



## CREATIVE ECONOMY AND CREATIVE CITIES

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### Biographical note

**Marta-Christina Suciu** is Professor and PhD in Economics at *the Academy of Economic Studies Bucharest*, Department of *Economics and Economic Policies*. Her main research interests focus on: microeconomic and macroeconomic analysis and policies; education; knowledge-based society and economy; intangible assets; intellectual capital; creative and innovative economy; creative and innovative management; competitiveness.

### Abstract

The paper sets out why creativity has become so important to urban and regional economics. It focuses on the role of creativity, creative industries, creative economy, creative class and creative cities for the modern urban economics. It points out the idea that the power of the future economy lays within the development of the creative city. The aim of a creative city is to make us to think of our city as a living work of art, where citizens can involve and engage themselves in the creation of a transformed place. Every city can be more creative that it currently is and the task for the city wanting to be creative is to identify, nurture, harness, promote, attract, and sustain talent and to mobilize ideas, resources and organizations.

**JEL Classification:** R11, R58, R59

**Key words:** creative economy, creative cities, urban economics, creative class, sustainable development.

## 1. Introduction

Cities, large or small, must be receptive to the best and most innovative ideas and talents from around the urban world. To be competitive, cities need to set objectives about how to use efficient and effective all their resources: economic; political, and most of all, cultural resources. To be successful and to obtain and retain a long-run sustainable competitive advantage cities must not neglect their creative and cultural potential.

Cities have always been the centers of culture and civilization and the hubs of creation. But today they face enormous challenges (infrastructural, economic, social and environmental problems) and dramatic changes are taking place. There has to be a paradigm shift in the way cities are managed.

A *creative city* is a better place to live, work and play in. It is a local place that appreciates the advantage of investing in people, entrepreneurship and innovation.

## 2. The Creative City: Innovation, Research and Development

Babel, Sodoma, Babylon, Alexandria, Athena and Rome were viewed as standing for human power, wisdom, creativity, and vision, but also for human perversion and destruction. Images of the modern cities restated this ambivalence with fresh intensity. Great modern cities like London, Paris, Berlin, Toronto, Boston and New York, have repeatedly been portrayed as sites of opportunity, power, vitality and creativity.

Successive stages in the development of cities' economy were described in terms of a core of characteristic growth, such as efficiency, productivity and flexibility. Within the *knowledge-based society and economy*, the defining elements of the new economy have put creativity and innovation (including *social innovation*) at the center of success and long-run sustainable competitive advantage.

Rosabeth Moss Kanter in her book, "*Evolve*" declares: "*Succeeding in the Digital Culture of Tomorrow, is a lot like looking at the world through a kaleidoscope. You look at a set of elements, the same ones everyone else sees, but then reassemble those floating bits and pieces into an enticing new possibility. Innovators shake up their thinking as though their brains are kaleidoscopes, permitting an array of different patterns out of some bits of reality.*" (Kanter Moss, 2008, p.261)

As is the case with business successes for cities will depend on creativity. The *creative city* will be home to creative individuals and to creative businesses and organizations. Creative cities, however, will not arise spontaneously. They will require *creative leadership*. Innovation, creativity, design,

ideas, concepts are fast becoming powerful engines driving economic growth in both developed and developing economies.

*“The creative cities represent a soft policy for the neo liberal urban conjuncture, making the case for modest and discretionary public spending on creative assets, while arising a favored bundle of middle-class life styles-based on self-indulgent forms of overwork, expressive play, and conspicuous consumption-to the status of an urban development objective. Homo creativus trades on an especially atomized form of human capital (talent), while positively thriving on relentless competition and long hours of work. Urban leaders are likewise urged to do what it takes to transform their cities into talent magnates, having been made acutely aware of the risk-if they do not adequately tend to needs of the young and restless-that they will be demoted to the rust belt of the shiny, creative economy.”*(Landry, Charles, 1995, p.37)

Innovation and creativity are essential for sustainable growth and economic development. Several core conditions enable creativity innovation and encourage economic growth at the local level: strong standards and effective enforcement of intellectual property protection; vigorous competition; investment in stable economic, legal and social environment; a strong and sustainable fundamental research and development infrastructure; policies and mechanisms to promote the science innovation interface; ethics; a strong emphasis on lifelong learning education at all levels and for all its types (formal, non-formal, informal).

### **3. The Creative City and the New Urban Economy**

Every city should be working to identify opportunities in the new knowledge-based society and creative economy and readying itself to catch the wave.

The *new economy* has caused a positive revaluation of *urban assets*. In the *new economy* factors such as *intangible assets, intellectual capital, human capital, quality of life, and research institutions* are much more significant. The challenges created for cities by the new economy are becoming opportunities for a sustainable development.

Success requires, first, confronting and overcoming the complex challenges and, then identifying and capitalizing on the opportunities create by the new economy.

There are some steps to be taken today to develop *a creative city* and put in place the elements that will support creativity and innovation at the local level. No single city can be looked as a model.

For every problem or objective relating to making cities better, there are examples of successful and creative effort.

#### 4. How to Become a Creative City?

Most creative city strategies are arts strategies. However, there is a plethora of *business creativity* publications. There is little work on the creativity of solving urban problems or urban development. Many cities have developed ambitious strategies to create destinations for business and recreation visitors.

To become a *creative city*, it is essential not only to have information and creativity but also the ability to use them properly. *Long-run exogenous and endogenous determined competitive advantage* and *sustainable growth* depend on being able to attract the right talents. By taking a look at history we may find many legendary figures that were not only talents science but were also well versed in artistic pursuits. Einstein, for instance, was a violinist, Galileo a poet. For a *creative city*, the creation of new wealth by putting these resources to good use can facilitate a better understanding of a society's development needs on which a clear vision, priorities and strategies can then be developed to involve the widest possible participation in creative pursuits.

##### *Culture of Urban Creativity*

The target for *the Culture of Urban Creativity* is defined as college-educated young professionals in core fields like science and engineering, art and design, entertainment, computing, and the media, whose defining characteristics include a preference for lifestyle, distinctive purchasing patterns and mobility. The city itself has to be attractive, not only to business, but also to the workforce.

*Urban creativity* requires an *ethical framework* to drive the city forward and to offer a good quality of life. This requires a focus on *soft creativity*, which is the ability to nurture cities and their cultural ecology ([www.all-city.co.uk](http://www.all-city.co.uk)).

Today cities look to creativity for different people for different reasons (<http://wp.urbanreinventors.net>).

Many cities or regions are locked into their past either because of physical infrastructure or because of their mindset. The adjustments require changes in attitudes and in how organizations are run. The key driver of the new knowledge economy is *creativity* that is moved to the center of urban policy and *new urban economy*.

##### *Urban Regeneration and Cultural Heritage*

The capacity to be creative is culturally determined. Many cities have urban *distressed areas* suffering from economical, social and environmental problems, and requiring *a new approach to urban regeneration*. Improving the quality of life in such areas has become a challenge of growing importance for political decision-making practice.

In October 2004 UNESCO's *Global Alliance for Cultural Diversity* launched the *Creative Cities Network*. The Network connects creative cities so that they can share experiences, know-how, training in business skills and technology on a global level. This encourages diversity of cultural products in domestic and international markets, employment generation and social and economic development (UNESCO, 2009). The *virtuous cycle of creativity* that is shaping the foundation of *creative cities* is also contributing to the evolution of '*new economy*'. So far the following cities have been appointed to *the Creative Cities Network*: Aswan, Egypt (UNESCO City of Folk Art), Buenos Aires, Argentina (first UNESCO City of Design), Santa Fe, New Mexico (UNESCO City of Folk Art), Popayan, Colombia (first UNESCO City of Gastronomy) and Edinburgh, Scotland (first UNESCO City of Literature) (UNESCO, 2009).

## 5. Iasi as a creative city

The "*UK-South-East European Forum*" network is the result of *the new perspective on cultural and political entrepreneurship* promoted by *the British Council* for the development of this part of Europe.

The network built by *the British Council* in *South-East Europe* includes one city that is considered as representative for *the cultural industries* and for the *creative potential* from the following countries: Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Kosovo, Macedonia, Romania and Serbia-Montenegro.

The forum is an initiative that aims to create alliances and common programs of regional cooperation, between the new generation leaders in *South-East Europe*, based on British expertise and by encouraging *partnerships with the UK*. The forum has three strands: *People and Politics; Youth Action and Creative Industries*. The three strands each develop their own projects, but they encourage *cooperation* and the *synergic effects* of these projects, intending to create contacts and to mediate communication between the young leaders in the area from various domains and with different academic or political backgrounds. *Intra-regional alliances* and *cooperation* with the UK are keywords of the Forum. *The network of creative cities in South-East Europe* is a project within the *creative industries* strand, which needs a number of cities in the region to launch and support the concept of

*creative industries* through events, workshops, seminars, publications of specific projects to the local politicians and the local business community, so that we can talk about *a new economic activity* as a component of *local and regional identity*, as well as an instrument for the economic development of the city and of this part of Europe.

Iași was chosen as the “*creative city*” to represent Romania among other teams coming from Bucharest, Cluj, Iași and Timișoara. Iasi becomes a partner in *the South-East Europe network* after a meeting organized by *British Council Romania*, on October 28, 2004. *The South-East Europe network* of “*creative cities*”, established after the Conference in Plovdiv, 13-18 March 2005, includes, next to Iași, the following partners: Plovdiv (Bulgaria), Split (Croatia), Novi Sad and Belgrade (Serbia/Montenegro), Tuzla (Bosnia), Pristina (Kosovo), Skopje (Macedonia), Tirana (Albania). In all these cities, between 2005 and 2008, various larger or smaller projects had been launched, in order to turn the spotlight on the creative potential of the area and to try to establish common objectives and interests, so that the importance of developing and supporting the creative industries will become obvious both for the national and for the regional public.

A crucial component of this program is the *focus on regional development*. Apart from Tirana and Belgrade, the other cities are cities occupying a secondary place in the country economy, marginalized by the centralist policies of the capital city, developing cultural prestige projects in an effort to increase their visibility and thus open up a new channel for financing the local community and government by the use of culture.

Linking these cities in *a regional network* is a way of *creating partnerships in South-East Europe*, as well as a strategy for counter-balancing the power of the “*centre*” through means adapted to the new perspective, which generates more dynamic, more flexible public policies that are at the same time more effective for the “*periphery centers*”. The orientation towards *encouraging the creative industries* seems to be an effective way of creating *public-private partnerships* or for launching *cooperation programs* and projects in the local area able to support the development of creative cities, most often disadvantaged by the discriminatory allocation of public resources and funds at country level, in favor, usually, of the administrative capitals. The “*UK-South Eastern Forum*” initiative by *the British Council Romania* together with Iasi city authorities started the “*Creative Cities*” Project in Iasi. The project is the result of several months of research, and it represents the most important product of a project launched in 2005, at the regional *UK-SEE Forum* in Plovdiv (Bulgaria), by an interdisciplinary team, whose composition was suggested and set up by the manager of *the British Council Centre* in

Iași. The project, funded by *the British Council* in partnership with institutions and businesses from Iași, was called “*Building on Success: Towards a Creative Hub*”, in the first year and “*Developing Communities Through Creative Industries*” in the second year. It has been launched in 2005, in Iași, during an international workshop and it was concluded successfully in March 2008 ([www.IndustriaCreative.ro](http://www.IndustriaCreative.ro), 2008).

The project's main purpose was to make Iași a relay of expertise and a model of presenting creative industries, both for *the North-East Development Region* and for other cities in Romania and in *South-East Europe*. The *success stories* have provided information about the number and *the diversity of creative industries* present in Iași.

Based on these *success stories* it had been prepared a *guidebook of the companies and actors in the city*, illustrating the economic potential of the creative sector and the need for it to be promoted. In order to be able to evaluate the project results, it is important to underline the targets set from the outset. Iași team set out to have the following results:

- to create a *local and regional partnership* in order to develop creative industries within Iași;
- to achieve a *mapping study* following a common methodology with other *SEE Forum partners* based on UK experience;
- *showcase success stories in creative industries* in order to advocate Iași as a *creative hub*;
- to raise awareness about *the concept of creative industries* and their role in *regional development*;
- to create a local network of creative industry professionals, politicians, business community, public institutions and NGOs.

The evaluation of the economic potential of *creative industries* and their role in the city's identity and development could not be achieved without a mapping survey that provide the background based on which it would later establish, through quantity and quality analysis, whether Iași is truly representative for *the creative industries* and whether its affiliation to *the South-East European network of “creative cities”* is justified (*British Council*, 2008).

#### *The map of creative industries in Iași*

The classification of *creative industries* and the determination of the activities which can be integrated in this new economic sector are different from country to country, but, as a rule, as all the mapping research has shown so far all over the world, it includes the following domains whose activity involves artistic or scientific creativity: architecture and urban regeneration; art and design; performing

arts; film and video; photography; mass media (written on paper, audio or video); fashion and apparel design; traditional crafts; monuments and cultural tourism; music; advertising; software and interactive video games; printing and binding; web design.

The methodology used in the survey in Iași follows the common principles established in the meeting in Split (Croatia), in June 2005, in the workshop organized within the framework of the *UK-SEE Forum*, called “*Mapping Creative Cities*”.

It starts from the principles applied in this type of research by *Calvin Taylor*, a professor at the *University of Leeds*. In order to have a comprehensive view of this sector, there have been analyzed both the private businesses and the culture or media institutions financed from public funds.

For the section dedicated to the private economic operators, “*Private Sector*”, there had been investigated the following domains: *media & publishing; design & advertising; fashion; it; architecture; music & video*. In the second section, “*Public Sector*”, dedicated to the institutions that are financed by the local or central budget, there had been included: *mass-media; performing arts; museums; libraries & archives*. ([www.IndustriaCreative.ro](http://www.IndustriaCreative.ro), 2008). For the economic operators in the private sector there had been used, the same as in the British research, the numerical business classification index (CAEN – “*Clasificarea Activităților din Economia Națională*”/“*Classification of the National Economy Activities*”), depending on the activity domain of the company. *The Romanian CAEN index* is structured according to *the common methodology of the European Union countries*. Moreover, it offers the advantage of an objective criterion for analysis and it will allow future sociological and statistical evaluations on a common basis. The guidebook will help the companies in Iași know each other better and create partnership networks, that the potential investors will be convinced that Iași offers a friendly environment, favorable to investment in the creative industries and that the local authorities will support in the future the development of this dynamic and profitable sector. Last, but not least, all the members of the survey and editing team involved in the creation of the guidebook express the hope that it will contribute to taking Iași out of its inertia, oriented towards a glorious cultural past, and that the entrepreneurship spirit and dynamic management, following the British model, will generate prosperity and the development of creativity and, implicitly, of culture, bringing to Iași, as it certainly deserves, prestige and regional and international visibility.



## Conclusions

The most important elements of *the creative City* are:

- Not only artists, scientists, workers and craftsmen should involve themselves with the creative work, but also all citizens should evolve (or expand) their creative activity. It is necessary to encourage production of useful and cultural valuable goods and services, and to improve environment of factories and offices.
- Universities, technical schools, research institute, theatre, libraries and cultural institutions which support creative activity of science and art in a city have to function as creative support infrastructure.
- The environmental policy is crucial. It preserves historical heritage and a city's environment and improves amenity. Consequently, citizens enhance their creativity and sensitivity.
- A city has to have the well-balanced economic basis which supports sustainable and creative region.
- In terms of public administration, *the Creative city* is composed of the creative integrated urban policy, unified cultural policy with industrial policy and environmental policy under the democratic management of the public finance.

*The Creative City* is both a call for imaginative action in the development and running of urban life and a clear and detailed toolkit of methods by which our city can be revived and revitalized. *The Creative City's* effect on actual revitalization is a subject of intense debate worldwide.

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