

Petr Dostál

Charles University in Prague, Faculty of Science, Dept. of Social Geography and Regional Development; dostal@naturc.cuni.cz)

CAPITAL CITY FUNCTIONS, CREATIVE TRANSACTIONAL COMMUNICATION AND FACE-TO-FACE CONTACTS

1. Introduction

This contribution is concerned with some phenomena characterising the current post-industrial and urbanised societies and their geographical structures on which the research of Jiří Musil was focused in the past (Musil, 1967; 1993; Musil and Illner, 1994) and is also focusing today (Musil, 2005). The contribution is organised through five interconnected theses. The five theses are developed in the context of historical changes that have been taking place since 1989 in East Central Europe. The historical changes have been involving combined impacts of the *specific* post-communist transformation and the *general* post-industrial transformation on both differentiation tendencies in regional development and the emergence of the dominating capital city effects (Dostál and Hampl, 2005).

The post-communist transformation was in the 1990s not only a radical process of institutional changes, but it was also involving necessary behavioural adaptations of people, firms and public organisations towards a political system of plural democracy and an economy with a diversified structure of economic property forms in which the private sector and market allocation perform pivotal roles. After 1989, new institutional and organisational changes of the *post-communist* transformation were resulting in consolidation of democratic institutions, in liberalisation of internal and external economic relations, i.e. “marketisation” and opening of the national economic system, and in reinstallation of private economic sectors, through privatisation and restitution (see Dostál, 1998; 2007). The *post-industrial* transformation has been involving the shift towards new economic and social structures and societal divisions associated with the knowledge economy in which the pre-eminence of the professional class and the primacy of knowledge-intensive activities have been evident (see early formulations of Bell, 1974). New occupational stratification emerged largely based upon the socio-economic and technological adaptations connected with the knowledge economy. The proportion of the occupations generated through the knowledge economy has been increasing and specific skills of communication have been demanding, among other things, technical skills of information technology. Giddens (2007) has characterised the new divisions of current post-industrial society as follows:

- (i) cosmopolitan elites, centred around government, business and the top echelons of the professions,
- (ii) professionals and managers,
- (iii) information technology, high tech specialists, ‘Apple Mac’ groups,
- (iv) wired workers, including clerical workers,
- (v) owners of small businesses,
- (vi) ‘Big Mac’ workers,
- (vii) industrial working class, and
- (viii) farm workers.

Interestingly, Giddens has also been claiming that “the group at the top is an amorphous one of elites whose power and outlook are as much transnational as national, especially in Europe’s ‘global cities’.”(Giddens, 2007, 62). It is obviously not necessary to accept all

details of this sketch of emerging new societal stratification of the post-industrial economy in order to highlight the fact that similar new socio-economic divisions of the post-industrial society and its economic system have been shaping the functions of capital cities also in the post-communist countries in East Central Europe.

2. Two main functions of capital cities

The first thesis of this contribution is saying that the capital cities are gateway cities for establishing transnational linkages with other capital cities and states and attract many international contacts and activities from outside the state. This internationalising part of the capital city function is in particular important for capital cities in the post-communist countries as a foundation for their significant socio-economic expansion in new conditions of open national economies and their integration into the competitive system of post-industrial economies. As opposed to their counterparts in Western Europe, the capital cities in East Central Europe have been involved since the beginning of the 1990s in a process of intensification and widening of this internationalising and globalising function (Dostál, 2000). It is therefore little surprising that the capital city of Prague has been classified in a number of studies concerned with networks of 'global cities' as an important gateway city in the post-communist part of Europe (see Taylor, 2004).

The second thesis is saying that the capital cities play the role of dominating centres of administrative control and representative organs of the state. The central state organisation attracts a variety of private corporate actors articulating their specific interests as they demand and supply information and advice and lobby for their interests (see the first and the second level in Giddens's new societal stratification of the post-industrial economy). The organisational dominance of the capital city within the post-communist countries concerned tends to be stronger if their national city-systems have a monocentric structure (Dostál, 2007). In the case of unitary states such as the Czech Republic, this central state control is obviously strong. In more polycentric national city-systems (such as those in Germany or Poland), capital cities have to share their organisational dominance with other large cities and agglomerations housing significant numbers of the transactional activities.

3. Creative transactional activities

The third thesis is saying that these two key capital city functions are based on the expansion of interwoven transactional activities (so-called quaternary sector). This thesis elaborates further on the above-considered new occupational structure of emerging knowledge-economy of the post-industrial society. However, it must be noted that already in the sixties Jean Gottmann asked and answered in his famous article titled "Why the Skyscraper?" (1966) some key questions concerning emerging new occupational structure of the post-industrial society. He was concerned with the nature of transactional activities that are including such a wide range of activities as

- (1) banking, insurance and other financial intermediation,
- (2) producer services providing advanced business expertise for decision-making of corporate headquarters and central government organisations,
- (3) private and public research establishments, and
- (4) transactional real estate market of offices and hotels (see also Gottmann, 1970).

It is obvious that today these activities are involving work that is largely on paper and in a variety of electronic media. Transactional activities are always involving the exchange of information – whether it is economic, scientific, juridical, political or cultural. However, it is not enough to have information recorded on paper or sophisticated electronic media, because information must be relevant and correctly understood and competently used, otherwise its

worth and efficiency would be reduced or lost (see Gottmann, 1966, 206). Importantly, the Gottmaniann perspective has been drawing the attention to the fact that proximity and direct communication promote better understanding also in circumstances of emerging post-industrial society and its economic system.

Therefore, the fourth thesis of this contribution is saying that the personnel in the transactional sector need to discuss business, to perform transactions, to inform themselves and to gather in the specific environments of the capital cities well equipped with technical and social infrastructure for such purposes. In our understanding of the importance of the transactional activities in the current post-industrial economic and social systems, there is crucial the distinction between routine and non-routine activities and associated types of communication (Törnqvist, 1998, 119-122). Routine information is well-structured and can currently be transferred in efficient and rapid ways by means of telecommunication and computer network. Routine information flows control standardised processes, and allow firms and public organisations to control establishments widely territorially scattered at national and supranational levels (Dostál, 1984, 20-24). Communication of this type is usually one-way following routine formal lines and, in consequence, uncertainties and risks in communication are limited. However, complex transactional activities of key importance for the dynamic development of capital cities are involving communication that is concerned with unpredictability, surprise and with uncertainty. Thus, the complex transactional activities are associated with orientation, search and negotiations. This more complex non-routine type of transactional communication is particularly involved in the formation of knowledge and creative renewal of activities and also often associated with important location decisions changing geographical structures of the current post-industrial societies.

The fifth and the last thesis is claiming that from the geographical viewpoint it is crucial to note that this complex communication necessitates face-to-face contacts and group discussions and negotiations. These considerations indicate that routine transactional activities can transfer information within already established networks using currently very sophisticated techniques and media extending significantly "technical reach" (Törnqvist, 1998, 88-101). However, such sophisticated technical innovations cannot replace face-to-face personal contacts between decision-makers who are not known to each other and between transactional networks which are beset by uncertainties. It appears that complexity and uncertainty cannot be totally separated (Jackson, 1982, 118). In meetings, one can test unknown things and processes, one can choose among them and one can make as certain as possible of adequate interpretation. Significantly, the face-to-face contacts are needed in creative transactional processes (Törnqvist, 1998, 120). In brief: the effectiveness of Internet and other electronic media is *decreasing* and the need for face-to-face contacts *increasing* when one proceeds in communication processes from: (i) checking and control steering towards (ii) negotiations, (iii) development of competence and (iv) creative renewals. Considering effective research on processes and circumstances of face-to-face contacts it is obvious that there are available the methods of critical realism (Sayer, 1992). It seems that in particular techniques of so-called intensive research (see Harré, 1980) corroborating hypotheses about face-to-face contact patterns of typical major decision makers in the capital cities, can provide an effective methodology.

4. Conclusion

As a consequence, an important paradoxical tendency of the post-industrial economy and society must be emphasised: while possibilities of material and goods transportation and standardised communication have been continuously increasing, the necessity of direct personal contacts remained or even tended to increase. In geographical and also in institutional-organisational terms, the environments of the capital cities appear to be attractive

meeting places for non-routine and creative transactional processes. Variation, diversity, flexibility, and tolerance seem to attract talent, to promote and sustain creative transactional activities (Törnqvist, 2004, 13-17). The personnel in creative transactional activities need to have skills to copy with new contexts of world-wide stretched economic, political and cultural interdependencies. It seems important that the creative transactional activities are sustained by clustering of talented people, high levels of tolerance and low-entry barriers for human capital in the capital cities (Florida, 2005a; 2005b). It seems that in particular the post-communist capital cities tend to gain distinct economic advantages in the competition for talent and highly skilled and creative human capital that are sustaining expansion of transactional activities of the quaternary sector (Dostál, 2007, 273-274).

In short, the capital city functions tend to be largely based on creative transactional communication, clustering of talented people and tend to provide an attractive environment for face-to-face contacts of major decision-makers who belong to the two 'amorphous' top groups in Europe's 'global cities' as indicated by Giddens (2007). Also the hypermodern transactional ways of life of the post-industrial society and its economic system still appear to be sustained by agglomeration advantages. Proximity to a common pool of highly diversified localised resources and infrastructure reduces risks and uncertainties (Hägerstrand, 1970, 108-111). Agglomeration and crowding seem a price well worth paying for opportunities, the freedom and many other benefits which derive from the environment of the capital cities such as Prague.

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Creativity, Culture, Knowledge and the City

PETER HALL

'Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist', John Maynard Keynes once memorably wrote. 'Madmen in authority, who hear voices in the air', he argued, 'are distilling their frenzy from some academic scribbler of a few years back'. He might have reached exactly that conclusion about the creative city – except that here the scribblers are on frenetic whistle-stop lecture tours. It now seems that every city in the developed world, and not a few in the developing world, wants to acquire the secret of instant creativity. Elder or at least middle-aged statesmen, who really should know better, goad them into this competition. It's the only game in town – any town.

But, as the articles in this collection have shown, it might be worthwhile first to take a deep breath for reflection. Much of the current enthusiasm about creative cities comes out of America, in particular from that notable academic entrepreneur Richard Florida, who has made himself a kind of one-man salesman for the new urban holy grail. There's more than a hint, in this approach, of the instant self-recreation literature that has been flooding the business school publishing industry in recent years, with titles like *Life Force: The Psycho-Historical Recovery of the Self*, *If Aristotle Ran General Motors* or *Moses: CEO*. The central point about all this literature, which is distinctly American and even Californian (or Floridan?) is: life begins again tomorrow morning. Or, in the famous Microsoft ad: What do you want to be today?

You really can achieve an instant make-over with the aid of some deft plastic surgery and a new belief system. And, as with you, so with your city.

Is yours a clapped-out old mill town, littered with relics of the first industrial revolution, riddled with multiple deprivation? No problem: just import a community of gay artists from somewhere or other, and the place will turn around in weeks if not days, sprouting galleries and coffee shops and wine bars on every corner, the tourists pouring in through the sensational new Foster- or Calatrava-designed airport to pour their dollars or euros into the pockets of the people.

But of course it isn't quite that simple – as these articles have amply demonstrated. The general objective is clear enough: the new urban economy is based on creative activities and creative people; openness and tolerance are crucial elements, and they are more likely to be found in big cities; these people tend to be young, living in small households in the inner city. So housing policies should encourage them rather than driving them out, as can happen through buoyant property markets in cities like Amsterdam or London (Musterd). But Amsterdam's so-called *broedplaatsen* policy, meant to provide affordable studio and living space for artists and cultural entrepreneurs who would otherwise be forced out, seems not to appeal to urban squatters who seek an alternative lifestyle in 'free zones' outside the 'creative economy' (Arnoldus). And, if it is difficult in Amsterdam, it is going to be a lot harder still

in northern England's industrial cities, where the older urban housing stock and the newer suburbs alike are uncongenial to the creative class (Lee). Yet, even there, Manchester has shown how new apartment construction around the city centre may bring a new wave of prosperity (Robson).

It seems that creative individuals locate in response to signals that they get from the structure of the city – something that is very complex and only occurs in certain cities or quarters of cities, difficult to achieve to order (Helbrechts). The easiest of all are the world's great cities. Maybe London, Paris or New York have no need of such policies – though, even there, certain less favoured quarters may need such a boost. Much of the effort, it seems, has focused on and in slightly smaller cities, those in the next rank, aiming to raise them into the 'global city' league by a combination of policies to attract knowledge workers and physical development – plus, in many cases, programmes to encourage cultural life, like the Barcelona Forum 2004.

El Modelo Barcelona is perhaps the most widely described and widely admired urban model in the world today. It includes maintaining and extending the dense central city into the surrounding ring of decayed urban wastelands, and also 'festivalization': promoting the city through periodic international events – of which the Forum 2004 is just the latest manifestation. But, in sharp contrast to the earlier and spectacular example of the 1992 Olympic Games, which really put the city on the world map, it's by no means certain that the Forum will prove equally successful: it has had little recognition in Spain or outside, and the risk is that by promoting large-scale physical redevelopment it may perversely generate spatial segregation and increase relative deprivation (Walliser).

Pause for reflection, then: these studies reinforce a related conclusion, that I reached in two studies, one (with Manuel Castells) a systematic analysis of attempts worldwide to create technopoles of scientific innovation

(Castells and Hall, 1998), the other a long historical look at cities which achieved either cultural or technological creativity (Hall, 1998). Both concluded that building innovative or creative cities was a long and slow, sometimes agonisingly slow, process, and that the outcome could by no means be guaranteed or ordained in advance. There are favourable preconditions, to be sure, but they are difficult to achieve and their presence will not automatically generate the desired outcome. Further, and most important, creating these preconditions is itself a long process.

That conclusion holds if the aim is to build a truly creative city: one in which there are embedded cultures and networks of creativity. Of course, it is possible to create a substitute in the form of an instant programme to build new galleries, concert halls or museums. This is the construction of a city of cultural *consumption*, in the form of urban tourism, and it need not have much at all to do with the other deeper process, the building of a city of cultural *production*. Yet even the city of consumption may be a problematic enterprise unless there are certain preconditions in the form of existing facilities, existing artefacts, like older galleries or theatres or concert halls and the populations that support them year-long. Bilbao may be a partial exception, but many of the cities that have flourished as European cities or capitals of culture have been precisely places that had a long and rich cultural tradition – like Glasgow, a city that actually has one of the oldest universities in Europe. Cultural consumption depends on a local audience, which demands a certain kind of population, which in turn presupposes a certain kind of economy. Such cities may be, and often are, industrial or more accurately post-industrial. But very rarely were they purely industrial; nearly all had also a strong base, dating from long ago, in advanced services. They shared some of the inheritance of the great European capital cities which, because they had the greatest galleries and theatres and concert halls, have

been the main beneficiaries of the explosion in cultural tourism.

Further, though it is literally possible through planning and design to recreate places physically, it is much easier to do so if the city has some built-in geographical advantages in the form of water or hills or a striking townscape. Bilbao and Glasgow, to quote only two cases, happen to have all three. Liverpool, designated city of culture for 2008, is flat but has one of Europe's most dramatic waterfronts, dominated by the Three Graces – the triad of great public buildings to which Will Alsop would have added a fourth, had the city not axed the project. Newcastle-Gateshead, its strongest competitor, has the dramatic Tyne valley crossed by the dramatic Millennium bridge: a landscape strikingly like that of Bilbao. Barcelona, the most celebrated example of late twentieth-century place creation in Europe and perhaps in the world, started with the inestimable advantage of its Gothic city and Ildefonso Cerdà's nineteenth-century planned extension; one of the key features of the great 1992 programme was the prolongation of Cerdà's most dramatic feature, the *Diagonal*, to the sea – though, as Walliser shows in this issue, that project is itself contentious in its social impact. And Barcelona shows the advantage of a benign winter climate – though cities in more severe climes can attract winter tourists, as Prague or Vienna show. The point is that cities have to start with something. They have to discover their best points and build on them.

Suppose they do that, can the city of cultural consumption mutate into the city of cultural production? Undoubtedly, given time and the right conditions. Art schools produce artists and if enough stay in the

city after they graduate, they can begin to generate a network and an informal college. Glasgow has been successful because of its art school, the greatest work of Charles Rennie Mackintosh. Gateshead is clearly trying to achieve the same with the studios built into its new Baltic gallery, and with the next-door Sage Music Centre. Combining performance and education in this way could prove a brilliant device to kick-start the process of growing a genuinely creative city; everyone should watch Gateshead.

But how fast can it all happen? That is the question everyone will ask, and to it there is as yet no answer. There are promising examples from history: Berlin took over from Vienna as Central Europe's creative city at amazing speed just after the end of World War One, and collapsed as suddenly after the triumph of the Nazis; London achieved distinction in all kinds of art – painting, theatre, popular music, television – in a short period between 1956 and 1970. And when it comes to the newest arts that depend on the injection of technology, the possibilities for sudden explosion may be even greater, as the case of Los Angeles in the 1920s seems to show. That is the best hope for cities across the world, that hope to reinvent themselves in the new creative mode. But even then, it will not happen overnight.

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A Discovery of Creative Talent in the Margins of Urban Development

MARTIJN ARNOLDUS

Just before the turn of the century the local public authorities in Amsterdam launched policy measures to combat the lack of cheap living and studio space for artists and small-scale cultural entrepreneurs. Creative workers who formerly had to live and work in the margins of urban development and society now seem to have become a target group in debates about urban development.

Introduction: Creative Talent and the City

From Cape Town, South Africa, to the Kawasaki Urban District in Japan, or from Montreal, Canada to St. Petersburg, Russia, local public authorities eagerly present their city as a centre of gravity of creative activity. Often the creativity metaphor is closely associated with arts and artistic cultural production. Increasingly, though, creativity is perceived in a broader sense to refer to any aspect of economic renewal. This broad interpretation of creativity is evident from recent popular as well as academic debates in which the rise of a creative economy is stressed. This creative economy seems to refer to a growing power of ideas or the importance of thinking prior to producing any goods or services. For instance, Coy (2000, no page numbering) holds that 'the turn of the millennium is a turn from hamburgers to software. Software is an idea; hamburger is a cow'. Kenney (1996, p. 697) argues that 'it is the ability to use intellectual capabilities and create new solutions for human needs that now takes the central place in the economy'. Thus, the creative economy is about the apparently growing importance of novelty and innovation. As Inozemtsev (1999, p. 50) puts it 'the society taking form

today is not one of information technology and professionals, but a society of knowledge and innovators'.

Recently, Florida (2002) has gathered evidence of the growth of the creative economy in the United States. Using figures on investments in research and development, the number of patents issued, and the share of the labour force in creative occupations, Florida shows a remarkable growth of activity centred on the production of ideas, new forms and designs. However, he asserts, the engagement of people in creative activities is far from new. Today's economy is different in that 'what we are doing now is mainstreaming these activities; building an entire economic infrastructure around them. Scientific and artistic endeavor, for instance, have become industries unto themselves, and they have combined in new ways to create still new industries' (*Ibid.*, p. 44). With regard to artistic creative activity, the construction of such an economic infrastructure is evident from the growth of, what Scott (2000) has labelled the cultural economy. According to Scott, cultural economy goods and services derive their competitive edge mainly from their symbolic value. In many production processes, workers are now primarily engaged in the production of such symbolic

content. Hall (1998), when speaking of a marriage between art and technology, notes this fading distinction between culture in the narrow artistic sense and economy as concerned with the production of goods and services with a tangible, measurable practical purpose.

The creative economy is often matched with a particular profile of the labour force. Frequently, this profile is designated by terms like 'talent pool', 'knowledge workers' or 'creative workers'. Florida even introduces the notion of the creative class to designate workers in creative occupations. In general the creative or knowledge workers are depicted as highly educated workers with incomes above average. However, this assumed correlation between creative occupations, educational attainment and socio-economic position is contested. In a comment on Florida's notion of the creative class, Erard (2003) argues that especially in the artistic sphere a lot of creative workers are hardly able to live on what they earn from their (artistically) creative work. What is more, Erard's findings show, some creative workers do not even want to become part of what Florida calls the mainstreaming of creativity in the economy as they actively look for ways to survive outside the market. However, in discourse on the city also creative workers that are not directly associated with high incomes are often depicted as important to successful urban development.

For instance, in September 2002 the international newsmagazine *Newsweek* ran an article on how to build a creative city and listed Kabul, Afghanistan, top of creative places in the world (Piore, 2002). According to article author Piore, post-war Kabul has a tremendous allurement to artists, and especially to filmmakers. *Newsweek's* findings may have shocked many urban public authorities in Western cities in ambitious pursuit of making their cities creative hot spots; Kabul is far from the ideal picture that these authorities hold on to when thinking of a creative city. However, *Newsweek* argues,

Kabul illustrates a broader trend in the rise of creative cities, which tend to be middle-sized cities which still are able to offer affordable living and working space to artists and young starters in the creative industries. Large cities are simply becoming too expensive for this group of creative workers. The article indicates that as a result those middle-sized cities may become the new centres of innovation and renewal in the longer run.

This paper focuses upon a group of workers in, mostly, artistically creative occupations for whom special policy measures have recently been taken to enable them to stay in the city of Amsterdam. The so-called *broedplaatsen* policy, which literally means 'breeding grounds' but which is more generally translated as 'incubation spaces', is meant to provide affordable studio and living space for artists and cultural entrepreneurs who are hardly able to find such space in the city by themselves. The notion of *broedplaatsen* was used earlier in the 1970s to refer to spaces for starting entrepreneurs (Buit, 1970; Ten Heuvelhof and Musterd, 1983). Having faded into the background, in the late 1990s the concept resurfaced in debates about the meaning of artistic activity.

The paper is especially concerned with the question how this group of creative workers has become a target group in policy-making. It will be argued that the *broedplaatsen* policy cannot be properly understood without reference to a tradition of squatting in Amsterdam. Squatted sites provided artists, cultural entrepreneurs and others with a place in the margins of urban development. These sites were not only cheap, but also offered a comparatively extensive freedom to organize, experiment and deviate from mainstream society. First, though, the design of the policy has to be outlined. After that the debates and developments behind the policy will be discussed.

Amsterdam's *Broedplaatsen*

The *broedplaatsen* policy was launched in May

1999 when an official municipal project group was assigned the task to realize cheap studio or combined studio and living space for 1,400 to 2,000 artists and cultural entrepreneurs in the period 2000 until 2006. Accommodation for this number of creative workers would require approximately 70,000 square metres of working space and an unprofitable investment of over 40 million euros. The municipal council decided to allocate an annual budget of 2.8 million euros to the project until 2006, with a onetime additional investment of 15.8 million euros.

However, a financial budget alone soon proved insufficient to guarantee a successful policy. Policy-makers soon encountered the problem of finding locations for studio and living space. The first report on the progress of the *Broedplaatsen* project, which was published in December 2001 (*BroedplaatsAmsterdam*, 2001), stresses the lack of potential locations in the city centre and the artists' reluctance to move to locations further away from Amsterdam's historic centre. The intermediate report also compiles a list of factors which tend to complicate the realization of studio space. Amongst these are conflicts with local zoning plans, administrative barriers and lack of cooperation from the city districts. At the time of the report temporary or permanent studio space had been appropriated for 270 artists.

Over a year later, in April 2003, the number of spaces had practically doubled, while another 450 spaces were sure to be obtained before the end of 2004 (*BroedplaatsAmsterdam*, 2003). However, the financial budget had been almost depleted and the project group announced that no new initiatives would be financially supported from September 2003 onwards. Without extra financial resources the project groups would not be able to meet even the minimum required number of spaces. At the time of writing this paper, no decision had been taken about an extension of the financial budget.

The project group does not own the living and working spaces that are let out under the

heading of the *broedplaatsen* policy. Instead, it searches for buildings or sites which qualify for use as studio space or combined studio and living space, and tries to negotiate with the owner (often a city borough or housing corporation). Most of the financial resources are used as subsidies to keep rents between 27 and 46 euros per square metre per year, excluding VAT. Furthermore, a onetime contribution of, at the most, 681 euros per square metre (800 since February 2002) is granted.

In addition, the policy prescribes conditions that potential tenants have to fulfil in order to qualify for subsidized spaces. The project group distinguishes between individual artists and collectives of artists and entrepreneurs in related cultural activities. The former category of creative workers may qualify for the policy if they meet one of three criteria. The artist must have graduated at an officially recognized art school, or he must be a member of a professional association of artists, or his artistic activities must be expressed through assignments, expositions, scholarships and the like. Apart from these criteria, the artist's income level must be below a certain maximum. Other entrepreneurs cannot apply for individual studio spaces.

Buildings with more than ten studio spaces are let out to collectives of artists and cultural entrepreneurs. Although the project group intended to find spaces that could be used as combined living and working spaces so that tenants could live and work in the same building, few such spaces have actually been realized. Strict safety regulations and zoning plans in most locations inhibit the combination of residential and work functions. However, over half the buildings that will be fitted out as incubation spaces by the end of 2004 are large enough to be used as working spaces by collectives of artists. Different criteria are used to allocate spaces for collectives. Notably, the criteria include the intended use of the building, the social cohesion of the group, proposals regarding

preservation of, and circulation within the group, financial feasibility, organization, and constitution of the group. Applicants also have to substantiate the significance of their activities to the city.

The reason for distinguishing between two target groups in the policy has to do with particular developments in Amsterdam that gave rise to the debate about a lack of affordable studio and living space. The remainder of the paper focuses upon these developments.

The Artist-Squatters

The installation of the *broedplaatsen* project group followed increasing protests against the evictions of some of the last remaining squatter bastions in the city. In August 1998 nearly 700 residents and users of squatted buildings sounded the alarm in a petition to the municipal council. They argued that the on-going evictions of squatted sites in Amsterdam robbed, literally translated, a 'young cultural-economic increase' (*jonge cultureel-economische aanwas*) of their last opportunities to work and live in the Dutch capital. They asked for special, constructive policy measures to be taken to accommodate this group of people instead of continuous evictions and social exclusion.

In particular, two squatted buildings known as *Graansilo* and *Vrieshuis Amerika*, which at the time of the petition had already been cleared, were to become icons of artistic creativity in the margins of urban development and society. Both buildings were located on the banks of the river IJ, which comprises the northern border of the seventeenth-century centre. After years of debate and planning the IJ banks, which had long since lost their industrial port functions, were finally to be redeveloped into residential and commercial areas. Redevelopment schemes left no space for the squatters and their alternative, small-scale businesses. *Graansilo*, in which 50 squatters used to work and live, was to be

transformed into luxurious apartments, while *Vrieshuis Amerika*, which accommodated 75 squatters, was nominated for demolition. Both buildings had been fitted out with studio spaces by the squatters and many of the residents and users were engaged in visual and performing arts. In December 1994 one of the important Dutch newspapers, *de Volkskrant*, called *Vrieshuis Amerika* the city's 'newest cultural top location'.

Nonetheless, not only artistically creative activities had found a place in the buildings. For instance, in *Graansilo* there also was a bakery and a bicycle repairer. In fact, many squatters argue that the production of art was not the most important objective of the communities like those found in *Graansilo* or *Vrieshuis Amerika*. The principal aim was to experiment with alternative forms of working and living together. The communities were characterized by a high degree of self-regulation and self-motivation. The combined use of the buildings for living, working and cultural purposes¹ was not entirely new, though. Throughout the infamous history of squatting in Amsterdam such experiments had been taking place. A notable example is the so-called *Wyers* complex which was squatted in October 1981 and cleared in February 1984. The complex consisted of seventeen buildings located in the city centre and became Amsterdam's largest squatted site. In the beginning the buildings were used mostly for residential purposes, but soon small firms and entrepreneurs began to move in. Within a year after the squatting action, more than twenty spaces in the complex had been transformed into working spaces ranging from studios for visual artists to rehearsal rooms for rock bands. Some of the users of these spaces also lived in the building.

Experiments with combined living, working and artistic functions had, however, never really dominated the representation of squatting and squatters in public opinion. According to Mamadouh (1992) squatting first became an urban social movement in

Amsterdam from the mid-1970s onwards. The occupation of disused buildings existed before, but not at the scale or rate of organization which granted the Amsterdam squatters their worldwide fame. Despite a large stock of subsidized housing Amsterdam suffered from a lack of cheap apartments. Housing demand exceeded supply in most parts of The Netherlands. Yet, at the same time a large number of buildings in Amsterdam were unoccupied. The first squatters moved into these buildings to acquire living space, and to utter protests against the housing shortages. Many of the squatters were in fact students and young, middle class people. However, as the squatter movement began to grow and became better organized, attention gradually shifted away from the housing issue to include broader issues of social justice and urban development.

The social-ideological movement began to fade away in the early 1980s, due to internal frictions and a loss of sympathy from the media because of an increasingly violent attitude of squatters towards and during eviction operations. What may be called the artistic wing of the squatter movement (Vrije Ruimte, 2001) had been able to become established in the wake of the social-ideological movement. The larger and most visible squatted sites in the late 1980s and 1990s were in fact used for combined living, working, and cultural purposes. Squatter communities in buildings like Graansilo and Vrieshuis Amerika also organized parties, festivals and expositions which opened the buildings to a wider public, or at least to the media. As a new round of evictions was started in the mid-1990s the media no longer reported the conclusion of a social-ideological phenomenon in Amsterdam, but the disappearance of artistic space and a subculture. What had for a long time been considered primarily as socio-ideological activity that had arisen in the margins of urban development – in disused buildings and locations which for some reason had (temporarily) lost their original functions

– was now increasingly approached as artistically creative activity.

However, not all the residents and users of the squatted building felt equally eager to identify themselves with artists. This is quite clear from a special council committee hearing in December 1998, which followed the petition mentioned earlier. During the hearing signers of the petition and other interested parties were given the opportunity to explicate their worries. Representatives of different squatted buildings or associations of such buildings used different designations for the desired target group for policy measures to be directed at.² Indications that were used include 'small-scale cultural entrepreneurs', 'artists and starting entrepreneurs', 'artists and other creative people', just 'artists', 'artists and users (i.e. of squatted buildings)', 'artists and related small-scale economic activity', 'cultural enterprises' and 'artists and users of combined living and working space buildings'. Although the notion of artist pops up in most explanations, most representatives seemed dissatisfied with a narrow definition of the target group.

Growing Disappointment

The local public authorities were also struggling for a careful definition of the target group. An amendment submitted by some councillors in reaction to the hearing in December 1998 asked for action to be taken to come up with proposals on how alternative work locations could be realized for artists that had lost or would lose their studio space due to urban redevelopment and rezoning.³ Although this amendment, which was adopted by the municipal council, only names artists, it does in fact refer to the squatted buildings. However, it leaves open precisely which residents and users were in fact considered to be artists. The first note on a *broedplaatsen* policy, prepared by the municipality in June 1999, concludes that Amsterdam was on the brink of losing its function as an incubator in the field of culture

and economy due to the disappearance of combined living and working space buildings and due to a lack of affordable studio spaces for artists and (artisan) entrepreneurs (*Een complete stad swingt*, 1999). In the plan of action presented by the project group in June 2000 which comes under the telling title 'no culture without subculture' two policy target groups are mentioned (*Geen cultuur zonder subcultuur*, 2000). The plan recognizes, firstly, individual visual and performing (semi-)professional artists, directed at the production of arts and secondly, groups of predominantly cultural entrepreneurs (including artists, artisan enterprises, providers of services, and engineers), directed at living and working together in order to arrive at synergy and cross-fertilization, and who are part of a subculture with an own economy not directly aimed at commercial success.

The decision to direct policy measures at individual artists can purely be understood from a concern with rising rents and property prices in the city. Rising costs reduce chances for people on lower incomes, including artists, to acquire a place in the city. That argument was underscored by the Bank of Dutch Municipalities (*Bank van Nederlandse Gemeenten*) in autumn 1999. In an unofficial report the Bank stated that Rotterdam was becoming the favoured place for artists to settle and that Amsterdam was at risk of losing its artistic working population to cities where studio space was more readily available at cheaper rates. Debates about rising prices were mainly concerned with the city centre, which was believed to be the area most artists preferred to live and work in. Indeed, even compared to other workers in creative occupations, artists seem to be most strongly directed at Amsterdam's city centre (Arnoldus, 2003; Musterd, 2002).

For the residents and users of squatted buildings the problem was not confined to a matter of affordability. It was certainly true they could not afford rents at market prices, but their demands embraced issues

that went beyond just the provision of cheap space. They wanted to continue experiments with the use of buildings for combined living, working, and cultural purposes. As far as artistic activity, let alone artistic production, was concerned, it only constituted a part of the objective. Although the inclusion of collectives as a target group was seen as a step in the right direction, representatives of the collectives in squatted buildings agitated against the, in their eyes, simplified representation of the problem. They argued that in the eyes of the public authorities they had become artists and cultural workers and that the *broedplaatsen* policy neglected interests other than the artistic (*Vrije Ruimte*, 2001). *Vrijplaatsen*, translated as 'free zones', became the widely used counterpart of the *broedplaatsen* in the squatters' jargon. The media also started to use the expression more intensively and on 4th November 2000 the quality newspaper *NRC Handelsblad* established that *broedplaatsen* had degraded to a term of abuse.

Distaste of the municipal policy was reinforced by eviction operations of buildings known as *Kalenderpanden* carried out in autumn 2000. These buildings in a central location in the city centre had been squatted since 1996, and were used for combined living, working, and cultural purposes. Residents and users of the buildings at first depicted *Kalenderpanden* as a classic example of *broedplaatsen*. However, as it became clear that the buildings inevitably would have to make way for new apartments (which had in fact already been agreed upon by the public authorities before the *broedplaatsen* policy was started) ever more critical voices began to turn against the politicians, policy-makers and the notion of *broedplaatsen*. Squatters started to express doubt about the genuine willingness of the public authorities to allow 'free zones' in the city.⁴

Yet, from the side of the municipality also unease about the policy's target group still pops up in debates about the *broedplaatsen* policy. Politicians have charged squatters with

portraying themselves as artists in order to get squatted buildings legalized as incubation sites. In consequence, during a debate on the progression of the policy a representative of the left-wing liberal party (D66) asked how the policy-makers would be able to determine who is a real artist and who is not.⁵ At times, the public authorities and the 'squatter-artists' that first addressed the municipal council feel really different about the purpose and shape of the *broedplaatsen* policy.

Associations with Artistic Creativity

As the preceding description has shown there exists a close association between the *broedplaatsen* policy and the squatter tradition in Amsterdam. Even though only some of the tenants of the subsidized spaces have a squatter background, debates about the policy are still heavily influenced by issues relating to (former) squatter activities. Yet, despite criticism passed on the *broedplaatsen* policy, one has to conclude that over the last five years the local public authorities have become more concerned with activities that used to evolve in the margins of urban development and society. The incentive for this attitude is predominantly based on an assessment of those activities in the margins as artistically creative activities. Indeed, many former squatter-artists are now working, and in some cases living in buildings that have been appropriated for artistic activity with the help of the *broedplaatsen* project group.

It would be untrue, though, to assert that squatters in Amsterdam are now generally seen as a movement of artists. Debates in the municipal council prove different, and since the start of the *broedplaatsen* policy only one-fifth of all the newspaper articles (of five Dutch quality newspapers) which concern squatting also refer to the *broedplaatsen* and free zones debate, or to artistic activity in general. On the other hand, it is true that some groups of residents and users of squatted buildings have increasingly been recognized as artists. Part of a group of

people that used to operate in the margins of urban development now walk in front of urban development schemes. A few years ago, a group of squatter-artists from the western harbour area of Amsterdam participated in a planning contest. Their plan for the transformation of a 30,000 square metre former depot was selected, and the group is now responsible for the carrying out of the redevelopment scheme. 'Squatter reveals itself as a real estate developer', ran the headline on 3rd April 2000 in the national newspaper *Trouw*. It shows that not all former squatter-artists are so antipathetic to the *broedplaatsen* policy.

On the whole, though, even the former squatter-artists who appear most contented with the policy often express discontent with municipal regulation of what goes on in the buildings. In squatter circles places in the margins of urban development were not only cheap, but also allowed residents and users to manoeuvre relatively freely from the establishment. Of course, this characteristic of the 'free zones' has been used to advocate the necessity of minimal regulation in incubation spaces (Gemeente Amsterdam, 2001); the opportunity to deviate from the norm is often cited as a precondition for renewal and (cultural) innovation. Oddly enough, the adversaries of municipal regulation hardly use this argument.

This hints at two different interpretations of artistically creative activity that come together in the *broedplaatsen* debate. To the politicians and policy-makers the notion of artistic creativity is now strongly associated with the growth and success of the economy. In political discourse, art and creativity have indeed become references to a flourishing cultural economy and an attractive city. It is not without reason Amsterdam wants to present itself as a cultural capital. In short, artistic creativity is important to (mainstream) economic development. In the rhetoric of the *broedplaatsen* policy there is no necessary linkage between incubation spaces for artists and an artist's background in squatting.

To the residents and users of the squatted buildings the notions of arts and creativity often have a different undertone. Many of them had deliberately chosen to live in the margins of society and to find ways to survive outside the market. To them artistic creativity and the economy were still two separate domains. As the policy progress report mentioned earlier rightly stated, they are predominantly cultural entrepreneurs not directly aimed at commercial success. Instead of 'not directly', in some cases it would be even better to formulate 'not at all'. This is not to say that all squatter-artists do feel this way about artistic creativity, but it shows that public authorities and the people who triggered the debate leading to the *broedplaatsen* policy hold different ideas about the meaning of creativity. If *broedplaatsen* are the artistically creative hot spots in the creative economy, then *vrijplaatsen* ('free zones') are the artistically creative hot spots that seek to stay out of the creative economy. If scholars like Hall and Florida are right, the city will need the latter as well, because the creative city will always need people who resist the existing order and who deviate from the mainstream.

NOTES

1. In Dutch: *woon-werk-cultuur doeleinden*, now a notion commonly found in literature.
2. Hearing of the *Commissie voor Volkshuisvesting, Stedelijke Vernieuwing, Ruimtelijke Ordening en Grondzaken*, 14th December 1998.
3. Amendment by Councillor Niamut c.s. concerning financial budgeting for 1999, no. 881, 16th December 1998.
4. The squatters' view on the eviction of Kalenderpanden is still available from the internet (also in English): www.kalenderpanden.nl.
5. Conceptverslag van de openbare vergadering van de Raadscommissie voor Stedelijke Ontwikkeling en Waterbeheer, 23rd April 2003.

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CREATIVE CULTURAL KNOWLEDGE CITIES

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Amsterdam as a Creative Cultural Knowledge City: Some Conditions

SAKO MUSTERD

Some cities seem to be fully prepared to enter the 'creative, cultural knowledge' era. These cities possess the correct economic profile and professional structure; have the required urban history and accompanying physical layout; have the infrastructure of public and private transport connections, consumer and producer services needed; and are totally attached to the rest of the world through telecommunications and other connections. It is argued that the city of Amsterdam comes close to these characteristics. However, there is at least one big omission. That is the demand-supply mismatch in the housing market. Therefore, a drastic change in the Amsterdam housing market is regarded as an essential condition to attract the required talent pool.

Introduction and Problematic

High human capital individuals are the key to success in this new era of economic growth.

Firms in today's knowledge-based economy are increasingly making location decisions based on where the talent pool is located.

People in technology business are drawn to places known for diversity of thought and open-mindedness.

Diverse, inclusive communities that welcome gays, immigrants, artists, and free thinking 'bohemians' are ideal for nurturing creativity and innovation, both keys to success in the new technology.

Florida and Gates, 2001, pp. 2 and 6

The creative, cultural knowledge city has recently received considerable attention, not only from researchers, but also businesses and the public at large. New challenges, but also new problems that are related to the rise of this new type of city, explain that attention. The quotes above from Richard Florida and Gary Gates express a significant economic geographic shift in terms of the factors which firms think are relevant when deciding to settle in one location rather than

another. As we will show in the second section (a short discussion on some relevant literature), these statements fit into a wider debate about the significance of place, and the changing weights attributed to factors regarded as important in the decision-making process involved in the settlement of firms and institutions.

If, for the time being, we assume that this shift is one of real importance, this would imply that talent, diversity and tolerance would be the new key factors cities must be able to respond to in order to attract new economic activities. Then, several questions ask for an answer. The first one is whether the relation between these new factors (the presence of talent, diversity and tolerance) and local (regional) economic success really exists? This question will be answered, tentatively, in the third section on the basis of existing knowledge and our research which has recently been carried out in Amsterdam, with a special focus upon that city and its region.

The second question builds on the answer to the first question. If there really is a

relation between the presence of a talent pool and economic success, what kind of talent are we then talking about and what kind of residential environments are they based upon? What are their lifestyle biotopes? Suddenly, the answer to the question whether there are sufficient residential (environment) supplies in response to the demands of the talented workers becomes an important economic issue. These issues will be dealt with in the fourth section, again with a focus on Amsterdam. The existing mismatches and policy challenges will be discussed in the next section.

About Changing Location Factors

Recent economic restructuring processes reveal an ongoing shift in urban economies from a 'Fordist' situation in which manufacturing industry profiles, characterized by standardized production processes, were predominant, towards a 'post-Fordist' situation in which business and consumer services and communications sectors took the lead and production processes became much less standardized and more flexible, towards the current situation in which technology, services and communications are combined with an increase of the knowledge and cultural sectors, with elements that are regarded as relevant for creativity and innovation. These transformations are strongly connected to the changes that occur in cities, since cities were, and still are, seen as the engines of economic growth, and the centres of production, consumption, innovation and accumulation of wealth. Some cities have made more progress in this transformation process than others.

Initially, the information, communication and technology revolution, and the growing internationalization led many people to think that firms, people and processes would, as part of the 'global village', become footloose. According to Manuel Castells (1989) the world would change to spaces of flows instead of spaces of places. However,

although there was increasing interaction, these transformations did not imply the end of places, the end of geography. On the contrary, the (high-tech) ideas tended to overlook the importance of path dependencies and of the 'embeddedness' of firms and people (Storper, 1992; Kloosterman and Lambregts, 2001). People and firms do not appear to disconnect themselves from the environments they have invested in for many years; the local networks they participate in, the 'industrial complexes', the complicated symbiosis between firms and people – all of these explain why place still matters. In fact, one can put the argument the other way around: because interconnections have improved substantially, local, place-specific characteristics have gained importance instead of lost. This is not to say that classic factors (airports, highways, telecom connections, land prices, available skills and materials) are not important anymore; they are still necessary conditions. However, they are not sufficient conditions, nor as prominent as they were.

Related to these changes is the fact that today's production in cities is not so much related to materials; today's production is in the sphere of services, knowledge, consumption, culture, and innovation (Hall, 1998; Lambooy, 1998, 2002; Creative Cities, 2002). Therefore, not materials, but (well-skilled) talent is the dominant production factor, i.e. human capital. In short, economic growth in Western cities is created by successful innovations in whatever sphere and by the creativity that is required to generate innovations and innovative marketing of new products. In addition, cities may grow because they offer good opportunities for the location of those parts of multinational firms that control information flows and economic processes. In short, creativity, a good climate for innovation, and the presence of control-functions are crucial factors for urban economic success. The city challenge of today is to attract the talent pool. This may be achieved by investments

in the urban environment and services that are sought by that talent and by trying to create the conditions for the appropriate social, economic, cultural and physical mix. This has to be done, and has been done in the past, in certain locations or places. Today, some cities are able to show (place-specific) characteristics that almost perfectly fit the new demand; these successful cities, knowledge cities, creative cities, or cities of consumption meet a fairly large set of requirements, which include:

- ♦ A suitable basis for the economic restructuring that is going on. This includes the availability of a flexible and dynamic labour force; the presence of a varied population of workers with the right skills and talents.
- ♦ An economic structure that already has the characteristics that fit the growth sectors of the current economy (services, culture, consumption, high-tech firms, media).
- ♦ The ability to attract new and creative talent for the growth sectors of the urban economy; it is said that tolerance, an innovative climate, and diversity are the key conditions to reach that objective.
- ♦ An urban atmosphere that allows for the social construction of specific place identities that attract the talented young population required for urban economic growth.
- ♦ A mature urban structure that fits the varied consumption behaviours, which are associated with many of today's economic activities (interesting architecture, historic places and public spaces, leisure facilities, etc.).
- ♦ A mature social structure which is attractive to both people and firms and is important for economic urban growth. These cities will experience pressure on their more attractive districts. Usually, gentrification processes will continue to occur.
- ♦ A relatively safe environment with moderate crime, moderate social polarization, and moderate poverty.

Several of the conditions mentioned develop over time and therefore are extremely difficult to replicate. The current economic and physical profile of Amsterdam, for example, is rooted in the seventeenth century or earlier. By implication cities that currently have the right mix of properties have enormous comparative advantages in economic terms. These advantages cannot be copied easily (in contrast to the classic location factors such as infrastructure and communications, which can be).

Talent, Diversity, Tolerance and Economic Success: Some Evidence

New firms increasingly ask for a creative climate in which innovations may develop. It is assumed that tolerance and openness are also required to reach those goals. Large cities in particular would be able to fulfil these conditions. We have already referred to research carried out by Florida and Gates (2001). They have shown empirically that, in the US, urban milieus with an international climate, which stimulate creativity, are tolerant and characterized by ethnic and social diversity, are the fastest growing cities in economic terms. The researchers assume that this is linked to their ability to attract talent. Indicative of their openness and tolerance was the high proportion of homosexuals, of bohemians, of immigrants, and of 'diversity' in general. Cities such as San Francisco, Boston and New York show the required profiles.

Sharon Zukin (1995) has provided additional support for the transformations that are going on. She claims that many cities have become the centres for the symbolic economy. Culture and creativity have themselves become the prime spheres of urban investment in these cities. Further, to maintain a 'global' position, international embeddedness is required. This can be reached via large financial institutions, international consultancy firms, international advertising and media firms, and international migration.

In Europe, Amsterdam seems to be a good example of a city which scores high on the talent, diversity and tolerance criteria and also shows fast growth in service and communication industries. The city is diverse in ethnic and social terms, is regarded as fairly tolerant for its wide variety of lifestyles, including bohemians and homosexuals, and is home to many higher education institutions. The city also attracts large numbers of Western and non-Western immigrants as well as young and small households. A combination of these characteristics seems to offer the right mix for knowledge intensive firms such as Shell Research, Phillips and Cisco, but also for numerous small innovative firms. Apparently, the city has the right qualities to attract both firms and talent. Some recent figures illustrate this. Between 1994 and 1999 the labour market participation rate increased from 63 per cent to 69 per cent; the unemployment figures dropped accordingly, for example by 11 per cent in 2000, and by 7 per cent in 2001. In fact, employment opportunities have increased over the past 15 years by an average 2 per cent per year.

Since Amsterdam is doing much better than Rotterdam, the figures cannot be explained by simple, short-term 'boom and bust' factors. It appears that the historically grown economic structure of Amsterdam better fits the recent structural changes in the world economy.

In fact, the city also has good qualifications compared to Barcelona, Geneva, Milan, London, Paris and Munich (Arnoldus and Musterd, 2002a and b). We organized a closer look at the cities of Munich and Barcelona. Munich comes close to Amsterdam in terms of its profile. The economic structure is highly service-oriented, the international position is strong, small households are predominant, the knowledge sectors are well represented and culture plays a major role (media in Munich; a cultural mix of museums, music [new and old], arts, etc. in Amsterdam). Amsterdam and its urban region are clearly more advanced in terms of the economic structure;

the share of manufacturing industries is very low compared to other cities, including Munich. Barcelona has the ambition to be a knowledge city, but still has a profile that is marked by a large proportion of economic activities in manufacturing industries; the city has hardly any ICT industries and relatively few immigrants from Western countries, both indications of a somewhat weaker position as an international knowledge city. Yet, both cities and Amsterdam are making rapid progress to develop the urban climate that is regarded as attractive for talent to settle within its boundaries.

What Talent? What Kind of Environment does that Talent require?

But what exactly is the new talent? According to the literature (and empirical support) the new economic activities ask for highly educated workers; for diversity in terms of skills; for manifold flexibility; for creativity; for internationally oriented people; and for ambitious workers. Amsterdam seems to be able to offer much of that. The city shows recent growth of five categories of urban oriented households:

- ♦ Small, economically active households with a high level of labour market participation, and a high level of bargaining power; 76 per cent of all households now consist of one or two persons; between 1989 and 2000, the income per earner rose by 42 per cent, which was 2 percentage points higher compared to the Netherlands as a whole (Rotterdam experienced a 2 percentage points lower growth in the same period).
- ♦ New professionals, who are clearly linked to the new economies, such as business services (an employment increase between 2000 and 2001 of 10 per cent) and communications (an increase of 11 per cent).
- ♦ Immigrants from non-industrialized countries (in 2002 36 per cent of the population);

immigrants from industrialized countries (in 2002 10 per cent of the population).

♦ Large numbers of potential knowledge workers (students in higher education, currently approximately 10 per cent of the population).

Together, these households make a household composition of the city, which has changed dramatically from the composition of, say, four decades ago. The population composition today has little to do with manufacturing industries and or with uniform family cycles; today's composition is related to post-Fordist or even culture- and knowledge-driven urban economies. These economies and populations require a totally different urban environment.

According to the literature, the vast majority of the new household categories will be highly urban oriented. They will ask for urban facilities such as cafés, restaurants, cultural facilities, and services for recreation. Most of these services tend to be provided by private firms and – in a city like Amsterdam – few complaints are heard about the matching between demand and supply in this regard. A different story has to be told as far as housing is concerned. Here, a serious mismatch is reported. The stock of dwellings no longer matches household demands. Approximately 60 per cent of the Amsterdam housing stock is available for the so-called 'target households'; these are low-income households, which are regarded as in need of support in getting adequate housing. However, recent calculations have shown that of the current Amsterdam households less than 35 per cent are 'target households'. This points at a mismatch of some 100,000–150,000 dwellings, which in turn triggers several other negative processes (these will be discussed in the final section).

The question then is 'What is really needed?'. To answer that, we investigated the urban orientation of households, which are seen as related to the growth sectors of the economy. The leading questions were

'What are the "biotopes" for new talent?'; 'To what types of milieus are they oriented?'. On a wider scale factors such as the availability of jobs are important, and also the wider infrastructure: social security, connections, health care systems; but perhaps also a varied environment with many services and cultural facilities. On a smaller scale the orientations between various categories of talent may differ substantially, due to differences in terms of lifestyles. Therefore, we looked at the spatial orientation of workers who were active in various sectors. Address information was collected for workers in science, arts and design; for workers in business services, the financial sector and information and communications; for those who are active in advertising and the media; and for knowledge workers who serve local government.¹ Table 1 shows some results of the orientations of various workers in the growth sectors of the economy.

The results allow for a grouping of the sectors in a few logical classes: first, people working in the creative sector, in local government and in higher education in social sciences, law and humanities; secondly those who are working in higher education in medicine, sciences or economics; thirdly the

Table 1. Percentage of knowledge workers working in Amsterdam who also live in Amsterdam, 2002.

Category	%
Architects	71
Local government	60
Advertising	52
Higher education social sciences	52
Higher education humanities	50
Media	48
Higher education law	47
Higher education medical sciences	37
Higher education sciences	35
Higher education economic sciences	33
Accountants	19
Financial sector (bank)	19
ICT	17

Source: ABF Strategie, 2002; Musterd, 2002.

business services sector (finance, accountants, bank employees, ICT workers).

In Figure 1 the data shown in table 1 is made more specific in spatial terms. Over-representation relative to the population aged 20–65 years old has been shown applying location quotients.²

It will be clear that workers in the creative sector (architects, advertising, media) and workers in higher education who are active



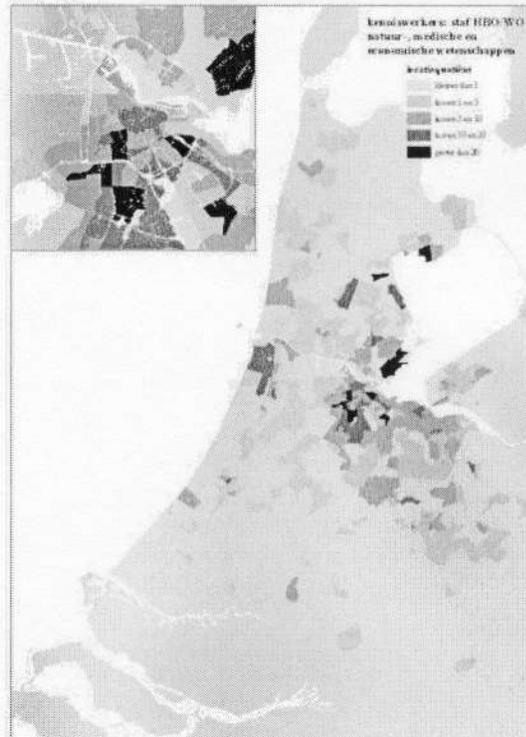
(a)

Figure 1. Residential locations of three categories of knowledge workers who are employed in Amsterdam; location quotients, 2002. (Source: ABF Strategie, 2002)

- (a) Knowledge workers in higher education in arts, culture, social sciences and law; architects; media; advertising and local government.
- (b) High educated workers in information, communication and technology and in the financial sector.
- (c) Knowledge workers in higher education in science, medical sciences and economic sciences.



(b)



(c)

in cultural and social sciences are more than proportionally living in Amsterdam and within Amsterdam in the most urbanized parts of the city (mainly the central areas and adjacent south-west sector); those who represent the financial sector (accountants, bank employees), and those who are active in information, communication and technology, tend to be oriented on suburban locations. Workers in the creative sector, in social and cultural sciences, arts and design are oriented on the most urban residential environments. Perhaps these environments provide the inspiration they require to do their jobs properly (see also Helbrecht, 1998).

It is interesting to see that the potential knowledge workers show similar spatial orientations compared to the real knowledge workers. Students in the spheres of media and creative professions, social sciences and arts and culture show a much more urban orientation compared to students in the sciences and economics.

Residential Mismatches and Policy Challenges

Today's cities that aim to be 'knowledge cities' clearly face the need to fulfil a number of conditions. They have to be able to attract the talent pool to be attractive to economic activities in today's growth sectors of the economy. They need young, creative, ambitious, open minded, innovative people. Merely offering centres for higher education cannot satisfy that need. An urban environment should provide universities, a variety of firms, institutions and people, services of all kinds, and the proper residential stock. In this section we will give special attention to the residential dimension, because in that sphere problems may arise fairly easily. Housing is inflexible since the life of a dwelling is usually long; society, however, is much more dynamic; by implication mismatches between demand and supply may develop. This will occur in all cities, including Amsterdam. For

Amsterdam we will sketch the implications of a large mismatch, which has been referred to above.

First of all the new urban households appear to have a profile (young, small, labour-active, with higher incomes; predominantly outdoor oriented) which is much more urban than the predominantly family oriented households who lived in the cities some four decades ago. This will result in increasing pressure on cities for the places and spaces that fit today's households' wishes. That in its turn will result in rapidly increasing prices, in a increase in the phenomenon of subletting social rented dwellings at a rent which is much higher than the rent people pay themselves; long waiting lists will develop. It will also result in a reduction of residential mobility, which has severe implications for the number of households which can adjust their household to their dwelling;³ that will also result in a growing number of inexpensive social rented dwellings that are inhabited by households with a relatively high income. And, finally, some invasion and succession processes will develop that are regarded undesirable by most local governments. The strongest households will push weaker households aside, as can be shown for the immigrants from Western countries (figure 2). These households tend to have higher incomes, are educated to a higher level, and are able to buy or rent in the most desirable areas. In the inner-city areas of Amsterdam Western immigrants now make up a quarter of the population (while only 10 per cent of the total city population is of Western immigrant origin). So, quite a number of negative processes are related to the fact there is a mismatch between what today's households want and what can be offered.

This requires policy response. Clearly what is needed is a rigorous change in the housing stock to provide for the fast increase of more urban-oriented households. The best approach is to transform the areas with family oriented dwellings, which are



Figure 2. Concentrations of immigrants from Western countries, 1994, 2002. (Source: UvA Geography and Planning, 2002)

closest to the most urbanized parts of the city. The transformation should satisfy the needs of the more urban households. This may be more easily achieved in cities such as Munich and Barcelona than in Amsterdam due to a smaller role of the government in housing in the first two cities and the fact that the private sector has a larger say in the housing markets of these cities and a much smaller say in Amsterdam. In Amsterdam, in 2001, 54 per cent of all dwellings was social rented, 32 per cent was private rented (partly controlled by the local government), and 14 per cent owner-occupied. In addition, in Amsterdam, the municipality owns the land. In Munich, as well as in Paris, for example, private sector intervention has resulted in the establishment of a large number of small apartments, sometimes just *pieds à terre*. Today, 34 per cent of the Paris stock is in the form of studios with an average size of 26 m². In some districts the average rent is 20 €/m², and 60 per cent of all dwellings have only one or two rooms; in Amsterdam 34 per cent of the dwellings are of that size. The Dutch capital might consider similar policies.

Amsterdam fits the label creative, cultural knowledge city perhaps more than any of the other cities. The city has a good environment that seems to suit the current growth sectors of the economy, which gives it a special niche. This may be translated in extra attention to creativity and culture. One important issue is the preservation of the vulnerable social mixture in the city. There is continuous pressure from strong households to push weaker households aside. The key question is at which level the mixture should be aimed at.

Another issue is international migration. It is quite clear that this migration is essential to the creative, cultural knowledge city and has to be facilitated: a new core housing stock is required for migrants also.

So far policy attention in Amsterdam, and other large European cities, has focused its attention on the bottom end of the housing market. There may be good social reasons

for this, but the impression is that policy ideas have got stuck in traditional ways of thinking. The economic structure has changed significantly, manufacturing industries have been replaced by service industries, media and culture; the importance of culture, knowledge and consumption has increased rapidly; yet, local government in Amsterdam, just as that in other European cities, is still focusing on the lower end of the housing market.

Amsterdam has a fantastic opportunity to profit from the characteristics it currently has. The profile of the city fits the requirements of current economic growth sectors. Amsterdam would be wise to adjust to the promising circumstances, just as it did in the seventeenth century; a new Golden Age may have started.

NOTES

1. We tried to collect work and home addresses at the six-digit postcode level; in some sectors this was not a problem (architects, accountants, higher education), since registers could be used; sometimes the work address was unknown (artists); high level of education was used in large firms to select knowledge workers; the categories which are shown are a selection of all categories available and thus have indicative value only.
2. The location quotient is the quotient of the percentage of a population category living in an area (here four digit postcode) and the percentage of the control category in that area (here the 20–65 years old).
3. Each percentage point reduction in the mobility rate implies that 4,000 households per year are unable to adjust their demand to the supply that is available.

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