

The Governance of the Creative Industries in European Metropolitan Regions

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Aim and Scope of the Special Issue

This special issue aims at systematically combining debates surrounding the formation of creative knowledge industries in different European (German) city-regions on the one hand, as well as debates on different forms how to govern creative knowledge city regions on the other hand. In the shift from manufacturing and services to more cognitive cultural production and services (*Scott 2006*), a positive urban and regional development today is largely dependent on the potentials and capacities of metropolitan regions to bring about the emergence of knowledge-intensive and creative economic activities (*Krätke and Taylor 2004, Krätke 2004*). Thus, many European metropolises view an identity as a creative city as an opportunity to reposition themselves with respect to international and interregional competition. This is reflected in the enormous number of municipal, regional and national reports on the state of culture and the creative industries which have been prepared in various cities, regions and nation-states as well as on the European level in recent years. In the view of many cities, culture and creativity have

become important location factors which are used extensively in their marketing strategies. This optimism concerning the possibilities of exploiting creativity as a driver for urban regional development, for economic transformation, for job creation, is also an expression of the search for new planning and steering instruments.

In recent academic debates, city-regional development strategies focusing on creativity have been discussed quite controversially. Whereas some authors regard creative knowledge industries and the “creative class” as necessary preconditions for positive future development (*Florida 2005, Landry 2000*), others, such as *Hall (2004), Peck (2005)* and *Scott (2006)* as well as *Musterd and Murie (2010)*, argue that those mainly consumption-based policies which aim at attracting the creative class are too narrow to support sustainable economic development in the respective sectors and, in effect, might even lead to growing disparities in city regions (*Wilson and Keil 2008*).

However, a systematic combination of the debates surrounding the formation of creative knowledge industries in different European

(German) city regions, on the one hand, as well as debates on different forms of governance, on the other hand, have only rarely taken place (see e.g. *Lange et al. 2009a, Pratt 2009*).

Approach of the Issue

The particular background of this theme issue is the assumption that the growing importance of cognitive cultural production and services is associated with a growing need for new modes of governance in city regions for which appropriate instruments and paths have not yet been fully developed. On the one hand, the cross-disciplinary character and the distinct features of the various submarkets of the creative cultural industries must be reflected when developing specific forms of governance. Also, these properties provide only scant justification for the application of existing, traditional forms of control and regulation known from other industries. On the other hand, new modes of production within the creative industries as well as new working and living arrangements among the creative workers themselves (*Lange 2007, Lange et al. 2009b, von Streit 2011*) point to the fact that new modes of governance cannot be restricted to the field of economic policies, but need to be developed in relation to other fields of urban regional policies, such as housing, infrastructure and social security as well.

Thus, the aim of this themed issue is to discuss, from an economic and urban geography perspective, the relationship between policy making and different forms of governance for the creative industries on the one hand and the logic of markets, labour practices, new forms of production as well as the subjective dimension of the workers in the cultural creative industries on the other hand. The aim is, firstly, to form a systematic connection between specific local practices and models of implementation and, secondly, to gain general insights which can be obtained from such governance processes.

The concept of governance fundamentally takes on a guiding function in that the hierarchical, centralistic and managerial character of traditional forms of state control are being expanded and partially replaced by new, decentralised, network-like forms of contextualised control (*Brand 2004*). In extending the disciplinary understanding of governance as it is mainly referred to in political science to the economic-cultural sectors, namely that of the creative industries, the focus of attention is shifting: Applying the concept of governance to the economic sector, it becomes obvious that a multi-level as well as a multi-scalar perspective is of great importance (*Morrison 2007*). While political scientists such as *Benz (2004)* and *Fürst (2004)* have pointed to the complexity of democratically-oriented decision-making, they have also acknowledged that a multi-level governance approach is mainly characterised by the changing relationships between stakeholders situated at different territorial levels and thematic fields, from both the public and the private sectors (see also *Marks 1993, Morrison 2007*). The multi-level governance theory crosses the traditionally separate domains of domestic and international politics and highlights the increasingly fading distinction between these domains, e.g. in the context of European integration. When pointing to the decision-making processes aimed at increasing competitiveness and promoting regional economic fields such as the creative industries, this understanding of governance mainly addresses strategies of negotiation-based approaches by rather new and less established agents in multi-level fields of actions.

Existing steering measures for creative industries mostly follow either a sectoral or a locational logic. The German federal government has only recently started to promote creative sectors, a policy approach that seems to follow a more top-down manner (*BMWi 2010*). Since administrations in their policy practice are generally not used to dealing with creative sectors,

those policy approaches that were designed to promote the media and ICT have simply been applied to the creative industries. By doing so, significant particularities that characterise the creative industries are often neglected (see e.g. *Hesse and Lange 2012* in this issue). This is particularly relevant when considering the relevance of place, the internal market dynamics of creative industries, the network character of entrepreneurs in creative industries, as well as the self-organising potential of creative actors (*Hesmondhalgh and Pratt 2005, Pratt 2009*).

Two structural elements indicate the difficulties of steering creative industries. Firstly, there is an absence of suitable blueprints and “ready-made recipes” for how to promote creative industries successfully. Secondly, the novelty of these markets in combination with the spatial as well as cultural heterogeneity of creative sectors pose enormous uncertainty for professionals in public administration when investing public money in these markets. In the economy-related governance debates, interacting stakeholders are mostly assumed to be stable and formalised, making policy modelling easier. However, in the case of policy-making for creative industries, public administrations are confronted with a broad range of mostly informal stakeholders. Therefore, transferring the same tools and strategies from established sectors, such as cluster promotion in the automotive industries, to the creative sector is doomed to fail, due to the different levels of formalisation in the sectors. Based on this observation, scholars have detected the so-called “globalisation paradox” (*DeFillippi et al. 2007*): The targeted creative professionals have to operate worldwide to make a living, whilst at the same time they depend on a reliable local context. The cultures of interaction in the creative economies tend to rely on local contexts, whilst at the same time the stakeholders in the creative economies are networked at a global scale (see also *Grabher 2004*). This structural paradox applies particularly to the

software/games industry (*BMWi 2009; Strambach 2010*). This paradoxical basic structure, which *Grabher (2004)* has elucidated using the case of the project-based method of working in the software industry, poses a great challenge to practical policy direction and economic support.

Following this line of thinking, the papers presented in this issue have various ambitions. First, they offer an introduction to the topics by presenting empirical trends in the cultural industries in city regions, providing insights into location patterns of these industries as well as addressing the question of scale. The second focus of these contributions is to integrate the questions of governance of the creative industries into current economic and social developments of metropolitan regions.

Last but not least, some recent research is concerned with empirical case studies which either look at the formation of the creative industries in different city regions or critically evaluate different policy measures and approaches in city regions, focusing on creativity and creative workers. For some time now, creativity has obviously been playing a role comparable to that which technology played in the 1980s, and which innovation was about to do in the 1990s: promising to deliver a blueprint solution to a broad range of problems that are hardly to be solved by one overarching strategy. Thus, the aim of the papers in this special issue is to present and discuss relevant actors and measures that aim at supporting the creative industries, and to discuss the options and limitations of these approaches, particularly based on empirical evidence.

Background of the Issue

Academic debates are always situated in the contexts of time and space. One major starting point for this special issue has been the EU-funded research project ACRE – “Accommodating Creative Knowledge – Competitiveness of European Met-

ropolitan Regions within the Enlarged Union” – which ran from 2006 to 2010. Thirteen teams of researchers in different European countries focused on the question of whether and how creative knowledge regions can be stimulated or established in the context of the extended European Union (Musterd and Murie 2010; Musterd and Kovacs 2013). Finally, the idea for this issue has been developed as an outcome of the international conference “Creative Industries – Governance of Metropolitan Regions”, organised by the Leibniz Institute for Regional Geography at Leipzig, the University of Luxembourg and the Ludwigs-Maximilians Universität München, which took place in the town hall of the city of Leipzig on 12th and 13th November 2009 (as an outcome, see Lange et al. 2011). There, academics, practitioners as well as creative entrepreneurs discussed how the creative industries can be supported in different metropolitan contexts, and what modes of governance are most suitable in this respect, taking into account the particular characteristics of the creative industries.

When looking at recent academic and public debates concerning the governance of creative industries, two points have to be mentioned in order to capture most recent developments. Firstly, more empirically-oriented research based on comparative fieldwork, such as the aforementioned ACRE project, has shown that in order to support the creative knowledge economy cities have to pursue tailored policies. This also clearly questions the long prevailing strategy of “best practices” and also critically engages strategies derived from *Florida’s* writings (and others’) on the economic and spatial effects of the so-called creative class. In this respect one of the major findings of the ACRE project was that city regions should take into account three challenges and integrate them into their context-specific policy and strategic planning: i) pathways as a way to understand the localised development of the creative knowledge economy, ii) a broad range of classical location factors (instead of only ‘soft’

ones), and iii) existing local networks (see Musterd and Murie 2010, Musterd and Kovacs 2013).

Secondly, the euphoria at finally becoming a creative knowledge city based on regional development strategies has worn off in many European cities in the course of the enduring economic crisis. Most European states and cities have reduced their cultural spending to a large extent, and many cultural institutions, especially in Southern European countries, struggle hard to survive. In Greece, at the centre of the European debt crisis, the culture ministry announced in 2010 that it was turning to Brussels to make up for the shortfall, appealing for € 540 m to restore archaeological sites and monuments and renovate museums, many of which have been forced to close because of the crisis (The Guardian, Dec. 3rd, 2010). In the midst of the financial and economic crisis, the role of creative industries might change further in fundamental ways.

New Challenges: Economic Crises and Economic Transition

The economic crisis is only one challenge that has occurred since 2008, but a very significant one. Another challenge – namely the economic transition caused by digitation, technological change and new business models – poses a different set of questions, not only how to overcome this crisis but also how to search for suitable new strategies in order to create new labour, new values in the midst of blurring social ties, increasing social inequalities in urban space. The economic transition caused by digitisation and its effects, e.g. on the publishing and music sector, demonstrate the disruptive and unexpected consequences of technological change. Meanwhile, in particular micro-entrepreneurs and an increasing number of freelancers have caught the attention of public administrations, economic development bodies as well as the corporate sector, when seeking solutions in order to im-

plement recent economic models such as smart specialisation, social innovation and cross-innovation in the European Union. Here, many self-organised, so-called “co-working” spaces for instance may tell the story of bottom-up spaces, framed by various creative crowds that do not wait for any proper creative plan by the EU or any nation-state. They are acting on their own behalf, in order to create a context that makes sense in the context of an increasing lack of faith in the political elite. In doing so, many creative agents can assume the role of a pilot or pioneer in this respect: inasmuch as they explore uncharted terrain, operate within realms of possibility and introduce utopian material, they can help develop unorthodox approaches to finding solutions.

Furthermore, the digital world is in the process of increasingly dissolving into the physical and geographical world of atoms, the built environment. “Atoms are the new bits” is the credo of the growing community of “makers”, able to produce highly complex products in domestic garages or public workshops by means of fabrication and rapid prototyping technologies (e.g. the 3D laser cutter for making prototypes). The American economics author *Chris Anderson*, looking beyond the trend for high-tech do-it-yourself practices, has already envisaged the coming dawn of “the new industrial revolution” (*Anderson* 2010): Individualised physical products and flexible small-batch production do not just open up new spheres of activity for designers; they could also bring manufacturing back to industrial locations and inner cities. This goes hand in hand with a new and growing significance of craftsmanship, which is then promoted to the status of a creative discipline, if it has not always been so. Maybe a renaissance of highly specialised manufacturing in the digital age can be observed. It is important to understand that the Internet, of all things, has helped revive and strengthen traditional trade and manufacturing, because it is able to aggregate a critical mass of global cus-

tomers for niche and specialist products stemming from various places around the globe.

Nevertheless, the growing significance of so-called individual entrepreneurs in the creative industries, these individual mosaic stones of an undirected and non-hierarchic “field of action”, seem to have little power initially – but collectively they create the impression of creative industries with vitality, which owes its dynamism and innovative energy to state policies to some degree. One of the first signs indicating that the message is getting through to politicians was provided by the EU Green Paper “Unlocking the potential of cultural and creative industries” in 2010, which calls for more opportunities for experimentation and various conceptions of not only technology-driven innovation (see also *Nordrhein-Westfalen* 2011). The EU seeks to strengthen the creative industries as a catalyst for social, economic and cultural innovation, smart specialisation and structural change. If the EU has understood, it means in this context accepting that the small-scale nature of this policy is not a flaw, but is instead necessary in order to adapt to the structures of the creative industries.

Judging from a broader perspective, structural fragmentation and cultural diversity of the creative industries have the advantage of being more resistant to the imbalances of the systemic relevant market in times of crisis, compared to over-cultivated and highly subsidised monocultures. The creative industries have indeed weathered the last financial crisis much better than many other industries, and this is something from which a creative climate policy can learn lessons. The practices of the cultural entrepreneurs of the creative industries provide concrete hints at how, in the wake of global crises and in expectation of coming changes, economic and social resilience can be organised. Nowadays, robust and sustainable growth does not necessarily arise from individual industries and business sectors, but rather from a broad range of smaller-scale initiatives.

Therefore, we assume that the creative industries provide valuable points of reference for a discussion of the various kinds of practice of governance. On the one hand, the creative economy represents an economy of smaller units, production niches and heterarchic modes of productions which hint at emerging principles of how work and production might be organised in the economy in the future, in other sectors as well. It also represents an innovative reservoir of extremely diverse organisational and institutional responses to the inflexibility of larger economic units and institutions. On the other hand, due to the network character of entrepreneurs in creative industries, as well as the self-organisation potential of creative actors (*Hesmondhalgh and Pratt 2005, Pratt 2009*), public administration is confronted with a broad range of mostly informal stakeholders. This means that new modes of governance have to be developed, which could also serve as a blueprint for context-oriented policy approaches for other sectors and other fields of urban regional policies (*Pratt 2009*).

The Papers in this Issue

The contribution by *Rolf Sternberg* focuses on the question of whether creative regions can be established by deliberate government action. By situating current local economic development policy, which refers to *Richard Florida's* concept of the "creative class", in the context of more recent debates (clusters, high-tech strategies), the paper critically assesses attempts to transfer *Florida's* empirical results to concrete policy instruments in specific localities. *Andy Pratt's* paper is concerned with questions of policy, work, regulation and organisation. It thus focuses on the theoretical as well as the practical challenges of governance in the creative and cultural industries, by examining the concept of culture, the making of culture, and the governance of culture; individually and in relation to one another. *Christian Berndt's* paper investigates

creativity from a labour perspective. In his paper, he discusses two interrelated arguments in more detail. First, he sees growing evidence that a revolution in the organisation of work is being observed, a revolution that partly dissolves organisation "as we knew it" into an open network of information, communication and production. Thus, the once proud motto of the traditional industrial working model – working means production – is increasingly being replaced by a perspective where 'working means communication', quoting sociologist *Dirk Baecker* (*Baecker 2003: 18*). Yet at the same time, this shift occurs in a market society context where a corresponding pressure is exerted on the agents of creativity to be marketable and profitable. The paper discusses related challenges and contradictions that seem to be indicative of the state of work or labour in the creative economy.

The paper by *Markus Hesse* and *Bastian Lange* is concerned with the rising interest in creativity as a means of urban regeneration. In empirical terms, it explores the case of Berlin, the German capital. Against the background of so-called "paradoxes" of creativity, two local areas of conflict are discussed in more detail: first, a riverside area that is under pressure of globalisation and gentrification ("Mediaspree"); second, an inner-city street corridor ("om-street") with creative occupation that currently suffers from urban degradation. The two cases demonstrate the different ways in which the new cultural economy is going to be territorialised. In this context, the paper draws some general conclusions on urban governance for the creative city.

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