MAIN CONNECTIONS BETWEEN CULTURAL AND CREATIVE ACTIVITIES AND THE SOCIO-ECONOMIC SPACE

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The symbolic structure of a community has always played a relevant role in the configuration of the socio-economic space. However, this influence has become stronger over the past two decades. As the EU indicated in its Green Paper “Unlocking the potential of cultural and creative industries” (2010), factory floors are progressively being replaced by creative communities whose raw material is their ability to imagine, create and innovate. All formulations of the Knowledge or Information Society highlight the increasing importance and centrality of the symbolic dimension in social and economic relationships. However, this perception has become a cliché that lacks the complete and definitive evidence necessary to clearly explain the causes, the variables, the relationships between said variables and their consequences.

The European Competitiveness Report 2010 indicates that creative industries, which are cultural sectors indeed, account for 3.3% of the total production of European Union (EU) measured in terms of Gross Domestic Product (GDP). However, using the broader classification proposed by UNCTAD (2010), they reach 6.5% of the EU’s GDP. These figures are quite similar for the worldwide economy, in which creative industries generated $2,706 billion GDP in 2005 and exports of creative goods and services reached $424 billion, representing 6.1% of the world GDP and 3.4% of the total world trade (Howkins 2007; UNCTAD 2008). In addition, the creative industries sector has been one of the most dynamic in Europe, showing great growth potential and generating wealth for the countries and regions that host them. The report also mentions that between 2000 and 2007, employment in the creative industries grew by an average of 3.5% per annum, compared to 1% in the overall EU-27 economy. In the US and China, the creative industries also grew quickly, with employment growth rates of 1.8% and 1.9% per annum respectively.

Europe 2020 is the EU’s growth strategy for the coming decade. In a changing world, EU wants to become a smart, sustainable and inclusive economy. These three mutually reinforcing priorities should help the EU and the Member States deliver high levels of employment, productivity and social cohesion. Concretely, the Union has set five ambitious objectives - on employment, innovation, education, social inclusion and climate/energy - to be reached by 2020. Each Member State has adopted its own national targets in each of these areas. Concrete actions at EU and national levels underpin the strategy. As we will see in this article, cultural and creative industries have a central role in the development of Europe 2020 strategy.
Cultural policies clearly belongs to the sphere of intelligent and inclusive growth. The cultural field produces values, and values are one of the elements that determine our behaviour and govern the way we perceive the world. In fact, it is our set of values that sets the objectives of the institutions we create in order to articulate our life in society. Therefore, all our institutions are the result of our hierarchy of values and a consequence of our cultural architecture. However, if we lower our level of analysis, we can see that the satisfaction of cultural needs is the main purpose of any economic system and that the set of values derived from the cultural sphere shapes the rest of the socio-economic space.

Ultimately, the role of an economic system is none other than to fulfill the desires, wishes and objectives of a community. Once the basic material needs have been covered, the next group of needs are those related to the individual or collective cultural dimension. This idea materializes in the formulation of the cultural rights (Fribourg Declaration, 2007), which can be basically summarized in the right to be, the right to express oneself and to communicate and the right to participate through culture and artistic expression. Cultural rights, as a substantial part of human rights, constitute the intrinsic dimension of the value of culture regardless of its other values. Culture is valuable because it makes us inherently human.

The rapprochement between economy and culture is a recent process, despite the widespread idea among all areas of humanist philosophy that economic growth constitutes only the means to achieve cultural progress. Ironically, Linder (Linder, S., 1970) denounced the lack of connection between the professed means (the economy) and the purported end (culture): “The cultivation of the mind and spirit is generally accepted as being the supreme goal of human effort”. The profane thinkers who developed the gospel of economic growth regarded economic progress as an active means of promoting cultural progress. They expected that more and more time would be devoted to the cultivation of the spirit. In Tibor Scitovsky’s words, ‘they hoped that progress would turn more and more people into philosophers in their own image, engaged in the leisurely and philosophical contemplation of the world and its wonders’. Much of the optimism of the Enlightenment thinkers was bound up with such expectations. Now that economics has developed into a science, its practitioners have lost interest in the ultimate purposes of economic growth and how much can be achieved. Nor have the analytic tools developed been able to provide any insight into the interplay between economics and culture. However, the time allocation theory can provide some guidance in this respect. It reveals what many may call a disturbing circumstance: economic growth subjects culture time to an increasing competition, and the time devoted to cultural exercises is probably decreasing”. Keynes himself believed that the economy should be seen as a means to move on to superior realizations of art and culture (Hession, C., 1984). In other words: the economic system enables individuals to realize their cultural rights, acting as a tool to achieve the ultimate aims of mankind. Culture gives an ethical purpose to economic organization. The notion of progress itself has been reconceptualized, evolving from being associated to merely economic growth to incorporating aspects like human development, social justice or environmental quality. Moreover, culture becomes a moral imperative as the purpose of progress. Sen’s understanding of progress as a process that improves individuals’ capacities and expands their freedom (Sen, A., 2001) obliges us to include cultural issues among the purposes and means of progress. The new aims that must be fulfilled by the collective organization system are related to the broadening of the possibility frontiers that individuals can reach through the manifestation of their cultural dimension.
The field of culture is externalizing values that permeate into the socio-economic space and seem to be much more in line with the concept of sustainable development, especially against the backdrop of the economic crisis. Concepts like copyleft and commons create new universes of values that affect the economic and the social space. They reflect a new hierarchy that includes aspects like the explicit wish to innovate, relational consumerism (as opposed to transactional consumerism), free exchange, critical thinking, personal development, solidarity, cooperation, networking, the value of diversity and beauty, participation and the importance of the recreational and vital dimension as opposed to the purely economic gain. In other words, the actions of creativity are not exclusively guided by instrumental rationality. Expressive values and values of exchange and mutual benefit are also at work. Recently, we have become aware that it is precisely the instrumental rationality based on the maximization of profits that has led us to this dead end street of financial and economic crisis, which has pointed us towards a certain ethical reassessment of the individuals’ needs. Values from the cultural field like cooperation, solidarity, transparency or responsibility are being reclaimed. These new values spread through the conventional social spaces but also through the new ethics that radiate from the social movements articulated on the Internet. The interests that guide creative action are not only economic. Thus, the concept of innovation broadens to incorporate value-creating social processes. The new producer ethics spreads throughout the economy and materializes in the emergence of new values, models and business sectors. The values of sustainability, creativity, transparency, participation, responsibility, technology and commitment become the ethic foundations of new productive sectors like the Social Economy, the Digital Economy, the Creative Economy, the Open Economy or the Green Economy. Therefore, the values and principles that promote socioeconomic dynamics in line with the ideal of sustainable development acquire greater importance, as the European Commission pointed out in the report “Unlocking the potential of Cultural and Creative Industries”. The convergence between cultural activity and social purposes constitutes a main priority, especially in social innovation processes and in the practices related to the cooperative economy (Murray, Caullier-Grice, Mulgan, 2010). The values that radiate from the cultural field also arise as a reaction to the “inadequacy of the present socio-economic paradigms to handle the distributional discrepancies, build sustainable models of economic inclusion and solve the problems of urban, environmental and social violence that we suffer, not by equalising down, but by allowing a new class of agents to enter the economic circuit, albeit mostly in an informal manner”. (Fonseca, A., 2008)

The values stemming from the cultural field incorporate a new dimension into the maximization processes that determine decision-making. Thus, individuals take into account factors that go beyond the evaluation of costs and benefits in purely economic terms. Participation in cultural and creative activities, be it in the market or in the social sphere, is explained by the usefulness provided by the pleasure and recreation of creative processes; the autonomy and personal entrepreneurship, the softening of hierarchies; the possibilities of innovation and lifelong learning; the need for communication and exchange; the possibility to participate in projects with social impact; the perception that these work environments are egalitarian and open to diversity and the fascination for the novelty of the sector (Ptqk, M., 2011). Nowadays, some discourses attribute behaviours apparently distant from the conventional notion of instrumental rationality to much subtler maximization models that point towards the emergence of a new era characterized by nonmarket production and innovation processes driven by the democratization of digital production media and the surplus that they generate (Benkler, 2011).
From a more philosophical perspective, the cultural space builds its own dignity. Taking this requirement into account, the creative economy is founded on the values of the solidarity economy in the sense that the aim is producing and acting together, respecting democratic principles, sharing cultural values and establishing relationships based on negotiated reciprocity. Cultural commitment prevails over the rewards obtained through monetary payments. Artists may sell a lot, but their projects do not have to be profitable to be considered of general interest: they only need to implicate the people around them that are committed to produce meaning and values in the public sphere to feed the common imaginary of “living together” (Lucas, 2009).

The cultural field provides a set of individual values that facilitate the implementation of sustainable development models, while cultural organizations incorporate new organizational values. The movement that unites creative workers and the new management is bidirectional. “On the one hand, creative workers (in the broader sense: artists, architects or software developers) are increasingly required for tasks related to post-industrial mutation and innovation. On the other, the new human resources management uses them as an inspiration and adapts the old factories to the requirements of contemporary economy”. (Ptqk, M., 2011)

The relevance of values in the articulation of demand is another differential element of the “cultural attitude”. The articulation of the “demand for novelty” in social spaces becomes the sanctioning mechanism for innovations proposed by the set of cultural and creative activities in a certain exchange space. Therefore, the “creative class” is not only relevant from the perspective of economic and social innovation. Ultimately, it is the creative class itself that constitutes the solvent demand that accepts or rejects innovation through its buying preferences. This hypothesis is rare among the majority of innovation studies, which suggest that new ideas are scarce and valuable things derived from important investments. However, in the context of art, music, fashion and intellectual ideas, the experience of consumers that move in social spaces filled with novelties comes closer to a regular exposure to innovation. The Internet has multiplied the possibilities to access cultural goods and services. The issue is no longer stimulating production, but rather managing its abundance.

![Figure 1. Cultural Values and economic space](source: Rausell, Abeledo (2012))
One of the essential characteristics of symbolic production is that the attributes of space are somehow integrated in the production of creative goods and services, as is the case of fashion in Paris, theatre in London, music in Nashville or ceramics in Caltagirone. Cultural and creative activities are particularly sensitive to grouping and “districtualization”. A cluster can be defined as the densification of the relations established in a certain territory between public and private organizations in a particular sector. This densification generates financial and technological externalities due to the co-existence and combination of the forces of competition and collaboration rooted in the historical tradition of the territory and its socio-economic context.

All cultural activities have a high level of connection with the territory that manifests itself in the agglomeration of cultural production and consumption in areas that benefit from scale effects and externalities. There are countless examples of territorial concentration of such activities that combine endogenous and exogenous factors to reaffirm their specificity (and consequently, their competitiveness) in a global context: on the one hand, taking advantage of the specific production conditions of each location (influenced by a culture based on the local dimension), and on the other hand, becoming part of larger structures of flexible specialization. (Costa, P. 2011)

Space not only constitutes the geographical referent of cultural resources (material or immaterial). It becomes a resource on its own. A cultural district with a creative component is a district in which creativity is a relevant input in the production process of symbolic goods and services and where production and distribution through a network of small and medium-sized companies that are born from the branching off of “ambitious operators” and most of the time share common relations and similar operational and management models. These kinds of districts are also characterized by a high degree of specialization and continuous innovation, combined with flexible labor relations models. Another requirement that a district needs to fulfill to be considered “cultural” is that the flows of information and knowledge transmission have to be very dense. Low transaction costs in “erga intra” information transmission processes, informal dissemination of know-how and the existence of common tacit knowledge are a must. Formal and informal spaces where the different agents can interact and get involved in “cross-fertilization” processes between stakeholders and projects are also necessary.

This last consideration is especially relevant, since cities like the Athens of Pericles, Florence, Paris or New York have proved to be adequate melting pots for the connection between artistic creators. From the urban dimensions that allow frequent and casual contact between citizens (up to 50,000 inhabitants) to the emergence of bohemian neighbourhoods associated with the cultural agents that live in large metropolis, spatial concentration seems to be essential to generate processes of “creative eclosion”.

The existence of spatial spillovers and their effects on innovation has been widely recognized in the regional and urban economics literature (Capello 2006). If we apply this concept to the issue at hand, the logic is that creative industries produce externalities that are transferred to other industries in the same geographical space. If the externalities affect the production function of firms operating in the region, then we can talk about an “external economy” that generates pecuniary returns for the firms. This, in turn, translates into higher levels of income in the region.

The literature offers a wide range of approaches to external economies. For example, the Frontier Economics (2007) report on the effects of the spillovers of creative industries on the economy of the United Kingdom (Creative Industry spillovers – Understanding their impact on the wider economy, p.1) differentiates between:

1. Knowledge spillovers – new ideas that benefit other firms without rewarding the firm that creates them.
2. Product spillovers – new products that are used to benefit other firms without rewarding the firm that has produced them.
3. Network spillovers – benefits that can only be generated when firms group together.
The report suggests that “a number of Creative Industries may be unique in their ability to generate network spillovers by attracting other firms and workers. This will apply to firms that can confer attractiveness to an area” (Frontier Economics 2007, p.1-2). Another way to divide spillovers is considering whether they result from proximity and regional synergies or from regional and institutional factors.

Spillovers arising from proximity, regional synergies and regional interaction include several mechanisms:

1. Within-industry spillovers coming from specialized industries and regional clusters. This kind of external economy was first described by Marshall (1890), who referred to a specialized local labour market, local specialized suppliers and knowledge spillovers. Recent research has relied on similar mechanisms. For Jaffe (1986), the initial concentration of creative industries in a region boosts the future development of creative industries or their production.

2. Cross-fertilization between different industries. This idea, proposed by Jacobs in 1961, entails the exchange of complementary functions or knowledge between different industries located in the same region. Thus, the existence of creative industries in a region provides complementary functions and knowledge to other industries. Cross-fertilization can also occur between related varieties (Boschma and Iammarino, 2008). In this case, there are knowledge spillovers due to the complementarities between sectors in terms of shared competences.

3. Social diversity. As opposed to the “melting pot” societies, social diversity and multiculturalism generate new ideas and forms of social organization that affect the regional performance (Jacobs 1961). As Florida (2002) remarks, creative people like all this social diversity, so places considered diverse tend to produce and attract creative people.

4. Human capital density. Knudsen et al. (2008, p.464) point out that “high densities of creative capital lead to frequent face-to-face interactions, thus facilitating ‘creative’ spillovers and subsequent innovations”. Regional institutional factors refer to the role of networks between organizations, financial and legal institutions, technical agencies and research infrastructures, education and training systems, governance structures and innovation policies (Iammarino, 2005, p.499) in regional innovation. Rodríguez-Pose (1999) indicates that the capacity of institutional networks to catalyze innovation depends on the “social filters”, understood as the combination of the social and structural conditions of a given territory. Through this social filter, territorially embedded institutional networks favour or hinder innovation.

From the supply perspective, the size and articulation of the territory are necessary conditions to facilitate serendipity, cross-fertilization or creation by friction and chance. From the demand perspective, territory is the space where critical masses of solvent demand of innovation crystallize, where new values and attitudes are identified, imitated and disseminated. Therefore, territory sanctions economic, social, institutional and political innovation, making it visible and disseminating it. Space, culture and economy show a high degree of symbiosis. In modern capitalism, this symbiosis is re-emerging vigorously in the economic dimension of culture in certain cities. The more cities have a specific cultural identity, the more they enjoy “place monopolies” that translate into a specific economic configuration and competitive advantages on the global market (Scott, J.A., 2000).
The literature that explicitly addresses the role of culture in the promotion of economic development does not offer a precise and in-depth description of the relationships between the variables involved. In recent years, there has been an onslaught of studies on creative cities and territories and local development models based on culture. This trend was popularized by Richard Florida (2002) with his various publications on the concept of the Creative Class. Paradoxically, there is a true explosion of literature that already brings empirical proof of a disruption in the current economic cycle, which means that we cannot ascertain whether the theories that served us well to explain the role of creativity and culture in the past will still be valid to explain their role in the future. The key question is whether the cultural sector is just another economic sector that has gone through an excellent period during the first decade of the 21st Century thanks to the combination of terciarization, the restructuring of the value chain in many sectors and the technological revolution of digitalization and globalization and will go back to a more discreet behaviour when these processes deplete or reverse, or whether we are talking about an activity that, as pointed out by authors like Potts (2007), has become the key element that defines the competitive potential of organizations, companies and territories. Potts and Cunningham (2010) propose four possible scenarios to situate cultural and creative activities within the dynamics of development:

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<tr>
<th>Model</th>
<th>Description</th>
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<tr>
<td>The Welfare Model</td>
<td>Culture is a net charge on the economy, which is worth paying for, because the global effect on welfare is positive. The intervention of cultural policy is justified by the consideration of “tutelary goods” or the theory of “market failures”, according to which the market is unable to internalize the cultural value of the good.</td>
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<tr>
<td>The Competitive Model</td>
<td>Culture is just another sector. Hence, changes in the size of the creative industry affect the whole economy but only proportionally. Culture is structurally neutral on the global dynamic. Effects on income, productivity or welfare are no different from those of any other sector. In terms of public policy, culture is as deserving or undeserving of subsidies as the rest of the industrial activities.</td>
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<tr>
<td>The Growth Model</td>
<td>In this model, creative industries are a growth vector in the same way that agriculture was at the beginning of the 20th century, or factories in the 1950-60s. There are many possible explanations, but they are all variations of the idea that creative industries generate externalities that cause variations in productivity or in the competitiveness of other sectors (for example, innovation-oriented design) or facilitate the adoption and retention of new ideas and technologies in other sectors (e.g., ICT).</td>
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<tr>
<td>The Innovation Model</td>
<td>Creative industries are not a sector per se, but rather they are a structural part of the innovation system of the economy as a whole. Culture leads the changing process in the economy and is considered a public good in a dynamic sense.</td>
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The implications in terms of cultural policies are very diverse. While the first model outlines a merely protectionist intervention structure, the second one points us towards a conventional industrial policy and the fourth understands cultural policies as a part of the innovation policies.

The ability of cultural and creative activities to affect the potential for growth of a certain territory can be linked to several factors. The most obvious ones are related to productivity and its effects on competitiveness. The greater productivity of cultural and creative activities with respect to the average economic activity is the most obvious explanation for the fact that an increase in the percentage of economic activity related to the cultural and creative sector improves the capacity for growth of the whole economy as a consequence of its increased productivity (Rausell, P., Marco, F., 2011). However, it is clear that this cannot be a hefty effect, because cultural activities only represent a modest proportion of the whole system.
Culture can also affect the global capacity for growth through its potential to boost competitiveness by becoming a complementary attribute in certain sectors. Tourism is the paradigmatic case. The cultural dimension, understood as complementary offer in Porter’s terms, improves the competitive ability of mature tourism products. Another effect pointed out by numerous authors is the role of cultural territorial density as an element of localization of economic activities not necessarily linked to culture, often despite the higher costs of the remaining production factors. In addition, the other economic sectors use inputs from the creative and artistic sectors in their production to add a differential element to their products and services, thus improving their competitiveness.

Obviously, the analyses we are most interested in are those which link cultural and creative activities to the growth processes linked to innovation. The research linking creative industries and innovation, both understood in the broader sense, is still in its infancy. There are two main lines of research: one focuses on innovation in creative industries and the other studies the role of Creative Industries in the promotion of innovation across the rest of the economy. Cross-sector spillovers are not only present in the Creative Industries, but more importantly between creative and non-creative industries. It is through the latter that creativity generates cascading innovations in contiguous manufacturing and service sectors (for studies on the links between creative and non-creative industries, see Bakhshi et al. 2008, Experian 2008). It is through such cross-spillovers that creativity impacts indirectly on the wider innovation economy, contributing to economic growth. Many creative industries produce innovations that reach the markets in the form of intellectual property. The most common forms of intellectual property related to creative industries are patents, designs, trademarks and copyright. This includes from artistic creativity, quite common in creative industries, to scientific creativity, typically associated with R&D activities.6

Of course, creative industries can also affect innovation in an indirect way. The role of creative industries in regional innovation and in the innovation that takes place in other industries has been addressed by Bakhshi and McVittie (2009), Chapain et al. (2010), Cunningham and Higgs (2009), Davis et al. (2009) and Potts (2007). The authors identify two mechanisms: the transfer through input-output links between creative and non-creative industries (Bakhshi, 2009; Muller et al., 2009), and the spread of spillovers from creative industries to the rest of the economy (Chapain et al. 2010, Davis et al. 2009, Sunley et al. 2008, Gwee 2009, Potts 2007). Müller et al. indicate that from a micro perspective, “the creative industries are among the most innovative sectors in the economy. They support innovation in a variety of other sectors through creative inputs, such as ideas for new products (i.e. innovation content), supplementary products and services (such as software) or marketing support for product innovations. What is more, they are also an important user of new technology and demand innovations from technology producers, particularly information and communication technologies. Their own innovative activities are a key driver for supporting innovation. However, the creative industries are not an homogenous sector. While software and advertising show the strongest links to industrial innovation, architecture and content providers contribute relatively little to industrial innovation”.

Bakhshi and McVittie (2009) and Müller et al. (2009) state that creative industries introduce innovations both directly and indirectly through links in the supply chain. The analysis of direct innovations is part of the first group of studies about innovation in creative industries. Indirect innovation happens when creative industries support innovation in other industries through creative inputs and knowledge exchange, which can be either upstream (goods and services sold by each industry to the creative industries) or downstream (creative goods and services purchased by each industry). For example, Bakhshi and McVittie (2009) estimate that “if a typical firm in the UK spends double of what it does on creative products – around 6 percent as opposed to 3 percent of its gross output – the likelihood that it will introduce a product innovation either new to the company or to its market is around 25 percent higher”.

The importance of the creative sectors for the wider economy has also been highlighted in studies published by Work Foundation and NESTA (2007) or Experian (2007). The first refers to the effects of innovation in the software sector on the growth of the economy in terms of an increase in Total Factor Productivity, while the second one shows that the links in the supply chain (forward and backwards) are those that exist between creative industries. Moreover, the Centre for European Economic Research acknowledges the role of creative outputs and, introducing a methodological change, establishes that
creative industries boost or stimulate innovation in sectors that provide them with inputs (especially technological ones) because they require a high degree of technical sophistication.

The report “Creating Innovation: Do the creative industries support innovation in the wider economy?” collects evidence on the B2B trading linkages between creative companies and other sectors in the United Kingdom and concludes that “the industries more connected to the creative industries have an increased performance in innovation”. (NESTA, 2008: 3)

Reid et al. (2010), Cunningham and Higgs (2009), Gwee (2009) and Potts (2007) include the creative industries in the innovation ecosystem of any given economy because of their influence on the innovation environment. Moreover, Gwee (2009) stresses that increasing innovation in knowledge-based creative clusters requires time. The author also indicates that government policies should ensure the development of a human capital capable of generating creative products and ideas.

In their study of the United Kingdom, Chapain et al. (2010), state that some creative industries are more innovative than the high-tech manufacturing industries and the non-creative knowledge-intensive services. However, the three sectors tend to co-locate, meaning that creative industries influence innovation in other sectors. They found this relationship in the different spillovers from creative businesses: knowledge, product and network (“urban buzz”).

Work Foundation and NESTA (2007) add that job mobility spillovers are the most powerful way in which creative industries create spillovers. Kloosterman (2008) finds these innovation-generating spillovers among the young professionals of the Dutch architectural sector, many of whom come from outside the Netherlands.

Müller et al. (2009) also emphasize the contribution of creative industries to innovation, although they include the high-tech and low-tech manufacturing and the services industries among the beneficiaries.

Davis et al. (2009) argue that the dynamism in the creative cluster of screenbased media in Ontario is due to innovation, mostly driven by small firms. The cluster cooperates with its counterparts in the United States and participates more in the social environment than technological clusters. Other authors support the idea that the impact channel of cultural and creative activities is articulated through the models of interaction between the cultural capital and the social capital. The simpler models derive from Florida’s thesis of the Creative Class, which according to the European Competitiveness Report (2010) links urban growth to the Knowledge Economy. Mellander and Florida (2009) indicate that the creative workforce can have an indirect impact on regional growth through its positive impact on high-tech employment, innovation and entrepreneurship. The authors stress that occupations related to arts and culture, which have not typically been associated with regional development, play a significant direct role in the process (Mellander, Ch., Florida., R., 2011).

The results seem to indicate that the structure of relations between the cultural and creative dimension is more complicated and sophisticated than previous analyses suggested. More sophisticated approaches inspired by Romer’s endogenous growth models (Romer, 1990) describe the incorporation of cultural capital into the economic system. These approaches connect with Sen’s formulation of capability building. In this sense, the crucial issue is enabling individuals to access the competences that are needed to appreciate and value creative goods or experiences (Sacco, P. L., Segre, G., 2009). The density of cultural and creative activities in a territory thus becomes the medium in which these capabilities are built. The novelty of this approach is that it incorporates the demand, since it considers that the degrees of competence and the capabilities acquired by the inhabitants of a certain territory through culture ultimately determine whether or not there is a critical mass of solvent demand for cultural goods and services. In these models, the cultural capital is an essential part of the growth processes, where knowledge alone does not suffice. “Our claim is that the simple use of knowledge attained through education is not a sufficient condition to obtain effective productive employment models, since cultural insight, imagination, and originality are essential, and the main source of these qualities is cultural capital (Bucci, A., Segre G., 2009).

Finally, another channel through which cultural and creative activities impact on the capacity for growth is their role in the evolution of institutions through the creation, adoption and retention of new ‘social technologies’ or coordination rules. Cultural and creative activities contribute to institutional innovation, which is why they are important for economic development. According to Jason Potts, this
suggests three different levels of analytic focus for the dynamic contribution of the creative industries. First, the creative industries have microdynamic effects. This entails the acknowledgement that the process of economic evolution involves agents that react to novelty and change.

It is an entrepreneurial action insofar as it constitutes an imaginative creative leap based on perceptions of economic opportunity within the constraints of economic institutions. The creative industries play a key role in these microdynamics. Secondly, the creative industries have mesodynamic effects. These are the contribution of the creative industries to the innovation process. In evolutionary economics, an innovation trajectory (or meso trajectory) follows a three-phase process: origin, adoption and retention. The creative industries are instrumentally involved in all three phases on both the demand and the supply side, which makes them part of the innovation system. Thirdly, the creative industries have macrodynamic effects. These are the industrial and institutional dynamics in the context of economic growth and development. Again, the creative industries contribute to institutional dynamics (and therefore economic development) through their role in the co-evolution of cultural, political and socio-economic systems.

The different formulations of the relationships between cultural activities and development are summarized in the following table:

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<tr>
<th>RELATION</th>
<th>DESCRIPTION</th>
<th>AUTHORS</th>
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<tr>
<td>Direct impacts of the cultural and creative activities. Increased direct productivity of the system</td>
<td>Culture and creativity show higher levels of productivity than the average of the economy, and therefore have an instant impact on the ability to generate wealth</td>
<td>Rausell, Marco, 2011</td>
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<tr>
<td>Increased competitiveness of other sectors</td>
<td>Spillovers as complementary offer that can improve the attractiveness of a certain territory, catching the attention of visitor flows, physical or human capital</td>
<td>Florida (2002)</td>
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<tr>
<td>Increased productivity in other sectors</td>
<td>Creativity and culture as an input in other productive processes that leads to an increase in productivity and innovation</td>
<td>Experian, 2007; Bakhshi et al., 2008</td>
</tr>
<tr>
<td>Interaction and enrichment with the human capital</td>
<td>Endogenous-based growth models where the cultural and creative dimensions interact with the human capital</td>
<td>Mellander, Florida, 2009; Sacco, Segre, 2009; Bucci, Segre, 2009*</td>
</tr>
<tr>
<td>Cultural and creative sectors as vectors of the demand and dissemination of innovation</td>
<td>These sectors guide and facilitate the creation, adoption and retention of new ideas (innovation process) in the economic system</td>
<td>Bakhshi and McVittie (2009), Chapain et al. (2010), Cunningham and Higgs (2009), Davis et al. (2009), Muller et al. (2009), Sunley et al. (2008), Gwee (2009) and Potts (2007).</td>
</tr>
<tr>
<td>Cultural and creative activities are an essential service in the process of economic growth and the development and evolution of the socio-economic system</td>
<td>Creativity and culture contribute to the process of evolutionary growth of the economic system. They also affect the institutional dimension and are a relevant part of the innovation system</td>
<td>Potts, 2011</td>
</tr>
<tr>
<td>Culture as an element that broadens capabilities</td>
<td>Culture satisfies cultural rights, thus becoming the key element in the broadening of individual freedom</td>
<td>Sen, 1999</td>
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Source: Rausell, Abeledo (2012)


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