ROLE OF CREATIVE INDUSTRIES IN THE POST-SOCIALIST URBAN TRANSFORMATION

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Abstract. Over the past two decades the cities in Central and Eastern Europe have witnessed a wide-ranging transformation in many aspects. The introduction of a market-oriented economy after half a century of socialism has brought about deep social, economic, cultural and political changes. The first stage of the changes, the 1990s, involved the patching up of structural holes left by the previous system. The post-socialist city had to face challenges of the future while carrying the ballast of the past. Rapid progress in catching up with the West transformed the city a great deal. Later on, the advent of the 21st century brought a new wave of development processes based, among other things, on creativity and innovation. Hence our contribution aims to explore the role of creativity and creative industries in the post-socialist urban transformation. The article consists of three basic parts. In the first we present the concept of a ‘creative post-socialist city’ and define the position of creative industries in it. We also indicate some similarities to and differences from the West European approaches to this issue. In the second part, examples from Central and Eastern Europe are used in an attempt to elucidate the concept of a ‘creative post-socialist city’ by identifying some basic features of creative actions /processes as well as a creative environment, both exogenous and endogenous. The former is embedded in different local networks, both formal (institutionalised) and informal, whereas the structure of the latter is strongly path-dependent. In the third part we critically discuss the role of local policies on the development of creative industries, pointing out some of their shortcomings and drawing up recommendations for future policy measures.

Key words: creative city, creative industries, post-socialist transformation, urban policies

Introduction: Creativity and the city

A characteristic feature of the contemporary world is that creativity and knowledge, more than ever, affect the nature and performance of socio-economic systems. This also holds for cities and regions for which creativity and knowledge are fast becoming major factors determining their development and competitiveness. The increase in the importance of knowledge, specifically innovative knowledge, is largely connected with globalisation processes. Through a gradual disappearance of borders and integration of national economies, globalisation has opened the international arena to new players competing with the advanced Western economies. The countries of Central and Eastern Europe, South-East Asia, and South America, in which labour costs are much

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lower than in the West, have not only made competition stiffer, but also changed its character. For the advanced economies, cost-based competition is not enough; instead, they build their competitive advantage on high-quality, largely knowledge-intensive, innovations. The introduction of innovation to the economy, mainly through the creation and use of information and communication technologies (ICT), has intensified globalisation processes even more. Global-range communication has become much easier, giving rise to opinions that the importance of space and distance has declined. There are, however, a growing number of studies which show that proximity and direct contact still matter; what is more, that they play a key role (Oinas, Lagendijk 2005; Storper, Venables 2004). In this context the role of cities is exceptional because they are systems which host a diversity of entities and which offer them conditions for interaction. One of the major roles of cities today is the ‘provision’ of a milieu favourable to direct contacts and an exchange of ideas and knowledge. In this way they affect the competitiveness of the economy of which they are part. However, in the global economy, cities also compete among themselves. The ease with which people and capital can move makes each city strive to attract and keep as many ‘valuable’ residents, workers, visitors and investments as possible, especially those whose activity is innovation-oriented, i.e. associated with a high level of knowledge intensity and creativity.

The interest in knowledge as a spatially localised resource and an element of economic and economic-geographical theories goes back to Marshall (1890/1920) and his conception of agglomeration economies. Among them Marshall listed knowledge externalities (with knowledge understood as a pool of occupational skills and experiences) and the possibility of rapid knowledge exchanges within clusters of an economic activity (now termed Marshallian industrial districts).

Creativity as a significant factor of regional development appeared already in Törnqvist (1983), who introduced the term creative milieu to scientific literature. This type of area, he claims, displays a trinity of resources:
- a great resource of information and ease of its transfer within the area;
- a body of knowledge resting not only on the accumulation of information, but also on its accumulation over time, e.g. at universities; and
- a resource of skills in specified fields of activity.

A combination of those three types of resources is a condition for the emergence of a fourth: creativity, or the ability to produce new forms and values, whether material (e.g. products) or immaterial (e.g. symbolic values, notions, ideas). In the 1980s the creative milieu conception was widely used especially in Swedish regional studies and theories of regional development (Andersson 1985). In turn, Malecki (1987, 2000) as well as Malecki and Hospers (2007) focused on the significance of knowledge, creativity and innovativeness in the development of a competitive advantage by regions and cities.

According to Lambooy (2006), innovative and creative cities exhibit at least four properties: attractiveness, productivity, connectivity, and adaptiveness. Attractiveness can be defined from the perspective of producers or consumers. For the former it means, for instance, availability of workers with specified qualifications, availability of a suitable location for activity, and the architectural attractiveness of office buildings and housing. For the latter, in turn, it can be pleasant surroundings, good amenities, and a labour market offering high wages. The kind of cities many people find attractive are those with a history, a specific climate, an interesting architecture, with restaurants, theatres, and events. A crucial role in creating such a climate is played by local culture, whether in the form of customs and traditions or organisation of cultural events, as well as in the form of a system producing cultural goods (Scott 1997). Productivity, often associated with agglomeration economies, means that firms are more efficient and creative in the use of their resources of both, people and knowledge. Agglomeration economies and benefits deriving from the location in a particular city often result from the quality and cost of obtaining those resources located in the place where the firms are sited. Connectivity means that transport (air, rail and road) connections are available and organised efficiently. Together with the ICT infrastructure, they open up extensive possibilities for residents and businesses, especially as far as rapid movement and market expansion are concerned.
Adaptiveness means that urban entities are able to adapt to changes that appear in the social and economic milieux. The ability to take advantage of the new opportunities created by those changes is an exercise in creativity. Adaptiveness also implies openness to novelty and innovation.

According to Hospers (2003), there are three other properties that boost the chances of the appearance of creativity, which in turn enhances the development of the knowledge-based economy in the city. These are concentration, diversity, and instability. Urban creativity is largely stimulated by the presence of a specified number of people in a specified area. This concentration creates conditions favourable to communication and interaction. However, as Hospers states (2003: 149), “concentration is not so much a matter of the number of people but rather of the density of interaction”. A concentration of people in one place leads to an intensification of contacts and meetings of individuals, which makes an exchange of new ideas and innovations quicker and more efficient. Diversity, another factor enhancing urban creativity, should be understood in the broadest sense possible, i.e. as the social, economic and physical diversity of the city’s elements. From the economic point of view, the most crucial is the diversity of the economic structure, both in terms of the labour market (availability of workers and a variety of skills) and the types of activity conducted. It is generally assumed that diversity is connected with the size of a city. However, several studies have shown the impossibility of defining unambiguously any relationship between the size of a city and the diversity of its economic structure (cf. e.g. Davies, Donoghue 1993; O’Donoghue, Townshend 2005). In fact, it is only big cities (usually with more than a million inhabitants) that display a fairly clear diversity. Smaller nodes are usually a mixture of specialised or diversified centres. One might suppose that the same holds for the relationship between the creativity of a city and its size, however measured. “Where appropriate local assets are available and effectively mobilised, even quite small centers can maintain a lasting presence in the global cultural economy” (Scott 2004: 477). The third factor affecting creativity in the city is instability. While impossible to predict, its appearance is connected with changes that take place in the city and modify its operation. For example, in the 1990s, i.e. the period of transition from a command to a market economy, Polish cities had to face rapid, not entirely predictable systemic changes. This made long-term planning practically impossible, and their day-to-day activity focused on adjusting to the fast-changing conditions. In this unstable period a significant role was played by the adaptive skills mentioned by Lambooy (2006). Adaptation to a new situation requires new solutions and ideas, i.e. resorting to creativity and innovativeness. When the activity of a larger number of individuals rests on creativity, urban creativity is also indirectly enhanced.

Yet another important aspect of research on urban creativity is the determination of a city’s economic base. Is its development connected primarily with a system of production or with the consumption opportunities it offers? So far it has been the prevailing opinion that production is the chief driver of urban growth, and that cities as production centres generate wealth precisely because they produce specified products on a large scale. In the recent decades, however, one can note a turn in opinion towards consumption. It is claimed that the success or failure of cities increasingly depends on the possibilities of using and consuming goods rather than the possibilities of their manufacture (Glaeser et al. 2001). According to Lambooy (2006), the differentiation between producing and consuming cities is a gross simplification. Consumption generates demand, which affects the production and import of goods and services. In turn, production and the supply created in this way determine consumption opportunities and boost exports. Thus, those two elements: production and consumption, are closely connected, and neither of them alone can be termed a key driver of the economic success of cities. Moreover, they both seem to be a source of a multiplier effect.

Place-related production and consumption are particularly strongly interconnected in the case of cultural and creative industries. Chapain and de Propris (2009) distinguish three pillars of their development:

1. the ‘creative class’ (i.e., individuals’ trajectories) and the importance of a wider local and regional environment;
2. clustering forces that combine agglomeration (concentration) and urbanisation (diversification) economies; and
3. local and regional business-supporting infrastructure.

The growing role of the creative and knowledge-based sector can be seen to have a global dimension, but also several local manifestations. One of them appeared during ‘the great transition’, i.e. the change of the socio-economic systems that started in Central and Eastern Europe at the beginning of the 1990s. The introduction of a market-oriented economy after half a century of ‘feasible socialism’ affected all types of activity and all areas, including cities. The first stage of the changes, the 1990s, involved the patching up of structural holes left by the previous system. The post-socialist city had to face challenges of the future while carrying the ballast of the past. Rapid progress in catching up with the West transformed the city a great deal. Later on, the advent of the 21st century brought a new wave of development processes based, among other things, on creativity and innovation. Hence our contribution aims to explore the role of creativity and creative industries in the post-socialist urban transformation. In particular, we try to answer the following questions:

1. Is creativity an inherent feature of the evolutionary development of post-socialist cities, or has it appeared as a consequence of the systemic transformation?
2. How creative industries support post-socialist urban transformation?
3. What are specific characteristics of the creativity of post-socialist cities?
4. What are the problems and challenges facing the development of cultural and creative industries, and what can policy-makers do to support it?

Apart from this introduction, the article consists of four parts. First, the conceptual framework of urban creativity is presented, followed by a general characterisation of a socialist and a post-socialist city as well as the transition from the former to the latter. Next, an attempt is made to establish how creative industries support the process of post-socialist urban transformation, and to identify the mechanism of urban creativity in post-socialist cities. Finally, some policy implications are discussed.

The article rests on two kinds of source material. One is the literature on both, creative-sector issues and processes of the post-socialist transformation. The other, used in the empirical analysis, embraces the results of an international research project, Accommodating Creative Knowledge: Competitiveness of European Metropolitan Regions within the Enlarged Union, known by its acronym ACRE. It was carried out in the years 2006–2010 under Priority 7, “Citizens and governance in a knowledge-based society”, within the EU Sixth Framework Programme; more information can be found in Musterd and Murie (2010), Musterd and Kovács (2013), and at http://acre.socsci.uva.nl.

**Conceptual framework**

According to Tay (2005: 221), “the concept of the creative city was intended as a template for urban renewal”. For example in Landry (2000) a ‘creative city’ is rather a way of, or toolkit for, solving a city’s problems through its regeneration. Therefore ‘creative cities’ do not exist as such – they are tools in the hand of policy- and decision-makers. However, cities are real objects where people live and work, things are made, and processes take place. That is why this paper tries to approach the ‘creative city’ issue using more realistic rather than discursive categories.

What is a creative city? Can a city be creative? Or is it only people that are creative? Is creativity a feature assignable to individuals only? What about a city then? Is a city a set of creative individuals? These and many similar questions arise when one starts to think about creative cities. Does such a thing as a ‘creative city’ actually exist? Or is it rather ‘creativity in a city’? That is why before we proceed to ponder on what a ‘creative city’ is, we have to define creativity.

This is no easy task because creativity has many definitions; Taylor (1988) has traced over sixty. The main references (e.g. Rickards et al. 2009; Sawyer 2006; Sternberg 1999; Weisberg 2006) are mostly psychological and organisation studies, but there is usually a consensus about two defining characteristics of creativity: originality and usefulness. In this sense, Sternberg
and Lubart (1999: 3) define creativity as “the ability to produce work that is both novel (i.e., original, unexpected) and appropriate (i.e., useful, adaptive with respect to task constraints)”. The literature on creativity is quite vast. Various reviews distinguish four perspectives or specific areas of creativity research (Styhre, Sundgren 2005): (1) creative processes, (2) creative persons (i.e., personality and behavioural correlates), (3) creative products (i.e., characteristics of creative products), and (4) a creative environment (i.e., attributes of creativity-supporting environments).

The research on the creative process is person-centred, aiming to quantify the creative process primarily through the use of divergent thinking batteries and cognitive variables, such as thinking styles, skills, and problem-solving techniques. The creative person research is focused on measuring facets of creativity associated with creative people, including personal properties, traits and behaviour in terms of the ability to generate new ideas (e.g., self-confidence, tolerance of ambiguity, energy, desire for independence, playfulness, and knowledge of a domain). The third stream of research on creativity, the creative product, deals, for example, with an evaluation of what defines a creative output (e.g., originality, relevance, usefulness, complexity, and how pleasing the output is). The last major research stream, the creative environment, focuses on the context in which creativity occurs; it aims to investigate different environmental variables related to creative productivity.

With the above-mentioned in mind, we could try to bind creativity and the city together, and say simply that a ‘creative city’ is the kind of city where creativity occurs at an above-average scale. We would be interested in who and how is creative, and what an output of this creativity is. In more detail, this would involve finding answers to three basic questions: Who is creative, or who generates creativity? How does creativity occur, or how is it transmitted? What is the output of creativity? The answers would be: people are creative; those people act through or generate specific processes which might lead to the creation of original products. If we know who and how is creative, we might ask further: Where does creativity occur (as reflected in creative processes, people and products)? In a proper environment, which at our level of analysis is the city. The city might become the specific environment which encourages creativity in this sense. The city might become ‘creative’. Therefore, a ‘creative city’ is a city where creative people live and/or work, where creative processes take place, and where creative products are made, supported by local policies.

The often-used term ‘creative city’ is a metaphor in this context. We might assume that a city as such cannot be creative – only individuals acting within the city’s social system have the ability to create new and useful things. Creativity, as defined above, is an ability then. Therefore it is a feature or characteristic of an individual. More importantly, at this level of analysis, treating a city as a single entity would also be metaphorical because it is a highly complex system. It would be more proper to use the term ‘urban creativity’ with reference to a city where creativity occurs, or in general with reference to creativity in cities. Let us define urban creativity as the creation of an original, valuable, useful new product (e.g. an idea, service, procedure, material object) or process by entities acting together in a network within the complex social system of a city. By ‘entity’ we understand both an individual and an organisation, like an enterprise or the city authority for example.

Although creativity is assigned to an individual, it is important to remember that creativity is synergistic and emergent, i.e. the creativity of a group of people is more than the sum of creativities of the particular individuals, and the description of individual creativity is not sufficient to understand the creativity of the group. Creativity in the city might occur at four levels (at each of them in a different way): that of an individual, organisation, industry, and city. For example, organisational creativity is more than the sum of creativities of all the people working together in this organisation. Now the question arises: how to examine urban creativity? Since we assumed that creativity was a characteristic of an individual, the best way would be to examine the creativity of each individual working or living in the city. While this is impossible in practice, we would also lose some important features which emerge at higher levels of organisation (e.g. that of a firm). The same holds for organisational cre-
Creativity. In this situation we should analyse the next level ‘below’ the city level; in our case it is the industry level. That is why we should look at creativity in a city through the prism of industry. Therefore we analyse ‘creative industries’ in the city.

Let us go back to urban creativity. We have to consider three aspects of it: the people, their action, and the environment (see Fig. 1). The creation of new products or ideas takes place through some action undertaken by people belonging to the so-called creative class who usually work for some organisations. This creation happens in a particular environment. The creative environment, as we might call it, is basically the city, or to be more precise, the system of social, economic and physical components which favour the processes of creation. Since the city is not a stand-alone organism and exists within a wider national and regional context, the creative environment can be of two kinds: (a) exogenous, or national/regional, comprising the state’s formal and informal institutions, policies, economic structure, etc., and (b) endogenous, or urban/local, encompassing the city’s characteristics, such as a creative environment, or local policies. Referring to Scott (2006), who emphasises the role of networks of production and local labour markets in the development of a ‘creative field’ in the city, and Hall (2004), stressing the notion of the past in the building of a ‘creative city’, we may say that creative action is embedded in networks which can be informal or formal (institutionalised), and that the creative environment is an outcome of the interplay of various forces, both endogenous and exogenous, which shape it through long-term processes (path dependency). A result of this interplay is the socio-economic and spatial structure of the city, and its part that is the most important for urban creativity, Scott (2006) claims, is a flexible local market. We can see that urban creativity in all of its three aspects: a creative class undertaking creative action through networks and a creative environment, is a neces-

Fig. 1. Conceptual model of the creative sector in the urban economy
Source: own compilation
sary condition to call an urban system a ‘creative
city’. Hence, to find out whether a city is creative
we have to determine what role urban creativity
plays in it and how it influences the current de-
velopment of creative activity.

Each city has a chance to be ‘creative’, but not
each becomes so. A necessary condition is urban
creativity which encompasses creative action and
a creative environment. But it is not a sufficient
condition. Sometimes we have to ‘help’ a city
to become creative through a policy aiming to
improve its environment or encourage creative
action. Policy often leads to the development of
local and regional business-supporting infra-
structure, which plays a crucial role in the growth
of the creative and cultural industries in the city.

General characteristics of the post-
socialist urban transformation

The sudden change of the political and social
systems in Central and Eastern Europe at the
start of the 1990s was a critical juncture on the
development path of the region’s cities. Prob-
lems of the post-socialist urban transformation
have been addressed in a number of works (Sail-
er-Fliege 1999; Young, Kaczmarek 1999, 2008;
Dutkowski 2000; Kotus 2006; Parysek, Mierze-
jewska 2006; Tsenkova, Nedović-Budić 2006;
Parysek 2007, 2009; Stanilov 2007; Stryjakiewicz,
Męczyński 2010; Stryjakiewicz et al. 2010a; Haase
et al. 2011; Węcławowicz 2013; Stryjakiewicz et
al. 2013). However, relatively few studies have
been devoted to the place and role of the creative
sector in this process. That is why in the present
article the transition from a socialist to a post-so-
cialist city is only a backcloth for an analysis of
the forms and mechanism of changing urban cre-
avtivity, and will be characterised very briefly and
in general terms.

A point of departure for this characterisation
is the model of an East-Central European socialist
city and the transformation model of a post-so-
cialist city worked out by Sailer-Fliege (1999: 9,
12). Modified and augmented by the present au-
thors, the models are summed up in Table 1. It
seems that the most salient features characteris-
ing the process of the post-socialist urban trans-
formation include:

- de-industrialisation of the urban economy fol-
  lowed by the take-off of the tertiary sector;
- re-establishment of local self-government and
city planning;
- a decline in the role of the state sector in fa-
vour of the private one, ultimately dominat-
ing;
- diversification of the housing market;
- attempts at gentrification and regeneration of
  the old housing stock; and
- urban-to-rural migrations (associated with
  the suburbanisation process) replacing ru-
  ral-to-urban ones.

Many of those characteristics are strongly
connected with the development of the creative
sector. However, it should be emphasised that
the cities of Central and Eastern Europe entered
their ‘creative path’ later than those of Western
Europe, since they had first to catch up on years-
long neglect in other domains of urban life, like
physical infrastructure or public transport. One
can say, therefore, that the catching-up with
Western cities on creative urban processes is par-
allel to patching-up of the holes left by the previ-
ous system.

Throughout the entire decade of the 1990s,
both national and local governments focused
on balancing urban economies after half a cen-
tury of socialism and on laying the foundations
of sustainable development. The late 1990s and
early 2000s saw dynamic development of knowl-
edge-intensive sectors while the patching-up
process still continued. It is worth emphasising
two important features of this process that have
a bearing on creative activity: a) commodifica-
tion, and b) an increase in urban heterogeneity.
Commodification embraces nearly all elements
constituting a city: from housing and real estate
through public spaces to cultural goods (cf. Ham-
ilton 1999; Sailer-Fliege 1999; Sztompka 1995; Ko-
industries as the main channels of commodifica-
tion. On the other hand, rapid commodification
sparks off many controversies in post-socialist
societies, which often perceive it as a threat to
culture and creativity. That this need not be the
case is proved, e.g., by fine examples of business
combined with ambitious cultural ventures, like
the Old Brewery Centre of Trade, Arts and Busi-
ness in Poznań (which is also an excellent exam-
As to the growing urban heterogeneity, it produces an environment increasingly favourable to the settlement of the creative class there (Florida 2002, 2005) which in turn brings about a next ‘multiplier effect’, viz. heterogeneity in many other dimensions, such as architecture, events, new social awareness, new modes of production

Table 1. Main characteristics of a socialist and a post-socialist city

<table>
<thead>
<tr>
<th>Domain</th>
<th>Socialist city</th>
<th>Post-socialist city</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ideology</strong></td>
<td>Egalitarian society, territorial equalisation of living conditions</td>
<td>Stratified society, sharp rise in social inequalities, growing differences in living conditions</td>
</tr>
<tr>
<td></td>
<td>Domination of the communist party</td>
<td>Multi-party system</td>
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<td></td>
<td>Cities as places of fast modernisation with heavy industry as a tool</td>
<td>De-industrialisation, take-off of tertiary sector</td>
</tr>
<tr>
<td></td>
<td>Centrally planned economy, priority given to ‘productive’ economic development</td>
<td>Market economy (neo-liberal approaches); openness to FDI and supra-national institutions</td>
</tr>
<tr>
<td></td>
<td>Priority given to public property</td>
<td>Priority given to private property</td>
</tr>
<tr>
<td></td>
<td>Economies of scale, efficiency of agglomeration (resources/infrastructure)</td>
<td>Economies of scope, networking</td>
</tr>
<tr>
<td></td>
<td>Housing as a social service</td>
<td>Housing as commodity</td>
</tr>
<tr>
<td><strong>General principles, processes and governmental measures</strong></td>
<td>City planning as part of centralised economic and regional planning, absence of real local self-government</td>
<td>Re-establishment of local self-government and city planning</td>
</tr>
<tr>
<td></td>
<td>City planning as part of centralised economic and regional planning, absence of real local self-government</td>
<td>Re-establishment of local self-government and city planning</td>
</tr>
<tr>
<td></td>
<td>State ownership; total control of means of production, urban land and private rental market</td>
<td>Privatisation of enterprises, mosaic of ownership forms</td>
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<tr>
<td></td>
<td>Economic activity based on large state-run enterprises, very limited private sector</td>
<td>Growing role of small and medium-sized enterprises; private sector predominant</td>
</tr>
<tr>
<td></td>
<td>Priority given to state housing construction, small standardised flats, neighbourhood concept</td>
<td>Abandonment of state housing construction, priority given to private developers, diversification of flats, emerging ‘gated communities’</td>
</tr>
<tr>
<td></td>
<td>State allocation and control of dwellings</td>
<td>Re-privatisation / restitution of land and dwellings</td>
</tr>
<tr>
<td></td>
<td>Low rents, quasi-ownership rights for tenants</td>
<td>Reduction of tenant rights, increasing housing costs</td>
</tr>
<tr>
<td></td>
<td>Low investment in old housing stock</td>
<td>Attempts at revitalising old housing stock</td>
</tr>
<tr>
<td><strong>City</strong></td>
<td>Compact city, relatively homogeneous functional areas, no suburbanisation</td>
<td>Compact city, slightly less homogeneity, rapid suburbanisation</td>
</tr>
<tr>
<td></td>
<td>City centre: tertiary and residential functions, small areas of tertiary functions in urban fringes</td>
<td>Growth of areas of tertiary functions, expansion of CBD, specialisation and decentralisation, small shops, street trading, unintegrated shopping centres</td>
</tr>
<tr>
<td></td>
<td>Large, oversized industrial areas, extensive green spaces</td>
<td>Extensive industrial blight, new industrial areas of urban fringes</td>
</tr>
<tr>
<td></td>
<td>Reduction / decay of old housing stock, inter-city fallow areas</td>
<td>Increasing decay of old housing stock, gentrification, urban regeneration</td>
</tr>
<tr>
<td></td>
<td>High-rise housing estates (often with poor infrastructure and services)</td>
<td>Decreasing housing construction, luxurious housing enclaves (also in suburban zones)</td>
</tr>
<tr>
<td></td>
<td>Housing shortage caused by deficit in housing stock</td>
<td>Housing shortage caused by affordability problems and reduction of state rental sector</td>
</tr>
<tr>
<td></td>
<td>Rural-to-urban migrations</td>
<td>Urban-to-rural migrations (mostly to suburbs)</td>
</tr>
</tbody>
</table>

Source: based on Sailer-Fliege (1999) and Stryjakiewicz et al. (2010c)

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2 This table is reproduced, with kind permission of Alexandrine Press, from the article by Stryjakiewicz et al. (2012) published in Built Environment 38(2), p. 198.
and consumption, formation of creative networks and clusters, etc.

In West European cities the development of the creative sector is often supported by appropriate strategies and policies. In the post-socialist Central and Eastern Europe, as Stryjakiewicz (2002) claims, in the absence of a long-term national strategy of promotion and support for knowledge and creative industries, two local economic development paths seem available: an exogenous one, connected with the activity of transnational corporations (TNCs) and EU institutions, and an endogenous (‘grass-roots’) one, spontaneously relying on local human capital. In view of the unsatisfactory contribution of TNCs and foreign direct investment to the creation of innovation networks and the promotion of the new economy, local grass-roots ventures in this field are of special importance. The best example of such local networks resembling the Third Italy model can be found in the town of Swarzędz near Poznań with its artistic furniture crafts (Stryjakiewicz 2005).

A more detailed discussion of the place and role of the creative industries in the post-socialist urban transformation is presented in the following sections.

How creative industries support the post-socialist urban transformation

Creative industries have played a significant role in the systemic transformation of the countries of Central and Eastern Europe. The reflections that follow concern its selected cities and metropolitan regions. They are both state capitals (Budapest, Sofia, Riga) and regional growth centres (Leipzig, Poznań). Such a broader perspective on the question of systemic change, not only from the point of view of the principal metropolitan centres, allows a more detailed scrutiny of the role of the creative sector in the transformation process of urban areas.

The urban transformation that started in 1989 at the local level of cities and their metropolitan regions in this part of Europe was a consequence of the collapse of the communist system. Its essence lay in the restoration of governance in urban structures on the basis of a local government system (Bucek 2000; Zsamboki, Bell 1997).

The states of Central and Eastern Europe have introduced a multi-tier system of self-government, at the national, regional and local levels. Today each of the tiers prepares its own strategies and socio-economic development plans, including physical development plans. With respect to urban planning, the transformation following the change of the socio-economic system consisted in introducing the element of citizen participation to the planning processes, i.e. the inclusion of local communities into it.

While the planning process in urban areas under the centralised economy system was based on decisions taken at the highest levels of authority, after 1989 representatives of local communities, including those of the creative sector, began to exert an ever greater impact on the transformation of cities and metropolitan regions. Urban planners and architects, often running their own design offices, were the most important among a large group of people involved in the planning process. On the one hand, by suggesting attractive physical planning and architectural solutions, they became responsible for the quality of urban space, being at the same time its users. Bearing in mind Florida’s (2002) assumptions concerning the role of so-called soft factors in attracting the creative class, it is the quality of residential space that plays a significant role in this matter. This is primarily thanks to the enhanced attractiveness of physical planning and architectural complexes in residential areas of metropolitan regions.

In the light of the experience of the transformation process, it seems that in the states of Central and Eastern Europe there are multiple strategic plans for entire urban entities and selected branches or sectors of the economy, but often the local authorities, having insufficient financial resources at their disposal, are unable to put them into operation (Kovács et al. 2007a: 24). At the same time, with respect to strategic planning policies, the states exhibit visible differences in the level of organisation of urban planning activities, from a system based on a long-term policy of strategic planning in Germany to one without clear development directions, such as that in Bulgaria.
The imposition of the socialist system after the Second World War and the attendant centralised governance was a major change leading to the abandonment of the evolutionary path of growth of the Central and East European countries. The focus on the development of industry with simultaneous restrictions of the tertiary sector, in particular private services, was the main reason for the delayed ‘tertiarisation’ of individual economies and for the major contribution of the heavy industry to their economic structure until the 1990s. Where economic conditions allowed the introduction of free-market forces since the onset of the systemic transformation (e.g. in Hungary), it was possible to restrict the role of the heavy industry and foster services. However, a vast majority of states (e.g. Germany, where the central government subsidised the manufacturing sector) experienced many problems with restructuring the traditional industries and reclaiming the post-industrial landscape, including facilities formerly used by industry (Kovács et al. 2007a: 13).

Of special importance were cultural institutions, particularly in the first years of the transformation. In the early 1990s, the creation of new democracies in Central and Eastern Europe was sped up by people related to the arts, who raised the awareness of the general public about the significance of the transformation. In the course of the ensuing economic changes, big state-owned enterprises of the manufacturing sector found themselves in a difficult position and often went bankrupt. In the economic structure of many of the states under discussion, the bankrupt manufacturing enterprises were replaced by companies of the tertiary sector, including those connected with the cultural sector. They began to play an increasingly important role in boosting the competitiveness of urban areas. An example of such changes is offered by the former East German city of Leipzig, where companies connected with television, radio, film, and music have developed. In terms of the number of people employed in the communications media, Leipzig was the ninth largest centre in Germany at the beginning of the 2000s (Schönert 2004: 3). The city has also been host to the Leipzig Book Fair, organised on the premises of one of Europe’s largest trade fair grounds, while post-industrial sites have been used as venues of painting exhibitions connected with the so-called New Leipzig School. At present, activities in this area are supported by a cluster of 50 galleries established in the former industrial facilities of Spinnerei, in the city’s western part of Plagwitz (Lange et al. 2007).

Apart from the increased importance of services related to culture, the growth of a knowledge-based economy is a major objective of central governments in most of the states of Central and Eastern Europe. The effects of their strategies and plans are already visible, e.g. in projects strengthening the role of innovation in the economy. Those projects include, for instance, a conversion of degraded post-industrial sites into areas with new uses connected with the creative sector (techno-parks and technopolitan areas set up as a result of ties between higher education institutions and the economy).

In the initial period of the transformation process, the post-socialist countries showed highly dynamic economic development. The harsh free-market principles led to the creation in their cities of adequate conditions for the development of creativity, most notably for the growth of entrepreneurial spirit. In the first half of the 1990s a large number of small construction enterprises were set up on the ruins of bankrupt state-owned construction giants. Their operating costs were low and they were highly flexible in adapting to the market demand. They were often established by representatives of the creative sector who had given up their previous, low-paid jobs.

At the beginning of the transformation the cities of Central and Eastern Europe displayed a high level of homogeneity in terms of nationality and religion. On the one hand, this made governance easier, but on the other it restricted a free flow of information between representatives of various cultures and religions. Therefore, from the perspective of Florida’s idea (2002), those were cities that did not meet all the criteria of growth of the creative sector. With time, however, the situation began to change and the economic reforms, especially the accession of the states to the European Union, made them destinations for citizens of other countries, in particular of the neighbouring states.

The progressive growth of the cities under discussion was contingent primarily on the changing structure of the economy, with a de-
creasing role of industry. This was reflected at the local level. Large state-owned manufacturing corporations gave way to privately-owned small and big service companies. Some representatives of the ‘new capitalist’ class took action to regenerate former industrial facilities and use them for creative enterprises. One of such projects was the rehabilitation of a big nineteenth-century brewery in Poznań and its conversion into a centre of services, art, trade, and business. The project, which relied on the activities of creative architects from the start, resulted in the creation of a network of artists and business people. Apart from such big initiatives, Poznań has also implemented smaller-scale projects as part of a city centre renewal programme contributing to a shift from industrial to service activities and advancing the place-making process (Lawton et al. 2013). Such actions are usually taken on the initiative of entrepreneurial city residents. In an attempt to make the city an attractive location for creative-sector companies, they take up conservation and modernisation work relying on their own financial resources (Brown, Męczyński 2009; Stryjakiewicz et al. 2007).

Capital cities (e.g. Budapest) quickly assumed the role of major growth centres. The new socio-economic conditions facilitated the adoption of new economic and political functions (specialisation), which stimulated their development as more competitive and innovative economic structures than other cities. During the transformation process they quickly rose to the status of multifunctional centres, with a high level of flexibility and an ability to create and attract innovation (Kovács et al. 2007a: 7). Their multifunctional character was due to their extensive academic backup, high skills of residents, the climate of a metropolitan region, and fledgling local government. All this contributed to the creation of a comprehensive metropolitan region with a creative environment, of particular interest to creative, talented and highly qualified individuals.

On account of the magnitude and scale of the action taken, local authorities in such capital cities as Budapest, Riga and Sofia obtained substantial financial resources for the adoption of long- and medium-term local development plans. One of them is the Medium-Term Urban Development Programme for Budapest – Podmaniecky Programme, which caters to the growth of creative-sector companies (mainly institutions connected with culture, the knowledge-based economy and the ICT sector). The Programme consists of 130 projects which are to assure the city sustainable development and guarantee a strong competitive position of the Budapest metropolitan region among the largest metropolitan regions of Europe. The project assumes the creation of technopolitan areas in the northern and southern sections of the city and a network of higher education institutions, government organs and business entities.

With respect to physical planning, the cities of East Germany were able to use the best practices of West Germany. However, also here time was a factor necessary to overcome the delays due to the long-established central planning system. In the mid-1990s the authorities of Leipzig took action to cope with a worsening socio-economic situation, in particular in demography, which contributed to a “perforated city structure” (Lütke-Daldrup 2004), or the appearance of abandoned areas in its eastern part. The measure taken by the local government consisted in the creation of physical planning schedules meant to fill out construction gaps and to convert post-industrial sites into park greenery. Those activities involved the renewal of degraded residential areas consisting in the preservation of the architectural heritage in the city centre, the creation of cycling routes, and the restoration of greenery (e.g. the fin-de-siècle district of Gründerzeit). They enhanced both the physical image of the city and the quality of life of the residents. At the same time policy guidelines of city governments attempted to contain the process of so-called urban sprawl (Lange et al. 2007: 51–53).

In Budapest, the local authority faced a new challenge of a dynamic increase in the number of residential districts constructed by private companies. At the same time, in view of the significant growth of suburbs that belong to the city’s metropolitan region, work commenced on the regeneration of degraded residential districts in the downtown area. The efforts of the city government consisted in encouraging investors to carry out investment in the historical residential districts of downtown Budapest. Of major importance was the support and participation of the
city government in public-private partnerships. Joint activities taken under this initiative allowed the development of 300,000 sq. metres under the Corvin-Szigony project (Kovács et al. 2007a; Kovács et al. 2007b).

Urban renewal projects have also been launched by the Poznań authority. The city was the first in Poland to adopt comprehensive plans for the revitalisation of downtown districts (the Urban Renewal Programme). One of its principal objectives is the preservation of architectural and town-planning assets and the regeneration of the degraded downtown districts. The afore-mentioned conversion of a nineteenth-century brewery is part of this program.

In the cities under discussion, both national capitals and regional growth centres, there are still areas with blocks of flats characteristic of socialism. Now those buildings have an unattractive architecture and are often inhabited by socially disadvantaged individuals. In the future, it seems that those areas may suffer further degradation and neglect, which may lead to social pathologies. The authorities should be aware of the risks connected with such areas and take action both in the field of urban planning and architecture, and social issues (Stryjakiewicz et al. 2010b).

Most of the cities under consideration draw up plans and strategies shifting them towards a knowledge-based economy. The effects of their implementation can be seen in the conversion of degraded post-industrial sites into venues with new uses associated with service companies of the creative sector. Projects are launched which are meant to enhance the role of product and process innovations in the economy through the establishment of techno-parks as well as science and technology parks (Stachowiak et al. 2013). Such enterprises have been established in the capitals as well as in Poznań and Leipzig. In the former, the Science and Technology Park of the Adam Mickiewicz University Foundation offers conditions facilitating the growth of creative-sector firms, in particular backed up by Poznań’s higher education institutions (Stryjakiewicz et al. 2007). Similar initiatives take place in Riga, host to three science and technology parks. Set up in 1993, the Latvian Technology Centre supports companies manufacturing for hospitals and design. Latvia’s Technology Park was launched in 1996. The project’s objective is to commercialise innovation in such areas as energy, ICT, chemistry, biotechnology, and transport. The last, third, initiative is the Latvian Electronic Business Innovation Centre established in 1997, which specialises in providing support to ICT firms, especially small and medium-sized (Paalzow et al. 2007).

The policies of the local authorities promoting the growth of creative-sector institutions and increasing the competitiveness of their areas within the network of European cities are of prime importance for the operation of those institutions. Moreover, the measures taken are meant to present the cities in a way assuring them the interest of creative and talented people. The many and varied development programmes of those cities focus on the growth and transformation of their socio-economic structures with the creative industries as a basis.

**Mechanism of urban creativity development in post-socialist cities: policy implications**

Since the 1990s, the determinants of the development of cities in Central and Eastern Europe have been such processes of post-socialist urban transformation as de-industrialisation of the urban economy and the increasing significance of the tertiary sector, re-establishment of local self-government and city planning, privatisation, commodification, increase in urban heterogeneity, and others. Until then, the creative sector, and activities connected with broadly understood culture in particular, had only been an element of social life and a concern of the social sphere. It became part of the economy only in the course of the systemic transformation. While the 1990s were a period of ‘patching up’ the structural holes of socialism and ‘catching up’ with the West, the 2000s have been a time of dynamic growth of activities heavily relying on knowledge and symbolic values. Although they emerged practically at the very start of the transformation, it was only after a decade that they gained in importance and dynamics. Their appearance has moulded the course of the transformation ever since. In
ROLE OF CREATIVE INDUSTRIES IN THE POST-SOCIALIST URBAN TRANSFORMATION

Creative sector of urban economy

URBAN CREATIVITY

Creative action
- presence and growth of creative industries
- product and process innovations

Creative class
- pool of educated, creative and innovative people

Creative environment
- cultural heritage (from socialism and pre-socialist times)
- demand for cultural, creative and symbolic outputs
- transforming (re-building) of the economic base

Exogenous
Endogenous

Embeddedness
Increase in Tie density
Path dependency
(Trajectories of Socialism)

NETWORK
- informal
- formal (institutionalised)

Creative clusters
- cultural and social structure
- economic circulation
- spatial structure
- supply and demand
- labour market
- diversity
- productivity
- connectivity
- urban renewal

Commodification

Creative product

Local and regional business-supporting infrastructure

private and public institutions founded to:
(1) supply ‘specific’ public goods;
(2) compensate for market failures;
(3) create and shape intermediate and final markets
(4) activate synergies within the cluster and across clusters.

Fig. 2. Urban creativity in the post-socialist city
Source: own compilation
particular, the creative industries have greatly contributed to changes in post-socialist cities through their specific properties, e.g. a high level of networking, their tendency to cluster, or the heterogeneous milieu they need (Chapain et al. 2010). The contribution of the creative industries has involved primarily the embedding of creative action in formal and informal networks, the formation of clusters of creative activity, the development of new ways of manufacturing goods, and their commodification (Fig. 2).

The growing role of education, especially higher education, and the necessity for business people to quickly adapt to the new market rules of the game enhanced creativity and innovativeness. Those were first connected with what can be termed ‘adaptive creativity’, i.e. a search for original and useful modes of action intended to ensure survival in the new, somewhat chaotic situation. Adaptive creativity, closely connected with entrepreneurship, fast expanded to include not only modes of action, but also the goods manufactured and production processes employed. Innovative activity requires networks of relations to enable the sharing and exchange of ideas and promote innovation; to provide support of skills through knowledge transfer and peer reviews; and to facilitate collaborative projects and provide access to future work, thereby reducing the risk associated with working conditions in the sector (Brown, Nadler, Męczyński 2010: 220).

However, at the beginning of the 1990s many post-socialist cities were almost complete deserts in terms of innovation or business networks, especially those based on the new information and communications technologies. There were no conditions facilitating the development of knowledge and the creative sector (Stryjakiewicz 2002). The chief efforts of the central, regional and local governments focused primarily on dealing with the regression caused by the initial shock of the transition period. At this time any quantitative increase in industrial output was considered a success. Partly as a consequence of this, state and local government policies relied mainly on short-term strategies devised to patch up current holes in the economy (Stryjakiewicz, Stachowiak 2013). As the economic transition kept progressing and the main problems were solved, attention started to shift to qualitative aspects of development. This happened mostly with the advent of the 21st century. Speaking about ‘clusters’, ‘urban knowledge systems’, or ‘inter-firm knowledge networks’, so frequently encountered when discussing advanced economies, was not just a piece of rhetoric anymore. However, the action undertaken was mainly spontaneous.

The spontaneous process of the development of urban creativity was, and still is, interconnected with urban policies, which can be illustrated by the case of Poznań. Since 1990 urban policy has reflected the city’s stages in transforming its material, economic and social spheres. By contrast to many western cities, 20–25 years ago the problems of Poznań and its surrounding communes were first of all immense ownership changes, the need to create new land-use, fiscal and spatial policies, restructuring of the economy from manufacturing to services, and making up for delays in physical and social infrastructure, i.e. processes strictly connected with the creation of the city’s new economic base and the improvement of its inhabitants’ quality of life. This took place in the period of the rebirth of real local government and the creation of foundations of a civil society. In the face of an abundance of tasks, urban policy could not perforce be coherent and long-term, and its instruments did not always comply with the best patterns from the West European countries. Also external factors were influential, including weak and frequently changing legal regulations, political fights at the central level, and changeability of the process of government decentralisation. The urban policy of the recent years has been influenced by financial aid from the EU Structural Funds, the major beneficiaries of which have been projects oriented towards specific fields, mainly the improvement of urban infrastructure.

To sum up, the beginning of the 21st century marks a breakthrough in the urban and metropolitan policies of post-socialist cities in terms of activities designed to enhance the competitiveness of their entire metropolitan areas, increase their structural and spatial cohesion, and develop modern economic sectors and creative social initiatives. The breakthrough has often had a bottom-up character rather than being a result of direct action by the central authorities in the legislative and financial spheres. It is the local author-
ities of cities and suburban communes that initiate strategic solutions in the field of metropolitan management, development of the creative sector and a knowledge-based economy, etc. Local governments, more than two decades after their establishment at the beginning of the transformation of the administrative system, have matured enough to invest in quality development, territorial co-operation, and elements of co-governance, which enhance the cities’ competitiveness. However, the creative sector needs local and regional support infrastructure, but the policies in the post-socialist cities have some limitations in this regard. The major drawbacks with a bearing on urban policy in the recent years have been:
- the sectoral character of actions focused on solving problems in the particular spheres of socio-economic life (e.g. public transport, health care, public security, environmental protection, enterprise encouragement),
- a multiplicity of strategic and planning documents defining similar objectives, but not always equipped with concrete instruments to achieve them,
- lack of a common development policy for a city and its region, and
- a multiplicity of decision-making entities in the area of the city’s activities (local commune and district authorities, regional authorities).

As a consequence of the above limitations, many cities have no spatially and functionally coherent policy oriented towards the formation of the creative sector in the city and its region. As a result of intensive suburbanisation and the accumulation of functional problems of physical and social infrastructure, integration activities have become a need of the moment. Today the integration of management, provision of social and technical services as well as physical planning is a *sine qua non* condition of further growth in the competitiveness of post-socialist cities in the national and European settlement system, as well as a condition of improvement in the quality of life.

The present-day development philosophy of the post-socialist cities encompasses elements of the growth of the creative sector, a knowledge-based economy, and innovative sectors relying on highly qualified human capital and advanced technologies. Their implementation should therefore determine the directions of the urban policy in the nearest future.

The role of the local authority seems to be significant in defining directions, seeking external funds, co-ordinating activities of various public and private entities, generating an atmosphere of creativity and entrepreneurship, initiating and supporting concrete activities of creative communities (both business-related and social), and most of all, encouraging a further, large-scale development of non-governmental organisations. It is mainly thanks to those organisations (and their wide-ranging criticism of the local authority in various, mostly electronic, media) that the control of urban development is increasingly transparent and has started to meet the inhabitants’ expectations. On the other hand, local authorities seem to ever better understand that the development of post-socialist cities as creative and knowledge-based ones will decide their future competitiveness in the European and global network.

*Translated by Maria Kawinska*

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