

## **1. Introduction**

The paper is organised as follows: after this Introduction, in Section 2, we reconstruct the theoretical debate on the function of knowledge and creativity in places. Section 3 attempts to depict the role of cultural institutions within the theoretical model of territorial local systems, clarifying ways in which we can fruitfully combine such concepts as ‘culture’ and ‘creativity’ with the geographical perspective, paying attention to the territories’ capability of behaving as collective actors. This section, along with Section 4, describes the mechanisms of the ‘knowledge circuit’ as factors of urban and regional development, and provides an interpretative scheme for the analysis of the case-studies of Biella (Italy) and Saint-Etienne (France).

The main question faced by this paper is: which conditions, in terms of actors, resources and internal/external relationships, should be respected in order to ascertain the existence of a territorial local system where the culture is one of the driving forces and pillars of the local milieu?

The stories of two different industrial cities in Western Europe help show how culture and creativity can offer an opportunity to escape economic decline. In order to achieve this goal, as discussed in Section 5, the analytical scheme is enriched by the concepts of ‘anchorage’ and ‘embeddedness’, which are used to enlighten the behaviour of the key cultural actors in territorial systems and to introduce some concluding remarks.

## **2. Knowledge, creativity and places**

The concept of knowledge, at the heart of the regional debate during the nineties, was also influential in constructing some relevant elements of the political discourse at the national as well as at the supra-national level. Public statements like the EU’s ‘Lisbon Strategy’ or the *Territorial Agenda of the European Union* (2007) reflect the idea that regional and national prosperity depends more and more on the rate of knowledge embodied in economic and social systems.

More ambiguous, but strictly related to the former, the concept of ‘culture’ has gained a crucial position in urban and regional studies. Culture can be defined, according to Throsby (2003), as the set of attitudes, practices and beliefs that are fundamental to the functioning of

different societies and groups defined in geographical, political, religious, or ethnical terms. Culture thus finds its expression in a particular society's values and customs, which evolve over time as they are transmitted from one generation to the next. Accordingly, culture is both tangible and intangible.

In the geographical field, as well as in other related social sciences, Florida's well-known model of 'three T', applied to spatial aggregates ranging from national entities to urban centres and focused on the crucial function played by the creative class, has been successful in innovating the debate on regional and urban development, despite having often been the target of in-depth criticisms. Among these, a conspicuous and well-documented comment is offered by Peck (2005), who efficiently summarises ideological interpretations, methodological remarks and policy applications in many local contexts.

The role of culture has been put into the urban dimension by several works, basically devoted to two different aspects: on one hand, there are the analytical studies which discuss the implications of cultural factors in the evolution of the urban economic base, which are mainly represented by the book of Allen J. Scott (2000) on the cultural economy of cities. On the other hand, the work by Charles Landry (2005) likely represents both the most explicit translation of the creativity paradigm into a planning approach and one of the weakest applications in terms of theory.

According to Landry, the urban structure is generally considered to have the most potential as an adapt container and incubator of creativity and innovation-based activities (many authors agree; see, e.g., Simmie *et alii*, 2002). However, this practical handbook goes wrong in translating the natural ability of urban organisms to host and stimulate leisure and entertainment functions into planning recipes, based only on physical renewal of urban spaces. In a manner too simplistic and mechanical, this latter tends to reduce the culture-led process to a spatial concentration of cultural or culture-related activities in specific areas or quarters, stressing the role of the physical agglomeration of cultural activities as the main drivers of economic prosperity, according to a traditional model of spatial growth (Mommaas, 2004).

The theoretical analysis of the role of culture in fostering economic development does not offer a precise explanation of the causal links that make arts, culture and creativity so important for economic growth. As highlighted by Sacco and X (2009), recent literature has

generally grouped together the most important factors driving this growth in a ‘black box’, without enough attempts to identify the causal relationship between them.

Following Sacco and X, in order to understand how culture influences economic activity, the spectrum of activities that should be considered moves from pure arts through applied arts, and ends up with aesthetic and technological transfer activities. In this spectrum of activities, the degree of creative content is clearly decreasing. At the highest level is what the authors call ‘super-core creativity’, which ‘denotes the activities directly deriving from the pursuit of non-instrumental cultural purposes, such as new creative expression, cultural experiments, ground-breaking artistic creation. It can be thought of as the laboratory from which new cultural paradigms emerge’ (ibid. p. 284). This is the fuel that feeds not only the development of the cultural sector itself, but also the progress of applied research and technological innovation, as well as the increase in the variety and quantity of creative and crafts products and of traditional functional products with no creative dimension.

Due to the fact that, in our time, most goods and services produced and consumed contain a fundamental, intangible added value derived from design, aesthetic, symbolism and identity, the driving forces of competitiveness in a regional system are cultural insight, human cleverness, desire, motivation, imagination, originality and creativity. These factors are replacing location characteristics, endowment of natural resources, market access, low labour costs, and also the usual concept of agglomerations of technologically dynamic firms. This is the basis of the new vision of the functioning of cultural districts depicted by Sacco, Tavano Blessi and Nuccio (2009). The pure cultural artistic dimension of the district and the creativity diffusion process which arises from it represent the key explaining factors of culture-led economic development. Despite the value of cultural diversity in generating innovation in the economy as described, for example, by Maignan, Ottaviano and Pinelli (2003), a more broadly defined creative diversity has to be added in order to include the connections, actual and potential, among the artistic, design, technology and business sectors.

The recovery of old industrial districts is mainly based on networks of small and medium-sized enterprises geographically concentrated and inter-linked by traded and non-traded interdependences (Becattini, 1987; 1989; 1990). There is no room here to treat this subject in a satisfactory way, but it is nonetheless important to offer a reminder of the translation of the industrial district formula into a cultural district view due to Santagata (2002; 2006). His work offers a paradigm of the cultural district which is especially appropriate with regard to the case of culture-based goods production, since localised culture is a main source of economic

development. Within this framework, one of the most ambitious theoretical constructions has been set up by Sacco and Pedrini (2003). In their model, on the basis of non-traded interdependencies and related concepts like the relational assets *à la* Storper (1995), a set of cultural features is supposed to develop in specific spatial contexts over time, contributing to the identity of the district community.

The concept of the cultural district leads us to bridge the most recent reflections about the ‘cultural districtualisation process’ (Lazzeretti, 2005) into a perspective combining several scientific inspirations: from the neo-Marshallian district theory of Becattini’s school to the concepts of cluster (as proposed by Porter and applied both to the resources and to the actors), to, in a more practice-oriented direction, the managerial approach considering cultural places as strategic resources for place marketing and competitiveness policies (Curran, 2010).

### **3. Cultural institutions as nodes between the local system and the supra-local networks**

The different theoretical schemes presented in the previous section seem to be significantly close to some basic concepts used in contemporary geography, and often misunderstood in other social sciences – those of ‘milieu’ and ‘territory’.

The first has its remote source in the reflections on the concept developed by the French regional geographer Vidal de la Blache against the environmental determinism elaborated upon in the second half of the nineteenth century by Ratzel and other German scholars. Vidal acknowledges that environment plays a role in setting limitations and offering possibilities for human development, but points out that humans can selectively respond to any factor in a number of ways, a function of their abilities to exploit the local ‘milieu’ resources. Nowadays, the current concept of ‘milieu’ deals with the potential resources available for every actor, assuming that he is able to recognise them. It refers to the ensemble of potential and immobile, material and immaterial resources in a given place: natural assets, infrastructures, cultural and historical heritage, habits and local know-how.

The second concept is ‘territory’ which, according to Raffestin (1980), is generated on the basis of the space: it is the result of an action carried out by a syntagmatic actor (a player who implements a programme), at whatever level. Appropriating a space either concretely or abstractly (by means of representation, for example), the actor ‘territorialises’ that space’ (p. 149, authors’ translation).

This idea of territory overcomes a simplistic and ‘naturalistic’ concept of place and, at the same time, describes the territorial dimension as an inextricable product of elements of materiality and social practices. From this standpoint, territory can play a fundamental role as an intermediate level at which local actors, economic interests, government institutions, technical agencies, and so on are structured as they arrange their relationships at the global level. This ‘intentional’ function of territories allows us to suggest that territory can become ‘a collective actor, a social and political actor possessing autonomy and strategies’ (Bagnasco and Le Galès, 2000, p. 25).

Therefore, interpreting territory in terms of the Territorial Local System (TLS), as defined by Dematteis and Governa (2005), entails describing the interactions between local actors and territorial resources of the milieu, particularly stressing the role of proximity, sense of place and territorial identity to promote the collective action of local coalitions.

In general terms, a TLS, before being understood as a defined and delimited territorial entity, is an aggregate of actors involved in reciprocal interaction, in which the actors, as a function of the specific relationships they maintain with a particular local environment or milieu, behave as a collective actor (Dematteis, 1994). Within it, a TLS can be identified according to the acknowledgement of four components (Figure 1):

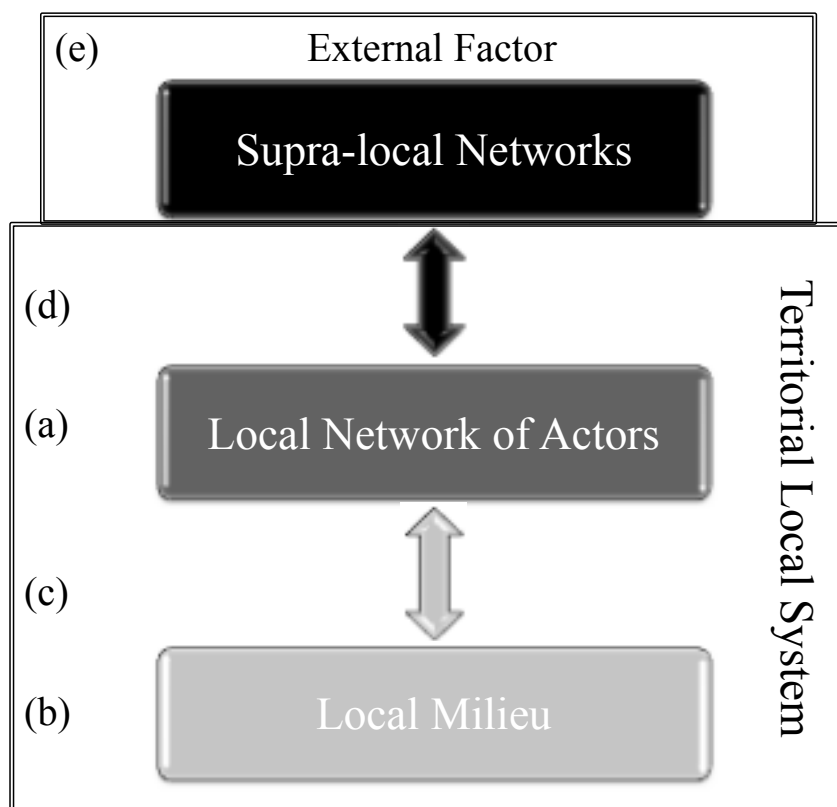
- a) *The local network of actors*: That is, the network where individual and collective, public and private actors interact with one another. This network is locally embedded through relationships of *proximity*;
- b) *The local milieu*: This is made up of the immobile and idiosyncratic resources which have been stratified into a place over the time. These are both material (infrastructures, physical externalities) and immaterial (culture, savoir-faire, institutions);
- c) *The relationship of the local network with the local milieu*: This means translating potentialities of milieu in communicable and exchangeable values;
- d) *The interactive relationship of local network with supra-local networks* (regional, national, global): This relationship consists of actions which can modify both the network articulation and the milieu resources and export outside the values produced.

The *supra-local networks* are then an external factor of the TLS. However, due to the strategic role they play as activators and disseminators of new ideas both from inside and outside the TLS, it is worth explicitly noting their function as a fifth component (e) of the figure. The supra-local networks cannot be strictly included within the components of the

TLS, however, because they are external interlocutors of the local networks, but are able to provide the local network of actors with technical, cultural and financial inputs which can be combined with the local resources. Such networks are made up of a range of supra-local actors, political institutions, innovation agencies, cosmopolitan cultural actors and so forth.

Our argument is that these latter kinds of networks can play key roles as contact and exchange nodes between the global forces and the local systems, acting within the local structure as catalysts of innovation processes for knowledge, institutions, economy and society.

**Figure 1: The Territorial Local System and the supra-local level**



#### **4. The 'knowledge circuit' in urban and regional development**

The relevance of culture, creativity and the related concept of cultural industries have recently acquired an autonomous interest in regional and urban literature as active factors of place-based development. Many authors have provided a wide range of theoretical schemes

illustrating the role of cultural components in enhancing local capabilities to intercept global resource and capital flows. This view is deeply influenced by the structure underlying the mechanisms of post-Fordist capitalism, and increasingly incorporates elements of codified and sophisticated knowledge, as well as tacit knowledge, creative innovations and symbolic values (Thrift, 2005). Within this reshaping of the role of culture in the economic and social processes, several analytical schemes have arisen to explain the new cultural turn in urban and regional development.

A synthesis of this decennial path towards an in-depth integration of the ‘knowledge-culture circuit’ in the regional development theory can be summarised in four fundamental steps: (1) the acknowledgement of knowledge in the urban and regional development; (2) the circuit of knowledge-culture production within the territorial dimension; (3) the links among creativity, knowledge and places; and (4) the rise of culture-based policy for territorial development.

The earlier stages, moving toward the current culture-based development paradigm, can be identified in the theoretical suggestions issuing from the works on the territorial dimension of the innovation processes, whose scientific pillars are the knowledge-based economy and the geographical concept of ‘learning region’, as described in a seminal article by Florida (1995). A joint use of these pillars has been proposed by Morgan in a well-known article published on *Regional Studies* in 1997. Starting from statements about the lack of capability for explanation of dualistic paradigms – state vs. market, public vs. private, capital vs. labour etc. – in order to enlighten the development patterns, the author asserts the crucial role of intermediate institutions and the analytically mighty function of the network paradigm applied to the social organisation. Morgan establishes, on one hand, a connection between the ‘network paradigm’ set up during the nineties through several works on interactive innovation (Lundvall, 1988), social capital (Coleman, 1988; Putnam, 1993), institutional relational assets (Storper, 1995) and the nature of regional development. On the other hand, the author underlines the relationships between the organisational (product and process) innovation and the social (institutional) innovation.

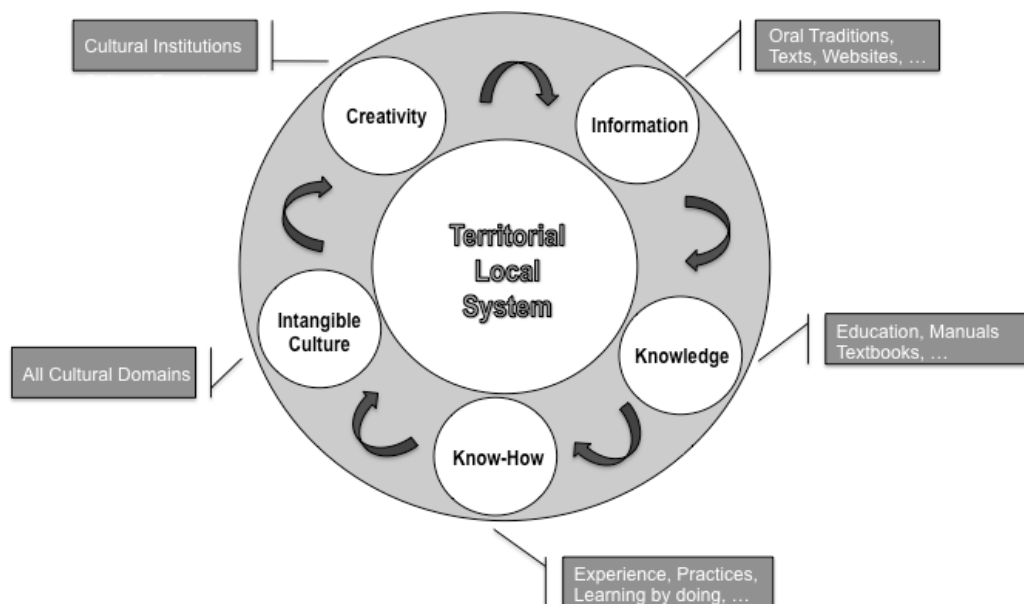
Summarising Morgan’s arguments and focusing on his conclusions driven by his study of the case of Wales and its development agency as empirical proofs, we underline the relevance of the joint effects of collective processes, innovation patterns and institutions rooted in values like trust, reciprocity etc. upon the development of regions. Some critical comments notwithstanding (e.g., Lovering, 1999), this ‘learning region’ formula has arisen in the

regional literature, also inspiring research and development programmes of supranational organisations devoted to the knowledge-based economic development (see OECD, 2001).

After Morgan's and other scholars' efforts toward clarifying the linkages between the two different kinds of innovation, the concept of embeddedness of knowledge in the territorial structures has become familiar to the regional development studies.

A conceptual scheme can help to synthetically recognise the main steps of the territorial process of knowledge production (Figure 2).

**Figure 2: The 'knowledge circuit'**



The basic building-block of the whole process is information: it is available at a very low price, falls into obsolescence very quickly and it is long-distance exchangeable. At the same time, it requires screening and decoding capabilities for selecting, storing or transferring its useful components, which come from various sources like oral traditions, texts and websites. The second step is the transformation of the informational contents into a structured system of knowledge, through a filtering and assembling mechanism guaranteed by educational bodies, technical handbooks and so on. The third step is represented by the know-how, which comes from the daily and long-term work practices of individuals and organisations, professional routines and collective learning. The fourth step is the intangible culture, a product of all



cultural domains characterising the TLS. The fifth and final step is creativity: although the overly broad use of the term has weakened its meaning, it refers to the special ability of an individual or an organisation to enlighten unusual connections among different fields of activity and to discover new opportunities, sometimes through serendipitous paths. However, creativity does not require only the combination of different kinds of knowledge, but also the interaction among different actors operating at different levels, among which the cultural institutions occupy a remarkable place.

The whole sequence ‘information/knowledge/know-how/intangible culture/creativity’ does not constitute a linear path, but looks instead like a spiral where the capability for facing problems increasingly grows, through proximity and long-distance connections, informal and informal relationships, tacit and codified knowledge.

## **5. Culture for industrial economic recovery: two stories and an interpretative scheme**

Concerning the attempt to revitalise the urban economic basis exploiting the cultural institutions in old industrial local systems, two different representative stories can be told: one concerns the activity of the Cittadellarte-Pistoletto Foundation, set up in the textile industrial district of Biella (Italy, Piedmont Region); another tells of the Cité du Design established in St-Etienne (France, Rhône-Alpes Region).

The Cittadellarte-Pistoletto Foundation is the artistic foundation of the Italian artist and art theorist Michelangelo Pistoletto, who was born in Biella and was among the founders of the ‘Arte Povera’ movement. Biella is a small city of 45,845 inhabitants, located in Piedmont, a north-western region of Italy. It is known world-wide because of its industrial district, which specialised in cashmere production and has been host to important ‘Made in Italy’ fashion firms such as Ermenegildo Zegna, Cerruti, and others.

The district also includes other small centres around Biella, where the textile sector is formed by 1,200 enterprises with 18,000 operators, mainly organized in the form of small-sized enterprises with less than 100 employees (90%, versus 10% medium-sized enterprises), and generates revenues of 3.6 billion Euros, about 50% of which derives from export activity (Maggioni, 2009).

The Cittadellarte-Pistoletto Foundation experience in Biella seems to be a suitable case study, since it is a new form of artistic and cultural institution that explicitly places art in direct

interaction with the various sectors of society. It is a clear example of a super-core creativity actor according to the definition of Sacco and X (2009) mentioned in Section 2.

The Foundation is a space for the convergence of creative ideas and projects that combine creativity and enterprise, education and production, ecology and architecture, politics and spirituality. It was instituted in 1998 and is situated in Biella along the banks of the Cervo River in the restored premises of industrial archaeology. This non-profit institution originated as a concrete action of the 'Progetto Arte Manifesto' where the artist Michelangelo Pistoletto proposed a new role for the artist, placing art in direct interaction with all areas of human activity. The symbolic name 'Cittadellarte' indeed incorporates two meanings: that of the citadel of art, an area where art is protected and well defended, and that of the city, which corresponds to the ideas of openness and complexity characterising the urban atmosphere. Cittadellarte can be considered a laboratory and a producer of creative energy, which aims at stimulating development processes in several fields of culture, production, economics and politics. The strategic objective is to integrate artistic interventions in every sector of civil society. The activity of the Foundation evokes a cellular system organised as a main nucleus divided into various nuclei, called Uffizi (offices). Each office carries out its own activity addressing specific areas of the social system and pursuing the goal of producing a responsible transformation of global society, starting from their smaller local dimensions.

The story of Saint-Etienne is quite different. The city (180,210 inhabitants) is situated in the centre of France and has exploited its natural resources to become a prominent centre of industrial production based on extraction and industrial processing, benefitting from its proximity to Lyon. Throughout the 1800s, the town became an industrial centre of large coal and steel related factories made of a dense network of local small and medium sized enterprises which provided components and marketed the products (Winkler, 2007). The most successful factory in Saint-Etienne was French Arms and Cycles Factory (Manufacture Française d'Armes et de Cycles, commonly known as Manufrance), founded in 1895 to produce hunting weapons, bicycles and sewing-machines. Alongside metalwork, arms and cars, a flourishing sector was that of ribbon-making, one of the city's top four employment sectors until its collapse in the 1980s.

The industrial decline began during the 1980s and urged the city to face a reconversion of a large number of brown-fields and, in general, a reshaping of labour market skills. Within this context, the Cité du design has been conceived to perpetuate the tradition of creation and innovation which made the city famous. It also integrates the role played by the School of

Fine Arts, which was established in 1857 and renovated as a design and art school in 1998. The Cité has been built up on the site of the former arms manufacturer, symbolising its continuity with the industrial past.

The Cité du design has two essential aims. Firstly, it aims to integrate design and creation in the development of the Rhône-Alpes region. In this sense, the Cité du design needs to identify and characterise the offer of the existing design in the region, making Saint-Étienne a pilot territory for the setting up of innovative projects concerted with its partners and developing the attraction potential of the local and regional area as a result of the design. Second, it tries to revitalise the innovation by merging design with social transformations, in favour of both private and public actors. This means developing the economic activity on new fields of innovation, identifying the existing economic activity and reinforcing the economic and creative activity around design.

Given these different stories of industrial decline, our aim is in particular to verify, after more than ten years from their establishment, the role of these two different institutions – one private, the second public – in the local development processes. The important questions are whether and how these institutions have acted, within the local systems, as activators of economic development in old industrial areas facing a profound economic crisis due to the mature sectors' displacement in the global economy.

## **6. Applying the scheme**

Let us apply the TLS scheme to the cases outlined above, in order to verify whether or not the model is able to stylise the structural mechanisms of the development process and, if possible, add further elements for enriching the theoretical framework.

The application of the four components of our model can be described as follows:

### *a) The local network of actors*

In Biella's district, the most active players mainly belong to the public sector – Municipality and Province – and to that 'intermediate world' which Amin and Thrift (1995) call the 'institutional thickness', and which is often identified as a prominent factor for successful development policies (for a review and some critical assessment, see Amin and Thrift, 1994 and 1995; Hadjimichalis, 2006). These include the local Chamber of Commerce, employers' association, banking charities such as the Fondazione Cassa di Risparmio di Biella, and

Cittadellarte-Pistoletto Foundation. More recently, a new influential actor has been added, Città Studi, a local consortium which gathers many of the above-mentioned actors in order to manage the local University.

In Saint-Etienne, the dominance of public powers in the functional regeneration policy is much more remarkable: the powerful hand of the State, which was also the owner of the most important Saint-Etienne firm, ManuFrance, and gave impulse to infrastructures for the industrial development, and the municipal government are the protagonists of the new 'creative' course. After the exceptional demographic decrease between 1990 and 1999, when Saint-Etienne lost 20,000 inhabitants (especially high-skilled executives and their families) the city's mayor – and French senator – Michel Thiollière forced the local community to recognise that the traditional image of 'a grey, unfashionable working-class city' (Winkler, 2005, p. 20) needed to be upset, and promoted a policy strategy to make the residential offer more attractive, as well as to launch several culture-related physical regeneration projects. The central government responded positively to the mayor's request and funded his regeneration strategy, also helping the city to increase its power among the surrounding areas with the creation of an Agglomeration Community (Communauté d'Agglomération, 43 municipalities), the 'capital' of which is Saint-Etienne.

#### b) *The local milieu*

In Biella's system, the idiosyncratic material resources are well represented by the historical heritage sites such as 'Il Piazzo' in the old and higher part of the city of Biella, the various private gardens and naturalistic areas in the surroundings, the mountain and the rivers and essential elements of the local environment. The second kind of idiosyncratic resources - the immaterial resources - are for instance the textile know-how and the specialisation in high quality fabric, the recent location of University and Polytechnic functions (e.g., textile engineering) and important training initiatives in the cultural field such as La Squola.

This is made up of the immobile and idiosyncratic resources which have been stratified into a place over the time. These are both material (infrastructures, physical externalities) and immaterial (culture, savoir-faire, institutions)

For Saint-Etienne the material resources were notably the old industrial plants and physical infrastructures, particularly the transportation facilities (the railway station as a high-speed train node to Lyon). The immaterial resources, on the other hand, were related to the industrial tradition, rooted in craft-based fabric production (especially ribbon production) and

recently enriched by the construction of the Cité du Design premises on the site previously occupied by Manufrance. Besides the Université Jean Monnet de Saint-Étienne, founded in 1969, Saint-Étienne has three other prestigious *Grandes Écoles*, research establishments and higher education institutions outside the mainstream framework of the public universities. This system is a significant element of the local milieu and includes the École Nationale Supérieure des Mines (a top French graduate engineering school), the École Nationale des Ingénieurs de Saint-Étienne and the École Supérieure de Commerce.

c) *The relationship of the local network with the local milieu*

In the case-study of Biella, in addition to the historically testified capability of local actors to exploit the resources for productive purposes, we must not ignore the attempt to create a collective trademark by which the brand of the area can be synthesised and represented outside; we refer to the trademark ‘Biella the Art of The Excellence’, which will be better described in the next section. On the other hand, on the international scale, Saint-Etienne has affirmed its role as a place of industrial design research thanks to an enormous effort toward physical renovation of the city, with the reuse of the old Manufrance plant and the construction of other ‘cosmopolitan’ buildings by renowned architects.

d) *The interactive relationship of local networks with supra-local networks*

In Biella, within this relationship, the Cittadellarte-Pistoletto Foundation plays the fundamental role of connection point *between the local system and the supra-local networks* as far as this cultural institution can be seen as a *super-core creativity node*. This is different from the case of Saint-Etienne, where the State, with its universities, the Cité du Design and the promotion of industrial clusters remains the most powerful pivot of the innovation process, along with the local government. In other terms, the public sector leads the process to the envisaged objectives of urban renewal and inward investment attraction, which is the result of a complex and hierarchical division of work among the different territorial levels of government (Winkler, 2007).

The Cittadellarte-Pistoletto Foundation and the Cité du Design act as the cultural institutions depicted in the knowledge circuit (Figure 2). They are the institutions in charge of the transformation of the intangible culture connected, with all the cultural domains involved in the TLS, into the much-needed creativity which is essential for the survival of the TLS itself.

A specific condition, however, has to be satisfied in order to guarantee the persistence of a territorial local system where culture is one of the local milieu's pillars and driving forces. Culture and creativity can offer an opportunity to escape economic decline, but the concepts of 'anchorage' and 'embeddedness' have to be considered.

## **7. The dilemma between anchorage and embeddedness**

Biella's industrial district and Saint-Etienne's old industrialised area seem to be fruitful fields for applying analytical schemes to combine the recent findings of cultural economics – in particular, the districtualisation model – and the TLS theory. Biella has been chosen by virtue of its existence as an old industrial district which has been facing a deep sectoral crisis, injecting in the local economic base several factors of innovation concerning (i) the internal functional endowment and (ii) the external image of the district.

Two key elements play a crucial role in the first aspect: on the one hand, there is the decision to create a network of institutional and economic actors oriented to attract university and research functions from outside, mainly the regional capital, Turin; on the other hand, there is the presence of the Cittadellarte-Pistoletto Foundation, established by the internationally famous artist Michelangelo Pistoletto, one of the most significant representatives of conceptual art, born in Biella and interested in finding a sound location for his art-training institute.

The second aspect deals with the search for a recognisable brand of the industrial district, with the creation of a collective trademark and the promotion around the brand of a number of events and activities conceived to reinforce the external image of Biella and its district. The label 'The Art of Excellence' stems from this need, and it is the result of a joint effort by the local employers' association and the *Club dei distretti*, a national organisation devoted to the dissemination of information and knowledge about Made in Italy branding.

All together, the cultural functions located in Biella over the last decade seem to respond accurately to the abstract model of creative city planning: injection of institutional culture functions – i.e., universities – increase in cultural activities linked to the performing arts, and so forth.

What, on the other hand, are the drivers of urban change in the Saint-Etienne agglomeration? First of all, a great effort toward the physical rehabilitation of housing stock was made by the

Municipality and the inter-municipal body, the Agglomeration Community, which was created in 2001. This building and renewal initiative has been accompanied by a general Urban Masterplan (1992) and a 'Grand Projet de Ville', an agreement for housing regeneration (1998). Furthermore, other actors arose through an institutional building process, as public development agencies like EPASE (*Etablissement Public d'Aménagement de Saint-Etienne*), in charge of redevelopment initiatives in several sectors, and EPORA (*Etablissement Public Foncier de l'Ouest-Rhône-Alpes*), with the function of brown-field reclaiming.

Beside this, the pivotal element of urban renewal and revitalisation is the new *Cité du Design* (Design Village), whose premise was designed by Finn Geipel, one of the many internationally renowned architects involved in the urban image reshaping (who include Norman Foster for the Zénith concert stadium and Fumihiko Maki, designer of a part of the Châteaueux business district).

On the functional core of the industrial design-based area, the event of Design Biennale, inaugurated in 1998, has refreshed the relevance of the city in art and craft tradition, which begun in 1857 with the foundation of Saint-Etienne School of Fine Arts. The idea is to fuel the restructuring of industrial sectors through the injection of creativity coming from the global cultural circuit.

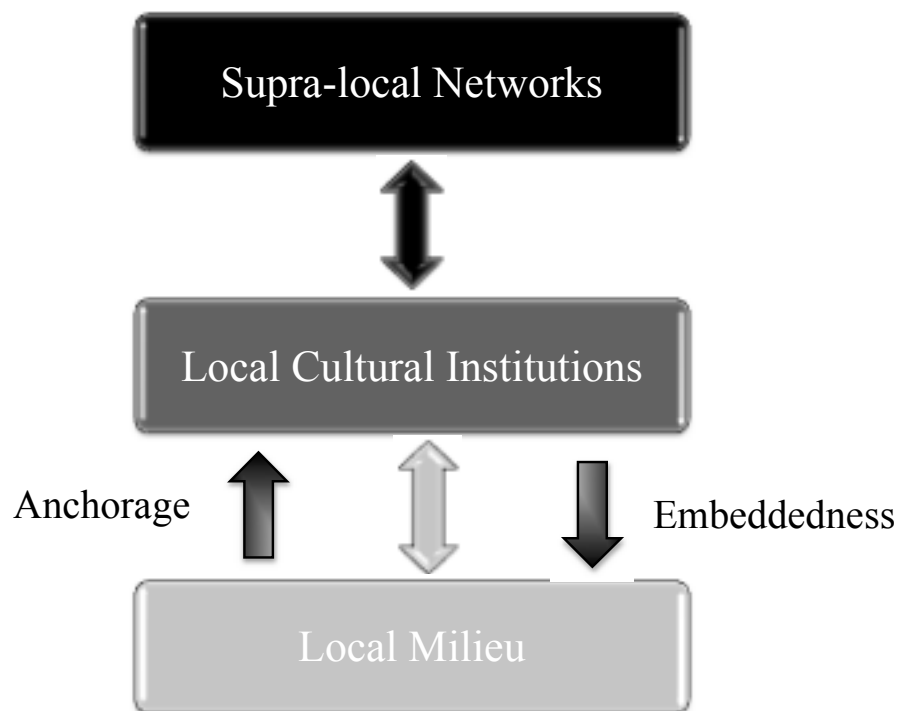
The stories told above seem to attest to the fact that the industrial decline engendered by the globalisation forces and its mighty push toward delocalisation of old manufacturing sectors into emerging countries is not the only way out. On the other hand, the recipe offered by the international literature, more or less influenced by the rhetoric of creativity, does not suffice in order to obtain effective results with regard to economic recovery. The capability to be effective in the difficult attempt to diversify the local economy, and reinforce the competitiveness of old industry by innovation and knowledge, seems mainly to depend on the degree and depth of relationships connecting the 'new' functions with the local system.

In other words, the dilemma is between the *anchorage* and the *embeddedness*. The debate on the importance of the embeddedness of social relations in economic behaviour has contributed to enrich the explanation framework of 'new' spatial productive aggregations (Granovetter, 1985) such as industrial districts, clusters etc. The competitiveness of Sme industrial networks against large corporations seems related to the strength of the social capital endowment embedded in specific places (see also Markusen, 1999, Romo and Schwartz,

1995; Stam, 2007). In some way, flexible local labour markets, local cultural identities, industrial tacit knowledge and institutional thickness create a spatial fix. the former occurs when a player moves to a given place, creating a stable linkage based on the exploitation of local factors – labour, land and tax incentives. The latter occurs when we can observe not only a stable location, but also an exchange, a mutual interaction between the player and the system.

The scheme representing the opposite role of *anchorage* and *embeddedness* within the TLS is described in Figure 3. The two arrows depicted in the lower part of the figure describe, on the left-hand side, the mere exploitation of local resources by an actor, and on the right-hand side, the ability to reproduce and create ex-novo resources for the local milieu.

**Figure 3: The TLS between anchorage and embeddedness**



The conditions for going from anchorage to embeddedness are:



1. The relationships between the player and the local system ought to have a ‘territorialised’ feature: the player takes part actively in the policy community, recognising itself as an actor in the local system;
2. The production of positive externalities (knowledge *spill-over*, material *spin-off*);
3. The activation of collective projects and an enlargement of the territorial governance.

## **8. Reflections and suggestions from experience**

Looking at our two examples, we can detect some general features distinguishing the related development paths, according to the three conditions for embeddedness.

### *Biella*

1. The relationships between the Foundation and the local system: During an early period (1998-2002), the main activities have been conducted in partnership with few selected local players (Zegna Foundation, Sacro Monte di Graglia, Parco fluviale del Cervo), and with the goal of establishing a stable local base for carrying out the promotional action. The creation of Università delle Idee, a residence for young artists of many different countries, has been the most relevant initiative; however, since 2002, the articulation of the relational network has been extended to many other local actors – public institutions and private operators – by taking part in local events: visual art awards, a local campaign against AIDS, performances and installations in local factories. This second phase has taken off with the creation, within the Foundation, of the Uffizi, which are specialised offices each devoted to an individual sector: environment, culture and so forth.

2. The analysis of the creation of positive externalities shows that the Foundation has been able to produce some significant effects, mainly through investments in the reclaiming and regeneration of derelict industrial areas. Moreover, the Foundation has implemented experimental actions in energy saving technologies, taking on the challenge of combining culture and art with environmental sustainability. This has occurred not only within its premises, but also in the functions hosted and in the fashion sector, with special initiatives dedicated to responsible fashion.

3. The Foundation’s decennial activities have increasingly promoted or co-operated with several local initiatives: among the most relevant, we can mention the PISL (Integrated

Programme for Local Development, *Programma Integrato di Sviluppo Locale*), centred on environmental sustainability issues and promoted by the Province of Biella, and the PTI (Integrated Territorial Programme, *Programma Territoriale Integrato*), devoted to innovation in the textile sector. The PISL has been prepared through some projects launched by the Foundation with other local actors in order to improve the sustainability of the development process in this area: the Festival of the river Park of Cervo (2003) and the Conference on the Territorial Integrated Valorisation (2004). The Programme is focused on the functional regeneration of the areas along the Cervo River, creating the so called *Isola della Creatività* (Creativity Island). Aside from the Foundation, the other actors involved are the Fondazione Sella, Archivio Pia, Cracking Art, Cerruti 1881, Serralunga, Caseificio Rosso, Safin and Banca Sella-telematica. The firms located in this area belong to various sectors, although most of them operate in the cultural context. The PTI is mostly focused on the question of technology transfer from the applied research laboratories to the local firms: the core of the programme emphasises the crucial role of the Polytechnic of Turin in the disseminating of innovation into the productive base. The axes of innovation concern the safety of the textile product for the final consumers, the enhancement of the firm's services, a training activity for entrepreneurs, managers and technicians, renewable energy technologies and the derelict land reclaiming and regeneration.

### *Saint-Etienne*

1. The relationships between the design system and the local system are where the strong leadership of the public sector in the whole regeneration process is a constitutive feature. This is not surprising, given the role played in France by the State and its decentralised bodies, even after the decentralisation reforms applied over the last three decades. Without the State support, it is unlikely that the urban regeneration initiatives could be launched, including the realisation of the Design Village. Thus, the design functions and events are the opportunity to establish relationships with many institutional and economic players who are locally-based, although not all necessarily 'local'. Among the financial partners, we remember Saint-Étienne Métropole, the Saint-Étienne municipality, the Rhône-Alpes Region and the central Ministry for the Culture; among the founding members, Orange, the key brand of France Telecom, La Poste, EDF, the Chamber of Commerce and Industry of Saint-Etienne/Montbrison and the company Weiss (chocolate production).

2. The number of regeneration initiatives engendered in Saint-Etienne around the idea of Design Village is conspicuous, as the same notion of ‘design’ is intended to federate and build on the successful post-industrial activities already going on in the city.

These include the city’s Design Biennale, organised by the School of Fine Arts, which drew over 170,000 international visitors to the city in 2006. The new Design Village is intended to be the emblem of this new artistic direction. As noted above, it is located on the site of the famous Imperial Arms Factory, whose buildings have been rehabilitated to house new artist studios and workshops alongside teaching and exhibition spaces. The city’s School of Fine Arts had been renamed the School of Design and Fine Arts, and relocated to the site in 2008. The Design Village is close to the city centre and is ‘accompanied’ by other new architectural interventions designed by internationally renowned architects, like the Zénith Concert Stadium by Norman Foster and the Châteaureux Business District by Fumihiko Maki.

3. The activities organised around the design sector stem from the joint effort of public institutions operating non exclusively at the local level and, for this reason, they are part of a set of public-sector led inter-linked initiatives: the previously mentioned new facilities for business and leisure, the parks of activities specialised in technological sectors, the reclaim and city regeneration programmes conducted by the Development Agencies EPORA and EPASE.

In conclusion, both the experiences highlight the attempt to use culture in the fields of design and contemporary art research not as a substitutive driver of urban economy, but as a fertilising element for improving the performance of local industrial specialisation. The creativity is injected in the industrial sectors in order to revitalise their competitiveness, and to revive the local well-being. However, in Biella, the initiative is quite exclusively in the hands of private players, who aggregate other local actors for funding, organise a set of cultural supply (the firm consortium for the local university) and stimulate the public sector. On the other hand, in Saint-Etienne, the pivot of the action is the public sector – namely the State and the municipality – which provides money and strategies for what most of all appears as a physical revitalisation of cultural facilities in the city.

These different mechanisms depend on cultural and historical features and correspond to different models of regulation. Path dependence in collective action schemes does not entail less or more effectiveness in mobilising the local resources, but could suggest different policies aimed at integrating the cultural activities and the industrial production in old manufacturing systems.



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