Creative Economy Strategies For Small and Medium Size Cities: Options for New York State

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Abstract

All over the United States, there is a buzz about the creative economy. Careful integration of knowledge worksites into the urban fabric can reinvigorate urban neighborhoods and downtowns. The arts and community cultural activities, including festivals and special events, can contribute to community identity, increase community pride, and foster participation. Creative economy oriented planning can contribute to the local economy by drawing tourists and attracting and retaining employers and a workforce who rank community quality of life high on their list of desirable characteristics.

An analysis of creative economy strategies applied in small and medium size cities suggests four potential strategies for New York communities attempting to build “creative” economies:
   1) An economic and land use development framework organized around knowledge-based anchor institutions, including those in health and education.
   2) Identification of community resources, such as churches and libraries, that can be used as venues for creative activities.
   3) The development of leadership among young creative and technology oriented workers already in the community.
   4) An ecological model – focused on networks among people and organizations and on the cultural sector as a whole – rather than on big cultural institutions. The creative economy does not necessarily depend on large public cultural institutions but can be realized through periodic events such as community festivals.

This paper will look at these strategies as well as ways in which creative economy approaches could strengthen broader economic development programs in New York.
Introduction: What is the Creative Economy and Why Should New York Policy Makers Be Interested in It?

During the past ten years there has been a sea change in thinking about economic development. Conventional economic development, organized around real estate development and subsidies to individual firms, has been challenged by new ideas. These innovative ideas respond to the needs of the US economy that emerged in the 1990s. The new economy is organized around:

- The quality and depth of skills
- The ability of workers, employers, and civic leaders to learn new skills and approaches
- The capacity to innovate.

Those regions that have grown their economies in the 1990s have some common features that reflect the new priorities:

- People take center stage in the new regional economic development agenda. The focus is on attracting and retaining skilled workers and entrepreneur-innovators. It is on building the skills of those who already live in and have a commitment to the region.
- Quality of place is important to people who work in innovative and high skilled industries so the new agenda is also about quality of life in the region – good schools, and recreational and cultural opportunities. Successful regions have city centers that are attractive to young people who prefer city life to the suburbs. They have healthy neighborhoods and not only welcome but also celebrate diversity.
- Innovation and outside the box thinking is not just the province of entrepreneurs but also of civic leaders. They understand that, in order to act confidently, politicians need to know that they have a diverse constituency behind proposals for change. In a highly competitive economy civic leaders build a cooperative constituency for change across the private, non-profit, and public sectors, across labor and employers.
In the new economy, competitive advantage rests on such qualities as creativity and initiative, design and technical skills, advanced conceptualizing, and the ability to respond to rapid change (Florida, 2002). In a knowledge-based economy, the capacity to innovate trumps economies of scale and cost competition. To attract and retain skilled professionals and foster an economy that builds innovative potential, regions have developed creative economy initiatives.

**How Do Creative Economy Approaches Relate to “Conventional” Economic Development?**

The idea that the arts and culture are valuable to local and state economies (not to mention, the national economy) is not new. It has been demonstrated in studies by organizations such as Americans for the Arts and New York’s Alliance for the Arts for decades.\(^1\) The goal of these organizations has been to garner support for arts and cultural organizations from government, the citizenry, and foundations. What is different about the current policy discussions is their attention to the myriad ways in which creative economy approaches can be integrated into economic development programs. Recognition is now coming from economic developers as well as from the arts community.

For example, The National Governor’s Council published a report (NGA Center for Best Practices, 2001), citing the following ways in which “the Arts” contribute to economic development:

- They use the skills of local crafts people and artists of all kinds to generate economic activity through tourism, crafts, and cultural attractions. These resources are particularly important in regions whose economies are lagging.
- They may serve as a centerpiece for downtown redevelopment and renewal.
• They create vibrant public spaces, improve the quality of life, expand the business and revenue base and contribute to a positive regional and community image.
• They contribute to a region’s “innovation habitat”.

Thus, what is increasingly being recognized is that creative economy initiatives have both short-term benefits and long-term consequences for a region’s economic development capacity and human capital (NGA Center for Best Practices, 2002).

In the US, creative economy workers make up at most about 25% of the workforce. In New York, as in the rest of the United States, the majority of U.S. workers will be employed in 1) specialized manufacturing, as exemplified by the optics and imaging workforce in Rochester; 2) location cost sensitive services, such as call centers; in place-centered services, including both professional services, as in Albany, and low paid support services; and 3) tourist or commercial traveler services as in Niagara, Saratoga or New York City. New York has all these types of jobs. New York’s goal should be to grow knowledge-intensive jobs, specialized manufacturing, and the high end of the service sector. This will require attracting and retaining both skilled workers and the firms that employ them (Pendall, Drennan, Christopherson, 2004).

New York’s towns and cities already have a significant complement of knowledge-oriented workers and employers, especially in education and health care including in upstate towns and cities (Ibid.). Economic development policy needs to consider how to best utilize this existing resource in order to build a creative economy base.

However, and this is a big however… while creative economy approaches are interesting and valuable they are not a panacea for economic development problems. They cannot make up for the absence of regional planning; the costs of inter-jurisdictional competition and poorly conceived national policy; inadequate
transportation access; or the lack of investment in telecommunications technology (Kentucky Science and Technology Council, 1999). In fact, creative economy initiatives are likely to fail if not integrated into a broader economic development investment agenda. Within that broader agenda, however, they can build leadership; help communities focus on their resources and strengths; promote distinctive community and regional identities, and, as described in the NGA report, make significant contributions to building sustainable local and regional economies.

What is Different About the Creative Economy Approach to Economic Development?

What is different about the creative economy approach is that it links the arts and the creative process to a much wider range of economic activities including technological innovation and local and regional marketing. The understanding that people, quality of place, and innovation are central to economic development has led to a new focus on cultural resources as a key element in regional economic development. Creative economy approaches also typically emphasize intra-regional cooperation rather than on local or inter-jurisdictional competition.

For Example…

One of the most important creative economy initiatives has been developed for the New England region and examines the role of the arts and culture in New England’s competitiveness (New England Council, 2000). New York can learn from New England’s experience as well as from national studies that focus on examples of the creative and cultural activities of small towns and cities. This new awareness of the value of cultural resources is reflected, for example, in projects such as the Massachusetts Museum of Contemporary Art in North Adams, Massachusetts, The Art Park in Cazenovia, seasonal festivals, the Science Center in Ithaca, and increased support for cultural and heritage tourism.
As the New England Council demonstrates, an important characteristic that distinguishes creative economy approaches from conventional economic development approaches is a focus on organizations and regions rather than on political jurisdictions. As a consequence these approaches have the potential to foster cooperation across places rather than costly and inefficient competition. This may be a consequence of a worldview built around connection rather than legislative politics but, whatever its origins, the tendency toward cooperation provides an antidote to the divisiveness that typically characterizes economic development initiatives.

So, the Western Massachusetts Arts Alliance has organized programs for localities throughout Western Massachusetts especially to explore “interest in and opportunities for expanding participation in cultural tourism in western Massachusetts, especially among small and mid-size cultural organizations and artists” (http://www.umass.edu/fac/wmaa/events/cse/). What these efforts suggest is the potential for cooperating across political boundaries, for example, between Massachusetts and New York, or, among the Great Lakes states, and within broadly defined regions in New York, to develop cultural tourism programs rooted in local creative economy initiatives. It is to these local initiatives that we turn next.

The Challenges Facing Smaller Towns and Cities
Small towns and small and medium-size cities, including those in New York, face particular challenges in building a creative economy.

1) In cities, established, large cultural institutions support creative economy activities. Small towns and cities do not have that resource.

2) Because cultural activities are local, there is little coordination at a broader regional level. It is, however, at the regional scale that non-metropolitan creative economies can develop a critical mass that attracts visitors and retains younger creative workers.
Many towns and small and medium-size cities do not have the apparent diversity that is present in many large cities as a result of immigrant communities. They sometimes have, however, sources of diversity --- in adjacent immigrant groups, such as migrant workers communities, or in a local African-American community -- but have been slow to recognize, support, and celebrate these cultural communities.

Small and medium-size communities are hampered by under-developed leadership and volunteer capacities.

Despite these challenges, many small towns and small and medium size cities have a significant resource they can draw on in building creative economy approaches to economic development-- a local college or university or a health care institution. This is particularly true in New York, which has one of the highest densities of higher educational institutions in the United States, and many health care treatment and research institutions.

The potential for smaller city and rural regions to pursue economic development strategies based on creativity and innovation has only recently been recognized in the United States though there have been creative economy initiatives for small towns and small and medium size cities as well as rural regions in the United Kingdom, Australia, and New Zealand as well as in Canada for a number of years. These initiatives have built on national policies to support creative economy activities at the local level. The Australia Festivals Program and cultural resources inventories in the UK exemplify these policies. The strategies suggested below for New York State draw on examples in these countries as well as in the United States from states such as North Carolina, Louisiana, and Montana.
The First Strategy: Organize Economic Development and Land Use Around Strategic Knowledge Economy Assets

Analysts of the impact of economic development strategies have noted the limitations of strategies focused exclusively on plans intended to attract tourists. For example, critics of the Baltimore Harbor tourism complex have commented on its separation from the central city and its inability to generate jobs that pay more than minimum wages. An alternative strategy being proposed in conjunction with “creative economy” approaches is anchoring urban regeneration or economic development strategies around an existing institution that employs knowledge workers. This institution may be a large hospital or an educational institution. The concept here is to retain ethnic and racial diversity and provide affordable housing and neighborhoods for low-income people who work in these institutions but, at the same time, develop neighborhoods and urban commercial areas that foster creative work and performance.

One of the most promising examples of combining the assets of College and Community exists among The Village of Hamilton, The Town of Hamilton and Colgate University. The three partners created a Partnership for Community Development and a Community Development Corporation. The PDC worked to create a new “Downtown Hamilton”, restoring storefronts and renovating buildings. Colgate re-located its campus bookstore in Hamilton to bring campus customers and street life into the downtown. The PDC has also developed a year-round festival series and supported the development of a strategic plan to guide community development and future projects.

(http://www.partnersatwork.org/reports/annualreport2002.htm)

There are many potential opportunities in upstate New York for collaborative efforts between campuses and communities. The proposed project in Albany to develop a plan around the expansion of SUNY’s downtown campus and the College of Saint Rose represents the potential for such a strategy. Specific attention to creating public venues for performance and creative design would
enhance the possibility that this community design could foster an innovative community.

Within the realm of campus/community initiated economic development programs, there are numerous examples of interesting and valuable investments to promote creativity and innovation as well as community vitality and streetlife. One example is the Bucketworks project in Milwaukee.

According to its Director, James Carlson, Bucketworks is designed as a place where:

"Members with skills in science and technology, business, law, finance, the arts and health would meet to discuss and share their skills. There are just as many tools for the engineering-minded person as there are for the artistically inclined. Bucketworks is divided into four areas: The Playspace, a huge performance event and class space with a theater stage and movable walls; The Workshop, a large room equipped with computers, a pottery wheel, sewing machines, easels and other tools for creativity; The General Store, an on-site supply store with a staff-operated woodshop, kiln, stockpile of paper, paint, brushes and other craft supplies, and a lending library; The Showroom, a retail floor space and art gallery to showcase the works of members and local artists. “ (Edler, 2003)

Such additional private and public investments in performance venues (in under-utilized churches, for example, as described below) and spaces for creative work can connect universities to their surrounding communities, create more "street life" and encourage small commercial establishments to move into the neighborhoods.

Among the best examples of using educational institutions to foster urban regeneration is in the small city of Nottingham in England where a peripheral university was drawn back into the City Center and provided a constant stream of students and faculty to frequent local businesses. Along with the restoration of Nottingham’s Lace Market area as an apparel design as well as commercial area. These initiatives have made Nottingham one of the most successful and lively small cities in England (Crewe and Forster, 1993).
A Proviso… While campus/community initiatives have significant potential for revitalizing small communities, college development cannot be initiated at the expense of the community’s tax base. One way in which colleges and universities can build stronger communities is to contribute more to the resources that support local services, despite their non-profit status and tax-exempt status.

Policies:
• State and regional economic development officials should meet with the “Campus Compact”, an organization including over forty New York educational institutions and dedicated to better campus-community relations. Their goal should be to find ways to better integrate New York’s educational institutions into economic development planning for its small and medium size cities.
• At the local level, village and town officials should explore the idea of creating a joint community development corporation.

The Second Strategy: Identify Under-utilized Resources to Provide Venues for Creative Activities

Many New York communities have under-utilized resources, such as local libraries and churches, that can be used as venues for performances and other creative activities. Initial results from a survey of New Yorkers through “The Empire State Poll” indicates that public venues, including volunteer fire houses, libraries, schools, and churches are primary sites for community cultural life (Christopherson and Loker, 2004).

In looking for potential sites for creative economy activities, particularly performances, the national organization, Americans for the Arts, has noted the importance of churches as a little recognized venue for performances, especially when conventional performance venues are not available. This possibility increases in the case of “redundant” churches, whose membership has declined. Church buildings represent a significant investment for communities and there
should be a presumption of re-use in the interest of preservation and sustainability.

Obviously members of the local community that has built and maintained the church should have a primary role in deciding its future uses but this process can be guided and assisted by local and state preservation organizations and by local and state planning authorities.

Policies:
- State preservation and economic development officials should join together to develop and publish guidelines regarding the re-use of church buildings in the state

The Third Strategy: Develop Leadership and New Ideas From Within The Existing or Potential Creative Community

In Tampa, Memphis, Greensboro and other mid-size cities, local officials are convening groups of young professionals and potential creative economy workers to advise on programs and projects that can be undertaken to increase the attractiveness of these cities to people like themselves. The advisory committee strategy (under names like the Memphis 100 or SyNerg) has produced affordable housing plans in Tampa, plans to connect “town and gown” in small cities, and plans for public space renewal in Omaha with the help of the “Project for Public Spaces”.

An advisory committee can be a first step to implementing creative economy strategies and can also develop leadership within even a small community of knowledge economy workers. These committees work best and are most effective when a coordinator backs them up. Support for the advisory committee is provided by community foundations, private sector organizations, such as Action Greensboro, as well as the public sector.
Policies:

- Establish knowledge-worker advisory committees in small and medium size cities in New York.

The Fourth Strategy: Take An Ecological Rather than Institutional Approach to Cultural Resources

One of the biggest challenges facing small and medium size cities in implementing creative economy initiatives is their lack of anchor institutions specifically devoted to cultural production and performance. These communities have to build on their own cultural and creative resources, using network rather than institutional approaches (Stern and Seifert, 2002). One example of this more “ecological” approach to cultural production is the community festival.

Festivals and the “Creative Economy”

Community events to celebrate local identity, and entertain and educate locals and visitors – have become an important civic activity in New York State. These community cultural projects take a variety of forms – The New York State Rhythm and Blues Festival in Syracuse; the Christmas Arts and Crafts Festival in Corning; the Corn Festival in Avon; the Mount Morris Italian festival; the Central New York Maple Festival in Marathon; the Finger lakes grassroots festival – but have become a common vehicle to boost civic pride in small rural communities as well as in major cities.

They are, for the most part, modest events intended to provide an opportunity for entertainment and socializing with friends. These events have much in common with those throughout the country in terms of their themes – music, food, culture, history, the creative arts and education. What makes non-profit

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community festivals “valuable”, however, is that each is different, drawing on the interests, skills and talents of a particular community.

The idea that festivals could have economic development benefits is of fairly recent origin but has been seized on because of evidence of increasing consumer expenditures on commercial amusements such as skating rinks, casino gambling, golf, and dance halls. This upward trend also applies to expenditures for “high” culture events – legitimate theater, opera, and dance – though at a lower rate (Beyers, 2002). The apparent increase in expenditures and the search for opportunities for communities to attract visitors and tourists has focused attention on festivals as potential revenue generators. There has also been increased interest in evaluating economic impact in order to justify public funding for festival activities, demonstrate value to private sponsors, and in some cases, to assuage local opponents of festivals who contend that they actually have higher costs than benefits in the forms of traffic congestion and lost traffic through retail stores.

Because festivals are episodic events, frequently run by volunteers, they come in “under the radar” of those who would like to promote tourism and enhance regional image.

Little is known about their origins, management or effectiveness. Economic development researchers have a variety of methods to evaluate the direct and indirect of expenditures in conjunction with community festivals. These methods overwhelming focus on assessing the attraction of a non-local audience to festival activities and then estimating the ancillary expenditures of these non-locals in restaurants and hotels. In other words, the festival activity is evaluated on the basis of whether it is able to produce a positive change in net direct expenditures. People from outside come into the community and spend money that would otherwise not flow into the economy.

The use of conventional types of economic impact models, to evaluate the economic effects of festivals shows that while large festivals in large cities may
have some positive impact (and also produce significant costs), it is very hard to
gauge the impact of festival events in smaller cities and towns. There were
frequently few outside visitors to these festivals and so net direct expenditures
were difficult to calculate (Felsentein, D. and A, Fleischer. 2003; Johnson, 1996;
Gitelson. 1994). Despite these findings, small community festivals were sustained
over many years and considered successful by community residents. In response
to this apparent conundrum, a wider range of criteria has been brought to bear in
establishing success and economic impact.

With respect to economic impact, community festivals were found to aid civic
positioning and identity, particularly in the surrounding region (Long and
Perdue, 1990). Even without many outside visitors, festivals may create a
positive community image in the outside world. Second, community festivals
have been found to have a cumulative impact in a region over time. Within a
region, individual community festivals together increase the level of cultural
activity and entertainment. And, over time, community festivals even in small
communities become venues for other social events such as family celebrations,
reunions or visits from friends. Thus the potential economic impact of a festival
on the local and regional economy can build over time, providing a venue or
destination.

Researchers in the field of community development have also evaluated festivals
for their less tangible effects. These studies suggest that festivals originating in
and sustained by communities over time encourage community identification
and encourage other forms of community participation, including in political life
(Jackson and Herranz, 2002; Stern and Seifert, 2002).

**A New York Festival Case Study – Light in Winter**
The “Light in Winter” Festival was initiated in January 2004 as two day, one
evening festival celebrating art, music, and science. As described in its brochure,
the festival features musicians, scientists and artists sharing their passion for art
and inquiry in new exciting ways. Enjoy music, poetry, ice climbing, stars, performance art, singing whales and more.

An analysis of the audience participating in the festival’s first year indicated that there were approximately 5,000 people at the festival events with, of course, some people participating in multiple events. The festival drew a regional audience - from seven counties. Anecdotal evidence indicated that the festival became a destination event for visitors to the area, supported by evidence that participants came from seven different states.

The Light in Winter Festival is unusual in several respects but demonstrates how connections between major institutions and their surrounding community can foster unusually creative initiatives. Unlike most community-based festivals, it is “anchored” by a major University -- Cornell University, a major liberal arts College -- Ithaca College, and by private firms and the local government. It is also unusual in having an educational as well as an entertainment focus, drawing on and appealing to the particular interests of the Ithaca area – in science, art, and music. Finally, the festival integrated and took advantage of already established arts programs in Ithaca, such as Gallery night, and thus created an opportunity for co-marketing. The result was a set of events that built on established artistic and creative programs and networks and enhanced their value.

The project of “Light in Winter” arose from a series of proposals over about five years. Some of the proposals for a University -sponsored festival were pitched primarily to a University audience and would have emphasized expensive, high culture musical performances. Other more broadly conceived proposals were rejected by one sponsor or another. The key ingredients in finally pulling together an initially successful effort, according to Barbara Mink, the artistic director and producer of the Light in Winter Festival, were: 1) support and advice from festival experts, such as Nigel Redden, artistic director of the Spoleto festival; 2) an in depth knowledge of the science and music communities, based in colleges and Universities in the Ithaca area; and 3) a political, management,
technical, and creative network that could be drawn on to produce a very high quality effort at relatively low cost.

Ms Mink noted the paucity of support for such efforts at the state level and the orientation of the New York State Arts Council to single performance events rather than to innovative festival formats which include multiple events and activities. In other words, the available funding programs discourage creativity rather than foster it.

Light in Winter represented best practice in festival organization, utilizing a board, multiple sponsors and a small paid staff, which, although modestly compensated on a part-time basis brought unusual technical, marketing, and volunteer organization skills to the project.

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The four strategies described above will require changes in thinking about economic development priorities, funding, support, and sources of cooperation. We particularly need to re-think how we use available financial resources in order to support new initiatives or build on initiatives, such as festivals, which already have community support.

**Changing The Broader Policy Environment to Support Creative Economy Initiatives**

In addition to the policies to support specific types of creative economy strategies, we can also think about how broader changes in economic development policy might begin to strengthen the ability of small and medium size cities to pursue alternatives. Some examples include:
• Develop policies to encourage a reorientation of the agenda of conventional economic development programs, including Industrial Development Associations (IDAS), to focus on human capital and regional cooperation rather than real estate, subsidies, and competition.

• Allocate some portion of existing visitor “taxes” to producing content.

This would mean reducing the portion of visitor fees that go to advertising from local visitor taxes (bed taxes) and developing a mechanism to support programs that attract visitors as well as providing the less tangible benefits of community-organized events.²

• Provide technical assistance to increase management skills focused on creative work.

This assistance could be provided through on-line training, SUNY extension-division services, or consultants. Regional and state organizations in other states, such as Massachusetts, have university-based and other programs to develop management skills and community leadership to support creative economy urban development initiatives. New York can learn from and replicate these technical assistance programs.

• Package events together. Regionalize and “Piggy-back”

Community events are frequently developed in isolation from one another although they could act in a synergistic way to draw visitors to a region and extend their stay over a period of time. The state tourist office could, for example, market regional and local festivals within seasonal, themed or area-based packages, allowing for cooperative promotion and potentially longer visitor stays.
Conclusions

In the creative economy we need to think about new approaches to economic development, emphasizing quality of life as well as the traditional factors that attract firms and a skilled workforce. A lively cultural life is not sustained only by the presence of established arts and cultural institutions. It also resides in the willingness and ability of people to come together around cultural events that combine qualities of familiarity and innovation and change. New York state has resources it can draw on in initiating approaches that will create lively, interesting neighborhoods and city centers, and appeal to young, educated workers. Making those resources work for small and medium size cities will require new approaches to support and cooperation.

1 For example, see Jobs, Arts and the Economy,” published by Americans for the Arts, Washington, DC, 1994.

2 The traditional approach to fostering tourism as an economic development strategy is to use local visitor taxes (bed taxes) almost exclusively for advertising in what are thought to be major sources of potential tourists. For example, upstate New York cities, through their Chambers of Commerce, advertise in New York City newspapers and other media. In some cases, companies bussing tourists to upstate cities are given financial incentives to stop in particular cities. This approach is very limited because it is difficult to calculate its impact (socially or economically) and because it uses funds solely to attract visitors without supporting entertainment and events that will make their visit to a place enjoyable or meaningful. This media –oriented approach has begun to change as local officials recognize that investment in “content” that is events – art and craft shows, festivals etc. and exciting and interesting neighborhoods may have a stronger long-term cumulative effect on visitor interest and community image.
References


The Idea of Festival.
Local city government in New York has home rule authority, which grants the city the power to change their charters and to adopt new charters by local action. NYC also has a strong mayor-council structure of local government. The New York City Department of Planning, Population Division report, which looked at changes between the 1990 and 2000 Census, states that: Changes in numbers of households by income category showed that the highest gains occurred in the highest and lowest part of the income distribution, which is indicative of increasing income disparity among city residents.