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Journal of Planning Literature 2009; 23; 368
DOI: 10.1177/0885412209335727

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Bohemia as Subculture; “Bohemia” as Industry

Art, Culture, and Economic Development

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Artists have long been thought of as agents of revitalization, transforming warehouses and blighted neighborhoods into bohemian enclaves that become destinations for the well-heeled, simultaneously bringing redevelopment and reinvestment. Yet, the active cultivation of art as a central part of economic development is new. The increasing shift in economic development focused on attracting people not smokestacks has brought art and culture center-stage. This article considers the arts in economic development through several discrete but interrelated lenses: 1) As an amenity or consumption product 2) As a redevelopment and development tool 3) As a way to “brand” place 4) As generator of jobs and revenue. Finally, I consider current research that begins to unpack the social and economic processes necessary to cultural production. This line of research may enable a better understanding of the arts’ function and potential in economic development.

Keywords: art; culture; economic development; bohemia

What are the external facts in regard to the life in Bohemia, the half-world, the red-light district and other “moral regions” less pronounced in character?

Park (1928/1997, 26)

Business art is the step that comes after Art. I started as a commercial artist, and I want to finish as a business artist.

Andy Warhol

Artists have long been thought of as agents of revitalization who transform warehouse districts and blighted neighborhoods into bohemian enclaves for the well-heeled, simultaneously bringing redevelopment and reinvestment (Jacobs 1961, 1969; Zukin 1989; Lloyd 2005). This almost accidental practice of artists transforming a neighborhood is not a recent phenomenon. Artists have historically sought out less expensive neighborhoods with ample space such that they can afford to pay the rent along with having enough space to do their work. The active cultivation of art as a part of the development process is, however, something new. And yet, despite recent emphasis, little is known of how art works as an industry, as a form of symbolic capital, or as an important facet of economically vital regions, providing intangible but significant value. For planners and developers seeking to employ the arts in development, we ought to find out exactly how art and culture work.

We must, however, be careful here. What do we mean by art and culture? Because art and culture are both businesses and, in that sense, tangible and quantifiable but also a zeitgeist of society and, in that sense, ephemeral and intangible, “developing” them becomes multilayered and their definition debatable. On a very basic level, artistic and cultural production is not merely economic. Even its economic value is derived from initial symbolic capital that is transformed into “large-scale” production (Bourdieu 1993).

Author’s Note: I would like to thank those at Journal of Planning Literature, including Jack Nasar and the tremendously helpful and thoughtful reviewers. One reviewer in particular devoted four single-spaced pages of comments, along with a list of references, to improving this article. I am deeply grateful for the incredible amounts of time and effort that the reviewers put into improving this article. I would like to thank David Sloane and Susan Fainstein for comments on earlier drafts of this article. I would also like to thank the Haynes Foundation for its great generosity and support, which have provided me the resources and time to write this article. The contributions of this article have been greatly enhanced by their help. Any inadequacies are my own.
Furthermore, art is subject to qualities not found in most other goods: it can be irrationally consumed and created, heterogeneous by nature (there may be many reproductions, but only one original), subject to creative whims, and unpredictable in its both inception and success on consumer markets (Throsby 1994; for an in-depth discussion of this latter point, also see Hirsch 1972). Increasingly, we are witnessing not just traditional art forms (films, fashion, music) turned into commodities but also cultural and bohemian places that are at once cherished artistic enclaves while rapidly transforming into neighborhoods of hip coffee shops with in-house musicians and six-dollar lattes (Lloyd 2002). For the sake of simplicity, this article considers art and culture as taste-driven goods, services, products, and performances that are both sold on the market place (fashion, film, record albums) and valued for “art’s sake” (e.g., the starving artist, street music, etc.).

The places where such goods are created, distributed, and consumed have become critical nodes of culture as well, and they too are becoming commodified and mass produced. Long romanticized—Haight-Ashbury, Soho, Hollywood—these places have become critical sites of development. “People desire goods associated with a specific place because they want, at a distance, the place itself. We cannibalize a place—take in some of its social and cultural power, its cachet—by consuming the objects from it” (Molotch 1996, 229). Lesser-known locales emulate these artistic neighborhoods with their versions of live music venues, bohemian coffee shops, and art festivals.

What we are particularly interested in as planners and developers is how this cultural production, whether of symbolic or economic value or both, produces value for the places in which it is produced and consumed. In this respect, economic development and art and culture are meeting head on.

Thus far, economic development of and for art and culture has been cultivated in two distinct but often interrelated capacities. On a local level, art and “bohemian” street life have been nurtured as a way to establish “authenticity” and to lure attractive labor pools. High-brow cultural schemes have been employed to catalyze redevelopment and generate tourism. As Plaza (2006, 452) notes, “The contemporary urban planning scene often embraces the view that public institutions and their spaces that focus on art and other forms of ‘high’ culture characterize the progressive, dynamic city that will attract investments, encourage civic pride and welcome innovative individuals.”

The purposeful insertion of art and culture into urban centers has increasingly become a central tenet and instrument of current economic development. Art is seen as a means to encourage “high” culture tourism effects and also as a way to create the edgy street scene that is so attractive to young knowledge workers (Florida 2002). Particularly, the transformation of the urban economy from being driven by physical production processes to highly sophisticated networks of human capital, ideas, and knowledge transmission has opened up a new debate both in practice and in the literature discussing the variables necessary for economic growth, with particular emphasis on the means to attracting labor. This line of argument posits that highly skilled human capital seeks out artistically rich environs in which to live and work (Florida 2002; T. N. Clark 2004; Glaeser, Kolko, and Saiz 2001; Brooks 2000; etc.). These “symbolic analysts” (Reich 1992) and “knowledge workers” (Drucker 1993) not only want to live near artists who provide a “culturally authentic” milieu but also tend to mimic their process of reinventing industrial space, as witnessed by the moving in of new media and technology firms into old warehouse lofts and the conversion of manufacturing factories into multi-million-dollar condominiums (Zukin 1989; Brooks 2000; Florida 2002; Lloyd 2005).

This transformation of the urban economy has created a new place for art and culture in economic development. While on one hand cultural industries are important to development in their own right (Scott 2000; Currid 2006; Markusen and Schrock 2006a, 2007b), they are increasingly seen as the silver bullet to attract the skilled human capital that drives the postindustrial economy. In this respect, art and culture become important as strategic variables in an overall economic development scheme aimed at attracting people and firms. And thus it is impossible to separate the distinct roles of art as both a growth pole in its own right and a means for generating growth in other spheres in its capacity as an amenity and indicator of quality of life for highly skilled human capital. These two distinct roles are mutually reinforcing: as artistic havens increase their artistic concentration, they also become more appealing to other individuals as places to live and work.

This article puts forth that the increasing shift in economic development focused on attracting people not firms has catalyzed the recent focus on art and culture as important players in achieving this goal. To
realize the full impact of art and culture on development, we need to understand the various processes and mechanisms that are significant in their production, locational patterns, and accrual of symbolic value. First, I discuss how art and culture have become significant in economic development. Then, this article considers the various discrete but interrelated approaches by which art is employed as a part of development: (1) as an amenity or consumption product, (2) as a redevelopment and development tool, (3) as a way to “brand” place, and (4) as a generator of jobs and revenue. This article concludes by focusing on the basic mechanisms by which art and culture are produced (both symbolical and industrial production) and how these dynamics may inform policy and planning.

The Human Capital Variable in Development

Historically, discussions of development have revolved around the firm and its organizational behavior and location decisions. Yet with the decline of Western manufacturing and the rise of globalization and new technologies that have decreased the significance of place-based resources, growth and development have been explained less by ports and timber and more by the ability for a place to attract and retain human capital, or “compete for talent” (Florida 2000). The new growth paradigm argues for the importance of people and their associated knowledge and ideas in increasing productivity and development (Bell 1973; Becker 1982; Lucas 1988; Mathur 1999; Castells 2000; Florida 2002; Glaeser 2003; etc.). Called “knowledge workers” (Drucker 1993), “symbolic analysts” (Reich 1992), and the “creative class” (Florida 2002), highly skilled human capital has become the raison d’être of urban and regional development. Indeed, the importance of human capital to city growth was noted by Jacobs (1961, 1969) over forty years ago but has gotten increasingly more attention as recent studies have found a link between highly skilled workers and regional and urban economic growth, or what Glaeser (2003) has called “the rise of the skilled city.” As the argument goes, where people choose to locate is where firms also want to locate to access their skills and innovation, and thus places able to attract people are able to attract firms and are the likely centers of economic growth. Within the shift toward people as drivers of growth, art and culture have been considered significant variables influencing the locational patterns of highly skilled human capital. While it is often hard to sort out which came first (the people or the jobs; Muth 1971), migration patterns do indicate that skilled workers tend to seek out places with thick labor markets and cultural amenities.

The discussion of a knowledge or human capital–driven economy ultimately leads to a more fundamental discussion of people and what characteristics they seek out in a place (Saxenian 1985, 1994; D. E. Clark and Kahn 1988; Quigley 1998; Glaeser, Kolko, and Saiz 2001; Florida and Gates 2001; Florida 2002; T. N. Clark 2004). The increased emphasis on human capital as powering economic growth has driven the arts to the forefront of development strategy because people want to be able to access a cultural milieu for both consumptive and symbolic reasons. Human capital, it is argued, locates in places with particular attributes including amenities and particular types of consumption experiences that involve art and culture. Simultaneously, art and culture are considered important growth poles as critical sectors of the knowledge economy (Scott 2000; Florida 2002; Currin 2006; Markusen and King 2003). The discussions revolving around art and culture’s role in development consider them through several lenses: as important amenities employed to attract high human capital, as a part of establishing a consumption base or “entertainment machines” (Lloyd and Clark 2001; T. N. Clark 2004) that draws both new residents and tourists, as a means to “brand” a place (Scott 2005), and finally as important generators of development in their own right (Markusen and King 2003; Currin 2006, 2007b). I consider these arguments in turn.

Art as Amenity

One of the clearest examples of art’s role in development is its incorporation into strategies to lure highly skilled human capital to specific locales. In this respect, art is considered an amenity that boosts quality of life and consequently attracts new residents. This application of art to attract human capital is most obviously observed in Florida’s (2002) now seminal (and controversial) discussion of the role of the “creative class” in economic development.1 Florida argues that the creative class (largely composed of highly educated individuals) drives growth
and that this population sector seeks out particular types of lifestyle amenities in its location decisions, or what he calls “quality of place,” which artists and a cultural milieu help cultivate.

Quality of place is a critical factor in regional competitiveness. . . . To compete in the age of talent, regions must make the quality-of-place and the amenities of the new economy central elements of their strategies to attract knowledge workers and build high-technology economies. Regions must seamlessly link their amenities strategies to ongoing economic development and competitiveness efforts. (Florida 2000, 47-48)

The role of artistic and cultural amenities is twofold. First, art and culture have come to be seen as important signals of “authentic” places (Carr and Servon 2007) that offer the potential to engage in a local music or art scene, what the Economist (2002) wryly calls the “geography of cool,” an attribute that Florida argues is significant in the location choices of highly skilled human capital. Second, art and culture offer both the milieu and products that people seek out as a part of their location choices. A corollary to this postulation is that cultural industries offer products for those with disposable income to consume (viz., highly educated individuals with high-paying salaries), a point that Brooks (2000) also makes in his discussion of the types of lifestyle enclaves that bobos (the highly educated and wealthy “bohemian bourgeois”) seek out in a place to live. Like Florida, Brooks posits that this contingent of the population makes location decisions largely shaped by the types of aesthetic and consumption-oriented attributes a place possesses. Urban centers focusing on developing the arts thus need to also have a considerable population with disposable income to consume cultural products. Consumption ranges from avid art lovers who attend gallery openings to high-society individuals who care about the art in a philanthropic capacity (Who goes to the art galas, and pays the exorbitant ticket price, if not for high society?) along with those who spend money on expensive clothing and buy tickets to attend the opera and the ballet. Finally, artwork, design, architecture, and fashion also derive their value and revenue from those who commission cultural work (whether portraits or living room renovations), and undoubtedly this realm depends on a consumer population with enough disposable income to not just patronize the arts but actively generate new work for artists (for an excellent summary of art in society, see Williams 1958). The interplay between high human capital and the arts then is one of mutually reinforcing supply and demand (Wojan, Lambert, and McGranahan 2007a, 2007b). Artists require a consumer base to fund and support their goods and services. This need is not just for the broader “cultural industries” but also for independent musicians, artists, and so forth. High human capital, the creative class, and the well-heeled (which often are one and the same) seek out locations with an artistic milieu that offers both an authentic cultural ambiance and also consumer goods and artistic production in which to invest their disposable income.

Particularly with regard to this last point, amenities as a key facet to economic development links strongly to the broader argument of cities becoming centers of consumption, or what Glaeser, Kolko, and Saiz (2001, 22) have called the “consumer city”: “The future of most cities depends on their being desirable places for consumers to live. . . . If cities are to remain strong, they must attract workers on the basis of quality of life as well as on the basis of higher wages.” Cities that have an abundance of consumption amenities, whether the opera, fashion retail, or art galleries, tend to attract highly skilled human capital, thus increasing overall productivity of the place (Glaeser, Kolko, and Saiz 2001). Empirically, Glaeser, Kolko, and Saiz have found that cities possessing high levels of amenities have grown much faster than low-amenity cities. They have also found that in high-amenity cities, urban rent has gone up faster than urban wages, which indicates that the demand for living in these amenity-rich locations has risen far beyond rising wages. T. N. Clark (2004) and Lloyd and Clark (2001) have taken this thesis a step further by arguing that a city is an “entertainment machine.” Akin to the general amenity argument, Clark has found that amenities drive economic development and that human capital seeks out “lakes, opera, and juice bars” (2004, 103). He distinguishes between natural amenities (e.g., nearby water, moderate temperatures, green space) and constructed amenities (e.g., opera houses, libraries, juice bars, and Starbucks). Clark notes that college graduates seek out places with constructed as opposed to natural amenities, the elderly population tends to concentrate in places with natural amenities, while high-technology innovators tend to seek out places with both natural and constructed amenities. But even the natural amenities can be marketed as forms of consumption such as bike trails, hiking, and other “bobo” activities (Brooks 2000).

Others (Peck 2005; Kotkin 2006; Trip 2007; etc.) have challenged the central role of amenities (and by
extension art and culture), particularly what Trip (2007) calls “intangibles.” While quality of place is important, what defines it is up for debate. Trip points out that cultural “intangibles,” such as nightlife, music scenes, museums, and other amenities that constitute “symbolic value,” are difficult to assess in their impact on urban development. Kotkin (2006) goes much further in challenging the significance of art and culture to development by arguing that cities striving to be “boutique cities”—those trying to attract the elite and the wealthy through chic place marketing, artistic scenes, and museums—or, even worse, Potemkin cities (those trying but failing to emulate the boutique cities) are actually losing population. Kotkin argues that the real winners (as defined by increases in population and job growth) are cities that incorporate basic services such as transportation, good schools, and affordable middle-class housing into their economic development schemes, not those that support art galleries and the creative class. A recent Journal of the American Planning Association roundtable (Lang and Danielsen 2005) challenged Florida’s claim that amenities were central to growth, arguing that while the “creative class” captures 30 percent of the workforce, the quality of place and lifestyle attributes that he argues are central to their location patterns are actually applicable only to a small contingent of this group. Markusen (2006) significantly takes on Florida, arguing that artists cannot be considered as exhibiting similar spatial and locational patterns as other creative class members, as their living and working decisions are distinctly different. By extension, many of the amenities so central to this highly skilled population’s location patterns may be less important (or ubiquitous) than put forth. Peck (2005, 740) goes as far as to say that development stemming from the creative class vernacular further reaffirms “entrenched tendencies in neoliberal urban politics” while cloaking them as cultural policy as opposed to establishing anything innovative in the urban policy discourse.

**Art as Tourist Attraction**

As much as cities and regions have incorporated the arts as amenities to lure a permanent high-skilled workforce, simultaneously the arts can be important in bringing in tourists and their accompanying revenue. As Fainstein and Judd (1999, 1) put it, “Travel is as old as humanity, but mass tourism has a much more recent vintage,” and this sentiment could not be clearer than in recent efforts to incorporate tourism into local economic development strategies. While cities have long drummed up outside interest for amenities they already had, in more recent decades cities have actively cultivated a tourist agenda, building sites, institutions, and so forth with the primary intention of attracting tourists, creating what Fainstein (2001) and Sorkin (1992) call “theme park” development or a “tourist bubble” (Judd 1999). Art and culture are key players in these strategies. Part of this agenda can be explained by the binary role of art and consumption. Not only is cultural consumption good for the residents, it is good for outside business as well. Along with being able to translate this art and culture into a consumer amenity that attracts people who want to live in culturally rich locations, the arts can be leveraged to draw those who just want to visit such places, thus drumming up additional revenue. The massive restructuring of central cities has led some cities to replace the exodus of traditional industries with tourism (Harrill 2004). Tourism is closely tied with arts-based economic development—even for those places that historically are not such types of destinations. As Judd and Fainstein (1999, 4, 12) put it, “Cities are sold just like any other consumer product,” which is in part a product of the “commodification of leisure.” Judd (1999) and Judd and Fainstein (1999) argue that tourism and the incorporation of cultural consumption work in tandem with the other reasons people go to cities (e.g., conferences, business, sports events), and thus these two activities of business and leisure can actually become one. For example, Los Angeles’s $2.5 billion LA Live project, a multiverse conglomerate of stores, theaters, music space, restaurants, sporting events, and luxury condos, is located a stone’s throw from the city’s convention center and sports arena. At once, LA Live is both a cultural consumption megadevelopment project for downtown Los Angeles and its inhabitants (and a lure to attract more residents) and a destination center for those in town for sports events and business conferences. Such efforts are not unique to big metros. As Wojan, Lambert, and McGranahan (2007a) point out, rural artistic communities are strongly linked to the tourism sector and in fact in many cases depend on it for survival.

**Art as Development and Redevelopment Tool**

The role of art and culture in generating growth in tourism and attracting human capital has culminated into a more general trend by which cities undertake...
strategies and projects to incorporate culture as a central part of their development schemes. Cultural tourism efforts can work toward locally based development efforts while community-level cultural economic development can simultaneously have the byproduct of drawing tourists. Large-scale cultural development at once targets residents and visitors, as witnessed by what some call the “Bilbao effect,” with reference to the Frank Gehry–designed Guggenheim Museum established in Bilbao, Spain (Plaza 2006; Grodach 2008).

Indeed, the ability for art to be a development tool has its origins in the now almost mythologized transformation of blighted neighborhoods and manufacturing lofts into revitalized centers of cultural production (Zukin 1989; Florida 2002; Currid 2007a, 2007b; etc.). Zukin’s (1989) now seminal text documents the process by which artists moved into manufacturing lofts, transforming the space and the neighborhood into a desirable place to live, only to be booted out in forthcoming years as landlords transformed the artists’ studios into residential co-ops for the wealthy.

Contemporary development schemes have taken an almost bifurcated approach between multi-million-dollar flagship “constructed culture” attractions (e.g., Los Angeles’s $236 million Disney Concert Hall, designed by Frank Gehry) and locally based community arts initiatives, which can be thought of as “organic culture,” building off of place-specific strengths. The former strategy is often used for development of already established areas, while redevelopment of blighted areas incorporates local, community arts initiatives, which is seen as an effective and inexpensive solution for inner-city, blighted neighborhoods (Grodach 2008). Historically, arts development schemes have been large in scale and favored “high” culture (Strom 2002), tending to be regarded as the results of those in elite positions making decisions about what types of arts and culture should be supported (Logan and Molotch 1987; Molotch 1976; Zukin 1996; Fainstein 2001).

When city officials and developers realized people would pay for art and culture (and quite significantly so), the consumption of cultural goods became a cornerstone of development, resulting in massive-scale entertainment centers, ranging from “high” to “low” cultural consumption experiences. These centers include not only galleries, opera houses, theaters, and music halls but also accompanying cafés, restaurants, and gift shops, creating what Evans (2003, 418) has called the “commodified cultural experience,” whereby cultural institutions operate as centers of entertainment and consumption, along with their aesthetic role. Some of these newer large-scale developments have included bringing in a global brand such as Guggenheim, Tate, or Disney to build a large institution at an exorbitant cost. Trusting the global cultural brand for local development efforts is a way to invest in the aesthetic while at the same time addressing the concerns of the risk averse. While gauging the success of cultural development is difficult at the outset, bringing in a trusted cultural icon may be able to promise some level of public interest. These larger development efforts operate in a tenuous place that at once tries to market a city’s uniqueness while at the same time ironically standardizing the experience for tourists and residents alike (Evans 2003; Grodach 2008; Fainstein 2001; Fainstein and Judd 1999; Sorkin 1992). As Evans (2003, 421) puts it, “Despite their global reach and ubiquity, the extent to which branded urban entertainment centres can develop and sustain an identity and image for a city, as they create for an otherwise placeless self-created theme park, is less apparent.”

Critics against this approach argue that the use of cultural brands in cultural development may in fact further detract from place-specific uniqueness—that these brands are everywhere (in New York, in Spain, in London) means that they are also nowhere (Evans 2003; Sorkin 1992; etc.). And thus these large-scale projects have been looked at as “theme parks” and the “Disneyfication” of urban centers, where development efforts tend to turn cities into homogenized places of gratuitous consumption rather than capitalizing on their cultural uniqueness. Times Square in New York has been both hailed as a success story for being transformed from a blighted prostitution- and drug-ridden neighborhood into a new tourist and new media center and criticized for being stripped of its unique identity (Fainstein 2001; Sassen and Roost 1999).

Small-scale cultural development has been used in local efforts to revitalize lower income neighborhoods (Grodach 2008; Carr and Servon 2007), but more recently they have also been incorporated into more general economic development schemes. In part, this new local emphasis is a backlash against megadevelopment, but it is also a result of the recent scholarship arguing that people seek out street-level cultural “authenticity” in the places they live and work. (Florida 2002; Lloyd 2005; Carr and Servon 2007; etc.). However, these “organic” cultural initiatives are less focused on a tourist agenda (though they inevitably produce tourism when successful) and are more
targeted toward attracting and retaining residents. Despite this, Lloyd (2002) argues that elements of the urban experience that were once considered gritty and unsafe are now viewed as edgy and authentic, and that in itself can lead to superficial prescriptions. The problem with focusing on art as a development effort, he argues, is that the interaction that people have with arts or with “neo-bohemia” in their daily lives is not grasped. Part of this relationship is that of the local street-level cultural milieu, but also cultural and artistic industries are cross-fertilizing with other industries that require artistic skills (Markusen et al. 2006; Lloyd 2002).

At the same time, these smaller scale efforts, which are largely culturally and historically preservationist in their goals, are also subject to wide criticism, particularly for their role in rapidly gentrifying artistic neighborhoods, producing what might be called the “Soho effect,” alluding to the process by which New York City’s Soho neighborhood transformed from a manufacturing district to a bohemian enclave to outdoor shopping mall. The artists who moved to the district in the 1960s and 1970s began revitalizing the neighborhood with their renovated studios and new galleries. In turn, these changes attracted capital, reinvestment, and new residents into the area, pushing up real estate values and rents, pushing out the artists, and transforming the neighborhood into a high-end residential and consumption mecca for the elite (Zukin 1989; Kostelanetz 2003; Currid 2007a, 2007b; etc.). Indeed, as Evans (2003) and Lloyd (2002) have argued, even the local cultural experience of artistic neighborhoods and their quaint coffee shops and small farmers markets becomes a commodified good, where tourists and residents come to engage and consume bohemian subculture, thus creating greater demand and outside investment. The irony of attempting to preserve cultural place-based integrity is that it often aids in its gentrification. As such, cultural development can paradoxically price out the culture, whereby artists and cultural industry firms (many of them small) located in “culturally rich” neighborhoods cannot afford the rent (Evans 2003). In the advent of pursuing an arts development agenda, new concerns surrounding economic development have crept up. For example, is gentrification really something that developers should care about, given the many other acute issues that are pressing (e.g., the far worse condition of blight)? Is gentrification not a part of the natural flow of urban centers and perhaps one of the more desired outcomes? I do not have the answers to these questions, but they are worth acknowledging in a discussion of whether the ensuing gentrification resulting from cultural preservation outweighs the benefits of such development efforts (for a terrific discussion of Chicago’s Wicker Park neighborhood’s experience with gentrification, the commodification of an artistic place, and the implications for the original artist residents, see Lloyd 2002).

Place as Cultural Product, Product in Cultural Place

The active cultivation of the arts as previously discussed has resulted in distinct associations between place and culture. In both the products and the local offerings and milieu that residents and tourists seek out, art and culture are closely identified with particular locales. While urban centers may rely on brand-name culture brought in from outside, cultural development also plays off of place-specific cultural and artistic production. Art and culture aid in economic development in their ability to “brand” a place (Scott 2000, 2005; Molotch 1996, 2002, 2003). This branding happens in four interrelated ways. First, on a purely symbolic and intangible level, people like to be a part of a cultural milieu. People move to Seattle to be near its music scene and people live in New York because of its rich art worlds, not necessarily to become rock stars or artists or even to buy paintings or become music groupies. People may indeed consume local culture, but they also seek out cultural milieus just to be around them (Florida 2002; T. N. Clark 2004; Lloyd 2005). In this respect, the accumulation of artists and a cultural milieu is not as much linked to economic consumption and production processes as much as the “intangibles” that are hard to pin down but are thought to be linked to economic growth (Florida 2002; Wojan, Lambert, and McGranahan 2007b).

Second, cultural consumption is closely linked to cultural production (whether films or live jazz), and thus the very places where art (or music or film) is being produced are often important sites for consuming these goods. These processes of consumption and production (both symbolic and commercial) aid in accruing cultural capital and creating significant links between particular places and localized culture, which is often realized through tourism dollars. For example, Hollywood is a tourist attraction because it foremost is a film production center (Scott 2005), and New York City with its high concentration of artists (Currid 2006) also has an abundance of galleries for
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Art and Culture in Contemporary Economic Development

Figure 1

Art and Culture in Contemporary Economic Development

Although more expensive than [cultural goods] would be if made elsewhere, would not be the same if made elsewhere,” and thus firms would like their products affiliated with that particular place (e.g., New York fashion, Italian shoes, etc.) to encourage certainty in product value. Thus, firms and labor pools affiliated with particular types of cultural production will continue to congregate in particular places. This dynamic creates a link between product and economic development, making particular places key sites of innovation, capital accumulation, and new divisions of labor for artistic and cultural production.

While much study has been focused on the role of industrial agglomerations with regard to high technology (e.g., Saxenian 1994; Castells and Hall 1994; Storper 1997), the same relationship between place and product is part of cultivating a cultural industry agglomeration and its future growth and development (Scott 2000, 2005; Molotch 1996). In the same way that Silicon Valley benefits economically from its global reputation as a center of technology because it attracts more firms, skilled labor, and outside resources, places such as Hollywood and New York benefit because of their reputations as centers of film, art, and fashion. Regions are able to use their global prominence as cultural capitals to attract key variables in development, further reinforcing their competitive advantage over other regions and cities. But in one respect, cultural development is different: tourists do flock to New York to attend galleries, and high tech workers may like the artistic counterculture of San Francisco, but it is unlikely that tourists visit New York to see law firms or labor pools locate near Silicon Valley to plug into the tech scene (unless they are computer scientists or the like). In other words, art and culture operate in two distinct but mutually reinforcing capacities: cultural industries are able to be industrial agglomerations in their own right, thus generating growth like any other industry, while also...
using the reputation gained from art’s presence as an amenity that helps to attract tourists and labor for the region’s other industries (see Figure 1).

A final corollary to the link between place and cultural production is what Markusen and Schrock (2006b) call artistic “distinction,” arguing that the concentration of artists and cultural firms also works for developing a city’s uniqueness over other places. The initial concentration of artists and cultural industries enables a city or region to capitalize on its cultural identity as a means to bring in auxiliary benefits, particularly providing a unique place-specific identity. While finance and professional services (e.g., law, medicine, and advertising) are ubiquitous and similar across places, the arts are present more selectively, and, furthermore, each city (or small town) has its own cultural identity. In this respect, the accumulation of artistic human capital in a region or city aids in development far beyond just producing goods and services. It also helps create identity and uniqueness, which while intangible are significant in the creation of economically vital places. Thus, cities and regions should seek to capitalize on their artistic distinctions from other places as a means for further development, bringing in skilled human capital who have options (e.g., jobs, universities to attend, etc.) to be in many places but may choose one place over another because of cultural or artistic qualities present in one locale but not another (D. E. Clark and Kahn 1988). Their ability to do so relies on knowing the artistic and cultural industries and labor pools located within their region through conducting occupational analysis (Markusen and Schrock 2006a, 2006b; Markusen and King 2004).

“The Artistic Dividend”

In a most basic way, art and culture contribute to economic development in the way that all industries contribute: by establishing a competitive advantage over other places, or what Markusen and King (2003) and Markusen and Schrock (2006a, 1662) have called the “artistic dividend,” which is defined as “the additional economic impact that would not occur without the presence of artists.” In recent years, there has been remarkable discussion over art and culture as significant contributors to economic development in their own right, not only as affiliates of other economically viable industries or as attractors of other types of human capital. Recent studies have pointed to the number of jobs, amount of revenue, and number of firms that the cultural industries contribute to the urban and regional economies in which they reside (Port Authority of New York and New Jersey and the Cultural Assistance Center 1993; Keegan et al. 2006; Otis College of Art and Design and Los Angeles Economic Development Corporation [LAEDC] 2006; Alliance for the Arts 2007; Currid 2007b). According to a 2007 report, the arts industries in New York City produce an economic impact of $22 billion (Alliance for the Arts 2007). Currid (2007b) points out that the arts and cultural industries constitute the fourth largest employer in New York City, almost tied with the financial industry. A 2006 study of Los Angeles’s creative industries reports that film, television, and fashion contribute $93 billion annually to the region’s economy (Otis College of Art and Design and LAEDC 2006).

Furthermore, Markusen, Schrock, and Cameron (2004) claim that artists are highly underrepresented and undercounted through employment data and even census data, arguing that artists heavily contribute both directly and indirectly to the regional economy. As Markusen et al. (2006), Markusen and King (2003), and Currid (2007a, 2007b) point out, cultural industries, and artists more generally, tend to cross-fertilize, providing creative skills to nonartistic industries such as advertising and finance. “Artists make important contributions to regional economies beyond those associated with arts organizations and events, and these contributions are unevenly spread among cities” (Markusen, Schrock, and Cameron 2004, 19).

Understanding How Art and Culture Work

If art and culture matter much in economic development, then one of the critical concerns of developers and planners must be to fundamentally understand how cultural industries and labor pools “work.” Much of the work done so far has been largely in sociology and economics, but the basic tenets of this research can be applied to the current economic development discussion. Becker’s (1982) seminal study of “art worlds” outlines the basic sociological and economic systems in which art is created, evaluated, and distributed. Becker’s study brings to light some of the central dynamics by which cultural industries create conventions for “good art,” evaluate products and work, establish gatekeepers, and distribute cultural goods. In this respect, Throsby (1994) argues that while cultural goods are taste driven, demand (and
taste) is also influenced and formed (this is where Becker’s notion of “conventions” plays an important role). Becker most significantly found a “system” by which not only art but also the standards by which collectors and gatekeepers (and society) judge art to be good or not are reviewed and distributed. Rantisi (2004) and later Currid (2007b), building off Becker, argue that such interactions occur in particular places. Similarly, Faulkner and Anderson’s (1987) dissection of the Hollywood film industry indicates that filmmakers, actors, producers, and directors rely on dense social networks to establish reoccurring short-term ties with other participants in the production of films. Caves (2000) revisits these themes in his study of “creative industries,” where he argued that the “nobody knows” relationship between a cultural good and the market causes these industries to establish “motley crew” assemblages of different groups to diffuse risk in production and innovation (not so different from the production of semiconductors and other technology product development, by the way). He further argues that a key group of “certifiers” must act as authorities in evaluating cultural goods, a point also touched on by Hirsch (1972) in his study of the publishing and record industries.

Consumption of creative goods, like all other goods, depends on “tastes,” but for creative goods those tastes emerge from distinctive processes. People invest in developing and refining their tastes for creative goods. They consume them in social contexts, and the “buzz” that circulates among them is important for organizing production. Although nobody knows its fate when a new creative good appears, social contracts transmit consumers’ appraisals at a very low perceived cost to them, giving “word of mouth” its importance to a creative good’s ultimate success. (Caves 2000, 173)

In her study of New York City’s cultural industries, Currid (2007b) looked at how these processes play out in fashion, art, and music, arguing that many important economic and social exchanges such as meeting certifiers, generating an audience, and creating “buzz” and market demand happen in artists’ social lives; thus, artists tend to cluster in close proximity to one another.

More broadly, scholars of art and culture point to key characteristics of the cultural production system and argue that economic development directed toward the arts must cultivate these dynamics. In particular, the aforementioned literature points to three significant characteristics that cultural industries and labor pools seek out: (1) the need for a flexible labor pool, (2) the ability to establish reoccurring ties with various firms’ labor pools and resources, gatekeepers, and “certifiers,” and (3) the instantaneous and ad hoc nature of these transactions. Agglomeration of art and culture becomes critical to these dynamics because when there is a dense concentration of cultural producers, cultural industries, and the people who evaluate their products, there is a greater chance for artistic production and new innovation (also see Lloyd 2005). Fu (2006) further extends this line of inquiry by arguing that human capital and knowledge externalities are significantly localized within a “microgeographic scope,” meaning that dense agglomeration of people is necessary to fully capture its externalities.

All of this points to the notion that cultural creativity is not spontaneous or random—particular environments, types of production, and cultures are conducive to generating it (Scott 2000, 36). Like Jacobs (1969), Scott (2000, 122) notes that dense production agglomerations are especially likely to be sites of originality and inventiveness. Places that possess (or are able to cultivate) these agglomerations capture the multilayer benefits of cultural development.

New Policy Directions for Art and Culture

Contemporary economic development is largely independent from natural resources, thus allowing a region to try to attract cultural industries regardless of geography (Scott 2000). As this article puts forth, human capital drives growth, and art and culture have become significant in various development efforts to create the kinds of places where people want to live, work, and play, not to mention being growth poles in their own right. But this new landscape of growth also presents challenges. Planning and development directed toward art and culture must be sensitive to the dynamics by which the industry is structured. Thus, the literature on the sociology and economics of the art can provide important insight to economic development and policy prescriptions. A few important points follow in this regard.

Interrelated Art Worlds

First, the interconnected nature of cultural industries means that agglomeration policy ought to consider several related industries (e.g., art and design, film and music, fashion and art, etc.) instead of targeting just one sector. In this respect, development
must aim to cultivate all of the necessary externalities that are associated with a cultural agglomeration. Policy makers should consider luring industries that require externalities that already exist in their regions. As examples, Scott offers several suggestions targeting the Los Angeles film and music industries (and approaches that could be applied to other cultural industry development), including the importance of R&D and technology, an educated and skilled workforce, collective action and institution building to control and steer competition in the right direction, support for small firms that are necessary for local diversity, and political structures that support these strategies at every level of the government.

Ties That Bind: Informal Social Networks

Second, art and culture rely significantly on their social and informal ties, and thus planning and development must aim to preserve and strengthen these relationships and the places in which they occur. In their study of artistic communities in U.S. metropolitan areas, Markusen and King (2003) and Markusen and Schrock (2006a) have looked at the factors that influence location decisions of artists and also the infrastructure and social networks available to artists and how they sustain artistic communities. Markusen et al.’s research highlights the need for not just artistic organizations but also actual art districts and social networks to help facilitate artists’ creativity. Markusen et al. found that artists are not tied to industry or firms but instead to a neighborhood or city. Factors such as networks, connections, and public and private contributions to the artistic community, in addition to the importance of locality over industry, are significant in the location decisions of artists. They argue that creating desirable environments not just jobs is necessary to attract cultural workers. The tendency for artists and cultural producers to establish dense, localized communities and networks is not specific to big metros. As Villiani (1998) and Wojan, Lambert, and McGranahan (2007a) note, these dynamics are present in rural arts milieus as well. Part of the lesson here for developers and policy makers is to preserve artistic communities at the local level. As much as large-scale institution building is important for tourism and place branding, “the arts” often happen on a much smaller scale (Currid 2007a). Developers must strike a balance between gentrification and preserving the very artistic enclaves that helped revitalize blighted neighborhoods.

Art and Culture as Industry Cluster

Art and culture work like any other agglomeration. I have gone into some detail on the mechanics of industrial agglomerations in earlier parts of this article, and the literature is well known already; thus, I will not rehash old news. But what is important here is that despite art and culture being largely taste-driven industries and products, the needs for clustering, tacit knowledge sharing, access to suppliers, gatekeepers, and so forth are remarkably similar to the needs of other postindustrial agglomerations. Rantisi (2002a, 2002b, 2004) has carefully looked at the development of the New York City fashion industry, considering the location decisions, innovation processes, and agglomeration networks that promoted the “ascendance of New York fashion” (Rantisi 2004). Rantisi argues that the infrastructure and social networks within the industry provide communication among designers and producers, an emerging labor force, and information on trends for upcoming seasons. Rantisi found that art and fashion institutions such as the Pratt Institute, Parsons School of Design, and the Fashion Institute of Technology provide new apparel designers to the labor force, while New York—based trade publications Women’s Wear Daily and Tobe Report provide information about different designers and apparel producers to the industry at large. She also highlights the role of textile and fabric producers as dictators of what fashion designers and producers can actually make. By highlighting these important institutional and social networks, Rantisi makes two important observations. First, she acknowledges the necessity of agglomeration economies and the regional innovation system in sustaining the vitality of this cultural industry. Second, Rantisi notes the importance of these networks, through both “competition and complementariness” (Saxenian 1994; Porter 1998), in the innovation process. The networks of designers, apparel producers, textile producers, and retailers often reveal what can and cannot be achieved based on the sheer realities of supply, demand, and cost, factors that can often supersede the importance of aesthetic inclinations. A final point in cultural development that Rantisi’s work highlights is the importance of location for the fashion designers—the importance of “plugging in” to the right networks and spatial configuration. While Rantisi’s analysis deals wholly with the fashion industry and its internal networks, it builds on the assumptions put forth by Scott (1993, 2000), Markusen and King (2004) and Markusen and King (2003),
highlighting the importance of both formal and informal social networks and institutions in preserving and catalyzing the development of art and culture. Policy and development toward art and culture thus should tear a page from policy prescriptions directed at other industries. In the same ways that finance has been the recipient of tax breaks and infrastructure incentives and Silicon Valley has sought to create associations that enable industry cross-fertilization, such initiatives are applicable and beneficial to the arts as well.

**Art and Localized Consumption**

A point worth noting that distinguishes cultural agglomeration from other industrial agglomerations is the following: centers of cultural production require not only an agglomeration of skilled labor but also an agglomerated consumer base. This point has been indirectly dealt with by Florida (2002), Brooks (2000) and Glaeser, Kolko, and Saiz (2001) (see earlier discussion). Wojan, Lambert, and McGranahan (2007a, 2007b) note the relationship between a population with disposable income and the ability for arts enclaves to exist and thrive. Marshall (1890/1920) remarked that consumers of music tended to consume greater amounts of cultural products over time (exhibiting more not less marginal utility). So actually maintaining a cultural consumption base bodes well for the long-term cultivation of artistic agglomeration, but there have to be local consumers from the get-go. Cultural agglomerations not only produce goods that are distributed through global networks and outlets but also require a local consumer concentration of individuals who attend art galleries, buy the art on the wall, go to opera and play openings, and generally support the arts in tangible, economically measurable ways.

**Artists as People, Not Industry**

While it is understandable that economic development is primarily concerned with how to generate growth, jobs, and new means by which to generate productivity and wealth, art’s contribution toward regions and cities is not always industry based. Thus, policy directed toward the arts ought to also include a specific focus on the artists themselves. It is easy to target industries; such an approach is far more digestible for city officials and developers seeking a bottom line and tangible economic outcome. Moreover, industries are far easier to identify and focus on than individual artists and cultural producers. And yet individual artists are part and parcel of establishing a region’s unique cultural identity. New York City’s abstract expressionists and later Andy Warhol and the pop art movement had very few ties to the “arts industries,” and yet they were and remain pivotal in the creation of New York’s identity as one of the world’s most important cultural centers (Perl 2005; Currid 2007b). And thus economic development and policy that seeks to maintain or create an artistic and cultural milieu need to also incorporate initiatives aimed at supporting the intangible, symbolic contributions that artists (starving or otherwise) provide their locales. Housing subsidies, public art, and art grants are three obvious and already employed strategies, but even efforts to zone for artistic neighborhoods or enable artists to continue to reside in rapidly gentrifying neighborhoods are also worth pursuing. The Works Progress Administration under the New Deal simultaneously provided jobs and public awareness of the arts and also created an arts community (later known as the abstract expressionists) that would not have been possible without policy maker support.

**Conclusion: Art and Culture Developed and as Developers**

The role of art and culture in economic development, while fledgling in the literature, is quickly becoming a dominant force in urban, regional, and global economies. The rise in the importance of art and culture to economic development is evidenced by an economy driven by human capital, not widgets, and a society and a culture that have become exceedingly consumer oriented. Developers and planners must create places that attract human capital and provide outlets for consumption. Our high standard of living allows a greater number of people to seek out aesthetic products and places that teeter at the top of Maslow’s triangle of needs. Furthermore, the standardization of the urban experience (a Starbucks and McDonalds on every corner!) has prompted even more emphasis on economic development that can create a “distinction.” In these transformations of society and economy, the arts have entered center stage.

The strategic ways in which art and culture can be used as economic development strategies are just beginning to be fully explored. Part of our understanding of how we can maximize the arts in economic development is closely linked to our understanding of the economic and social dynamics of artistic...
industries and labor pools. Understanding these properties gives developers and scholars a greater insight into the factors that influence location decision and the means by which to construct effective arts-based economic development. As Strom (2002) astutely points out, as much as economic development needs art and culture, art and culture need directed economic development to help sustain their industries.

Previous theories of industry location considered natural resources, agglomeration economies, informal interactions between firms, universities and human capital, and the importance of amenities. Fundamentally, many of these theories rest on the notion that an agglomeration of pooled resources creates low barriers to entry for firms, shared positive externalities, and the firm rivalry necessary for innovation (Porter 1998; Saxenian 1994; Krugman 1991). Indeed, these postulations appear applicable to the arts as well, as demonstrated with the previously mentioned studies. Theories that consider the importance of human capital still rest on the notion that people seek out places that offer a multitude of life experiences and diversity, of which the arts are a significant variable, and, in turn, firms seek out these types of places too (Florida 2002; Hall 1985). Our ability to craft effective art and culture–based economic development (whether to target human capital or establish a tourism industry) rests on our ability to understand the industries and labor pools of which art and culture are composed. The research previously discussed begins to unpack the important components that make up artistic production in its both symbolic and industrial capacities. How do art and culture respond to economic development, and what type of economic development is most effective in cultivating these people and industries? Do different artists and cultural industries respond to different types of economic development? How do these processes vary by location? These should be our next steps in understanding the arts and in crafting the art and culture–focused economic development that has become so central to the growth of cities and regions.

Note

1. The creative class, it should be noted, is not the same as artists or “bohemians,” though they are often blurred together in debates and the literature. In fact, the creative class is most akin to a measurement of highly educated individuals. Bohemians are a specific subsection of the creative class and simultaneously are also drivers of the presence of the creative class.

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