

CREATIVITY AND URBAN ECONOMIC DEVELOPMENT

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INTRODUCTION

Three distinct but overlapping conceptions of the role of creativity are embedded in public practices designed to promote urban economic development (Murphy 2001). First, the 'culture industries' have been targeted as sources of jobs and business opportunities. Second, strategies to attract and retain members of the 'creative class' have been advocated as alternatives (or supplements) to attracting firms. Third, 'community development' has been coupled with the arts and related areas as a vehicle to underpin economic vitality and thus to promote social cohesiveness. This paper outlines the first two of these distinct but interrelated conceptions of the relationship between creativity and urban economic development and critically evaluates the prospects for mobilising creativity as a basis for development in each context. Given the title of the symposium reference is made to Sydney's cultural economy using data from a study of which the author was a co-researcher (Gibson, Freestone and Murphy 2002) and other sources such as the recent collection of essays edited by Freestone, Randolph and Butler-Bowdon (2006) that contains a number of essays on Sydney's cultural economy.

BUILD CULTURE INDUSTRIES

Cultural products/culture industries

Scott (2000) defined cultural products and services as those that embody 'semiotic' or 'symbolic' content. For example, the clothes we wear to keep us warm and to protect our modesty also say something about our sense of fashion, allegiance to particular social groups and so forth. Operationally, cultural products and services include films, television programs, multimedia, books, magazines, newspapers, dramatic and musical performances, certain categories of clothes, art works and design in all its forms (including architecture, urban design, fashion). From a lay perspective, cultural production and creative production would seem to be much the same thing.

The *culture industries*, that is the sets of businesses and not-for-profits that produce cultural products and services, whilst not large by comparison with other sectors, are reasonably significant in size. Moreover they stand to grow rapidly in the context of burgeoning international trade (including tourism), growth in the communications and entertainment sector and continued growth in real incomes and leisure time that are in part required to promote cultural consumption. Another reason why the cultural economy of cities is significant, and this distinguishes it sharply from other economic sectors, is that it is both an outcome of, and a generator and interpreter of, local cultures. As such, the cultural economy is richly diverse, and has fundamental interconnections with issues of deep social significance. Stuart Cunningham's (2006) argument in support of the creative industries is the most recent Australian example to deploy arguments around economic benefit.

Sydney's culture industries: statistical profile

Tables 1 & 2 (Gibson, Freestone and Murphy 2002) show the industry and occupation categories used by the Australian Bureau of Statistics to measure employment in culture industries and occupations; the data are the latest at hand at the time of writing but it seems likely that the broad patterns would be much the same if the most recent data were displayed. The Tables also show numbers employed in each category in Australia together with export values for cultural products and services. National governments around the world use these standard categories in their statistical collections.

An understanding of location logics can assist governments to attract producers of cultural products and services and to enhance the growth of in situ producers. A first step is to map the scale of employment and business activity in each type of cultural production. This can show where scale and competitive advantage exist, and where growth is occurring, and hence where public support might assist in accelerating growth (there is not much point in pressing for growth in sectors where the market is not already expressing it). As an example, Table 3 shows location quotients for Australian metropolitan and non-metropolitan regions. Quotients greater than 1 indicate that employment in a region is higher than would be expected for the size of the economy. First, Sydney is well ahead of the other Australian cities. Second, culture industries are underrepresented in non-metropolitan areas; this reflects the association of cultural production with large cities but does not mean cultural production is non-existent or unimportant elsewhere. The metropolitan primacy index in Table 3 shows a similar pattern to the location quotients. For comparison, Table 4 shows business locations by industry category as opposed to employment category. Bearing in mind that Sydney has 22 per cent of Australia's population, it is clear that the city is significantly over-represented in most of the culture industries. Location analysis can further identify location factors and hence give clues to the types of factors influencing growth. Some of these are intractable from a policy viewpoint (e.g. agglomeration economies associated with large cities). Others may be manipulable (e.g. provision of subsidies to attract investment that will capitalise on existing skills).

Industry clusters

A useful conceptual framework for developing strategies to promote growth in cultural production is *clustering*. This approach owes to Porter's observation in *The Competitive Advantage of Nations* (1990) that export-oriented industries typically cluster geographically and that the competitive dynamics and learning associated with these clusters are what makes them strong. Scott (1997, p.12) put it like this: "almost always the different cultural sectors within a single city constitute an evolving community with its characteristic styles, sensibilities and themes [due to the fact that] these sectors typically transact intensively with one another and participate in shared labour markets, but also from their exploitation of design cultures and images from the local urban context."

The inference drawn by regional developers is that clusters can be identified and that governments and industry groups can promote their growth by ensuring the provision of knowledge and other resources that would not automatically be accessed by individual firms.

Governments also try to attract in-bound investment. Such 'industry attraction' efforts may or may not be part of a considered cluster building strategy. Certainly if significant subsidies are required to attract business investment there is unlikely to be long-term benefits. Businesses in general invest where the business logic is sound and if they have to be bribed they may finish up in locations that are not sustainable for them in the long run.

A more recent refinement of the cluster approach to development is to identify 'anchor infrastructure' and shape business development around this. A Sydney example would be the Sydney Theatre Company's Headquarters in Walsh Bay around which industries supporting theatrical productions might be located. (An issue here is the extent to which co-location is

necessary - as long as services are accessible to the STC it does not really matter if they are close by). Sydney's latest metropolitan strategy uses the 'magnet infrastructure' concept although its deployment is notably unarticulated (NSW Department of Planning, 2005, p.71). Despite the inclusion of a map of the culture industries (ibid p.51) there is no further reference to them in the document.

ATTRACT CREATIVE PEOPLE

Who are they?

On a separate but related track, a number of writers have made a connection between urban economic growth and the presence of creative workers. The notion of 'culture industries' certainly includes creative workers (as well as many who would not normally be so defined) but writers such as Reich (1991) and later Florida (2005) define creative workers much more broadly than this. Reich's notion of 'symbolic analysts' broadly correlates with Florida's 'creative class.' For Reich symbolic analysts include: "all the problem solving, problem identifying, and strategic brokering activities ... research scientists, design engineers, software engineers, civil engineers, biotechnology engineers, sound engineers, public relations executives, investment bankers, lawyers, real estate developers ... management consultants, financial consultants, tax consultants, agricultural consultants, architectural consultants, management specialists (and all the culture industry workers) (1991, 177-178).

Why are they important and what attracts them?

Whilst many writers have noted the association of creativity with urban economic development, Florida's particular contribution has been to argue for a relationship between the incidence of creative workers and economic growth. According to his studies, cities with disproportionate numbers of creative workers have higher levels of economic growth than cities of equivalent size. In order to understand this relationship Florida constructed indices that purport to measure the features of cities which attract creative workers (the famous 'gay' and 'bohemian' indices, amongst others). Broadly speaking, Florida argues that cities which are cosmopolitan, culturally mixed, socially tolerant, have 'café cultures', a vibrant arts and public intellectual scene and so forth, are the most attractive. His research (as is well known by urbanists but less so by policy makers) has been widely criticised by other regional economists. Kotkin (2004), in particular, has argued that, at least in the US, stronger growth has occurred in cities that have relatively low scores on these sorts of factors. According to Kotkin:

Economic growth is more likely to be found in areas dismissed by Richard Florida and his media supporters as barely worth living in. It's not likely that this correction will be trumpeted with anything like the fervour of Florida's original claims, however, because many journalists prefer his original perspective. In fact a whole industry has arisen over the last decade to promote the premise that economic growth directly follows 'quality of life' factors that appeal to singles, young people, sophisticos, and trendoids. What really matters are dance clubs, cool restaurants, art museums, and hip shopping districts, many writers agreed. If you go to many of today's new growth hot-spots, however, you will find few of those supposed prerequisites of prosperity. America's new growth hot-spots tend to be economies centred around basic industries like construction, distribution, retail and low tech manufacturing.

In his latest book, Florida (2005) shows a high level of sensitivity to the criticisms his work has attracted but the jury is out on that and to tell the story would require another paper altogether.

Attraction strategies

Whatever the validity of Florida's research, the key question is whether his insights can be turned into public policy measures. A moment's reflection will show that most of what attracts the creative class to a city cannot be manufactured. The cosmopolitan feel of a place evolves over its history and for the most part is unplanned. Quality of life is however important and governments can influence urban design, architecture and environment factors. For post-industrial cities, amenity in the broadest sense is a major influence on their economic fortunes and governments need to be aware of this. As a footnote it is perhaps interesting to note that McNulty (1985) wrote about the economics of amenity a quarter of a century ago. He was not so much concerned about the cultural and social side of things but the essence of Florida's argument was presaged by McNulty.

CONCLUSION

This seminar is predicated on the idea that the culture industries, broadly defined, are a vehicle for community development and urban economic development (and that the two games may be interrelated). In order to turn social research into policy-relevant prescriptions it is necessary to understand the different ways in which the culture industries have been deployed in development discourses. Although these different perspectives are over-lapping they are quite different in their focal points and the policy insights that emerge from them.

The culture industries are moderately significant elements of urban economies (more so if the definition of cultural products and services is broadened). Finding ways to accentuate their growth – by stimulating home grown activities and attracting investment from other regions – makes sense. The development strategy is essentially an application of cluster building.

Creative people, however loosely defined the class, may well be essential elements in economic performance. Strategies to attract and retain them therefore make sense. Much more so than creative industries, however, the conditions that attract creative people are likely to be difficult to manufacture. Nevertheless, some of those things that make cities vibrant places in which to live can be influenced by government action.

Turning back to Sydney, there is no scope here to review the policy history but brief observations can be made about industry attraction and people attraction policies. Broadly speaking, the NSW government has eschewed any serious engagement with economic development. The government's position has been that Sydney has all of the competitive advantages and does not really need to compete with other Australian cities. Accordingly, apart from isolated events, such as the bidding war for Fox Studios and support for the annual Australian Fashion Week, there has been little support for the culture industries as development drivers. This limited and ad hoc engagement contrasts with the pro-active approaches in the other states. As far as the 'creative worker' theory is concerned, like governments around the world, Richard Florida has made a number of visits. Whilst entertaining and suggestive (typically to those who know little about the dynamics of development) there is little evidence of significant policy development in this area. That is probably just as well because the conditions that attract and retain members of the so-called creative class are almost entirely the product of market forces and so there is minimal scope for intervention.

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Table 1. Value of production, exports and employment in the cultural industries, Australia, 1996-1997[†]

Industry sector	Employment in cultural industries, 1996		Value of Australian production (total supply of goods and services), 1996-1997		Exports 1996-1997 ^{††}	
	No.	%	(A\$ million)	%	(A\$ million)	%
Core arts industries						
Visual and literary arts	7262	4.1	463	1.8	n.a.	n.a.
Live theatre, music, entertainment	17108	9.6	912.3	3.6	22.5	2.7
Museums, galleries, libraries	18976	10.6	782.9	3.1	5	0.6
Sub total	43346	24.3	2158.2	8.4	27.5	3.3
Other cultural industries						
Services to the arts	2040	1.1	179.6	0.7	1.4	0.2
Printing and publishing	39312	22.0	7595.8	29.7	256.5	31.2
Radio and television	21038	11.8	3328	13.0	282.2	34.3
Film production and distribution	24283	13.6	1797.8	7.0	39.5	4.8
Photography services	7157	4.0	264.9	1.0	n.a.	n.a.
Sub total	93830	52.5	13166.1	51.5	579.6	70.4
Related industries						
Advertising ^{†††}	18300	10.2	8490.8	33.2	147.7	17.9
Architectural services ^{†††}	21000	11.8	1107.4	4.3	26.7	3.2
Parks and zoos	2095	1.2	591.4	2.3	1.8	0.2
Sub total	41395	23.2	10189.6	39.9	176.2	21.4
Other income (all cultural industries)	-	-	38.6	0.2	40	4.9
Total	178571	100.00	25552.5	100.0	823.3	100.0

Sources: industry categorisation adapted from Throsby (2001). Employment data adapted from ABS (1996, custom cross-tabulations); production and export data aggregated from ABS (2001a).

[†] At the time of writing, the most recent available figures for both the Australian and New Zealand Standard Industrial Classification (ANZSIC) and the Australian and New Zealand Standard Commodity Classification (ANZSCC) were from the 1996 census and 1996-1997 Australian National Accounts (ABS 1996; 2001a). Standard Commodity Classification codes are linked to Standard Industrial Classification codes (i.e. commodity outputs of discrete industrial sectors). Future ABS publications will make use of a new coding system: the Culture and Leisure Industry Classification.

^{††} Data on total exports were not available for certain industry sectors, including visual and literary arts, printing and publishing, and film production and distribution. Sub totals in these categories hence under-represent accurate export performance.

^{†††} Employment data for these sectors is sourced from Throsby (2001). As with other entries, production and export data is derived from ABS (2001a). The inclusion of extra categories of employment by Throsby (2001) accounts for differences between the totals included here and those discussed in relation to cultural occupations for the 1996 census in the text of this paper.

Table 2. Employment in cultural industries, Australia, 1996, by occupation[†]

Cultural Occupations	Total	% all Cult Occupations
Designers & Illustrators	23,909	14.7
Extra-Systemic Teachers	20,824	12.8
Journalists & Related Professionals	14,360	8.8
Architects & Landscape Architects	11,280	6.9
Librarians	9,575	5.9
Visual Arts & Crafts Professionals	9,512	5.8
Library Assistants	8,622	5.3
Performing Arts Support Workers	7,893	4.8
Musicians & Related Professionals	7,622	4.7
Photographers	6,252	3.8
Library Technicians	5,500	3.4
Architectural Associate	5,091	3.1
Media Production & Artistic Directors	5,021	3.1
Film, TV, Radio, & Stage Directors	4,913	3.0
Actors, Dancers & Related Professionals	4,092	2.5
Authors & Related Professionals	3,186	2.0
Ticket Collector or Usher	2,831	1.7
Media Presenters	2,516	1.5
Environment, Parks and Land Care Manager	2,337	1.4
Park Ranger	1,705	1.0
Interior Decorator	1,163	0.7
Theatre or Cinema Manager	933	0.6
Museum or Gallery Curator	757	0.5
Museum or Gallery Attendant	706	0.4
Archivist	640	0.4
Photographers Assistant	495	0.3
Conservator	356	0.2
Piano Tuner	355	0.2
Museum or Art Gallery Technician	310	0.2
Total	162,756	100.0

Source: ABS (1996, custom cross-tabulation)

[†]Employment figures in this table are aggregated according to occupational status, rather than industry classification. This data categorisation enables those engaged in 'creative' activities in 'non-cultural' industries to be counted.

Table 3. Location quotients, metropolitan primacy, employment in Australian cultural industry sectors, capital city and balance of state, 1996

Location	No. employed in cultural industries	% employment in cultural industries	Location quotient	Metropolitan primacy
Sydney	44,150	2.64%	1.40	1.86
Bal NSW	12,516	1.42%	0.75	
Melbourne	28,911	2.08%	1.10	1.63
Bal VIC	6,284	1.27%	0.68	
Brisbane	11,435	1.72%	0.91	1.14
Bal QLD	11,456	1.51%	0.80	
Perth	9,566	1.73%	0.92	1.88
Bal WA	1,920	0.92%	0.48	
Adelaide	7,559	1.73%	0.92	1.61
Bal SA	1,682	1.08%	0.57	
ACT	3,894	2.61%	1.38	n/a
Hobart	1,636	2.08%	1.10	1.18
Bal TAS	1,817	1.75%	0.93	
Darwin	779	1.91%	1.01	1.6
Bal NT	502	1.19%	0.63	
Other Territories	6	0.38%	0.20	n/a
Total Australia	144,113	1.89%	1.00	-

Source: ABS (1996), custom cross-tabulation based on ANZSIC codes.

Table 4. Business locations, cultural industries: Sydney v Australia, 1998

Cultural Industry	Business Location Counts by Local Government Areas		
	Sydney	Australia	Sydney (%)
Newspaper Printing or Publishing	211	1016	20.8
Other Periodical Publishing	250	602	41.5
Book and Other Publishing	166	480	34.6
Recorded Media Manufacturing and Publishing	82	209	39.2
Book and Magazine Wholesaling	155	496	31.3
Recorded Music Retailing	255	912	28.0
Film and Video Production	1397	2762	50.6
Film and Video Distribution	59	163	36.2
Motion Picture Exhibition	92	476	19.3
	70	370	18.9
Radio Services			
Television Services	107	372	28.8
Libraries	173	1108	15.6
Museums	62	437	14.2
Zoological and Botanic Gardens	15	110	13.6
Music and Theatre	413	1102	37.5
Creative Arts	443	1137	39.0
Sound Recording Studios	99	240	41.3
Performing Arts Venues	47	158	29.7
Services to the Arts n.e.c.	347	810	42.8
Video Hire Outlets	406	2163	18.8
Photographic Studios	630	1921	32.8
Total Cultural Industries	5479	17044	32.2

Source: ABS (1998), custom cross-tabulation