

TOWARDS CREATIVE ECONOMY: THEORETICAL AND PRACTICAL INSIGHTS

The Creative Economy and Society: The Romanian Case

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Abstract

Despite the quasi-general economic crisis, there has been a constant development of the creative and innovative industries. They were some of the very few engines running in order to re-create the previously favourable economic conditions. The advent of a new sub-society – the creative society – occurred. The new creative society brings about new forms of creative expression along with urban revitalisation, creativity-driven gentrification and dislocation. However, there has been recent concern that such activities may eventually lead to certain adverse effects, which questions the extent to which potential growth and development can be explained by the creative society. The paper advocates for the development of the creative sector as a prerequisite for urban regeneration; it then discusses the concepts of gentrification and dislocation related to creative and cultural activity. It aims to explain the main demographic changes due to the advent of the creative society and to identify and discuss the main menaces faced by creative societies stemming from the very nature of activity. The paper treats the Romanian case of urban vitality in particular.

Keywords: creative economy and society, urban vitality, economical growth, creativity-driven gentrification and dislocation.

Brief literature review

At international level, in the current economic context, there is a growing connection between culture *largo sensu* and prosperity, between creativity and development, between cultural activities and urban regeneration, but there are, subsidiarily, social and demographic implications of the creative & cultural economy, which have become more and more obvious. After all, during the past years we have been the witnesses of the advent of a new class, the creative class, but also of events that have huge long-term impact, such as the Internet bubble, the 9/11 attacks and the economic crisis that started in 2008

(Florida, 2002) and which, in many regions across the world, are still present and are getting more serious.

According to the neoclassical theory, growth has been seen as being determined by the accumulation of physical and human capital, while according to the endogenous growth theory, growth has been seen as a process linked to the features of the place, as it is the case for innovation, knowledge and human capital.

Neoclassical theories rely on capital accumulation, as in the case of Solow (1956) and Swan (1956) and technology has been seen as exogenous (Barro, 1997). Technology has been brought into the models via the inclusion of R&D theories, as in the case of Romer (1990), Barro and Sala-i-Martin (1995).

All these theories state that economic growth can be explained via the stock of physical capital, human capital, and innovation.

While much more attention has been given to their analysis at national level, the regional and local dimension should not be neglected. In the case of innovation, the interaction among economic agents and the exchange of ideas require social capital.

According to neoclassical theories, growth in the long term is based on the continuous technological progress in the form of new goods, markets or processes (Aghion and Howitt, 1998) and it can be mathematically expressed as a function of capital accumulation under the assumption of perfect competition and diminishing returns (Solow, 1956; Swan, 1956).

The R&D theories were introduced and imperfect competition was factored into the model (Romer, 1990). Despite the economic and political events that took place and shattered at an unprecedented pace the whole society during this period, the forces of the creative class grew continually stronger so that right now one can speak of the existence of a new social class called the creative society (Florida, 2012).

According to *the Creative Economy Report 2010*, the creative industries have been more resilient during the economic crisis than all other traditional manufacturing industries. The previously mentioned report reveals that

from 2002 to 2008, exports of cultural and creative products and services more than doubled in the United States of America. This entire trend took place while there was registered a 12 % drop in the foreign trade in the year 2008 right at the beginning of the world economic crisis.

It is the existence of such important political and social events that should have pulled down any other bubbles in the social and economic landscape. However, the creative class stood this test and grew stronger, thus building the foundations of the creative society.

According to Allen Scott (Scott, 2000), *[C]ities have always played a privileged role as centres of cultural and economic activity. From their earliest origins, cities have exhibited a conspicuous capacity both to generate culture in the form of art, ideas, styles and attitudes, and to induce high levels of economic innovation and growth, though not always or necessarily simultaneously. As we enter the twenty-first century, a very marked convergence between the spheres of cultural and economic development seems to be occurring. This is also one of the distinguishing characteristics of contemporary urbanisation processes in general.*

Places in general (and cities in particular) are closely or even symbiotically connected to what we generally call culture.

Culture has the tendency to distinguish itself by the place in which it is generated, which makes cities or regions distinguish themselves among the others by the activities that generate symbolic products and services.

In Europe, economists talk a lot more about the closer relation between urban and rural spaces, while in the past, urban and rural areas were seen in permanent competition. In this context, authorities' plans include the preservations of green areas around urban areas and preventing the phenomenon that merges small urban areas into bigger ones (Whewey, 2011). Thus, Hadjimichalis (2003) points to the fact that the new urban middle classes consume and use both urban and rural space, living, on the one hand, in towns and owning, on the other hand, a second dwelling in rural areas or living in rural areas and working in urban areas.

The cultural or symbolic economy influences the contemporary urban landscape. Its new structure is due to the mostly indirect interaction, facilitated by modern communication means, while physical geographical borders as well as organisational borders become more fluid and flexible due to the said communication means.

The creative cultural sector has undergone a change of vision from non-profit fields of activity, which were frequently subsidised or financed by the local or central budget to a strong focus on profitability, marketability and market share.

Such an evolution reflects the adaptability of creative cultural fields to the urban space, which is in a continuous changing process itself, in an attempt to survive and produce value added; great companies financed by the state budget tend to be replaced by small-sized competitive firms having well-determined profitability objectives that can be backed and belong to social networks. Eventually, culture is not the appanage of the executive power, but the

fruit of imagination, creativity, spirituality and individual effort as an exponent of a society, at a certain time moment (Stern and Seifert, 2007). Around such networks cultural clusters are born, about which Evans (Evans, 2004) claims to have three arguments: economic (industrial region, management of work space, production chains – ex media, television, production networks, technological transfer – ex Silicon Valley), social (neighbourhood revitalisation, urban villages, community arts, urban regeneration, collective identity, artistic and social inclusion, social networks) and cultural (artistic regions, artistic studios and galleries, new media, ethnic arts, local cultural strategies, art schools and artistic education, cultural agents, creative capital).

According to Grams and Warr (2003) artistic activities develop urban areas in three directions:

- they offer access to resources (by attracting clients-consumers of cultural products and services; by using urban facilities and abandoned/underused spaces; by creating new relations; by supplying new resources that can be used by residents too; by educational value added offered to the young community members; by enhancing qualifications and access to various equipment; by enhancing the access of the young population to the development of technical and entrepreneurial skills);
- They help solve problems (by formulating local problems and offering the opportunity of having an intercultural dialogue; by increasing the safety and opportunities to build new skills; by using the creative capacity of inhabitants for the purpose of solving problems; by increasing cooperation and collaboration; by getting young people involved in civic actions);
- They contribute to the development of social networks (by developing leadership and decision-making skills and abilities; by building cultural identities for people coming from other places and settling in the urban area; by supporting the democratic process; by developing peaceful relations; by surpassing cultural boundaries in dialogue and communication; by increasing the level of civilisation of that region; by creating a spirit of belongingness to that place; by creating new opportunities for the citizens in general; by building bridges among social classes).

Despite the obvious benefits of cultural and creative economic development, this can impact the society in a negative manner, and such manners evolve under the form of two processes: gentrification and dislocation.

The processes of gentrification and dislocation

Coined by Ruth Glass (1964) in the year 1964, the concept of gentrification denotes the penetration of the middle class in towns or neighbourhoods that had been previously been inhabited by lower social classes. This concept highlights strong class inequalities and injustice and is often associated with the concept of displacement. In this context, it is highlighted a new type of gentrification, hereinafter referred to as urban revitalisation

in order to avoid the negative connotations mentioned by Marx and Engels.

Urban revitalisation involves more than a simple migration of the population to certain urban areas to some other urban areas. The penetration in the urban area and the development of the creative class has deep implications from a social, economic and cultural point of view. This becomes more obvious by the advent of IT hubs, artistic centres, tourism programmes etc., (Imrie and Raco, 2007), including urban areas that had previously been deprived of the influences of new technologies and culture.

Stern and Seifert (2007) add up a new inconvenient to cultural revitalisation, that of increased economic inequality. This is actually the concept of 'the winner takes it all', according to which people with best developed abilities and skills get the highest market share or the highest proportion of income in a certain field of activity.

Although this situation may look like a natural outcome of competition taking place in that field of creative cultural activity, the fact that the number of jobs increased significantly in this area seems to turn the market into a lottery with one or few winners, generating strong inequalities in a continually growing and expanding community.

The same aspect was remarked by Richard Florida (2005), who considers that this is a dangerous dynamics that societies are developing. Although Florida (2005) has been the promoter and supporter of the creative industries in order to stimulate economic growth, social disparities determine us to reconsider all of the above, especially when negative effects start to occur more and more obviously.

Urban vitality in Romania

Urban vitality has been studied in Romania as well. In 2010, a report on this matter was published by the Centre for Research and Consultancy for Culture, entitled 'Cultural Vitality of Cities in Romania 2010' (Centre for Research and Consultancy for Culture, 2010b). The aim of the study was to analyse the cultural potential at local level in the main big cities in Romania (46 county capital cities with a population of over 50,000 inhabitants) and it used data offered by the National Institute of Statistics, Ministry of Finance, Trade Register etc.

Using a set of six categories measured for several cities in Romania (infrastructure of the cultural sector, specialised human resources, budget expenditures for culture, cultural activities-participation; creative economy and non-profit sector), a ranking was established. The capital city Bucharest was not included in this ranking. An urban vitality index was computed for each city. The index was computed as a weighted value using the number of inhabitants (Table 1).

The concern for cultural activities in urban areas in Romania is proven by the various empirical studies whose main purpose is to estimate the dimensions of creative-cultural production activities, but also those of cultural consumption. Thus, in the year 2010, the Cultural Consumption Barometer 2010 was drafted (Cultural Vitality of Cities in Romania 2010, 2010a).

The main chapters of this study were: domestic consumption, public consumption, changes in the cultural consumption between 2005-2010, consumption preferences and profiles of non- consumers of activities related to high culture (first part) and cultural practices of the population in Romania, analysis of dynamics, tastes and acquisition of written culture (mainly books) in the second part of the study.

Table 1

Urban vitality index for the best performing cities in Romania

Romanian city (excluding the capital city, Bucharest)	Urban vitality index (descending)
1. Cluj-Napoca	1,09
2. Sibiu	0,88
3. Sfântu Gheorghe	0,86
4. Timișoara	0,84
5. Alba Iulia	0,57
6. Iași	0,56
7. Bistrița	0,52
8. Târgoviște	0,47
9. Miercurea-Ciuc	0,44
10. Târgu Mureș	0,36
11. Constanța	0,34
12. Oradea	0,33
13. Craiova	0,27
14. Piatra Neamț	0,25
15. Brașov	0,17

Source: From 'Cultural Vitality of Cities in Romania 2010' by the Centre for Research and Consultancy for Culture (2010).

As concerns the contribution to the Romanian cultural and creative sector to the Romanian national economy, the Creative Economy Report 2010 reveals that the 2003 turnover, all industries included, was 2,205 million euros, while the value added to the national GDP (all industries and sectors included) was 1,40 %. These values place Romania 20th in a total of 30 countries (EU plus Iceland, Norway and Liechtenstein) as concerns both the first indicator (one country having similar turnover being Slovakia) and the second indicator (countries having similar weights being: Hungary, Poland, Portugal, and Bulgaria

The same report lists several main trends on the Romanian market for cultural products and services:

- Romania has become an attractive location for making movies, videos and ads;
- the local film industry has been affected by the reduction of the number of cinemas from more than 4000 to less than 100 in just 20 years, leading to a fall in audience to 1/45;
- there has been an increase in the production of long, medium and short films and TV serials;
- an expanding advertising industry;
- the development of programmes meant to stimulate crafts and artisans' activities.

Also it should be noted that Romania's exports of creative goods between 2002 and 2008 grew by 7,13 %, which places Romania on the 19th position in EU 27. As far as exports of advertising and related services are concerned, Romania ranks 2nd with a growth rate of 72,57 % for the above-mentioned period in EU 27, following just after the growth registered by the Czech Republic, of 79,63 %. Romania ranks 2nd as well after the same country as concerns the growth rate of exports of Research and Development Services, with a growth rate of 62,29 %.

Conclusions

The paper brings into discussion the role of innovation in the context of economic growth and regional development and it provides a short review of the literature in this respect. The case of Romania is discussed in the matter of urban vitality generated by the creative sector.

Although empirical, this analysis is meant to discuss the place occupied by the creative sector in the Romanian economic landscape in order to assess growth opportunities and design economic policies in the field.

Despite not all Romanian industries and sectors are well represented in the world ranking, such figures show there is huge potential to be exploited for the Romanian cultural and creative economy to thrive, for the creative class and society to develop and for the global trade to benefit from the Romanian tradition and experience. In conclusion, our opinion is that the Romanian society is due to undergo major positive changes if sustainable effort is made in the direction of the creative and cultural activities and places too will thrive and attract foreign and local tourists and act as an economic growth and development determinant.

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Kūrybinė ekonomika ir visuomenė: Rumunijos atvejis

Santrauka

Šiuolaikiniam ekonominiame kontekste vis didėjančiame tarp kultūrinio *largo sensu* ir gerovės, tarp kūrybiškumo ir vystymosi, kultūrinių veiklų ir miestų atsinaujinimo, tačiau taip pat pastebimos socialinės ir demografinės implikacijos kūrybinės & kultūrinės ekonomikos vystymuisi. Įvairūs politiniai ir ekonominiai įvykiai (pvz., interneto „burbulas“, rugsėjo 11 d. JAV, 2008 – aisiais prasidėjusi ekonominė krizė), sąlygojo naujos socialinės klasės – kūrybinės, tuo pačiu ir visuomenės atsiradimą (Florida, 2012).

Remiantis *Kūrybinės ekonomikos ataskaita 2010*, kūrybinės industrijos buvo žymiai lankstesnės ekonominės krizės metu, lyginant su kitomis tradicinėmis gamybinėmis industrijomis. *Ataskaita* atskleidė, kad nuo 2002 iki 2008 metų kultūrinių ir kūrybinių produktų bei paslaugų eksportas JAV padvigubėjo.

Kultūros fenomenai būdinga tai, kad ji siejama su vieta, kurioje kuriama ir vystoma. Šia prasme tikslinga kalbėti apie miestus ar regionus, kurie identifikuoja save, tarp kitų kriterijų, ir pagal simbolių produktų ir paslaugų generavimą. Ekonomistai Europoje kalba apie vis didesnių miesto ir kaimo erdvių ryšį, nors anksčiau šios erdvės buvo traktuojamos kaip esančios nuolatinėje konkurencijoje, 2010 metais Rumunijoje paskelbtoje ataskaitoje „Rumunijos miestų kultūrinis gyvybiškumas 2010“ (Centre for Research and Consultancy for Culture 2010 b) buvo analizuojamas Rumunijos didžiųjų miestų kultūrinis potencialas (46 apskrįčių sostinės,

kurių gyventojų populiacija buvo daugiau kaip 50,000 gyventojų). Analizė atlikta panaudojant Nacionalinio statistikos instituto, Finansų ministerijos, Darbo registro ir pan. duomenis.

Tyrimo metu buvo vertinamos šešios kategorijos (kultūrinio sektoriaus infrastruktūra; specializuoti žmogiškieji ištekliai; biudžetinės investicijos kultūrai; kultūrinės veiklos-dalyvavimas; kūrybinė ekonomika ir nepelno siekiantis sektorius). Miestai, atsižvelgiant į kategorijas, buvo suranguoti, rangavime nedalyvavo šalies sostinėje Buchareštas.

Taip pat 2010 metais buvo sudarytas „Kultūros vartojimo barometras“, kuriame buvo pateiktos šios dalys: vidinis, viešasis naudojimas; kultūros naudojimo pokyčiai tarp 2005-2010 metų; naudojimo prioritetai; aukštosios kultūros nenaudojančių profiliai; Rumunijos populiacijos kultūrinės praktikos, rašytinės kultūros (iš esmės knygų) naudojimo dinamika, skoniai, pirkimai.

„Kūrybinės ekonomikos ataskaitoje 2010“ buvo vertinama, kaip Rumunijos kultūrinis ir kūrybinis sektorius prisideda prie šalies nacionalinės ekonomikos vystymosi. Išaiškėjo, kad 2003 metais apyvarta, atsižvelgiant į visus sektorius, buvo 2,205 mln. eurų, vertė BVP buvo 1,40 %. Šis rodiklis parodė, kad tarp 30 šalių (ES plius Islandija, Norvegija, Lichtenšteinas) užėmė 20 vietą. Atsižvelgiant į pirmąjį indikatorių, panaši apyvarta buvo Slovakijoje, į antrąjį – Vengrijoje, Lenkijoje, Portugalijoje ir Bulgarijoje.

Anksčiau minėtoje ataskaitoje taip pat išskirtos kelios esminės tendencijos, susijusios su Rumunijos kultūrinių produktų ir paslaugų rinka:

- Rumunija tapo patraukli vieta kino filmų, video-, skelbimų kūrimui;
- vietinė kino rinka buvo įtakota kino teatrų skaičiaus mažėjimo tendencijos (per 20 metų nuo 4000 iki mažiau kaip 100; su šiuo procesu buvo susijęs ir akivaizdus žiūrovų skaičiaus sumažėjimas);
- padidėjo ilgametražių ir trumpametražių filmų ir televizijos serialų kūrimas ir gamyba;
- didėjanti laisvalaikio industrija;
- padaugėjo programų, skatinančių amatus.

Kūrybinių produktų eksportas Rumunijoje tarp 2002 ir 2008 metų padidėjo 7,13 %. Šis rodiklis garantavo 19 vietą Rumunijai tarp 27 ES šalių. Rumunija, turėdama 72,57 % didėjimą per minėtą laikotarpį, užima antrą vietą tarp 27 ES šalių, atsilikdama nuo Čekijos Respublikos, kurios padidėjimas – 62,29 %.

Nepaisant to, kad ne visos Rumunijos pramonės šakos ir sektoriai reprezentuojamos pasauliniuose reitinguose, tačiau pateikti rodikliai rodo dideles galimybes Rumunijos kultūrinės ir kūrybinės ekonomikos augimui. Apibendrinant straipsnyje teigiama, kad Rumunijos visuomenė pasieks pozityvių pokyčių, jei darnios pastangos bus sutelktos skatinant kultūrinės ir kūrybinės veiklas, kurios gali sudominti vietos gyventojus ir užsienio turistus ir taip taps svarbiu ekonominio augimo ir vystymosi veiksniumi.

Reikšminiai žodžiai: kūrybinė ekonomika, kultūrinės ir kūrybinės veiklos, miestų gyvybiškumas, ekonomikos augimas.

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