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**Culture Industries in Old Industrialized Regions:  
A Successful Strategy for Innovative  
Regional Development?**

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## **Culture Industries in Old Industrialized Regions: A Successful Strategy for Innovative Regional Development?**

'Employment through Culture' and the related private Culture Industries are subject of intensive debate over recent years (see e.g. McCANN 2002). Even if there is no single, consistent definition and demarcation of the Culture Industries up to now valid throughout Europe (or globally) - the definition in this paper includes businesses and independent contractors in the art, culture and media fields, i.e. such sectors as the film and music industries, book publishing or the art trade. The total number of people employed in these industries within the EU in 1995 is estimated between 2.5 and 3 million. This shows the potential of the culture industries, which represent an area of policy and a field for action which is gaining new and growing importance at the beginning of the new century.

The paper<sup>1</sup> starts with a discussion about the relationship between the culture industries and regional development in general, including a look to the discussion on innovation and culture, and goes on with a characterization of the culture industries. Empirical data is then given by looking deeper to the importance of that sector in North Rhine Westphalia and the Ruhr region. General recommendations for the development of the culture industries in old industrialized regions are given at the end.

The following research questions are characterizing the paper:

Which role could the Culture Industries play for innovative regional development? Which potentials do disadvantaged regions have in that context? And finally: which strategies could be recommended for a stronger development of the culture industries especially in these regions?

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<sup>1</sup> The author is writing a PhD about the question, how to develop clusters in the field of cultural production and culture industries especially in old industrialized regions, looking at different case studies in Europe.

## **Culture and culture industries in regional development**

The discussion and the interest in ‚culture‘ has been linked to the debate on urban and regional politics since the early 1980s. Different views about the role of culture were discussed: in one way culture is regarded as a key element in understanding technological change (e.g. CASTELLS 1991), in another way also as an explaining factor for the different pathways of capitalist economic restructuring during the 1970s and 1980s (e.g. SAYER 1989). ‚Urban entertainment‘ or ‚culture as soft location factor‘ could be added to the list of different aspects concerning culture.

What are culture industries? One aspect has been in the background of the discussion for long time: the aspect, that cities and regions could also be the place of the production of goods and services for a regional and international cultural market: the culture industries. A deeper look to the culture industries is the intention of this paper. They are getting more important for urban and regional economies, even represent an important and expanding segment of the European economy. The flows of symbols, other forms of communication through aesthetic symbols, images, sounds and narratives are described in the academic arena. A wide range of economic activity is concerned with the production and the marketing of goods and services that are permeated with broadly aesthetic or semiotic attributes (LASH / URRY 1994). The cultural economy is one of the most dynamic “frontiers of capitalism at the dawn of the twenty-first century” (SCOTT 2000: 3). In general, the consumption of cultural products of all kinds is growing very fast in western societies. But what spatial impact will that have and what role could the old industrialized regions play?

The culture industries are especially dependent on the synergies associated with metropolitan regions. For example in Germany there are seven urban regions which rank as metropolitan regions of international importance (Berlin, Hamburg, Rhine-Ruhr, Rhine-Main, the Stuttgart region, Munich and the metropolitan triangle formed by Halle, Leipzig and Dresden). Reasons for that are:

- A high concentration of actors and businesses in the culture industries to foster innovative and creative milieus,

- only here the regional demand for the goods and services is high enough to create the necessary economies of scale,
- a full range of infrastructure provided by the public sector is established. (KUNZMANN 2000: 19)

From a political point of view there exists as yet no well-developed theoretical approach dealing with the relationship between cultural and economic developments on the regional level, but it is important to mention that in the current debate about globalization regional culture is getting more and more important. Firstly as a ‚mental compensation‘ for social groups who have difficulties with socio-economic changes, secondly as a locational advantage seen as regional cooperative culture, an ‚economically-friendly‘ mentality, „a milieu whose presence lowers transaction costs“ (DANIELZYK / WOOD, 2001: 70). In the context of this paper it would reach to far to get more detailed in the context about the socio-cultural dimension of regional development in general (see therefore may be DANIELZYK / WOOD 2001).

Culture industries follow the logic of economic globalisation, they cannot extricate from the forces of the global economy. The competition worldwide is very high, that means, that the quality, the uniqueness and the regional distinctiveness of a product or service are absolutely important. What does this mean for the location of a company? A cultural product or service is very closely bound up with the culture, history and image of a location. Only if the product itself is able to make history in its own right. Then it does not matter if the CD is produced in London or Castrop-Rauxel. (KUNZMANN 2000) What does this mean for disadvantaged regions like the Ruhr or Merseyside?

In German-speaking countries has been a growing recognition of the importance of cultural aspects explaining regional development over the last 10 years. ‚Hard factors‘ like economic structures, property costs and labour costs alone do not explain the development of regions. Cultural aspects, in the widest sense identities, ‚mentalities‘, political cultures and the ‚milieu‘ found more attention. (DANIELZYK / WOOD, 2001)

## **Innovation and culture industries**

The question of innovative regional development has been discussed in many discourses since the 1980s. Many publications focussed on “regional innovation policies” (Cooke 1985), “innovative milieux” (Maillat 1991), “innovation networks” (Camagni 1991) or “regional innovation systems” (Braszyk et al 1998) in the last years. In this paper the question of innovation is linked to the building of spatial clusters in the culture industries. The geography of culture is comparable to the one of economic activity in general, both are stretched across a force-field of local/regional and global powers and relationships. The production of culture tends to concentrate more and more in privileged sets of localized clusters of firms and workers, the consumption takes place in a spatially extended area. (SCOTT 2000:4): Characteristics of the innovation process in the cultural industries are comparable to the so called high technology industries: very high competition and a market, which is characterized by many risks and uncertainties. (KRÄTKE 2002: 8) “The concept of a cultural economy (like the concept of high-technology industry) is incoherent in some respects, for it refers to a diverse collection of sectors displaying many different kinds of technologies, transactional arrangements, employment profiles, products and so on:” (SCOTT 2000:11).

A look at the spatial dimension of the culture industries shows that the formation of big clusters of culture production could be seen in selected urban areas and regions of the world. One main characteristic is the concentration of culture production in selected agglomerations of the city hierarchy, the other one the concentration in clusters, mostly in the inner city centres. Studies for Los Angeles, London or Paris showed this clearly (SCOTT 2000) What about the old industrialized regions here? Which potentials are important

## **Defining cultural industries**

The term ‘culture industries’ refers in particular to all businesses and independent contractors operating in the fields of culture, the arts and media (private sector Culture industries, products and services). In comparison to the term ‘creative industries’, which is used in UK, e.g. the software industry is not

part of the definition. It is a term which clearly calls for constant redefinition to take account of local, regional and national contexts.

It is evident that there are a number of further economic benefits attributable to culture industries which positively affect economic activities within other sectors. The culture industries serve as a stimulus (for innovative design, today an essential aspect in the consumer- and capital-goods industries), a supplier of products and services (in offering services with tourist appeal), a consumer of goods and services (as a retail customer or as a user of real estate), as a producer of 'economic value-added' and of distinguishing features for products of other sectors (may be enhancing the image of shopping centres) (GNAD 2000)

The culture industries do not simply constitute a business sector, with the relevant turnover and employment effects; they also represent a 'dynamic hub within the web of other business sectors'. However, these cross-sectoral linkages, such as the structure of the 'interfaces' (or points of contact) and the potentials for and impediments to development, are little known.

The following axioms underline the economic and cultural importance of the culture industries and point to many ways in which these industries might be strengthened by economic, culture and urban-development policies, particularly in the context of local and regional development strategies. They are part of the 'Essen Declaration', which is one outcome of the international Congress of Experts on 'Culture Industries in Europe - A Comparison of Development Concepts', held from May 19<sup>th</sup> to 21<sup>st</sup> at Zeche Zollverein, Essen (Germany). The purpose of the axioms was to strengthen the future-orientation of the culture industries in Europe and to give fresh impetus for regional development policies:

**The Culture Industries represent a distinct economic sector**

rich mosaic of often interwoven sectors of the economy; in terms of the Culture Industries, Europe's cities and regions display distinct and individual profiles.

**The Culture Industries are future-orientated**

high levels of creativity and innovation in a market in which the majority of goods and services are essentially not substitutable;

develop both substantive content and new technologies.

**The Culture Industries can secure and create sustainable employment at the regional level**

create jobs outside the public sector and are highly labour-intensive and tend to be firmly embedded in local milieus and regional networks.

**The Culture Industries can help to reinforce endogenous regional potentials**

dependent on traditions and cultural diversity, on 'know-how' and on innovative networks in the towns and cities and in the regions of Europe.

**The Culture Industries deploy Europe's historic heritage.**

Europe's greatest potential are history and traditions

**The Culture Industries need an active culture policy and an active economic policy.**

Sector-orientated strategies and policies need to be developed for a number of sub-markets of the Culture-Industries in order to improve the conditions for Culture Industries in the cities and regions of Europe.

**The Culture Industries require support from urban-development policy.**

Urban environments for working and living at locations with international appeal are preconditions for successful Culture Industries.

**The Culture Industries require integrated urban and regional policy**

Linking the three policy fields providing support for 'Culture', 'Economic Development' and 'Urban Development' can create synergy effects for many areas of urban and regional development.

**The Culture Industries require a fitting context in Europe**

The future development of Culture Industries is dependent on the context provided by legal and formal frameworks and by infrastructure

(MINISTRY FOR ECONOMICS AND BUSINESS, TECHNOLOGY AND TRANSPORT OF THE STATE NORTH RHINE-WESTPHALIA 2000)

**A look to the Culture Industries in North-Rhine-Westphalia**

North Rhine-Westphalia (NRW) is regarded both within Germany and though out Europe as a major centre of culture industries, not least 10 years of state policy were specifically targeted on promoting culture industries. The state of NRW commissioned four Culture Industries Reports till today. Along with con-

gresses, culture industries conferences, regional information and discussions forums, these Culture Industries Reports made a major contribution to helping the various actors at municipal and county levels, in the culture departments of local authorities and in economic development agencies to perceive today's cultural industries as an important sphere for action economic, employment and cultural development. This, in turn, has led to the launching of a number of regional and local initiatives to promote culture industries, e.g. in the Em-scher-Lippe structure region. Many initiatives have also been initiated at state (i.e. Land) level to improve the environment for developments in the culture industries and to provide a spark for other initiatives (e.g. through the business start-up initiative 'StartART', the 'Centres for new cultural entrepreneurs' or measures to support the export of cultural goods) (GNAD 2000)

The focus of the Second Culture Industries Report, The Culture and Media Economy in the Regions of NRW, was on analysing the economic significance of culture industries on the basis of indicators relating to the numbers of employees and businesses located within the culture industries sector in the state's 15 so-called 'action regions'. Two of the findings were very helpful for the the argumentation of this paper

- Firstly every one of the state's 15 action regions contains a 'basic stock' of businesses which can be assigned to the culture industries (e.g. music shops, selected service companies, self-employed artists, etc.) This basic stock is sustained essentially by demand within the region for cultural goods and services and
- Secondly businesses in the culture industries sector are in many cases subject to specific local conditions. It also became evident that, as early as the early 90's, a number of institutions had come into being which indirectly had taken on the function of start-up centres for culture-related businesses (e.g. the 'Zeche Carl' in Essen) (GNAD 2000)



## **A look to the Culture industries in the Ruhr**

As said before, the successful regions in terms of culture industries show some important key elements: they display the traditional functions of political or economic centres (e.g. such urban regions as Paris, London, Stockholm, Hamburg etc.), they have strong cultural roots and traditions to build on, e.g. in particular through specialisation in the arts and culture sectors, through events with a long tradition or through educational facilities providing vocational training (e.g. universities) or religious traditions and they look back on a long tradition in specific sectors of the culture industries (e.g. a hundred years ago the city of Cologne was already famous as a centre of printing; today the city is an important centre for media industries, particularly publishing companies and television) (GNAD 2000)

Looking at the Ruhr, we find in the last 40 years a period of economic restructuring which has steadily altered the underlying conditions affecting the development of the culture industries. Up to and into the 60's the Ruhr was not an area which could have been characterized as being shaped by a tradition of culture industries. Germany's centre for coal and steel production did not provide a suitable basis to develop into a successful centre for the production of the goods and services associated with the cultural and culture industries sectors. Then the situation changed with the deep crisis in the coal and steel industry and the period of economic restructuring in that form, that new industries and services, universities and polytechnics developed (up to 1965 the Ruhr did not have a single university) and vast swathes of former industrial land were left abandoned. The growth of the service sector has also been accompanied by a gradual shift in the structure of the population and, in turn, in demand for cultural goods and services (e.g. as an effect of the rise in the number of students in the region). Parallel to this, new culture-related venues and activities have emerged, growing first through public funding, but in due course were to become an area for private-sector involvement. Students, for example, began to convert disused colliery buildings and other derelict industrial sites into new venues for concerts, theatre and for exhibiting art. (GNAD 2000)

Today the Ruhr Area is reputed to have the greatest concentration of cultural facilities and programmes of any region in the world, but only in a very quantitative sense. In a more qualitative cultural view, the Ruhr area is not high class. This was the main result of a research about the dimension and quality in the Ruhr in spring 2002 by one of the main regional actors, the Kommunalverband Ruhr (KVR) and presented on a regional congress in Essen. But what about the cultural industries in the Ruhr today? With a population of 5.4 million, the Ruhr is today home to around 7.500 enterprises in the culture industries sector with a combined turnover of some 5 billion € (GNAD 2000) These enterprises are not dispersed equally throughout the whole region. The number of culture industries enterprises tends to be higher in those cities in which change in economic, physical/built and social structure started earlier. Thus, in the south of the Ruhr region we find that some 8 per cent of all businesses can be located within the culture industries sector; the corresponding figure for the northern part of the region is only 6 per cent. (GNAD 2000).

Which one of the specific sectors in the culture industries is dominating in the Ruhr? Is there a cluster of cultural production up to now? Local and regional experts in the field of cultural and regional development of the Ruhr, interviewed in winter 2001 and spring 2002, do not see any type of clustering in the culture industries at this time. Small steps are on their way, but real big success stories could not be told yet. This does not mean that there will be no future for cultural production here in the next years. Where are these 'small islands' and first steps and what is necessary to stimulate this development? One is the transformation of the former coal mine 'Zeche Zollverein' in Essen, which is promoted by the public sector to be a successful design centre in the future.

Design, Hip-Hop Music, Worldmusic, private theatres (comedians) are mentioned by all experts, the future will show if any kind of clustering will be build upon them. But this 'small islands' need time to develop. Innovative regional development processes cannot be build up in one or two years. Especially the culture industries have to struggle with many uncertainties as described before.

What has been done to stimulate the culture industries in the Ruhr region and what are the recommendations for the future? A deeper look to the regional promotion strategies will give more insight by looking to the policies and approaches related to culture and culture industries in the Ruhr since the 1980s. Economic and social change in the region has led to a change in the status enjoyed by culture and the arts. The principal policy goal which have been pursued in the region since twenty years are cultural facilities and programmes, cultural events, the creation of new companies and jobs in the field of culture industries and regional tourism, especially industrial culture (GNAD 2000).

Three different types of policies and approaches for culture and culture industries in the Ruhr could be distinguished

- 1- Culture-related policies in urban areas  
(infrastructure, programmes)

The tremendous expansion of the culture infrastructure and cultural and arts programmes in Germany in the 1980s also affected the Ruhr Area (e.g. new museums and galleries, the Ruhr Piano Festival, community culture centres etc.)

- 2- Regional Marketing Policy

The poor image of the Ruhr Area, both internally and externally, should be improved by cultural and arts events. Organisations like the 'Initiativkreis Ruhrgebiet' support arts and culture-related events.

- 3- Promoting strategies for the Culture Industries

Till the end of the 80s, it is possible to distinguish between three different types: elements of flagship projects, a basic project strategy and an integrated IBA Emscher Park approach

- **The flagship strategy**

Flagship strategies should achieve a broad range of catalyst and consumption effects through one-off projects. Examples like the new Guggenheim museum in Bilbao show the strong impact. These projects are developed and implemented by major companies, frequently they receive funding from the public purse. Examples of this approach include the 'Zeche Zollverein', a cultural and culture industries centre in Essen, focussing now on the development and promotion of a design cluster.

Additionally in 2002 the 'RuhrTriennale' will start. This cultural event, promoted by the 'Kultur Ruhr' and the 'Project Ruhr', two new regional institutions build up some years ago and financed by the State of North Rhine Westphalia, tries to set up a high class cultural program in the next three years, showed in former industrial buildings. One of the key actors promoting the RuhrTriennale described one of the main aims of the RuhrTriennale:

*'We want to bring the Ruhr in the international world press. Where you now find only discussion about the opera in Paris and the Edinburgh festival, there should also be the RuhrTriennale in future.'*

(interview translated in english language)

- **The basic project strategy**

Grass-roots developments in individual sectors, scenes and initiatives a building a second group of strategies. Up to now there is a wealth of both small and large culture industries centres in former disused and industrial buildings and sites, e.g. collieries, commercial buildings or railway stations.

- **Integrated development strategies**

The IBA-Emscher approach, the Emscher Park International Building Exhibition, has not only made a major contribution to preserving the region's legacy of industrial buildings, which play an important part in shaping the cultural identity of the Ruhr Area, but, in addition to this, the outcomes of the IBA have also to some extent created the physical foundation for cultural tourism (by establishing 'magnets') and for culture industries (e.g. as locations for production and for cultural events). The route of industrial culture ('Route der Industriekultur') e.g. is one big success of this approach.

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The look to the Ruhr shows that regional promotion strategies could be useful instruments for introducing a range of improvements to the background conditions affecting developments in the culture industries in old industrialized regions. Which general recommendations could be made for old industrialized regions? What could be learnt from the experiences in the Ruhr region?

The following key recommendations should be considered for implementing process-orientated strategies in old industrialized regions:

- *Integration of the culture industries as an action field in general regional development concepts*  
Policy-makers and actors in the field of regional development should integrate the culture industries in their regional strategies.
- *Development of innovative ideas and projects*  
'Try and error' as a principle must be accepted to develop new and innovative projects in the culture industries.
- *Flagship projects as catalysts*  
This does not mean that a second or third Guggenheim museum like in Bilbao is needed. Old-industrialized regions will have to look to their potentials, their identity, their history, their cultural background first.
- *A network should be developed and strengthened to link players*  
Too many actors form an institutional setting, which is against the strategy of efficiency.

It will be difficult, even for old industrialized regions, to focus only on the development of endogenous potentials, e.g. the culture industries, which can only be one part of a whole regional development strategy. Exogenous support, in form of financial public support by the nation state, the funds of the European Union and the regional policies, has to concentrate on and develop regional 'networking' in these regions. Culture industries can function as one part of an holistic approach.

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