. As far as the first issue is concerned, programming of events needs specific attention and more budget. As far as the second issue is concerned, much like in Vienna or Manchester among the cities in this study, the City of The Hague might consider to establish, under the direction of both the cultural department (OCW) and the Development Department (DSO), a municipal company that favours a further development of the creative industry and in which relevant public and private stakeholders gather to boost the potentials that currently remain unused.

9.6 Conclusions

9.6.1 What is the role of culture in the local economy?

The role of culture for the economy of the City of The Hague remains below the expectations and the potential that the seat of the Dutch Government possesses. This has various explanations. First of all, direct employment in the sector culture and arts

remains below that of cultural capitals like Amsterdam and Vienna. This is not surprising. What deserves more attention is the fact that arts and culture are not yet delivering the spin-offs that characterise the economies of other cities included in the survey.

The diversity in supply may be seen as an advantage but makes the city hard to market as a cultural city or cultural tourism destination. Moreover, the absence of a (formal or informal) platform that tries to implement a common strategy regarding cultural development and the spatial fragmentation of the cultural supply as explained before, makes it impossible to speak in The Hague's case about a cultural cluster in the spatial-economic sense of the word. The Spuiplein has the potential to grow out to become a hotspot, but this development may be hindered by the absence or the price of space to host small, new-born innovative firms. This will prove to be of importance for the impact of the cultural sector on the urban economy at large and is attributed by most of the key actors that were interviewed to the absence of vision and determination of the local administration.

Also in the sphere of the supply of festivals The Hague offers not enough to be truly appealing. Furthermore, as results from a report by DSO of the City of The Hague (2003) the festivals that are linked to or considered to be follow-ups of the city's unique selling points or attractions are very scarce. Only pop music seems to be a returning theme in the programme of events for 2003. In this context, the recent return of the *Crossing Borders Festival* is good news, but its continuity is far from secured. The recent and ongoing discussions around the Parkpop Festival and the way it should be organised are a menace for those who see pop music as a potential spearhead for the city's cultural development policy. The two musical events that The Hague has planned for the end of the summer and the autumn 2005, one of them reserved for its citizens, are an important and right step in the direction of doing more with the pop music tradition the city has.

9.6.2 Is this role sustainable? What are the dangers for the future?

Culture is still under-utilised by the local tourism board "Den Haag Marketing & Events" as a catalyst for the development of tourism. The Hague therefore misses a series of income and employment opportunities that tourism normally offers. To date, culture does not contribute enough to the (international) image of the city, as surveys conducted on behalf of the local authorities are illustrating, and mainstream cultural and artistic activities are not yet a true motive for provoking and attracting new investments in distinct sectors of the creative industry, in particular in the design sector and in ICT.

9.6.3 How should cultural policy change / adapt to face future challenges?

The policy plan for 2001-2004 stated that it aimed at conserving the existent strengths and at the same time at stimulating innovation. In reality, it is rather hard to identify which operational activities have been developed from these priorities. Most proposals for new projects are considered to be unrealistic and therefore did not obtain financial support. Subsidies to the traditional players are consolidated and in many cases even increased. Moreover, the share of investments in popular arts, such as pop music and so

forth, seems to be marginal. From the policy documents consulted, the role in terms of educational spin-offs of the Koorenhuis, although heavily subsidised, did not emerge sufficiently clearly. The financial support to educational activities developed by Stroom seems much more cost-effective in comparison.

The City of The Hague has largely recognised these problems. In fact, the cultural policy plan for the coming three years is less fragmented than the previous one and explicitly addresses the issue of the contribution the sector can make in terms of the international image of The Hague. Moreover, additional cultural policies, in particular the one regarding youth and cultural minorities, have been designed to tackle specific social-economic challenges. However, more needs to be done.

Some of the spearheads that were mentioned in the second section may very well deserve spin-offs or collateral developments. In fact, there may be room to further develop important festivals regarding dance, opera, film, jazz music and popular art that take profit of the already existent know-how and organising capacity that The Hague possesses. It has already been stressed that it is absolutely necessary to involve the private sector more heavily in the development and organisation of events.

It has been repeated several times: more emphasis should be laid on the strengthening of the cultural software and the orgware of the system. As far as the first aspect is concerned, the programming of cultural events needs specific attention –both in terms of the coherence of its contents with the strategy as well as coordination- and more budget. As far as the second aspect is concerned, and the City of Vienna may be a good example, the City of The Hague might consider to construct, under joint supervision of the Cultural Department (OCW) and the Urban Development Department (DSO), a municipal company that favours a further development of the creative industry and in which relevant public and private stakeholders gather to boost the latently present potentials that currently remain under-utilised.

9.6.4 What can this city teach to others?

The international dimension is one of The Hague's principal assets. It is seat of –among others- the International Court of Justice and the International War Crimes Tribunal, which are raising the city's visibility enormously. The efforts that the local government is making to organise cultural attractions and events that are enhancing this international dimension are worth following. These efforts enforce the city's image and may therefore play an increasingly important role in attracting international companies to the region.

A second interesting effort of the City of The Hague that deserves attention, although it has not yet led to concrete spin-offs for the local economy, is the focus on one of The Hague's remarkable vocations, namely that of the Dutch capital of pop music. The Hague possesses the hardware (podiums, in particular the Paard), it possesses the software (the artists), it has some image enhancing events (Koninginnenacht, Parkpop) and it is recently trying to create a series of collateral events that enlarge the critical mass sufficiently to form the basis for what may become a pop music industry in all its different aspects, very similar to what has been created by Manchester.

Finally, the modest efforts made in introducing a cultural dimension the ICT sector, one of the more concrete and explicit objectives in the cultural development strategy of the

local government, have already proven to be of a broader interest. In fact, the ICT related activities are rapidly gaining terrain in the local economy.

A decisive step in using arts and culture as an engine for the local economy is formed by the recently released strategic vision on the local economy (DSO, 2005a). In this vision the ingredients can be found to turn the culture into a productive sector. The examples of best practice given elsewhere in these report may help to transform this strategy into a set of coherent and concrete policies.

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LIST OF DISCUSSION PARTNERS

W. van Krimpen, Gemeentmuseum

L. van Ginneken, Stroom

B. Mulder, Stroom

P. Jonker, Paard

S. Kriekhaus, NDT

R. van Koetsveld, Mauritshuis

M. Ruijters, Den Haag Marketing and Events

H. Bogaart, Nederlands Congrescentrum

M. Gilissen, Filmhuis

H. van Oel, City of The Hague

I. Lemmers, City of The Hague

M. Molewijk, City of The Hague

B. Hofstede, Ministry for Education, Culture and Science

10 CASE STUDY OF VIENNA

10.1 Synthetic information on the city

Vienna, capital of Austria, has approximately 1,6 M inhabitants (Länder of Vienna, 2003⁵⁸). The metropolitan agglomeration, stretching over provincial boundaries, reaches some 1,850,000, the 23 % of the national population. Vienna's population is increasing mainly on account of a large inflow of foreigners, which in 2003 came to be the 17,3% of the population. The largest ethnic groups are ex-Yugoslavs (117,000) and Turks (41,000).

Founded by the Romans as a military camp in the first century AD, Vienna evolved into one of the most important European capitals, with a central role in European history as the seat of the Austro-Hungarian empire which ruled large parts of Europe, until the annexation to Germany in 1938. The historical legacy of the city is well present in its architectural and monumental features, which include a medieval district, at the heart of the 17th century baroque inner city and surrounded by the powerful fabric of the 19th century capital buildings and ring-road structure. During the 17th-19th centuries Vienna knew its political and cultural apogee. All the major cultural personalities of the age — and especially musicians — found sanctuary in a city with an open attitude towards artistic creation. Its status lived up to the political decline of the 20th century, when Vienna was still the cradle of masterpieces in literature, music and visual arts. The destruction of the Second World War, though affecting more than a fifth of the housing stock, spared the historical fabric of the city and its main monuments.

In the last decades, Vienna recovered its role of one of Europe's most vibrant and attractive cities. In 1995 Austria joined the European Union and Vienna found itself again at the heart of Europe, with a new status of “bridge” between the reuniting East and West. Vienna has taken this chance to modernise itself, through massive investments in culture, architecture, economic infrastructure. A leftist city in a country which shockingly chose the ultra-conservative liberal party for the national government, Vienna often takes an “antagonist” attitude in social and economic development policies, which makes it an unique place in Europe and an island, though large, in its very own country.

A wealthy country with one of the highest per capita income and wage rates in Europe, Austria has exceptionally attractive features for business development: one of the highest productivity rates (superior to that of Japan, US and most European countries), and a very high standard of quality of life, which puts it ahead of any other European country according to the World Competitiveness Yearbook, 1998. Vienna, the only large city in Austria, is the exemplary illustration of these strengths. Quality of life in Vienna is indeed remarkable: it is a green city, with approximately almost half of the urban area consisting of green spaces and water, and it has one of the most advanced environmental policy in Europe (Wehdorn, 2004). The favourable geopolitical location, the good accessibility, the low office cost (10% less than Brussels, 36% less than

⁵⁸ The Federal State of Austria includes nine Provincial Governments (*Bundesländer*); the Municipality of Vienna coincides with the Federal Province of Vienna, thus the Mayor is also the Governor of the Federal Province and the City Senate is also the Government of the Province.

Frankfurt and 70% less than London), the knowledge assets and the exceptional job market pool⁵⁹ — Vienna enjoys a unique mix of technically skilled workers, liberal skills, and creative talents — make of Vienna an ideal location for companies.

Tab. 10.1 – Sector composition and economic growth, year 2000. *Source:* Bureau of Statistics of the City of Vienna

NACE economic sectors	firms	employees	Gross added value in real prices (1996), <i>mlns of €</i>	% growth of added value
	2000	2000	2000	2001-2002
Agriculture	-	-	147	
Mining and extraction of mineral resources	5	112	26	0.0
Manufacturing	3,268	81,362	5,075	1.1
Energy and water supply	27	8,621	1,402	15.2
Building and construction	2,941	43,429	3,092	-1.1
Commerce and consumer services	13,467	132,747	8,667	0.4
Catering and accommodation	4,416	37,429	1,208	1.5
Transport and communication	2,887	144,185	3,858	1.8
Banking and insurance	919	60,863	6,224	-5.3
Real estate and producer services	14,664	117,859	11,334	-0.3
Government and public administration	-	-	3,794	-
Education	-	-	2,561	-
Health care and social affairs	-	-	2,512	-
Personal services	7	124	3,096	-
Housekeeping	-	-	78	-
TOTAL VIENNA	42,601	626,731	53,073	0.3

However, Vienna is first and foremost a cultural capital, the seat of prestigious universities and research institutes, of cultural institutions of world fame, of a large and dynamic creative industry production sector, and of important cultural events. Culture is the main reason of attraction to some 3.3 million of tourists every year, for a total of eight million of overnight stays, among which six and a half million by foreigners. The cosy street life and café-culture ambiance, the “melting pot” atmosphere, and the interesting underground life appeal to young visitors and foreign students in particular. The cultural profile of the city contributes to the business climate: Vienna is a status location and a perfect place to attract workers and customers.

⁵⁹ The unemployment rate is rather high at 9.5%, (

pushed up by the large inflow of unskilled immigrants.) is not correct – please cancel

Today Vienna faces a number of challenges, namely that of taking full profit of its new role of regional hub in the heart of the enlarged European Union, investing in its strengths – the innovative character, the educational and research capacity — and increasing its international orientation, which can only be achieved with a more proactive political effort which overcomes the constraints put by an often inward-looking, reluctant national policy. To move more decidedly in that direction, Vienna needs to overcome the “wealthy city lock-in”: the tendency for cities where things are going well to forget that they still have to invest in the future to as to anticipate foreseeable changes and maintain their strengths. Indeed, Vienna is a city that is revered for its glorious cultural past, but which needs to keep close touch with the present in order to excel and stay the fortunate place that it is, and it may have some problems in an economy which is globalising. The small internal market is not sufficient to attract in Vienna the large headquarters and command functions of the international firms. In the area of culture, as in most other economic sectors, Vienna has to bring its international orientation to a higher level.

10.2 Cultural activity in Vienna: actors, assets, and policy

10.2.1 Culture highlights and infrastructure

In spite of its relatively small size, Vienna has one of the most articulated and renowned cultural supplies among the European capitals, including two of the world’s leading orchestras, some of the largest collections of classical and renaissance art and the unique Viennese Secession Collection, important institutions in the field of modern and contemporary arts, world-rank ballet and theatre productions, not to mention an impressive urban fabric including masterpieces from three distinct periods, as the medieval Cathedral of St. Stephen, the Baroque palaces and churches that adorn the inner city, and the imperial neoclassic palaces and roads that surround it. A recent survey conducted by IFES (2003) yields evidence of the “use value” that the heritage has to its citizens. When asked what makes Vienna special, 90% responded “the old cultural heritage”, and 85% answered “the cultural life”, or “the cultural spectrum”. The largest part of the population identifies with the history and the tradition of the city, which is part of the indisputable quality of living in Vienna. The fact that 32% also emphasises “modern architecture” in their answers shows the public’s understanding of the need to further city development (Wehdorn 2004). Indeed, in the last decade Vienna has become a hotspot for subcultures and creative industries, from modern jazz and electronic music to graphic art and design, which do not have the same visibility or “brand” as in other cities but are increasingly recognised by the local cultural community as an important addition to Vienna’s cultural assets.

Tables 10.2 *a-c* illustrate the cultural supply and the participation to cultural events, performances and activities in Vienna in the year 2002.

Tab 10.2a – Visitors to museums and other sights and attractions in the City of Vienna. *Source:* City of Vienna 2004.

	Visits		Visitors in free entrance days		Exhibitions		Guided visits	Recitals / concerts
	total	of which, reduced price tickets	N. days	Visitors	Permanent	Temporary		
Museums, Collections	7,070,743	2,660,735	-	389,398	105	295	37,098	2,151
National / private foundations	5,528,692	1,962,212	-	184,000	32	89	22,808	566
City of Vienna	615,579	129,635	-	189,798	61	154	4,315	396
Private	926,472	568,888	-	15,600	12	52	9,975	1,189
Main sights and important attractions								
National / private foundations	620,500	38,869	-	-	-	-	2,118	15
City of Vienna	554,815	5,956	-	-	-	-	678	-
Private (incl. Cathedral St. Stephen)	3,306,307	1,134,821	-	-	-	-	3,136	25

Tab 10.2b – Supply and attendance to theatre productions. Source: City of Vienna 2004.

Seasons in selected theaters	Productions	Seats	Performances		Attendance	Productions in other theaters
			Total	of whom, for season card holders		
National theatres	8	6,281	1,333	548	1,306,228	22
Private theatres	36	14,712	2,620	1,065	1,380,150	16
Years:						
1999/2000	40	23,924	4,069	1,615	2,843,860	184
2000/2001	41	20,215	3,729	1,481	2,597,765	81
2001/2002	44	20,993	3,953	1,613	2,686,378	38

Tab 10.2c – Supply and attendance to music productions and concerts. Source: City of Vienna 2004.

Musical genre	Concerts				Visitors			
	Total	Local people		Foreigners	Total	Local people		Foreigners
		Total	Of whole for season card holders			Total	Of whom season card holders	
Orchestral concerts	453	256	75	197	418,000	331,000	115,000	87,000
Children and young people concerts	158	137	82	21	46,000	38,000	19,000	8,000
Chamber music	484	185	81	299	109,000	80,000	18,000	29,000
Church and choir music	122	46	6	76	60,000	43,000	2,000	17,000
Instrumental solo concert	112	81	34	31	59,000	53,000	3,000	6,000
Lieder	59	45	15	14	31,000	24,000	2,000	7,000
Mixed concerts	179	97	67	82	126,000	117,000	8,000	9,000
Light music	78	51	23	27	51,000	28,000	3,000	23,000
Other concerts	214	94	-	120	64,000	31,000	.	33,000
Total	1,859	992	383	867	964,000	745,000	170,000	219,000

1) Konzerthausgesellschaft; Gesellschaft der Musikfreunde in Wien; Jeunesse musicale (Kalenderjahr 2002); Wiener Philharmoniker; Österreichisches Kulturzentrum (Kalenderjahr 2002) und Kulturabteilung der Stadt Wien. - 2) Zum Teil Schätzwerte der Veranstalter. - 3) Einschließlich Pop-, Rock- und Jazzveranstaltungen.
Quelle: Konzertveranstalter.

The complete list of *museums and collections* of Vienna includes 64 installations in the inner city (1st district), 9 in the 2nd district (Leopoldstad), 15 in the 3rd (Sammlungen auf der Landstraße), 8 in the 4th, 3 in the 5th, 7 in the 6th, 12 in the 7th (where the MuseumQuartier is located), 5 in the 8th, 14 in the 9th (the University Quarter), and 61 in the other 15 peripheral districts, for a total of 198 establishments within the municipal

boundaries. They range from the world-famous network of the Kunsthistorisches Museum to the unique Secession Museum, from the prestigious Albertina to smaller but significant collections dedicated to the icons of Vienna's cultural heritage, like Beethoven, Schönberg, Freud, Schubert or Klimt.

The recently established MuseumQuartier reunites many of Vienna's most important cultural institutions to become one of the ten largest cultural complexes in the world, and the first of its kind in Vienna (Box 1).

Box 1 - The Museum Quarter was opened in 2001. It is housed in the enormous Royal Stables building on the inner city ring, refurbished for the occasion, and it is therefore a federal property. The project, under discussion for almost a decade, was finally started in 1994 and completed in 2001. It reunites several pre-existing institutions in the old refurbished building, to which three new ones have been added, creating a unique mix of architectural styles, attractions and exhibition space, hangout, and cultural businesses. The institutions include some of Vienna's cultural highlights, like the Kunsthalles, the seat of many blockbuster exhibitions which in recent years has developed into Vienna's most experimental exhibition centre; the Architecture Institute, dedicated in particular to the 20th century architecture and urban planning and to future developments; the Leopold Museum, one of the world's most important assemblages of modern Austrian art; the MUMOK (Museum Moderner Kunst Stiftung Ludwig Wien), the largest Austrian museum for modern and contemporary art; Halls E+G, the largest venue for cultural events in Vienna; the Tanzquartier Wien, Austria's first centre for contemporary dance and performance, which offers programmes of guest and own productions, workshops, and research facilities; and last but not least, Quartier21, an innovative infrastructure for the production, dissemination, and presentation of the contemporary cultural offerings. It features the theme malls Electric Avenue and Transeuropa, an area for cultural agencies, artist studios, and exhibition and event halls and offers space and support for more than twenty cultural initiatives. Other institutions hosted at the Museum Quartier are the Dschungel Theatre ("theatre for young audiences"), a service that provides free and comprehensive information on all recreational opportunities in Vienna for kids aged 13 and under, and the ZOOM, the only children's museum in Austria. In total, 55 cultural institutions are presently hosted in the MQ (11 permanent, the others temporary), plus 50 commercial ventures, 38 apartments, and a total of more than 500 employees. Events are staged almost on a daily basis by one or the other institution; this means the occasional visitors knows that he's going to have some cultural experience without much planning. The main promotional tools are the typical "MQ" brand, including the very successful orange logo, and an images campaign through ironic photo-posters; and a monthly insert on the national newspaper with a circulation of more than 100,000, where cultural journalists are invited to write about the MQ.

The MuseumQuartier is managed as a "holding" with commercial relations between a caretaker company, and the individual institutions that take part in it. The caretaker was established in 1990 with a federal law, a joint venture for three quarters of the State and for one quarter of the city, and funded by the Federal State. The law only states the company task to develop commercial uses for the states and contribute to the cultural development of Vienna, and regulates the use of the profits, but without specifying the means, and therefore leaves a large strategic freedom to the company in pursuing these goals. The company offers marketing and maintenance services and rents out the spaces that are given to the institutions hosted on a temporary basis.

The institution law established not only to seek for a commercial uses of the MQ premises, but also to bring in additional cultural content for temporary use, an "incubator" concept, with a financially sustainable profile. Therefore, the caretaker set up Q21, a multifunctional cultural production and creative centre hosted within the MQ. Room in Q21 is awarded to applicants on the basis of their commercial profile. The success of this "creative cluster" can be gauged by the waiting list already existing to be part of Q21, wherein 1 every 5 applicants presently succeed in renting these premises. Successful applicants stipulate a 2-year rent contract, and some manage to have the contract renovated after the second year. They come from any the field of creative industries: music, recording studios, fashion, design, cultural managers, artists' cooperatives, festivals, an Internet radio station, a TV station (the first private TV in Vienna).

The MAK (Box 2) is probably the closest to the "edge" that Vienna can offer as far as visual arts and applied art are concerned and an ideal companion to creative industries development. An exhibition place, a research centre and an artists' platform, MAK is intended as a «... centre for Art, [...] where the ideas of the artist and the intentions of

the work are given free rein. Often art is created on the premises; and if necessary, art is defended. » (www.mak.at).

Box 2 – The MAK. Founded in 1864 as the Imperial & Royal Austrian Museum of Art and Industry, the MAK has pursued a continued commitment to combining practice and theory, art and industry, production and reproduction. The School of Applied Arts, originally an outgrowth of the Museum, was later developed into an independent institution, known today as the University of Applied Arts. The MAK regards itself as an art production lab and a research institution of social knowledge. Investigating contemporary art production and participating in it relies on stringently conveyed traditions. The MAK takes on this task by establishing, extending, attending to, and doing scientific research on extraordinary collections of applied and contemporary art.

When the Museum was restructured and remodelled in 1986, the Museum's original purpose was reconfirmed and radically expanded. The current MAK identity was created and a fundamental agenda, bold and decentralized, was introduced. One of the significant elements of the restructuring included the exhibition design for the presentation of objects determined by the interventions of contemporary artists. The development of new display strategies for the permanent collections reorganized formal modes of presentation, allowing an unparalleled interplay of historicism and contemporary intervention. Another important priority of the MAK's programming is the commissioning of new works for public spaces both at home and abroad. Transforming a World War II anti-aircraft tower in Vienna's Arenbergpark, the Contemporary Art Tower (CAT) will be an international centre, showcasing important contemporary projects. Through its unique avant-garde architecture and pioneering program, this "monument of barbarism" will become Vienna's foremost venue for contemporary art.

MAK has an uncompromising attitude towards place and society. According to one of the current mission statements, «... Spaces of insecurity are essential contributions to art and culture. Today, such spaces are more important than ever. We at the MAK want to make these "spaces without compromise" visible and experienceable [...].» At the same time, «... If the museum is to remain a place of encounter between art and the public, it has to offer more than just an ensemble of objects. It must unfold a space where constellations emerge in which we are able to reflect and realize our possibilities.[...] The MAK takes a stance for openness, dynamics, and the freedom to experiment. »

(Source: Peter Noever, CEO and Artistic Director of the MAK, in www.mak.at).

Music is possibly Vienna's most renowned artistic asset, the real "cultural brand" of the Austrian capital. The *Wiener Philharmoniker* are one of the world's most famous and celebrated musical ensembles, and the *Wiener Symphoniker* also has great prestige. They regularly perform in Vienna's venues for classical music like the *Wiener Konzerthaus* and the *Musikverein*, often selling out also to tourists who come to Vienna on purpose; the new year's Concert held in Vienna every 1st January is probably the world's most televised classical music event. The two orchestras also perform all over the world, always attracting huge audiences, and set the standards of classical music repertoires: what is successful and accepted in Vienna, can make an entire composer's career. The *Staatsoper*, the national opera house, includes a resident chorus and orchestra, an opera ensemble and a ballet ensemble. The *State Opera for Children* includes opera school and ballet school, both very exclusive. The musical scene of Vienna also includes several chamber music groups and the world's oldest "boy choir", plus a large number of "commercial" groups, some performing in costumes, mostly targeting non specialised audiences like tourists and school groups.

Vienna also has an historical tradition in **literature** and **theatre** production. Going to the theatre is as popular in Vienna than in no other large city in Europe. The theatre offer includes some "English Theatres" which are very popular among expats.

Large events are held regularly in Vienna. Blockbuster art exhibitions are held in the most important Viennese museums and galleries, like *Albertina* and the *Historical Art Museum*. Musical programs and other types of events are often reunited under "umbrella" like the Vienna Festival, a yearly program of classical and modern music,

dance and theatre. Two festivals focusing on musical theatre, *Osterklang* and *Klangbogen*, are held respectively in April and in the summer months. The *Viennale* is Austria's most important international film event, as well as being one of the oldest and best-known festivals in the German-speaking world. It takes place every October in the cinemas of the historical centre, providing a festival with an international orientation and a distinctive urban flair. The festival is therefore appealing to young audiences, who make up most of the 75,000 visitors flocking every year to Vienna from Austria and from abroad.

All the major festivals are initiative of the city, which manages them through a public company for marketing and event. Their activities range from the traditional New Year's concert to new edge events like the recently held NET.NET festival of Internet culture. The cultural department of the city is also involved in the organisation of smaller events and touring exhibitions, but more importantly it provides the general framework for cultural programming in terms of "content development". In the case of the next 250th anniversary of Wolfgang Amadeus Mozart, the City of Vienna decided to organise important celebrations, with the *Mozartjahr 2006*. The city unanimously took the decision to set aside a large grant to organise this event, and a private company (owned by the public municipal holding) has been set up for this purpose. The mandate for the event organisers is twofold: to make the Mozart an opportunity to achieve a higher degree of coordination in programming and marketing among the various cultural institutions (including those based in Salzburg), and to use the well-known Mozart band in order to "widen" the scope of the artistic definition of Vienna towards "edge" sector which are not very well known abroad.

Finally, Vienna hosts a large number of *creative production businesses* (including architecture, film and video production, entertainment, graphic arts, fashion and design, publishing and print, music, libraries, and multimedia, web and games), which recent studies quantify in some 17,950 firms (including the traditional cultural producers — see 3.1 for a through description of the sector). The largest creative industries in Vienna are film and media production, software and multimedia, and graphic design. These sectors contribute to the development of Vienna's most successful knowledge-intensive sectors like health sciences and light engineering and mechanics. Electronic music is the new passion of young Viennese underground artists (an evolution of Vienna's tradition in electronic jazz and fusion).

Vienna's multi-faceted cultural offer is characterised by high quality and by an established reputation. The richness of programming, both regular programs and one-off events, provides plenty of opportunities both to the Viennese audiences, who are very demanding, and to the visitors market, on average less sophisticated but possibly more precious for the city in terms of economic impacts.

10.2.2 Image, quality of life, intangible assets

Vienna is a "cultural capital" to a large territory, for historic reasons but also in the light of the new geopolitical trends. In the proximity of Vienna, large cities of culture and national capitals like Prague, Bratislava and Budapest struggle to maintain a hold on tourism development, while their traditional cultural identity seems to be succumbing to the fast economic change. Within national borders, smaller regional centres like Linz, Graz and Salzburg all have interesting cultural features: Salzburg is the city of classical

music and hosts the musical festival *per excellence*, Graz has been the Cultural Capital of Europe in 2003, and since the 1960s has a long tradition in avant-garde art, while Linz made a transition from “steel city” to cultural hub also thanks to good urban design and to the success of *Ars Electronica*, a media art festival that is today an European brand.

Vienna is the hub and the blend of all these different fields, an extraordinary platform to project Austrian and Central European culture in the world. It combines the fascination of history and cultural traditions with the features of a modern, dynamic urban lifestyle.

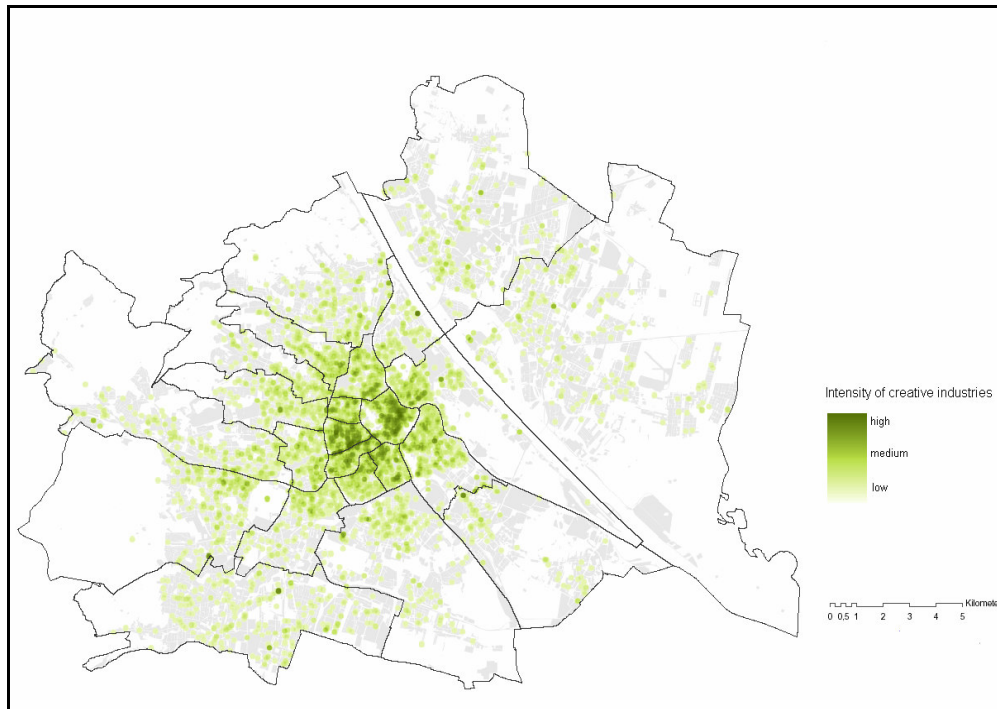
In comparison with some decades ago, the city is today more lively and international-oriented, both as a result of the modernisation and globalisation of the business environment, and of the growing foreigners’ community inhabiting the city. In none other large city in Europe, culture — and especially fine arts, elsewhere seen as an elite thing — are so much the patrimony of the local community, to the point that everybody seems to have strong opinions about the quality of the events and the lives and times of the artistic community. In part this is the result of a democratic access policy to culture; it is possible for citizens to attend even the top cultural events at very low prices (for European standards), and this sustains the highest cultural participation among all social groups. Culture is also a feature of public space, and not only the old historical parts of the inner city. Substantial investments in art projects, infrastructure and cultural organisation provide a solid backbone for the development of a culture-rich community. The pervasiveness of culture in cityscape and local narratives establishes a unique climate for art production.

Subcultures, possibly under the “weight” of fine arts, haven’t emerged as much as in other places, though there are signs that especially in the field of music and design “new” cultural production fields are becoming a point of excellence for this city, providing a “young” image that counterbalance the “serious” image associated to fine arts and classical music. Vienna has managed to use its diversity and its openness to the “unexpected” to disenfranchise itself from the sometimes stifling cultural conservatorism prevailing in Austria, and so become a truly international city. It should be noted, however, that the “creative city” feel is not new to Vienna, as in the glorious imperial days what we now know as “classical culture” — especially music and literature — were deeply innovative and even radical for their times, but accepted and treasured by Vienna’s political and economic elites. This capacity to nurture creativity has not ceased, but faces today a national and international context in which global market pressures risk to give a prize to conservation, not only in the field of art but also in social and economic contexts. For instance, raising real estate prices (as in other cities of Europe) push the suburbanisation of many economic functions, and risk to create a dual city, with the centre increasingly transformed into a residence for rich, ageing people, or a museum that closes down at night. Not only are these developments undesirable, but they also affect the “creative mix” of talents, institutions, and public life which has always characterised the centre of Vienna. In this light, some initiatives by the cultural department of the city are welcomed, like the creation of an association of shopping streets that care about the animation in the neighbourhoods through small events and urban design projects, enhancing the viability of small shopping facilities and keeping community life going.

10.2.3 Spatial structure of cultural activities

The location of culture in Vienna can be roughly divided into an inner city (districts 1 to 9) which is rich in historical elements, institutions and infrastructure for cultural consumption, and a ring where cultural industries decrease in intensity with distance. At a finer scale (Fig. 10.1), interesting variations can be noticed, where creative industries are generating a “cluster” climate for the cultural economy.

Fig. 10.1 - The location and intensity of creative industries (firms) in Vienna, year 2003. *Source:* Institut f. Stadt- und Regionalforschung der Technischen Universität Wien.



In district 10, a neighbourhood attracted European funds from area regeneration programmes like URBAN; many clubs, music venues, fashion ateliers, and fringe cultural producers have settled there. The new cultural character of this once declined railway site was largely unplanned, but evidently the creative entrepreneurs have been readier than others to use the available financial opportunities and gained strength from clustering. Another point of interest is the Karmelitermarkt in the 2nd district. The old Jewish part of the city, formerly a rather bleak criss-cross of small streets and passages, is increasing in popularity as the “quartier latin” of the city centre and has become a fashionable place for residential uses. The emphasis of the City on the recuperation of the Jewish heritage and the creation of “memory milestones” such as the Jewish museum and cultural centre illustrates the importance of cultural planning and urban development; today the lively cultural climate of this area is a main reason for its popularity (and economic growth). This neighbourhood is also at the centre of initiatives to preserve its social mix face to gentrification trends; in occasion of an event held every year since 2002, some 200 artists look for old shops to reuse as ateliers or exhibition spaces. Some streets are also developing a “cultural” image, like the handicraft market close the Museum Quarter in the Spittelberg neighbourhood, itself a

creative community with many small scale events taking place regularly, and the area where the Museumquarter is located, which includes the biggest shopping mall of the city, which includes galleries, fashion outlets, designers, as well as a knowledge centre in architecture.

The 3rd district saw the redevelopment of the *Gasometer*, an architecture flagship by famous architects Foster and Piano, that drove the redevelopment of this area for knowledge-intensive functions: a science park, media and other creative producers, and modern cultural infrastructure. Initially doomed by poor accessibility, recently a new metro link has raised the project to a higher level. SoHo is another yearly event, held in the Brunnenmarkt, a distinctively Slav and Turk ethnic neighbourhood, where artists are invited to organise fashion events in the old cellars. As in the other examples, this development has been a private sector initiative, with a large involvement of private entrepreneurs, which generated strong public benefits from regeneration and image-building.

Finally, possibly the most interesting – and controversial – culture-led development has taken place in the 7th district, just west of the historical nucleus, where the MuseumQuarter was set up as an agglomeration of different cultural institutions, young creative artists and spaces for consumption. Its central location makes a popular meeting-place and hang-out⁶⁰ with an enviable offer of restaurants and cafés, and a perfect stage for events and performances. The MQ owes its success to the diversity that it hosts and to the welcoming feel that it offers to its visitors and customers. The colourful courtyard, where people can just lie on pink structures in the warm months or take refuge in igloos during the winter months, is a good example of a creative “third place”, which to some extent is comparable to the role that malls have in American suburbs; Viennese do not need to be actively engaged in art to enjoy this place to like to spend time in it — just like Americans do not need to be consumers in malls —, but they inevitably come to be “exposed” to art and culture.

10.2.4 Cultural policy: actors and strategic context

Austria is a country of deeply-rooted cultural traditions, where art is seen as a primary competence of the Government as far as funding, support and education is concerned. The cultural policy of Austria has slowly evolved in the second half of the XX century, adjusting to the general European social and political shifts⁶¹. In spite of these variations, the common thread is that culture is generously supported by the State and local tiers of government; in a country poor of natural resources, culture is seen as a real brand, an asset to invest in.

The Austrian post-war cultural policy was mainly prestige-oriented and non-political. The attitude toward culture changed with the radicalisation which swept over Europe in the 1960s and 1970s. The cultural vanguard became a political factor and was used by the national government as a spearhead of the promised modernisation and reform in all

⁶⁰ In the summer 2004 an Austrian newspaper "Kurier" and a local radio station "Radio Wien" asked the Viennese about their best preferred places in town and district. The MuseumsQuartier was elected to the best preferred place of the district no. 7.

⁶¹ The source of the information in this section is the website of Compendium, Cultural Policies in Europe (Country profile Austria): <http://www.culturalpolicies.net/>.

areas, including a concept of culture embracing all expressions of life⁶². In this light, cultural policy was to be regarded as a funding element of social policy. The decisive step towards the current system of arts promotion was taken up at this time, and was gradually extended and refined over the next 25 years, including the establishment of various advisory bodies (boards, juries, commissions and specialised curators) which were given decision-making powers in an effort to make the arts support system more democratic. Intermediary bodies were also introduced, supervised by the government and to some extent anchored to private business. In the 1980s, the country went through a veritable culture boom: more and more events were organised, and cultural spending increased approximately seven times. Toward the end of the 1980s, cultural policy priorities shifted; public discourse on privatisation of cultural institutions and sponsoring, of marginal significance in the 1980s, became a hot topic towards the end of the 1990s, especially in fields such as musicals, popular operas and museums which — according to international standards — were able to raise a greater share of funds in the market than the more avant-garde art forms (Box 3).

The elections in 2000 brought to the government a coalition of the People's Party (ÖVP) and the right-wing Freedom Party. The new coalition introduced considerable budget cuts, which also affected the area of art and culture, especially the expenditure of the Arts Department. This situation contributed to a climate of uncertainty in the Austrian arts and culture scene. Smaller cultural institutions and associations in particular, whose activities provide an essential stimulus for the creation of culture in Austria, faced a threat to their existence. Only the cultural heritage sector has been comparatively stable: the budget has risen, the larger part of this being dedicated to the federal museums.

Box 3 - Public funding for culture, recent trends. In 2000 approximately 1,816 billion € (direct expenditures minus transfers), 0.89% of the GDP, was spent on culture and the arts by the federal and provincial governments (excluding the local level) — a substantial amount when compared to other countries around the world. On the basis of total expenditure, 33.3% of public funds is spent by the federal government, while the remainder is divided between the provincial governments (29.5%), Vienna (8.5%), the municipalities (28.7%). A high percentage (approx. 50%) of federal expenditure on culture goes towards the maintenance of large-scale projects and institutions such as the federal theatres and museums as well as to performing arts activities - the majority of which are located in Vienna. Federal theatres are financed by the Federal Chancellery while the federal museums are financed from the budget of the Federal Ministry of Education and Cultural Affairs. The organisational frame changed in view of the July 1998 law allowing theatres and museums to become limited companies (GmbH) (<http://www.culturalpolicies.net/>).

Subsidies from the provinces (Bundesländer, excluding Vienna) have more than tripled since 1980. The majority of resources are spent on education, followed by the performing arts. The former includes considerable investments in music schools and conservatories. Additional support for "non-traditional" fields of culture, such as contemporary art or more general art promotion, is derived from indirect levies e.g. on radio licences. An advisory board monitors spending within the Federal Chancellery and the Federal Ministry of Education and Cultural Affairs. Seven federal Bundesländer have emulated this example and levy a "broadcasting, radio or culture schilling". The extra funds have, in fact, made quite an impact on the budgets of some public institutions (in some cases up to 15% of the culture budget).

⁶² There is no one official Austrian definition of culture – culture and the promotion of culture are not defined by law as such, but rather integrated as a part of a federal arts promotion law. Various definitions of culture are to be found in the arts promotion laws of the Bundesländer, usually highlighting the regional specificity of the cultural activities to be promote (www.policiesforculture.net).

This political shift encountered strong criticism from social and political forces, nationally and internationally. While artists were refusing to co-operate with the new government and openly boycotted it, the conflict also regarded the institutional sphere, and precisely the funding responsibilities between the Federal State and the “red” city government of Vienna, where many national cultural institutions are situated. The City felt constrained in its manoeuvre space regarding culture by the lack of focus of the federal laws and regulations, and would blame the government of being biased “against” Vienna as a reaction to its incapacity to control what was happening in the big, multicultural capital.

A wealthy city of worldwide cultural reputation, Vienna was aiming at maintaining the budgets of its cultural institutions face to the conservative cultural orientation of the government and the new wave of federal budget cuts. For this reason, it started to fund cultural activity that was not eligible anymore for federal funding, tapping at own resources and at European funding programmes. On account of these developments, the City presently spends more for culture in Vienna than the State does, even though all the important flagship cultural institutions are federal. The city budget for culture (including company funding) amounted to some 200 M € in the year 2003, that is 2% of the city budget (without considering the libraries and sports or religion); one third of this budget is absorbed by theatres. In addition, every year a jury allocates a large fund (800,000 € in 2004) made available by the social housing department for public art projects.

The main focus of Vienna’s cultural policy is high art and a democratic access to culture. At the same time, there is increased pressure to widen and dynamise the cultural capital, promoting “fringe” cultural sectors and experimental art, in an effort to remain competitive. Vienna needs new policy tools to keep alive its traditions and at the same time keep pace with economic development. Indeed, the latest strategic document endorsed by the City includes culture among the key economic sectors to develop in the next ten years, together with bio-tech, the driving growth cluster of Vienna’s economy, and media/communication, where Vienna can boast a number of centres of competence.

After a 2001 survey which examined the cultural sector in the länder of Burgenland (Instinct Domain, 2000), the focus on creative industries in Austria has increased. In 2003, the first Austrian Creative Economy Report was published⁶³. It stressed the economic potential of the Austrian creative industries and emphasised the exceptional growth in this field in the last years. The response to this initiative was not exceptional, but the game was taken up by a competence centre for creative economy (*Creativ Wirtschaft Austria*) set up in 2003 by the Austrian Federal Chamber of Commerce. According to this initiative, in every region of Austria the Chamber tries to develop gateways for creative industries, with the support of relevant ministries and local networks. The instruments to promote the sector range from support instruments⁶⁴ to fiscal incentives, coordinated marketing, and brainstorming events like the “symposium on creative industries” held recently, where creative entrepreneurs, politicians, bureaucrats exchanged ideas and shared their strategies. Telekom Austria has sponsored this event, out of an interest to link up with broadband policies.

⁶³ KMU-Forschung Austria/Institut für Kulturmanagement (IKM), 2003.

⁶⁴ Incentives for innovation are financed through “calls” by the federal level with the “Creativwirtschaft” funds, started in 2005 (see: <http://www.awsg.at> “Call Creativwirtschaft”).

After much discussion (fuelled by political rivalry with the federal government and by the desire to pursue autonomous cultural strategies from the conservative federal government), the City of Vienna launched its own support scheme for enterprises in the creative industries sector (Fund for innovation - see Box 4). On its turn, this spurred the need for more knowledge on the relevance and the role of the creative industries, in order to coagulate the several sparse pilot initiatives coming from different city departments (culture, economics, planning, social affairs) into a sound development strategy. Hence, the research project «An Analysis of the Economic Potential of the Creative Industries in Vienna»⁶⁵. The project also developed a taxonomy of “creative industry” that was functional to the idea of enlarging the boundaries of culture to better address its relations with business and the knowledge society.

Box 4 - The Viennese funds for innovation. The Vienna Business Agency WWFF set up in 2002 a daughter company, ZIT (*Zentrum für Innovation and Technologie*), which launched two successive calls in 2002 and 2003 to fund innovative businesses in the field of the new media industries. Out of 109 proposals submitted, 16 were funded. At that that point, the City of Vienna saw the opportunity to give continuity to that system of funding focusing on innovative projects in the field of creativity. The City of Vienna owned a major share of the central Austrian bank, and when the financial regulations for cities changed in 2001, they were forced to sell it and decided to use the capital gain for non-profit initiatives; a decision was taken to invest in research and development for the economic clusters with the greatest strategic interest for the city. The **Vienna Science and Technology Fund** (WWTF) was then set up, a private organisation which works for the City. This new body developed a strategy and funding guidelines which highlighted the “expendability” of innovation in the city economy, the generation of commercial benefits or enhanced access to cultural resources, international visibility, and the contribution that they may give to Vienna’s image as a creative capital city. Three streams of research are eligible for funding: life sciences, creative industries, and mathematics. The inclusion of creative industries followed straight from the renewed national and local interest, but WWTF focuses on the “scientific aspects” of creative industries: technological applications and innovation in process and management. All research institutions and companies are eligible, though academic entities (a good three quarters of the applicants) show to be the best in writing and submitting projects. The first call was issued in 2003, awarding 7m €, a sum which is likely to increase in the next years. The call was very broad, as open-endedness was one of the key elements of this strategy: the funding process was also aiming at stimulating an “ecology” of the funding system, with the best researchers substantially showing that they can make their project self-sustaining and the funding institutions learning and adapting its strategy from the response that it gets.

If WWTF and ZIT can be conceived as instruments for innovation and the development of “pilot projects”, a new tool was needed to perform the functions of incubator, that is, bring innovation to be commercially successful and develop entrepreneurial capacity in the selected fields. Hence, **Departure** was set up by WWFF. The interrelations and the continuity between WWTF and Departure are obvious, fed by a strong informal networking and personal relations.

As a result of the new study (analysed in 3.1) and of the strategic recommendations that are given in it, the municipal-owned company **Departure** was founded by the City Council, as a platform to support financially viable start-ups in this sector, increase their export orientation, enhance the networking in the creative industry cluster and at its edges, and boost the synergies between it and the more general Viennese business environment. Among other activities, it carried out the second study on the Viennese

⁶⁵ The study was carried out under the leadership of the Kulturdokumentation Institute, together with the research institutes Mediacult and WIFO (Austrian Institute of Economic Research), and received a grant from the European Fund for Regional Development. The results from this study can be accessed from the website www.creativeindustries.at/. The project was commissioned by the City Council, together with the Vienna Chamber of Commerce and the Vienna Film Fund, at the specific request of the Economic Department of the City. The Cultural Department, while supporting the general philosophy of the project, decided not to be involved, not to give the impression to the cultural community that the policy of supporting art projects just for the sake of their artistic, ethical and social value could be abandoned.

creative industries with a focus on multimedia. Organisations with commercial potential can get funds only if they become real enterprises. On the other hand, the City still helps generously the artists who do not have any possibility to “market” their art but have valuable ideas for the community and for art’s sake. The application procedure is very simple and informal. Moreover, the City scouts the work of young, unknown artists accomplishing a “social” mission of promoting art in the community. The Fine Art Department of the City buys works of local artists since 1947, and has so accumulated an impressive stock of contemporary art 16000 pieces which will eventually become a “museum on demand” in 2006. Sometimes exhibitions are organised with these objects, and artists whose objects are bought gain reputation. Innovative cultural projects can still tap at federal funds for science, which are considered more “apolitical” compared to the ministry for art. Still, an overall strategy was missing to turn at least some of these cultural production activities into rentable sectors. The upcoming European enlargement was indeed perceived both as an opportunity to reposition Vienna as a regional leader in culture, and a threat for increased competition — for instance in the field of cultural tourism — from capitals like Prague and Budapest which can count on a high level of European funding.

The double tier in the city’s cultural policy, one focusing on the business-oriented creative activities to make them become an asset for urban development, and the other concentrating on artistic content, access and freedom of expression, is a luxury that a rich city like Vienna can afford. However, there are dark spots. WWFF/ZIT and Departure have a markedly business orientation, and are hardly concerned with experimenting in art forms in which the economic potential and the impact on the local economy are not immediate. Thus the “conflictive”, anarchist element of the creative industries, which is maybe not economically relevant but is of great importance for bringing them to the open, is left out from these support schemes. Vienna is a late-comer in this sense; it does not have explicit strategies to promote a “scene” rather than just projects. Moreover, in spite of the potential of the funding schemes, the targets of the City are not clearly formulated.

10.3 Cultural cluster performance and dynamics

10.3.1 The cultural production sector

The highlight of the Viennese cultural economy is undoubtedly its cultural heritage, also as far as economic aspects are concerned. Not only to the hundreds of monuments, centuries-old cultural institutions and art collections attract huge crowds of visitors and citizens to manifestations and events of often remarkable level, but they also contribute fundamentally to the quality of life and the image of the city, raising its economic status and the attractiveness for citizens and firms. Even the monumental heritage — which most of the times has a purely ethical value and has characteristics of public good — is attributed strong economic value in Vienna, as is demonstrated by UNESCO in a publication which defends the integrity of the world-heritage listed historical urban fabric as opposed to hazardous redevelopment plans (Wehdorn 2004).

However, much debate in the last years has focused on the economic contribution (and development potential) of the “new” cultural production industries, or *creative*

industries, which encompass a larger range of activities than those normally included among the Viennese historical heritage. The underlying concept is that, while heritage assets and institutions are largely insensitive to returns to scale, Vienna's "cultural know-how" can be reproduced and made profitable in a viable culture-driven growth cluster. Thus, a line can be drawn between the "traditional cultural industries", which matter for the city especially in terms of indirect impacts on attractiveness (and hence tourism) and quality of life; and the new creative industry sectors, which include fields with a large development potential as jobs generators and complements for the knowledge economy of the Austrian capital. Clearly this distinction is only an approximation, and within the same sector one might find both orientations (for instance, in music).

The cultural and creative industries have been classified for policy purposes by the report «An Analysis of the Economic Potential of the Creative Industries in Vienna», which sets out to monitor and benchmark the developments in these industries. The report considers the following sub-sectors:

- Architecture
- Audiovisual and film making
- Fine arts and the arts market
- Performing arts and entertainment
- Graphic arts, fashion and design
- Literature, publishing and printed media
- Music
- Museums, libraries and collections
- Software, multimedia, gaming and Internet
- Advertising

An interesting distinction introduced by the research refers to a sub-classification which divides each field in activities of *content origination*, *manufacturing and reproduction*, and *exchange*. Thus, the music industry includes composition (composers paid to produce a piece of work), the recordings and production of CDs and other material, and live performances where the musical content is "exchanged" with an audience.

Tab. 10.3 – Employment, firm number and firm size in creative industries in Vienna, various data sources, years 1998-2002. *Source:* Kulturdokumentation / Mediacult / Wifo (2004).

	Data from the association of Social security institutions (2002)	% change 1998/2002	Census of employment (2001)	Number of enterprises (2001)	av. firm size
Architecture	8,468	1.60%	10,123	2,733	3.70
content origination	8,468	1.60%	10,123	2,733	3.70
Audiovisual	18,696	-4.30%	22,089	795	27.78
manufacturing and reproduction	13,652	-7.50%	13,436	72	186.61
content origination	3,225	1.40%	5,788	487	11.89
exchange	1,819	14.60%	2,865	236	12.14
Fine arts and the arts market	1,272	19.20%	2,497	810	3.08
content origination	290	-10.20%	1,235	379	3.26
exchange	982	31.90%	1,262	431	2.93
Performing arts and entertainment	3,120	12.80%	4,832	965	5.01
content origination	290	-10.20%	2,102	636	3.31
exchange	2,830	15.80%	2,729	329	8.29
Graphic arts / fashion / design	19,657	-8.60%	21,251	4,520	4.70
manufacturing and reproduction	2,232	-23.33%	1,589	412	3.86
content origination	1,860	-9.80%	2,448	657	3.73
exchange	15,565	-5.80%	17,214	3,451	4.99
Literature / publishing / print media	13,802	0.40%	14,586	2,315	6.30
manufacturing and reproduction	4,009	-13.11%	4,446	357	12.45

	content origination	6,460	6.50%	6,020	1,046	5.76
	exchange	3,334	8.80%	4,120	912	4.52
Music		6,795	-11.40%	8,894	1,292	6.88
	manufacturing and reproduction	1,964	-32.30%	2,323	73	31.82
	content origination	1,239	-8.90%	1,697	457	3.71
	exchange	3,592	5.40%	4,875	762	6.40
Museums / libraries		2,897	218.00%	5,053	876	5.77
	exchange	2,897	218.00%	5,053	876	5.77
Software / multimedia / games / Internet		20,744	32.20%	23,726	1,949	12.17
	manufacturing and reproduction	24	-36.80%	14	2	7.00
	content origination	8,130	75.60%	11,577	1,215	9.53
	exchange	12,590	14.20%	12,135	732	16.58
Advertising		5,599	41.40%	6,963	1,693	4.11
	content origination	5,599	41.40%	6,963	1,693	4.11
CI SECTORS TOTAL		101,050	6.20%	120,014	17,948	6.69
	Manufacturing and reproduction TOTAL	21,881	-12.40%	21,808	916	23.8
	Content origination TOTAL	27,093	23.60%	37,830	6,570	5.8
	Exchange TOTAL	43,609	19.98%	50,253	7,729	6.5

These three “moments” in creative production (which follow the culture value-chain analysis of O’Connor, 2003) can be seen to hold in almost all the sub-sectors considered. The importance of this subdivision stands in the spatial differentiation that they imply, where some of them are inherently urban and moreover closely associated with specific locations or portions of the city, whereas others are more “footloose” or follow the typical location pattern of large-scale industrial activities.

The study estimates that in Vienna there are more than 100,000 or 120,000 (according to different data sources) people employed in cultural and creative industries, or 14% of the total employment, a very high share compared to the other cities in this project, if we take into account that sport, religion and public libraries are not included in the definition of creative industries adopted (Table 10.3). The figure is even more impressive when noting that it has grown by some 6% in the years from 1998 to 2002, surpassing in that period the average national employment growth of 4%. Table 3 illustrates the main figures and trends emerging from the report. In total, core cultural industries (fine arts and the arts market, performing arts and entertainment, music, museums & libraries, music) accounted in 2002 for 14,084 full-time jobs and 3,943 firms/organisations (respectively 2.2% and 9.2% of total, revealing the large firm size in the cultural industry), while other creative production industries (architecture, audiovisual, graphic arts / fashion / design, literature / publishing / print media, Software / multimedia / games / Internet) accounted for 86,966 fte and 14,005 firms in the same period, a staggering – respectively - 13.9% and 32.8% of the total.

Music is possibly Vienna’s most celebrated cultural strength. In music there's large creative potential, which Vienna has always managed to translate in economic opportunities. In Vienna a musician has status; musicians from all over the world want to come to Vienna not only to learn but also to build economically rewarding careers. The Viennese musical scene is still strong, both in classical contemporary music, which enjoys the international visibility and the active support of such institutions as the Schoenberg Foundation, and in the popular electronic music, which has recently passed from an underground status to international recognition. However, rather than the creation of repertoire the economic importance of music lies mainly in recording and performing. Performing arts and entertainment, including theatre, also boasts an impressive offer, with 200 companies and a large number of venues. In spite of their commercial success, the music and theatre sectors are also generously supported by the public sector. One particularity regards the musicals and musical theatre, which is a blockbuster field in many other capitals, especially attractive to tourists, but in Vienna is also seen as something with artistic value and part of the cultural history of the city, thus deserving public funding also on account of the huge costs that old theatres need to cover for security reasons.

However, the largest sectors in terms of employment are in the creative industries such as software / multimedia / games / www, with some 23,000 employees according to the census of employment of 2001, followed by the audiovisual with 22,000, graphic arts, fashion and design with 21,250, and publishing and literature with 14,000. The most important growth rates (according to the data from the association of Social security institutions 1998-2002) are in the high-tech end of the creative industries (software etc.), with more than 5,000 new jobs created in the last 4 years (3,500 of them having to do with content origination), while also advertisement grows fast. “Core” cultural sectors like museums and libraries, fine arts and the art market, and performing arts, are comparatively smaller in size (only 12,400 for the three sectors together) but also grow

substantially. Negative growth rates are noted in graphic design and fashion, audiovisual, and music.

In total, content- and exchange-directed cultural activities are the driving force of the urban creative industries, respectively by 23.6% and 20%, while manufacturing, a typically non-urban activity, is becoming less important, possibly as a consequence of industry restructuring and the suburbanisation of enlarging production units. Another important information regards the small size of the firms in the sector; the largest firms are mainly concentrated in manufacturing, while content-origination activities are the smallest and the most dynamic. Smaller firms are found in architecture, fine arts, advertisement and graphic arts. Looking at corporate structure, almost half of the 17,949 CI firms are sole-proprietorships, especially in fine arts and the arts market, performing arts, and advertising.

A closer look at individual branches reveal that in spite of the fact that *fashion and graphic design* accounts for the largest decrease, with the loss of 1,800 jobs in the 1998-2002 period, it is seen as the future “engine” of creative industries. Indeed the good educational support which it gets from the University of Arts, the strong networking in the sector, and the presence of important marketing opportunities with world trade fairs and numerous shops, cast a positive perspective on this cluster where artistic content origination and industrial and commercial aspects are closely connected. The *film and cinema* sector stands out as affected by a structural crisis. This sector is relatively established and “mature” in Vienna, although it is mostly public-funded and has problems of distribution abroad. The building of many multiplex-cinemas at the periphery of the city in the late 1990s has led to an excess supply in the wake of evolving socio-demographic and cultural trends (the aging of the population, the development of home cinema). Many such complexes have now gone bankrupt. At the same time, smaller (“repertoire”) cinemas in the city were closed, although a few have been preserved for well established film events like the Viennale. A special call to promote a diverse range of films in Austrian cinemas was initiated by the Arts Department in the Federal Chancellery in 2002, with a 145,000 € grant. *Architecture* is not so integrated with the other sub-sectors and does not normally get public funding, but also has a good networking platform, and can boast big names and good projects.

Tab. 10.4 – Projected number of annual visitors to the MQ. Source: MQ website, 2004.

Leopold Museum	250,000 - 300,000
MUMOK Museum of Modern Art Foundation Ludwig Vienna	150,000
KUNSTHALLE wien	150,000
Hall E (Theatre/Music/Film) + Hall G (Dance/Performance) (Hall E seats 1000, Hall G seats 350 Persons)	200,000
ZOOM Children museum	100,000
Architecture Centre Vienna	100,000
PUBLiKUM youth theatre	70,000 - 100,000
Other cultural uses	100,000
Total (approx.)	1,100,000

As an agglomeration of different creative sectors and a locus of production/consumption milieu economies, the *MuseumQuarter* can be analysed as a cultural activity on its

own, or an attempt to build a cultural cluster whose value is greater than the addition of its constituting parts. The MQ attracts more than 2 million visitors every year, one fifth of which are estimated to be Viennese. These visitors would either pay a ticket to visit any of the events taking place in the institutions hosted at the MQ (1.1m) or just hang around or go the restaurants and shops, where they also spend a lot of money. The estimated breakdown of visitors is provided in Table 10.4.

The caretaker company collects admission fees through a central ticketing office, and redistributes the revenue among the partner institutions. These rent the interiors of the buildings, while the exterior (the outside walls) remains in use to the caretaker company which generates revenue from the advertisement placards hung on it. The caretaker company also rents out the other spaces on a temporary basis to cultural producers, bars and restaurants, which also produce profits from by-passers who do not visit any of the cultural institutions or events. “Meritorious” ventures like creative businesses enjoy rents that are lower than the market rates (almost 1/3), providing a stimulus to the growth of the CI sector and generating an increase in value from “agglomeration economies”. The revenues are re-used in marketing, incentives, and impulse programs for the members of the community, further speeding the growth process because more sponsors are attracted as a result. Even art forms that target generally small audiences, like poetry, may enjoy the advantages of a multifunctional, mixed venue where it happened that some 2,500 showed up at a reading.

The MQ injects some € 25m (an estimated € 10.5 per visitor) into the Viennese economy. The overall costs of building the MQ were € 210m in 5 years, which were paid by 90% by the company (3/4borne by the federal state and 1/4 by the City), and the annual general operating costs amount to some € 25m. The € 1m deficit of the caretaker company budget is covered by the State. The City pays less than half a million euros for the marketing and PR activities of the MQ, plus a good share of the operating costs of the municipal partner institutions, but gets back a lot of “indirect” benefits (synergies, ambiance, agglomeration and demonstration effects) from the presence of the MQ. This looks like a good deal for the City; but is it really so?

In spite of its meritorious features in terms of ambience and location, the MQ project has indeed attracted widespread criticism, in part due to its “commercial” character, which is opposed by the cultural community at large, and in part because the intricate property structure of the holding⁶⁶. It is argued that the latter factor has so far hampered the development potential of the MQ as a “cultural incubator”, and has made things difficult for institutions like Kunsthalle or the MUMOK, which derive advantages from mutual proximity, but also large diseconomies from bureaucratic restrictions and lack of coordination. In the end, the project is reputed “not sexy” by the most creative businesses and some spaces with a large potential remain idle in spite of the large expenditure in promotion (€ 400,000 per year). This partial failure is blamed on the caretaker company, but should be more correctly attributed to the ambivalent property right allocation, which gave rise to conflicts and inconsistencies.

⁶⁶ The Kunsthalle is municipal. Its capital and operational costs are covered by the city, and it may get a state budget when it hosts a large exhibition. The Leopold is private and gets state money. Architecture institute is of both federal and municipal property, and different ministers within the State are involved in it.

In spite of the vast amount of data and analyses conducted on the cultural sector and creative industries of Vienna, no overall evaluation of the economic impact of cultural industries is available. However, if also the tourist expenditure generated by the cultural supply of Vienna is taken into account this is likely to exceed what has been observed in any of the other cities included in this study.

10.3.2 Cultural tourism

The three most common responses in a recent survey among visitors to the city when asked why they chose Vienna as a destination is illustrative of the city's international appeal: the sights, the image and the culture. Vienna is and remains one of Europe's great cultural cities in the minds of its visitors (Wehdorn 2004).

All in all, a little less than 8 million visitors stay overnight in Vienna's hotels and other accommodation facilities, a figure growing slowly but steadily growing in the last years. Vienna offers to them some 40,000 bed-nights, mostly (24,000) in 4/5 stars hotels. The average length of stays is constant at around 2.4. Overnight stays by foreigners amount to some 82% of these. The largest foreign markets are Germans (23.6% of visitors in 2003), Italians (8.7%) and Americans (6.6%). Congress tourism is also big in Vienna, and congress organisations regularly quote Vienna as being one of their favourite venues because of the plenty of recreational and cultural opportunities offered to participants.

Table 10.5 – Visitors to attractions, years 2002-2003. *Source:* Vienna Tourism Board.

	2002	2003
Schönbrunn Zoo	1,806,796	2,001,791
Schönbrunn Palace	1,848,046	1,755,900
Hundertwasser House (est.)	1,008,509	1,049,858
Albertina Museum		804,678
Museum of Fine Arts	653,016	615,179
Riesenrad (Prater's spinning wheel)	615,000	605,000
Imperial palace: apartments	425,338	447,500
Imperial palace: silver collection	414,043	421,400
Danube Tower	402,623	358,977
Belvedere Gallery	380,703	356,564
Leopold Museum	301,000	330,000
Natural History Museum	363,368	316,000

In Table 10.5, the main ten tourist attractions are listed, among which are important museums like Albertina, the Fine Arts Museum, the Leopold and the Belvedere, and heritage assets such as the Schönbrunn and the Imperial Palace. Surprisingly, a notable piece of modern architecture like the fancy Hundertwasser House⁶⁷ ranks third: a sign

⁶⁷ The Hundertwasser House Vienna was the very first architectural project that visual artist-turned-architect Friedensreich Hundertwasser ever was able to build, and it has attracted considerable interest worldwide since its opening in 1986. The HwH Vienna is a private house owned by the community of Vienna and it can only be visited from the outside, for the sake of the tenants' privacy. It hosts the KunstHaus Vienna, a gallery space opened in 1991 and managed as a private business, without any public funding or tax money. The total exhibition space is about 4,000 sq.m.

that Vienna's image is not stuck in the "imperial heritage" cliché. These data do not distinguish between locals and visitors (national or foreigners). It is estimated, though, that around 22% of the total number of attendants to music concerts (1 million) are foreign visitors (a share that rises to 45% with "light music").

Vienna coordinates the promotion of its cultural attractions through its Tourism Board, which focuses on the most known attractions like Albertina and the Opera, whereas the promotion of the "underground" cultural elements is taken care of by individual organisations like the MuseumQuarter and the "Falter" magazine (which circulates especially among the university students). The cultural institutions of Vienna have regular programmes and short-period festival offers which appeal especially to visitors. In the latter case creative artists have a chance to link to the traditional institutions and perform to wide audiences, but it is mostly the case that creative industries and mainstream tourism events have separate marketing processes aiming at different markets; in general, the tourist board shows little interest in building on the "alternative" image of the city. The Mozartjahr 2006 is a noticeable exception. While the festival is going to be visitor-friendly and certainly will have an important additional impact on tourism flows and expenditure, tourism is not the leading element of the programming. The emphasis is rather on the expectations that it raises among the local population, which are of high quality. It will also look to further the cultural identity of the city creating a link with the most recent developments.

10.3.3 Dynamics and networking in the cluster

In Austria, the creative industries have been seen as the newest "hot topic", a panache to the weaknesses in the business environment, which could build on existing assets and skills. The State found 3.8 M € in 2003 for the development of CI in Austria, and a larger funding is expected for the next years, though the political cycle creates some uncertainty about the continuity of those efforts. This approach has been followed suit by the City, which aims to provide the tools and the conditions in order for CI to become a "growth cluster" for the local economy, generating precious spin-offs for the whole community. *Departure* is the instrument that the City deploys to stimulate these conditions. The idea is to "channel" the generous public efforts through strictly business-wise criteria for start-ups and firm support initiatives. Instead than running behind definitions and artistic valuation, this business development agency only considers creative businesses worth supporting if the content of what they do is consistent with innovative international trends in culture and creativity. Much emphasis is put on the "target group" of Departure's action, which the company tries to consolidate as a self-sufficient platform. Departure does deem artistic judgement (international artists are part of the jury which awards the grants) but only to the extent in which artistic excellence is functional to the development of Vienna as a location; thus if they contribute directly or indirectly to consolidate its business strengths.

In the last ten years, the whole cultural sector has indeed managed to become more competitive and internationally oriented, but the report «An Analysis of the Economic Potential of the Creative Industries in Vienna» highlights that Viennese creative businesses still have problems to develop their distribution channels abroad and to grow in firm size and entrepreneurial structure, two aspects that are intimately related. The first problem to this account comes from the very lack of recognition of parts of the creative sector to be a full fledged "urban industry" with economic potential. The

second, from the poor communication flows between different sectors. The network of the creative industries is much less developed than that existing between the “traditional” cultural institutions of Vienna, which, despite some rivalry and a fragmented ownership, in several occasions has shown to be able to speak with one voice and to have a strategic attitude towards urban affairs. Lack of confidence (for example by classical industrial designers who do not see themselves as producers, but marketers of other products) undermines the sector dynamics, hindering the search for “new combinations” and therefore inhibiting the growth of the sector towards more flexible, innovative organisational structures. For CI to become a real “pull factor” for the whole Viennese economy, creative entrepreneurs and artists have to be brought closer to the traditional sectors. Examples abound: from the textile industry, which sees fashion and design as important inputs, but has no strategic links or chain integration arrangements with fashion designers, to engineering, which has lost contact with the world of industrial designers.

The support to creative industries is shared by the cultural community at large, as it is agreed that new development are important in order to keep the cycle of development of the creative potential of the city going. However, to some extent the “paradigm shift” in cultural policy with more attention to efficiency and market orientation means that also in the traditional cultural sectors something has to change and form of restructuring is needed. This would liberate public resources achieving more balanced “sector dynamics”, that is, using the strength in the traditional fields to support the emerging ones. An illustration comes from the theatre sector. While the theatre scene is very rich and strongly supported by the city, it is recognised that the proliferation of theatre productions has not gone hand-in-hand with quality. Thus the cultural department of the city has undertaken a reform in the funding system: instead than continuing to the “a little bit to everybody” model, the department will award large budgets to a restricted number of meritorious projects, fostering an ecology of the cluster which will ultimately lead to the survival of only the best and more innovative companies. This is not so easy in sectors in which the federal ownership prevails, like visual arts.

The network relations between different institutions and even between sectors are indeed quite developed at the level of the large, “traditional” institutions. The cultural institutions of the city are closely engaged with cultural producers who provide the content, and in many cases, these collaborations do not stop at the edge of traditional or “fine” art forms but extend to the most experimental and even business-oriented creative producers. Important museums and galleries like Kunsthalle have a continue dialogue with the creative community, working for the 65% with the small and medium cultural producers, and conversely most individual artists get work from the big, traditional institutions. The universities of Vienna are also strongly committed towards (and trusted by) the cultural community; scholars are sometimes the spiders in the web in networking for cultural projects, and students are used to carry out their art projects in companies or sing private sponsor money. However, at an economic level the network ties are less solid. In spite of the fact that interaction between public sector and private arts organisations is far greater in Austria than in many other European countries, there are no direct mechanisms of redistribution from the big “cash cows” to the small producers, also because the ownership structure is quite fragmented. It is also a problem of coordination, pushed by conflicts of personalities between directors who respond to different authorities.

Within the creative industries the networks are small and fragmented, with few communication channels between sectors, or transversally among same levels of employment, and instead there is a clear limitation from firm size which means that cooperation is crucial for the evolution of the sector. The situation is different in Northern Austria, where design and new media businesses enjoy a very cooperative environment. One important aspect emerged from EURICUR's interviews is that there seem to be no clear "cluster leaders" in the various sub-sectors of the cultural industries, trusted personalities with a vision who would take strong initiatives to develop their businesses further and drive peer players to speak with one voice. Moreover, each sector has its own dynamics, language and even political orientations, which prevent networks from cutting across borders. Even "Kompetenz centres" (like IKE in the field of design) that are involved in mid- and long-term development plans, are largely represented by bureaucrats, rather than people with an entrepreneurial attitude⁶⁸.

Therefore the efforts of public and semi-public bodies in Vienna are directed at stimulating the creation of *platforms* where these are missing. The model looked at is Paris' fashion sector, a constellation of very small firms and producers that is very cohesive and manages to have a national industry status. Both the Chamber of Commerce with its national centre of expertise on creative industries, and the City are developing parallel projects and activities in this sense, trying to balance a "socially responsible" attitude towards culture with the business interest that is central, for instance, in the networking initiatives supported by Departure.

The Chamber of Commerce is an umbrella organisation for firms in creative industries, through a platform that they established at national level. They are keen in keeping doors open for artists, designers, and architects whose professional categories are not members of the Chamber. It is especially active in creating a "network" of supporters for the creative industry among key decision makers within the political and economic circles of the country, sidestepping the obstacles met at an institutional level through personal contacts. "Information days" are regularly held at the national parliament. In Vienna, the Chamber stimulates the development of stakeholders' networks who sustain "creative thinking" and raise the level of awareness in the community towards cultural industries, for instance with the organisation of open air discussions. *Spittelberg Gespräche* is an interesting small scale "twinning" initiative to stimulate new combinations; two parties are put together e.g. architects and tourism sector, multimedia and music, publicity and designers, and are got to discuss on what level they can establish a working relation; for instance, how could architecture become a flagship tourism attraction for the city.

The culture department of the City has formal links with the business development agencies (participating in juries, committees, etc.), but there are also strong informal channels of communication, making sure that artists create their own networks and use them to increase the sources of funding. It is exemplary that artists need to be part of association to receive the funding, a legal restriction which makes funding more transparent and accountable, but also improves networking in the sector. Also, associations provide tax relief. To a large extent, however, a city strategy to enhance

⁶⁸ Notable exceptions are also present. An "office for fashion", funded by City and State, gets subsidies from cultural sector and redistributes 80% of their budget to fashion designers. The popular "Amadeus music awards" are organised by a one-person company and receives unabridged support by the pop music industry.

networking is missing; the administration relies on the self-governance capacity of the sector.

The Mozartjahr 2006 is an event that — in addition to celebrate the great musician and to rediscover his imprinting on the Viennese cultural history — has the potential to reinforce the network relations within the cultural community of Vienna. An example is the process of reunification of the ticketing system for institutions with different ownership structures but all participating in the general programme, which is ultimately supposed to lead to a better coordination of the programme content in the “regime” situation. Secondly, there is an attempt of getting very different “scenes” to know each other and work together. The Mozartjahr organisers are thus trying to involve the now hot underground electronic music artists, as well as modern jazz, fringe theatre companies, ballet groups. They are invited to participate to competitions where an art project is presented, and the winners get funding and the possibility to perform in the event venues. The Mozartjahr strategy illustrates the tension of the “traditional” that pervades most cultural institutions and organisations of Vienna, and that is necessary for the cultural capital of Vienna to remain central in the cultural geography of Europe.

10.3.4 Education, conservation and taste/audience development

The Austrian basic education system is considered very good, and this is an important point for companies who have to cater for the children of their managers. Higher education is also strong and diverse. Vienna has the higher education infrastructure of a large European capital with a strong historical tradition, and of course, a large and articulated education sector in arts and culture. More than 110,000 students are registered in the dozen of higher education institutions. Information on the main Vienna’s universities is synthesised in Table 10.6. As an illustration of how important are art and culture in the Viennese higher education curricula, note that almost all the universities surveyed offer some relevant programme for the cultural or creative industries.

The University for Applied Arts of Vienna (UAA) is one of the most prestigious institutes for art and culture education. Founded in 1867, it has hosted and trained illustrious artists and personalities of Viennese culture such as Klimt, Moser, Kokoschka. The range of courses available at the school is extensive, encompassing architecture, fine arts (painting, tapestry, animated film, graphics, sculpture, photography, ceramics), scenography, design (fashion, graphics), industrial design, media design, art teacher training and restoration. With 1,100 registered students in the various programmes and an enrolment rate of some 250 each year, the UAA privileges small numbers and dedicated student-teacher contact over quantity. The school is very selective, and for an applicant to be accepted it is already an achievement. That is why students normally show great unusual commitment for their work, and this makes it ever more attractive for lecturers, who are indeed of world fame, like architects Zaha Hadid (winner of the Pritzker Prize 2004) and Greg Lynn. The 200 architecture students enjoy a particularly well-articulated network of contacts with firms which makes the transition to the job market very smooth when they graduate, often with in-company projects. Contrary to the University of Music and Drama and the Academy of fine arts, UAA focuses on applied arts, it is thus more concerned with aspects of artistic production rather than cultural content. Important areas are video art, internet art and

media design. The “crossover” in contemporary arts is today a hot debate in Vienna, and this puts the UAA at centre stage as far as cultural developments are concerned.

Table 10.6 – The main Viennese schools for higher education. Fact and figures, academic year 2003.

Source: www.wien.at/.

	Year of foundation	Registered students	Staff	Degree courses	Degree courses in arts and culture
University of Vienna	1365	63,000	6,000	135 Bachelor, Master, Diploma and Doctoral programmes	37 and 4 culture faculties
Vienna University of Technology	1815	15,665	3,127	59 bachelors programmes and 82 courses taught in english	architecture, media graphics, design
BOKU - University of Natural Resources and Applied Life Sciences, Vienna	1862	4,500	738	28 BA and MA courses	landscape architecture
University for applied arts	1867	1,100	340	8 MA programmes, 3 advanced masters, 2 doctoral programmes	Architecture, Art Teacher Education, Design, Fine Arts, Industrial Design, Conservation and Restoration, Scenography, Media, Art and Economy, Exhibition and Cultural Communication Management
Vienna University of Economics and Business Administration	1898	21,776	1,127	7 MA courses, 30 specialisations	tourism and leisure studies
University of Music and Performing Arts in Vienna	1812	3,000	800	54 programmes in University of Music and performing arts and associated institutes	all
Webster University Vienna	1981	60	30	12 MA and BA programmes	art, visual culture, media communication, art history, etc.
Technikum School for Higher Education of Vienna	1994	1,500	400	18 Bachelor, Master, and Diploma programmes	Software Development and Media Informatics
Vienna Biocenter	1985	-	-	4 different institutes with various educational and research programs	-
International University Vienna	1980	-	57	8 BA and MA programmes	-

The school does not focus exclusively on the Viennese cultural scene, and the efforts to be internationally oriented are quite relevant, with foreigners counting for some 26% of the student population. In the last 2-3 years the interest from Asian universities has grown. Chinese and Korean universities are trying to develop new partnerships, and student exchanges programmes as well as collaborations in projects are already well developed. The international scope of the school is also shown by the fact that an estimated third of the graduates goes abroad after completing their studies. This tendency is stronger for industrial designers, while the local market for other specialisations like design (media, graphic, web) and architecture is quite good, though today international mobility for a small country like Austria is a necessity for any career. However, the local orientation is quite strong. Students and teachers of the school are taking an active part in programs and projects of the city and companies in creative industries. The UAA and other universities of Vienna hold regular contacts with the city administration and its articulations, like WWTF and Departure, at political, administrative and operational level. WWTF funds a "science chair" which is meant for invited foreign scholars; the first one was created in bio-tech and in the future it may come to the creative industries field. The higher education institutions are Departure's main partners for elaborating ideas on how to boost the commercial profile of the local CI sector.

As other Austrian universities, the UAA achieved complete legal and financial autonomy with a new university law, and therefore the capacity to spend the federal

transfers deciding which courses to reinforce, which sectors to develop, and how to increase their finances through sponsorships and the participation of private partners in education and research. The fees to attend HE courses in Austria are indeed quite low (some 700 € per year, like in Germany or Italy), and the university is keen that expansion should not be achieved with a growth in enrolment and at the expenses of quality. This also means, though, that there is a capacity constraint on the international catch and on growth. The UAA does not offer but a few postgraduate programmes at the present moment, as they are too expensive face to the size of the local market. Hence the growth strategies have to be more sophisticated. Together with other Viennese actors, the UAA is pushing the project of a new “city design centre”, an excellence and knowledge centre in one of the fields where Vienna is stronger, which could serve as a platform and a window for the sector, also offering specialised postgraduate education of international level, where fees are not constrained by the national system. This would work on conditions that the local market becomes “attractive enough” for foreigners to see some potential in building a life-career in Vienna, and this also entails some change of perception about the city as an innovative hotspot.

The Chamber of Commerce is also actively seeking such links in collaboration with the Technical University, utilising the EU IMPULS programme funds to set up a “best practice” platform for music, design and multimedia that they are now trying to export to other länders. The main challenge for them is to attract students, and especially females, in a situation in which declining demography risks to deplete the local human resource pool. They set up a campaign on purpose, called “more future”.

Viennese students are active consumers and producers of culture. Their role is more visible with traditional art, but there is also a sub-culture emerging, especially in electronic music. The Schools are keen on promoting student cultural efforts. The UAA has large exhibition spaces, and one day a week organises student exhibitions at the Kunsthalle, like the University of Music and Drama, that instead focuses on mainstream classical music. This contributes to the overall exceptional cultural dynamism of the city, showing that for the new generations the boundaries between “high” and “popular” culture are low and that quality can be a common thread. This environment stimulates the demand for more and more sophisticated creative goods. The guiding idea of the Mozartjahr 2006 is that efforts have to be done to make the young hungry for culture, no matter what art form.

10.4 Culture and the local economy

10.4.1 Culture and urban regeneration

Vienna can hardly be described as a city in need of physical regeneration, and it seems quite obvious that in the occasional intervention — as in the transformation of the “Gasometer” area — culture, or better the cultural infrastructuration of the territory, plays an important role. However there’s much less pressure in Vienna than in many other cities of this study, possibly with the only exception of Edinburgh. The city is relatively wealthy, socially balanced and open. In spite of the image problems which the political drift of Austria has generated, Vienna has very little or no “culture clash” with its foreigner population, also because the social housing system has been designed on

purpose to minimise these problems, with a focus on mixed neighbourhood, small-scale development and design on the public space.

However art and culture are central in the way in which Vienna managed to change its image and in the efforts that it is doing to become more international and attractive. Evolving lifestyles and the diversification of cultural expressions have been at the centre of this change in perception from a quiet, slightly *démodé* and old-fashioned traditional heritage city to a vibrant, global contemporary cultural hub. Contrary to what happened in other European capitals of culture, this has not happened at the expenses of the access to culture — which improves all the time — or of the first-class traditional cultural infrastructure, but has come through a better valorisation of the intangible atmospheric assets, with a strong emphasis on modernity and multiculturalism, on looking at the future rather than at the past. Art is lived both as an element of the cityscape and an axis of its economic structure, and art galleries in particular fit perfectly in the renewal of the inner-city economy and regeneration projects. Creative industries are recognised as a possible lever for a change of the whole economic structure of the city towards some smarter, more knowledge intensive and trendy model which valorises “local” strengths. The work of dedicated agencies like *Departure* does influence job creation, but the main challenge for them is indeed how to consolidate the role of creativity as an “input” for other economic sectors which are striving to remain competitive face to the small size of local markets and the opportunities offered by globalisation.

To some extent, the only project that has explicitly addressed the cultural capacity of the city centre, bringing in a fresh element of innovation in the relation between space, art and social practices is the Museum Quarter. An example of the potential of change that it has is its artists-in-residence program, with more than 70 international artists hosted every year for one to four months. The program is on a “peer” basis: the institutes at the MQ decide which artists to invite, and then pay for their travel and subsistence costs, awarding free residence and workspace in the MQ premises. In this period they develop their own projects and perform them at very low overhead costs. The program, which is basically paid by private partners and so it does not weigh on public finances, raises the “buzz” around the world status of Vienna as an art city.

10.4.2 Networks with the local economy

In relatively recent times, the city has seen the potential to “instil” some of the creative strength in the Viennese cultural scene in its economy and make this intangible input become a lever for development through product innovation, differentiation and smarter product packaging. Differently from Germany or the UK, where there are big industrial players with a social corporate strategy, large companies in Vienna are few and most do not carry out R&D (IBM, for instance, only has commercial facilities). Small and medium enterprises are hardly oriented towards investments in the “place” to increase their innovative capacity. Finally, artists and creative businesses are not always ready to catch the opportunities coming from the economic environment. Though art schools like the University for Applied Arts does offer “management” courses, the business orientation of artists and creative talents is clearly insufficient.

Hence, an effort was needed to bring culture and economy closer. Bridges needed to be built, short-circuiting education, creativity and the business community. The impulse for the local business community to “meet culture” has come largely from such public sector initiatives like the first calls for Creative Industries by the WWFF / ZIT) and

Departure (Box 5). The approach of Departure is completely “capitalistic”, and thus attracted some hostility from the decidedly equalitarian cultural community of Vienna. The main idea is that culture should not only live of subsidies, or the process of innovation and generation of cultural capital would come to an end. The generous public investments for culture are used in a “profitable” way to make culture matter for the local economy, to anchor the cultural economy firmly in the patterns of socio-economic development of the city, rather than being an “excuse” for social support. This approach that picks the winners and gives them wings; an elitist idea according to some, but one with an impact.

Box 5 - Departure is a business developing agency, funding start-up projects for firms in industrial design, fashion design, music and multimedia, with a focus on the first three. The methods and amount of support granted by Departure is regulated by EU anti-trust norms in an upper limit of 100,000 € for three years.

The field addressed by Departure is quite atypical for a business development agency, which acknowledges the mechanisms of creative production and allows them a correspondent “operational margin”, on condition that their focus groups feel themselves part of a business community. Hence Departure does not fund cultural institutions, only business ventures with an entrepreneurial attitude and a clear expectation for economic returns. Moreover, Departure does not intervene in the artistic discourse, but focuses on the commercial aspects of culture and creativity, deploying all possible tools that make an entrepreneurial project viable through investments in capacity, marketing, and business training.

The funding method is that of the “calls”, a widely-used tool in technology policy already utilised by WWFF / ZIT and also WWTF to fund innovative pilot research in creative industries and other hi-tech sectors. The calls are announced through the Departure webpage and typical PR activities. Projects proposals are submitted electronically via the webpage, and need to abide to a number of criteria: innovativeness, creativity, financial sustainability, a local (Viennese) orientation, and the professional history of project owners (something that the cultural department of the city would not do when they decide to support an art project). Attention is also given to the degree of chain integration achieved by the project. On the other hand, “export projects” are not favoured; they are required to produce their effects in the local economy, and to influence positively the image of Vienna counterbalancing the “traditional” cultural reputation that the city has. The first call has been issued recently, and it already generated a “stratification” of respondents: those who are in business for many years (fashion, music) submitted interesting projects, while traditional cultural institutions that are regularly subsidised show evident weaknesses in business planning.

In addition to funding projects, Departure uses its funds to organise a number of support activities: business competitions to strengthen entrepreneurial capacity, PR activities like business and promotion tours and international “guerrilla” marketing.

A similar approach is followed by the Chamber of Commerce with its programs that also tap to federal funds for innovation in science. The efforts of the Chamber extend to informal networking and the empowerment of “sector coaches” among industry leaders and world-fame scientists, like P. Bruck (Austrian Research Centers GmbH -ARC), and G. Kiska. These “visionaries” believe in the importance of creativity as an input to innovation in all fields, and are committed to the idea of “bridging” the gap between culture and economics through knowledge transfer mechanisms. Bruck, who was successful with these ideas in Salzburg — a tightly-tied business community with a lot of informal link typical of the “district model” — and now he is called to repeat his efforts in the more problematic Viennese environment.

Universities have also developed their own strategy to make culture a good business. The UAA started a post-graduate programme in “art and economics”, which may give young artists, cultural managers, and intermediaries a deeper insight on how to increase the market value of their work. A EU social fund (ISF) programme has been set up to award

a grant to female alumnae at the end of their studies to start-up firm in the cultural sector. The success of the programme made it a natural template for a more general firm development policy. The UAA is thus collaborating with the Chamber of Commerce to create a sort of incubator for art and design, where the academy provides the infrastructure, the legal framework and the commercial know-how. Such *pepinière* is also capable of changing its physical location (possibly close to the *gasometer* area) into an animated meeting place for the creative class of Vienna.

This project, which is getting a good response in policy circles, has more difficulties to be endorsed with equal interest by the business community, because of the perceived risky profile of the creative industries, and the risk-aversion that characterises firm behaviour in economically insecure times like these. While classical economic sectors are not really to blame for not caring much about CI and not seeing an interesting to fund them, it should be noted that in other cities private entrepreneurs do fund creative projects. Magna Steyr, a car-engineering company, founded three new departments at the University of Technology of Graz. Yet no equivalent enlightened entrepreneur who invests in research and innovative, creative projects is to be found in Vienna. The potential is there, though; for instance Siemens has a light-rail production facility, and the contribution of industrial designers could be very important. Further scope for collaboration could come from the establishment of private chairs in universities.

10.4.3 Private support for the arts and culture

In a city with the amount of public support to culture that is granted by local and national bodies (see Table 10.7), the question of whether private forms contribute to culture risks to be secondary. The big cultural institutions are public and have no problems of money whatsoever. The city funds the larger ones (like Kunsthalle) and the State funds national museums and institutions. Big municipal budgets are also awarded to the Applied Art Centre MAK, the Albertina Museum, and the Museum of Fine Arts. Only € 37m came from private sector against a budget of some € 500m of public funding. Furthermore, a *mecenat* — a current figure in Vienna's cultural history — is today missing, and the city can live without it. The MuseumQuarter, one of the most successful new cultural ventures of the city, has only two private sponsors, a bank and a public holding, which agreed to invest as they saw an added value in the “clustering” of many different institutions and in the “place economy” that they generate, whereas they would not have probably sponsored each individual institution were they to present themselves as separate entities. Mozartjahr 2006, an event which promises to generate a large tourism impact on the city, managed to close some deals with small sponsors, but did not arise much interest from the big companies.

However, the present debate about the desirability of cutting budgets to push more efficiency in public spending for culture could lead to drastic changes. The funding system is presently geared on a one-year horizon (in the case of theatres only it adopts a three-year horizon). The absence of medium-term planning is frankly puzzling for a city where culture is so important, and there the question starts to be raised whether mainstream institutions do need to receive public subsidies even when they have a large commercial potential and hardly any artistic merit. At that point, also corporate social responsibility becomes a hot topic. In Austria there is not the same level of corporate interest for the arts as in the US, but on the other hand the big companies are hardly present, the only ones who have an interest and a status to effect community

investments even in turbulent economic conditions, out of self interest or of a committed attitude towards the place where they derive their brand from. Though some firms are aware that they derive advantages from a good level of cultural life and infrastructure in the city, the small size of the local market as well as the strong competition from “traditional” cultural brands makes it ever more unlikely that companies ever get to fund fringe art, the ones which need it the most. Finally, in the Austrian legal company system the “foundation” is missing, an important associative formula for non-profit institutions which in many other European countries and the US has allowed an more convenient and flexible system of channelling of private funds into arts enjoying fiscal advantages. Thus, private initiative is limited to a museum: BauMax made his own museum as an important contemporary art collection in the North of Vienna. Moreover, the planning laws oblige real estate companies to put aside 1% of their budget for public art projects.

Tab. 10.7 - Public cultural expenditure in the City of Vienna, years 2000 and 2004. *Source:* Österreichische Kulturdocumentation

Sector	funding body	City of Vienna (M €)		Federation of Austria (M €)	
	year	2000	2004	2000	2004
Museums, archives and sciences		33.47		112.21	
Building architectural cultural heritage		7.75		90.74	
Folk culture, preservation of local customs and traditions		2.51		0.59	
Literature		1.00		7.35	
Library activities		0.64		20.80	
Press		-		18.56	
Music		18.16		9.65	
Performing arts		51.22		117.40	
Fine arts, photography		7.94		7.40	
Motion picture and video activities		10.87		12.41	
Radio and TV activities		-		9.61	
Cultural initiatives, centres		1.28		4.84	
Education and further education		0.15		141.54	
Adult education		-		0.18	
International cultural exchange		0.54		34.36	
Large events		20.13		11.84	
Other		15.75		9.31	

The projects funded by WWTF have the potential to stimulate foreign private investment, and the system of calls to fund projects in the creative industries is promising to change the “philosophy” of public funding and achieve a convergence between public and private strategies. Departure was set up to establish this focus, and made available 1.7 M € (due to rise to 2.5 M € in the next year). In this first stage, this is awarded to firms still on the basis of a lump-sum subsidy. However, there is awareness of the risk involved in the scarce business familiarity of young creative entrepreneurs, which keeps scaring off the private investors. Thus today the opportunity of gradually changing the funding procedure towards system a system of co-funding or favourable loans is under discussion.

10.5 Sustainability issues

10.5.1 Spatial issues: the spatial development of the cultural sector

Spatial issues in cultural development are not that relevant in a city where culture is “centric” and there is little segregation between social groups. However, we may note that there is an attempt to involve a larger territory than just the “historical” 1st district and those immediately surrounding it in the development of cultural products and spaces, which would need to be supported by a differentiation of the tourism promotion strategies to involve groups for which centrality and the historical Vienna brand are not as important as the creative edge.

At a regional level, the internationalisation strategy of Vienna could be an issue where culture and the capacity to brand it could be a key for future success. According to some players, Vienna is not focusing enough on its eastern borders in terms of opportunities. Czech, Slovaks and ex-Yugoslavians on their side are barely taking Vienna as a model of cultural development; their target goes even beyond Europe to the United States. This lack of attention could be a missed opportunity to establish Vienna as a regional cultural hub that attracts not only skilled musicians but also innovative creative firms, young talents and academic staff.

Until now, the city’s response has been timid. One notable exception is the City’s programme of “foreign cultural relations”, which is a way to make new groups and markets familiar with the Viennese cultural opportunities, but can also be seen as a tool for social policy and integration. The natural orientation of this programme is to south-eastern European countries, which are the more influenced historically by Viennese culture and from where many immigrants are coming. Close contacts are also held with all the capitals and big cities of the former Eastern Europe (especially Polish) and the Caucasian Area. In these countries the city promotes its most innovative achievements in culture and cooperates to support the mobility of local artists and organisations through its network of “contact offices”, almost like small embassies. Though this is an “open door” for politicians and company people doing campaigns and lobbying abroad, it has an important role for integration and exchange.

10.5.2 Social issues

In Vienna, cultural participation is not really an issue; barriers are low and the whole environment of high culture is surprisingly democratic. Our survey among key stakeholders in culture in Vienna has revealed a democratic, open feel of the city towards minorities and disadvantaged group, in part a reflection of the city’s traditions and in part a reaction against the conservative, sometimes xenophobic signals coming from the federal government. In this context culture could be seen not as a “means” in order to achieve social balance but a condition of the local community which never compromised it in the first place. This has determined a context of “lack of policy”: cultural institutions don't do much for the local society apart from their core activities.

However, the Cultural Department of Vienna is the only Cultural Department of all European capitals that has an own section for “intercultural activities”, amounting to some € 700,000 per year. This section funds especially cultural production of migrants living in Vienna, adding to the more general social expenditure to favour social cohesion. Sometimes the City organises “long nights” of music and theatre in order to

stimulate cultural access especially among the young, and frequently free tickets for the elderly and other disadvantaged special groups. In the next future, the pressure from globalisation and European enlargement could put increasing pressure on the cultural programs to take care of the increasing diversity in the backgrounds of the Viennese population. In this light, the focus on multicultural education is paramount.

10.5.3 Cultural issues

It is maintained that Vienna owes its reputation as a capital of culture to its glorious past, but it sometimes forgets that this “traditional” culture, that has a large turnout used mainly for tourist and economic purposes, once was breakthrough contemporary art. Thus, missing the focus on innovation and “openness” in the artistic scene for the sake of early profits and a conservative branding could be dangerous as it would affect the very essence of Viennese cultural heritage. This recognition clashed against the lack of awareness of subcultures and creative industries to be part of the local cultural scene, and with the poorly “entrepreneurial” culture of the gatekeepers of cultural industries.

In the past Vienna was also a real “hub” for culture, which as a political capital and haven for arts could attract talents and investments from all over Europe. This today is not the case anymore; Vienna is still a convenient training and performing location in classical music and visual arts but it has lost its international cultural status in other fields in which it has not been able to re-establish its international links after WW II. In sectors such as film, media, performing arts, and most creative industries, Vienna has an excellent but “local” production. Moreover, as pointed out before, regional cooperation is hardly working on the eastern border, in spite of the obvious location advantages. As a regional higher educational centre, until now there has been no plan to attract students from new member EU countries, and almost no emphasis on the international dimension of the city in a wide central European context.

Vienna can start to rebuild its international status from concrete projects. The closest at hand is the Mozart year 2006, during which the city will be investing in new culture, not contenting itself just to celebrate its illustrious past. The traditional assets are conceived by the event organisers as a lever to renovate the cultural infrastructure of the city. The “traditional” celebrations are clearly included in the program but there is an attempt to invest in sustainable projects that increase the quality of the cultural stock for the future. Thus, the curator is including in the program also manifestations that are not happening normally through the subsidised system because of bureaucratic obstacles or of the transversal nature of events.

Another necessity would be a clearly identified showcase of Vienna’s excellence in creative industries. In this light the project of setting up a “design centre”, a physical building hosting and linking together people, ideas, research, projects and finances seems a very good point to start with; collaboration with the national association of designers has already been set up for the purpose and a decision on this project is expected soon.

10.6 Conclusions

10.6.1 What is the role of culture in the local economy?

Vienna owes much of its status and image to culture, which is the one true “brand” of the quality of life and the attractiveness of the city. With 14% of its labour force employed in creative production sectors, Vienna is second to none other city in “putting to value” its culture. The world-famous cultural institutions of the city are an ideal bridge between the global environment in which they operate and the local cultural know-how, projecting Vienna on the world scene and giving it prestige. They are also magnets for tourists and artists who see Vienna as the ultimate destination for cultural tourism of the “high type”. Finally they function as an tie between symbolic abstraction and the everyday life of the community, who feel at ease in the artistic world. Parallel to this, Vienna has managed to stay up with the times and to develop a lively though not as well-known underground cultural scene.

The large cultural sector of Vienna generates jobs and economic effects that trickle down to the local society. The creative industries alone, a sector in which regard to some extent Vienna is a latecomer, employ some 120,000 people. On the other hand, much “institutionalised” cultural activity – also in cases where it might have strong commercial potential – is heavily subsidised, a sort of social investment that adds attractiveness to the city but costs to the taxpayers. Today Vienna is trying to consolidate its cultural strength while at the same time trying to increase the market orientation of its cultural sector, especially through the binding of the creative industries with economic development strategies.

10.6.2 Is this role sustainable? What are the dangers for the future?

If the winner equation of the knowledge economy is that between creativity and economic competitiveness, an “arty” city like Vienna has an enormous potential to use culture in order to develop new products, new images, new organisational structures and ultimately new highly competitive economic specialisations. It does need to bridge more decisively the processes of artistic creation and business innovation in order for culture to stay at centre stage and contribute to economic development. However, such ties are not easy to build. On one side, the world of art is naturally sceptical about its economic role, and especially so in a city where cultural purity is almost “sacred” and where even the most conservative or the most experimental art forms have no problems in finding the means to be delivered to the public. Secondly, “innovative”, spurious art and cultural forms suffer the competition of the most celebrated, traditional art forms and hardly emerge from the status of underground scenes. Though the cultural community is aware of the necessity to renew continuously the cultural capital and the creative expressions, bureaucracy and consolidated interests hamper these developments, and risk to transform the culture-rich inner city of Vienna in a lifeless representation of the past.

Vienna also suffers from a common problem in European cities, the ill-organisation of the cultural sector, with fragmented competencies and the lack of “platforms” to generate a sector vision and formulate a cohesive development strategy. Much is left to chance or to the initiative of the individual institutions. The MQ, torn between its important role as a cultural cluster and an innovative space in the heart of the city, and

the diffidence that it generates within the cultural circles, is an exemplary illustration. The vague character of the institution law of the MQ leaves much room for dispute over leadership and coordination. Different initiatives by the City – with its WWTF and Departure “ventures” – and the State with the Chamber of Commerce-led CI strategy, have no clear points of contact and risk to duplicate one another.

10.6.3 How should cultural policy change / adapt to face future challenges?

An endogenous growth process based on creativity needs critical mass; today firms are too small and the cluster too fragmented to develop by mere internal growth. Policy needs to foster this development with strategic actions. Berlin, as well as Scandinavian capitals are good templates for the ways in which they brought design to be an international brand. The funds like WWTF / ZIT and Departure are a good but insufficient instrument. Public funding should be a lever for private investment, not a substitution. More is to be done in the realm of “environmental conditions”, at different levels: economic, but also physical and symbolic. It is felt, for instance, that a big player has to be attracted to invest in creative businesses. For instance, the media industries, even foreign, should be convinced to support the growth of the multimedia sector in Vienna. Large engineering groups should do the same with industrial design. Today, Vienna just “exports” talents in media art or design to foreign countries; the process should be reversed. Similar foreign investments would really start off a process of development, generating mass and visibility to the local creative industry businesses. Obviously, targeted marketing activities should be put in place and financial advantages should be offered.

A physical landmark could give wings to the vision of making excellence in creative industries the new brand of Vienna’s economic profile. An iconic building to host a “national design centre”, as is being demanded by many influential players in the cultural sector, would provide the right signal. It could be catalyst of all that Vienna has to offer in design education, research and commercial applications, offering a venue for debate, knowledge exchange and exhibitions, and ultimately providing the atmospheric flavour needed to integrate more firmly these new sectors in the traditional cultural milieu of Vienna. The buzz around this project should be raised, the same way that MQ intelligently did with their poster and information campaigns, or the Mozart Year organisers are doing for 2006’s celebration.

Marketing campaigns could use the international touring of orchestras and theatre productions to promote other sides of their artistic production to foreign markets of the calibre of the US and Japan, for instance organising “Viennese design weeks” in conjunction with musical events held in New York or Tokyo.

Vienna should definitely not focus on its glorious artistic past, but always look at the future and how to build bridges between its heritage and identity and new cultural manifestations. An old city like Vienna needs fresh strategies and languages. A very good example is given by the Mozart Year who are looking for ways to get DJs and video-producers to be interested in the celebration of the music of Mozart and in general of the traditional cultural identity of Vienna, which is also to say that it gets traditional audiences to look closely at the legacy of that tradition in our times. Another good example is given by the possibilities to digitalise and disseminate the treasures of art

through multimedia and telecom technologies, enhancing dramatically the opportunities for access and understanding.

Finally, solid networking should be stimulated in the new creative economic fields, in order to boost the potential of “contamination” that there exist between art genres and the worlds of culture and economics. Forums, clubs and professional associations should be promoted and supported by the city council together with the local Chamber of Commerce.

10.6.4 What can this city teach to others?

Vienna is one of the few cities in this project that has an explicit strategy for enhancing the business potential of the creative industries, and for developing links between creative businesses and mainstream economic sectors. This is all the more outstanding in a context in which the city is already a major cultural capital, relying on a huge heritage and tradition.

Vienna is also a good example of a city in which cultural production remains of very high quality in a situation in which tourism is a strong economic sector. Vienna manages to remain attractive precisely on account of this quality and not to “deplete” their cultural capital for the sake of easy tourist profit, as it happens in many other cultural tourism destination. This is possible because of the important role that cultural institutions have in defining tourism marketing strategies and in the fact that they are seen as the “heritage of the community”, defining their very cultural identity. For Viennese citizens, culture is a live thing, and they care about it. Secondly, the generous levels of public subsidies (national and local) granted to cultural activities prevent them from having to go excessively commercial in order to make their budgets match. Although this can be seen as economically inefficient in the short run, in the long-term it may turn out to have important economic consequences from the point of view of the added value that they bring to the competitiveness of Vienna as a tourist destination.

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LIST OF DISCUSSION PARTNERS

Veronika Ratzenböck, Österreichische Kulturdokumentation

Gerard Bast, Dean of the University of Applied Art

Gerald Muraier, Wiener Wissenschafts- Technologie- und Forschungsfonds (WWTF)

Wolfgang Waldner, Director MuseumsQuartier

Norbert Kettner, Geschäftsführer von Departure wirtschaft kunst und kultur gesmbh

Christian Wurm, MA 27 EU-Strategie und Wirtschaftsentwicklung

Sylvia Faßl-Vogler, Magistrat der Stadt Wien, MA 7 Kultur

Carina Felzmann, Arge Kreativwirtschaft

Christian Atzmüller, Chamber of Commerce

Franz Patay, Director Mozartjahr 2006