 PART III: 

EXTRINSIC FUNCTIONING OF

THE PERFORMING ARTS
8. Extrinsic Functioning of the Performing Arts: Cultural Policy and Economy

8.1. Economic Functioning in the Cultural Policy Documents

This chapter deals with the relationship between culture and economics, or, to be more precise, between cultural policy and economic performance. It aims to clarify how aesthetic activities, specifically the performing arts, contribute to economic performance of the city subsidizing these activities. First, the way in which the aesthetic activities contribute to economic performance needs to be clarified. Second, whether or not this relationship is based upon the intrinsic valued and functions of aesthetic experience also needs to be clarified. If this is the case, the economic effects of performing-arts activities are not extrinsic functions (as has been suggested in Part I). In other words, it needs to be established whether or not the economic functions, as identified in the policy documents, depend in some way on artistically or non-artistically aesthetic values and functions of aesthetic experience. The third step is to clarify how these economic effects can be measured.

The policy documents have mentioned the following economic functions (see Table 4.5):

- Direct employment
- Indirect employment (as a result of expenditures by cultural institutions and by visitors to these institutions in other sectors of the economy)
- Developing a business climate
- Developing a creative climate

These functions have not been described in much detail in the cultural policy documents and therefore it is not immediately clear how they operate. Note that the above list has overlapping categories. Developing a business climate and a creative climate both deal with the beneficial effects of culture on private business in a city. However, developing a creative climate is a specific concern of the latest of the policy documents studied. The literature on the relationship between arts and economics needs to be studied in order to clarify the relations. Furthermore, the policy documents mention city image as a function. As will be shown, city image, as a function of culture and art, relates closely to the economic functions mentioned in the policy documents, hence it will be included in this chapter.

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1 At first glance, this might not be considered as economic functioning of culture and art in society. However, developing a creative climate is geared towards attracting a specific part of the population to a city or region, namely, creative people who have a specific economic function (see Section 8.3.2). It also pertains to generating a climate which fosters innovation, which, in turn, can generate economic growth. Therefore including this function in the economic domain is justified.
In this chapter, the relationship between (culture and) art and economic performance will be studied on the basis of impact analysis and theories on the relationship between creativity and economics. Impact analysis enables the effects of public investment to the economy, i.e., the indirect employment effects, to be assessed. In Section 8.3, the development of a business climate and a creative climate will be studied on the basis of theories on the relationship between art and economics relating to creativity, such as those of Throsby (2001) and the Creative Class thesis of Florida (2002). Section 8.4 is devoted to city image and regeneration. Each section closes with a summary of the points relevant to the present research. The chapter ends with conclusions drawn from these summaries.

8.2. Impact Analysis

Impact analysis is a feature of Keynesian economic theory (Van Klink, 2005, p. 24). The theoretical concept behind this type of economic theory is based upon the multiplier effect. This means that expenditures in one sector of the economy lead to further expenditures in other economic sectors, so the total economy grows with more than the amount injected into the specific sector, in this case the cultural or arts sector. The ratio between the amount injected into the economy and the resulting total economic growth is the so-called multiplier.

8.2.1. Impact Analysis in the Netherlands

Impact studies became ‘popular’ in the field of cultural policy in the 1980s and early 1990s. A study of the economic impact of the arts sector on the New York economy in 1983 has been hugely influential. In the United Kingdom, studies on the economic impact of the arts date back to a study by Myerscough in 1988 on the economic impact of the arts in Britain (Reeves, 2002, p. 7). Several cities in the Netherlands commissioned similar studies, such as Amsterdam, Utrecht and Groningen (see Van Puffelen, 1992 and 1993). As was demonstrated in Chapter 3, some cities did not bother to conduct their own research but used the other studies to legitimize their cultural policy without questioning whether or not these studies were applicable to their situation (e.g. Maastricht, 1992). Van Puffelen has published several articles on impact studies. Such research involves four steps:

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2 In his overview of cultural economics, Van Klink (2005) also discusses neo-classical economics in relation to cultural policy. Neo-classical economic legitimizations will not be studied here because they do not shed light on the values of aesthetic experience in society. Rather, by means of concepts as external effects, merit goods, collective goods, developmental effects, option value, existence value and bequest value, neo-classical economists try to make room for value considerations within economic theory without discussing the values themselves or the social processes that determine value. For a description of these neo-classical legitimizations, see Abbing (1989 and 2002), Van Klink (2005), and McCarthy et al. (2004).

3 Van Puffelen was the senior researcher on the first extensive impact study in the Netherlands for the city of Amsterdam (Hietbrink, Van Puffelen and Wesseling, 1985). This study was received enthusiastically in the arts sector as a strategy of attachment (Gray, 2007). However, the study has undergone serious criticism. In an article in 1992, Van Puffelen reacted to the criticism stating that the research design indeed was flawed and that one should be cautious with the results of impact analysis (see Van Puffelen, 1992).
1. Delineation of the arts or cultural sector. This is a highly arbitrary step. One should decide whether or not the advertising industry should be counted and whether the research should comprise only professional cultural organisations or also amateur organizations. However, when the boundaries one chooses have been described clearly in the research, the arbitrary nature of such boundaries does not influence the validity of the study.

2. Determining the production value and employment of the sector. The production value consists of the added value of the sector plus the value of the purchased goods and services from other sectors.

3. Determining the additional expenditures by the visitors to the arts sector.

4. Determining the indirect effects which are a result of:
   a. the expenditures by the employees of the cultural sector;
   b. the expenditures by the arts institutions in delivery sectors;
   c. the rise in sales which is generated by the additional expenditures of the arts consumers.

   The production value and the employment effects should be calculated for each of these (Van Puffelen, 1992 and 1993).

In short, impact analysis involves calculating the economic value of the activities in the cultural sector itself, including the generation of employment (the direct effects) and the economic effects that relate to these activities indirectly through the expenditures by employees in the arts sector, the expenditures by the arts institutions themselves in other sectors (delivery), and the value of the expenditures by visitors to cultural institutions in other sectors of the economy.

8.2.2. Critique of Impact Analysis

Impact studies have been criticized. Arguments have been put forward that the economic impact of cultural activities have been both overestimated and underestimated in these studies (Van Puffelen, 1992). Arguments concerning the overestimation fall into five categories.

1. Problems may arise when calculating the production value of the cultural sector. What if cultural institutions supply one another mutually? Then this results in double counting (ibid.). It seems obvious to conclude that impact studies will be more accurate when the region and industry under study are restricted.

2. The indirect effects cannot always be directly linked to the cultural sector, most notably with regard to the expenditure by visitors to cultural facilities in a city. It cannot be argued that this expenditure would not have been made if there were no cultural institutions in the equation. For instance, a visitor buying a skirt in the city after visiting a museum might have bought the skirt anyway had she not visited the museum. She could easily have come to the

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4 For the sake of brevity, the way in which such effects can be calculated will not be explained here. This involves input-output table analysis amongst other things.
city because she wanted to buy a skirt and have thought it convenient that she could also visit the museum. Only expenditures by visitors who come from outside the region and who visit the city specifically for the cultural institutions can be regarded as additional expenditures (Van Puffelen, 1992; Van Klink, 2005).

3. The expenditures may not all be beneficial to the local economy. For instance, when the staff members of the cultural institution do not live in the region, it is not ‘fair’ to count their salaries as an economic impact in the region. Furthermore, the expenditures on goods and services by the institution itself may not be made in the region under study, thus they do not contribute to the local economy. For this reason, Noordman argues that, for example, the economic impact of the Lowlands pop festival on its hosting municipality, Biddinghuizen, is limited (Noordman, 2004). When researching the impact on local economies, the ‘leakage’ of expenditures to other regions should be taken into account (Long and Owen, 2006; Van Klink, 2005). This can be done by using input-output models (Van Dijk and Oosterhaven, 1986). Leakage of expenditures to other regions results in a smaller impact in the region in question; it does not mean that the impacts cannot be estimated at all.

4. Abbing (1989) points out a flaw in impact studies, for they presuppose that the entire cultural sector could be dispensed with. This hardly seems to be the case, so the amount of subsidy into the sector cannot be regarded as an injection into the economy. Only if the money were not spent at all, and thus used to reorganize city budgets, could the arguments behind impact analysis hold. But it seems more likely that politicians will find other ways to spend the money if it is not spent on culture, such as on sports facilities for instance. This problem of alternative expenditures can be tackled using net multipliers in which the impacts related to cultural subsidies are compared to alternative expenditures, including reorganizing city budgets, which will lead to lower taxes and thus to higher private expenditures (see Oosterhaven and Stelder, 2002; Oosterhaven et al., 2003).

5. There is a problem regarding impact analysis and employment benefits. Van Puffelen (1992) argues that budget cuts will lead to unemployment of the staff of cultural institutions and thus they will receive unemployment benefits – which will also be paid by local government in the Dutch situation – and they will still spend money on housing and food in the city. Alternatively, not all direct benefits of enlargements of the cultural sector lead to additional spending, as the extra wages paid may go to previously unemployed individuals in the region. Generally, the assumption behind impact analysis is that all extra employment in the region will lead to new people and jobs in the region regardless of the fact previously unemployed inhabitants may also take the new jobs, thus overestimating the impact. Such overestimations can be dealt with by using multipliers that take the changes in employment

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5 Van Puffelen also argues against Abbing’s line of reasoning. In his view, it is conceivable that a part of the subsidy budget can be reduced. This will certainly result in downsizing in the sector, which limits its economic potential in the sense of added value and direct employment. However, there is no direct relationship in the sense that when the cultural budget is reduced by 50% that the indirect effects also will decline by 50%. It seems likely that the avant-garde institutions will suffer more in the case of a budget cut than other institutions. Van Puffelen proposes that avant-garde institutions are usually not able to attract vast amounts of visitors. So the expenditures by visitors to cultural institutions may very well remain unchanged, regardless of a budget cut (Van Puffelen, 1992, p. 187).
benefits into account, the so-called ‘type III’ multipliers (see Van Dijk and Oosterhaven, 1986).

It appears that these objections to impact analysis can be met using correct research methodologies, i.e., correct delineation of the sector under study, only counting the truly additional expenditures by visitors, using input-output tables to account for leakages of benefits to other regions, by using net multipliers to account for alternative spending of the subsidies, and by using type III multipliers to account for changes in unemployment levels. However, one fundamental criticism of impact analysis remains. Keynesian economics and input-output analyses work under the assumption that there are no supply constraints. This assumption does not always hold, as is the case when, for instance, a regional economy uses its maximum labour capacity, or when production factors such as energy supply to the region are restricted. In such cases, the growth of one sector will drown out economic activity in other sectors as they compete for these resources. Impact analysis assumes that this type of regional capacity problems can be met through ‘importing’ the resources (e.g., by building more houses to house a growing workforce). In the short term, this may not always be feasible.

Van Puffelen also cites critique claiming that the effects in impact studies are underestimated. This results from the fact that these studies do not take certain effects into account. These are:

- The value added to the national (or regional) product by better design and advertising. This argument does not pertain to the performing arts but to the visual arts and design.
- Cultural institutions may raise the attractiveness of a city for companies to settle there due to the appealing living conditions for their employees.
- Art helps to foster a creative climate which nourishes innovation and stimulates employers to become more productive.
- Cultural facilities improve living conditions.
- Cultural facilities improve a national and cultural awareness.
- Cultural facilities improve tolerance in society.

The first argument does not pertain to the performing arts and therefore will be disregarded. The following three will be discussed in Sections 8.3.2 and 8.3.3 because they form part of the theory behind the creative economy. The last two arguments are specifically intrinsic in their nature. Van Puffelen thinks these effects are highly speculative and cannot be measured (Van Puffelen, 1992, p. 187). They will be taken up in Section 8.3.1.

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6 He may be right in a strict economic approach, but this study is an attempt to quantify at least some of these arguments.
8.2.3. Popular-Music Scenes

It is important to note that several authors are critical of the volume of direct job creation through cultural activities (see e.g. Noordman, 2004; Strom, 2003; and Bailey et al., 2004). This may certainly be true when one compares the volume of jobs in the cultural sector to the total economy. Furthermore, jobs in the cultural sector are often part-time and low paying (Abbing, 2002). Thus one should be weary of regarding cultural policy as a means of securing direct income. However, there is a difference between the classical performing arts and popular music (and adjoining sectors such as video design).

First, the popular music scene is characterized by a blurry division between amateur and professional performers. Musicians rehearsing in their garage, performing in local bars and youth centres may have a (sometimes costly) hobby one day, whereas the next day they can be spotted by scouts of the music industry and earn their income through music. Second, upsurges in pop music genres and groups can often be traced back to specific venues or cities. The number of visitors to these venues is usually quite small, so one might speculate that the economic impact of these performances is limited. However, if the specific ‘sound’ catches on, the economic impact may be substantial. The publicity generated by the performances is key to this, not the number of visitors. In popular culture, things do not exist if they are not written about, on paper or on the internet. So venues must be willing to play a role in catering to the local music scene and bringing it in contact with the press and/or offering an (interactive) media platform. Not all venues are able or willing to play such a role. For a city, the development of a specific ‘sound’ is interesting because it offers abundant possibilities for identification. Clusterings of venues, (small) record labels, and the press are key elements in producing such effects. Many examples of these places can be found in the Netherlands. Blues is typical of the city of Groningen. The upsurge of Frisian pop music in the Netherlands around the turn of the century can be traced back to two venues in Friesland (Bolwerk in Sneek and ‘t Hert in Joure). The association of Amsterdam with dance music can be traced back to the discotheque Roxy.

Thus popular music (and adjoining industries such as design and video graphics) can be especially important for the economic impact of the performing arts. Although the development of a certain ‘sound’ connected to a city may indicate an intrinsic type of functioning, this actually is not the case. It is merely evidence that the uniqueness of the productions offered is of importance. This refers to artistic quality, in the sense of a product property (and thus to the institutional definition of art) and not to the specific nature of the experiences afforded. It should also be noted that the direct economic benefits may not be limited to the city or region. Because of the international nature of the popular music industry, the direct proceeds will most likely accrue to the larger corporations. Musicians

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7 This section is based upon an interview with Peter Smidt, director of Buma Cultuur.
8 Groningen’s pop music scene has benefited from the decision not to impose closing times for bars that offer stages for live music. As a result many pubs started programming live bands and thus a circuit of small venues developed. In conjunction with a medium-sized stage and a large-scale music centre, Groningen offers an ideal breeding ground for the development of bands.
also have a tendency to move to locations from which they can travel easily and thus may not spend their income in their city of origin. However the development of a local ‘sound’ can boost local economy through:

- Tourism: it is popular to visit the ‘authentic’ clubs and scenes where internationally famous artists started their careers. This effect is taken into consideration in impact analysis.
- City image, which is discussed in Section 8.4.
- Gentrification (see Gibson and Homan, 2004), which is also discussed in Section 8.4.

8.2.4. Summary
The direct and indirect economic benefits of performing arts can be assessed through impact analyses. Although constructing correct multipliers to assess the indirect effects is no easy task, it is possible. Thus the methodology offers possibilities to assess the economic functions mentioned in cells B (direct employment) and F (indirect employment) of Table 4.6. For the present research, it should be noted that the effects depend on the sheer size of the employment offered by the cultural institutions. Thus the effects result from the institutional frame within which the aesthetic communication takes place. The effects do not depend on the aesthetic nature of the experiences afforded, thus they are truly extrinsic.

8.3. The Relationship between Creativity and Economic Performance

As the discussion of the policy documents indicates, the relationship between economic performance and creativity has received much attention in recent years. As far back as 1989, Abbing already postulated this type of relationship:

A culture in which economic progress rests to such an extent upon fundamental scientific and technological innovation and product innovation must also initiate large-scale artistic innovation as well. (Abbing, 1989, p. 214)

He thinks that a relationship between artistic innovations and technological and scientific innovation is obvious in Western societies. Thus the arts can influence economic performance. Van Klink (2005) regards such lines of reasoning as a precursor of Richard Florida’s theory of creative class. This theory will be presented in this section. Throsby has questioned the relationship between culture and economics on a more generic level. In his view, there is more at stake than just a relationship through creativity and innovation. His observations will be discussed first.

8.3.1. Throsby on the Relationship between Culture and Economic Performance
In his book Economics and Culture Throsby has tried to bring the worlds of economics and cultural philosophy together through the notion of value, which is common to both fields of

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9 Surprisingly, in Why are Artists Poor (2002) Abbing does not discuss this relationship when analysing the reasons why governments support the arts. He limits his analysis to the neo-classical arguments. Van Klink (2005) also does not think this line of research is promising as it is too philosophical to count as cultural economics. However, the recent stress on the creative class argument in the policy documents does warrant a discussion of these theories.
research (Throsby, 2001, p. 20). In the economic domain, value pertains to the utility that individuals assign to commodities (and thus a price for the product is established). In the cultural arena, utility subsists in certain properties of the cultural product, the experience it affords, or, in more general terms, as an indication of the merit of a work in relation to other works (ibid., p. 19). However, because neo-classical economics does not study the social circumstances under which value is attributed, Throsby is of the opinion that market prices are only an imperfect approximation of value (ibid., p. 22).

He writes:

If we accept the broadly based definition of culture (…) – that culture can be seen as a set of values, beliefs, traditions, customs, etc... which serve to identify and bind a group together – then it is not difficult to propose that culture will affect the way individuals in the group think and act, and will also have a significant effect on the way the group as a whole behaves. (Throsby, 2001, p. 63)

A nation can be considered as a group, in which case the national identity relates to the inherited traditions and rituals and religious beliefs of a nation. But the employees of a business corporation, with its specific corporate identity, can also be considered as this type of group. Throsby goes on to argue that the quote above can also be phrased in economic ‘language’ in terms of how ‘the group’s identity and values shape the preference patterns of individuals, and hence their economic behaviour’ (ibid., p. 63). In other words, the group’s identity determines the value orientations of its individual members (‘preference patterns’) and their behaviour as producers and consumers (‘economic behaviour’). It is then possible to suggest that culture (including art) – as a system of building, experiencing and altering identity – will affect economic outcomes considerably. Throsby suggests this influence runs in three broad directions:

- **Efficiency**: Shared values condition the way in which the group members undertake the economic process of production.\(^{11}\) In other words, group identity may encourage a group to produce more efficiently, thus influencing the group’s total wealth.

- **Equity**: Shared moral principles of concern for others may influence the resource allocation amongst group members. Here, Throsby suggests that some identities favour systems of job security and social welfare more than others.\(^{12}\)

- **Objectives**: The culture determines the objectives that the group thinks of as worthwhile to achieve.

Taking this line of reasoning to the extreme implies that artistically aesthetic experience is bad for economic performance (in all three areas) as shared preferences can be challenged and group members become confused about the objectives that should be achieved or about

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10 Throsby voices this point as a criticism of economics. However, the question should be posed as to whether or not his rendition of the classical economic paradigm is correct, as neo-classical economists do recognize the importance of these social circumstances. However, they do not claim to study them, but rather take the value considerations that result from them as a given (see the second note of this chapter).

11 It is not clear why Throsby here excludes the economic process of consumption. However, this does not matter for the argument.

12 It is also possible to extend this argument to sustainability when the resource allocation amongst generations is considered.
how production should be organized. This may hinder economic performance. But that is perhaps making a mockery out of Throsby’s argument. The point he tries to convey seems to be that, if culture and art can influence the identity of people, this will lead people to come to different judgements and thus may stimulate them to act differently. This also means that their economic behaviour will change and thus culture can influence economy. However, the direction of such influence is not immediately clear. It therefore seems correct to expect economic consequences from culture. This can be regarded as a result of the changed identity of people that alters their behaviour, including their behaviour as producers and consumers. This argument will be taken up on the next chapter where Blokland’s theory of positive freedom will be discussed. It may also be the case that contact with cultural products leads people to be open to new ideas and thus fosters innovation. This is Abbing’s argument on the simultaneity of scientific, technological and artistic innovation that started this section and is now elaborated on the basis of Florida’s theory of the creative class.

8.3.2. The Creative Class as described by Florida
The theory of the creative class follows Abbing’s reasoning more closely than it does Throsby’s. Here, the relationship between culture and economy runs through creativity, a concept usually associated with culture and art. Florida summarizes his theory as follows:

Essentially my theory says that regional economic growth is driven by the location choices of creative people – the holders of creative capital – who prefer places that are diverse, tolerant and open to new ideas. (Florida, 2002, p. 223)

Creativity fosters advances in the standard of living because creativity is used to devise new technologies or products, or to develop new ways of producing and distributing. These are factors that propel economic growth. The third chapter of Florida’s book shows, by means of abundant statistics, that creative work has become relatively more important in the American economy from the 1950s up to 2000. Florida’s addition to this argument is that it has led to the development of what he calls the ‘creative class’. The creative class is a segment of the workforce whose essential economic function is either to produce ‘new forms or designs that are readily transferable and widely useful’ or to engage in ‘creative problem solving, drawing on complex bodies of knowledge to solve specific problems’ (Florida, 2002, p. 69). The creative class can be distinguished from the service class which consists of people performing low-end, low-wage and low-autonomy jobs in the service sector. The service class is in great demand because the creative class needs these services to sustain their lifestyle of working long and unpredictable hours (ibid., p. 71). Furthermore, there is the working class, the blue collar workers, and the workers in the agricultural class. The composition of the American workforce has changed dramatically since 1950, with the working class and agricultural class diminishing, while and service and creative classes now comprise 43% and 30% of the American workforce. However, the creative class receives the highest pay per hour (ibid., p. 74) and thus has become an increasingly important factor in the national economy.13

13 Florida bases his concept of ‘class’ on the economic function of the people in it. Usually class is defined on the basis of social habits or demographic factors such as age, education and income. In
‘Creativity requires a supportive environment (…), such a broadly creative environment is critical for generating technological creativity and commercial innovations and the wealth that flow from it’ (ibid., p. 22). This is why creative people tend to cluster. They are moving away from traditional corporate communities to what Florida calls ‘creative centres’ which provide the integrated eco-system or habitat where all forms of creativity – artistic and cultural, technological and economic – can take root and flourish. (…) What (creative people) look for in communities are abundant high-quality amenities and experiences, an openness to diversity of all kinds, and above all else the opportunity to validate their identities as creative people. (Florida, 2002, p. 218)

As companies nowadays follow the settlement decisions of the creative class, or are founded by them, people are the motor behind regional economic growth. Florida identifies criteria for places that the creative class seeks out (ibid., pp. 223-9):

1. There should be a thick labour market to provide ample opportunities to change jobs. The creatives do not want to stay at one job or company for a long time. So they need horizontal career opportunities. Thus larger cities are at an advantage because they can provide ample alternative job opportunities better than regions with lower population densities.

2. The place should provide a variety of scenes to accommodate different lifestyles. Experiential scenes are highly valued as well as a vibrant nightlife.

3. The place should provide opportunities for social interaction. This includes parks and bars where one can meet during the day and in the evening, places between work and home.

4. The place should allow for diversity in thought and be open to new ideas and lifestyles. A highly visible gay community and ethnic diversity are indicators of such openness.

5. The place should offer opportunities for authentic experiences. This can either be through the existence of monuments and cultural heritage or through the opportunity to experience unique scenes. For instance, the development of a certain ‘sound’ in music is a bonus for a city (see Section 8.2.3). Authentic places offer unique and original experiences, music here has an important role.

6. The place should offer possibilities to develop one’s identity. Florida concurs with Castells’s theory that, in a constantly changing post-modern world, the place where one lives becomes an important source of identity, more important even than one’s education or vocation (Castells, 2004).

Florida sums these requirements up under ‘Quality of Place’ which comes down to: ‘What’s there, Who’s there and What’s going on?’ (Florida, 2002, p. 232). Cultural and artistic facilities evidently play an important role in providing a milieu for creativity. However,
other recreational facilities such as sports, natural environment, parks, and bars and restaurants are just as important. However, the cultural facilities have the advantage of providing ample opportunities for building and maintaining specific identities. Moreover, aesthetic experiences when artistic in nature can help people become more open towards others. Thus they help to provide a tolerant environment.

But providing a tolerant environment in which the creative class prefers to live is not the whole picture behind economic growth. The technology needs to be there to produce the new goods, the business models need to be there to capitalize on creativity amongst which entrepreneurship, venture capital, intellectual ownership and outsourcing are important factors. Florida states that a city has to work on the three T’s: Technology, Talent and Tolerance. All three have to be there to be successful in the new economy. His argument is not that every city can boost its economy by catering to the creative class or to bohemians such as artists, through expenditures in cultural and other leisure facilities. Some people in the creative class have far more conventional tastes, such as software engineers for instance (see e.g. Slager, 2007). Furthermore, he suggests that the different forms of creativity – artistic and cultural, technological and economic – can reinforce one another. The rise of creative content industries, ranging from publishing and music to film and video games, is evidence of this (Florida, 2002, p. 55). Therefore the relationship between economic success and cultural facilities is not straightforward. Not every city with an artistic milieu will be able to perform well economically. Moreover, it seems a viable option for cities to invest in linkages between the existing artistic sector and business sector, instead of focusing on attracting new businesses and artists.

The concept of creative class suggests that cities that offer a large variety of leisure facilities are more prone to attracting creative people who generate larger economic growth in the current economic structure. The relationship concerns the diversity of amenities offered in a city, amongst which an experiential artistic scene is important. This is not an intrinsic type of functioning because it relates to art in the sense of an institutional definition. A city should offer cultural amenities that exhibit properties considered as experimental. This does not necessarily mean that the experience afforded need be artistic. Thus the relationship is not intrinsic in the terms of this research. Note that a tolerant climate also is important for attracting the creative class. Here the relationship is indirectly intrinsic as far as the city’s identity is concerned.

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14 Bille regards only the ‘T’ of tolerance as a new concept. To her, the other ‘T’s represent old settlement factors (Bille, 2008, p. 3).

15 Even more so, it can be speculated that the creative people cherish the possibility to visit cultural amenities in particular. Thus aesthetic experience itself is not a factor here, although one might venture to say that, when the cultural scene of a city is diverse, the chances that a diverse population of audience members will have aesthetic experiences which are artistic in nature are higher than when the assortment of cultural amenities consists of standardized entertainment facilities.
Two fundamental questions can be levelled at the theory of the creative class as presented by Florida. The first is that the theory is not substantiated with empirical research. Bille has tried to remedy this situation by comparing the leisure activities of the Danish population to their occupation, using data from a survey of the general population in 2004. She found evidence that corroborates Florida’s thesis. In general, the creative class (comprising almost one third of the Danish adult population) is more active in ‘popular’ and ‘broad’ cultural areas. They tend to visit contemporary concerts, art exhibitions and art museums more than the service class and blue-collar workers. They also visit urban milieus and cultural landscapes more and engage more in sports and fitness and use the internet more in their leisure time. Bille also looked at the creative core of the creative class (in line with Florida’s theory). The creative core – to whom Florida assigns most creativity – consists of those employed in the IT and mathematical branches, architects and engineers, researchers, artists and designers, and those employed in the entertainment industry, sports, media and advertising. Furthermore, the creative professionals are those whose job is characterized by problem-solving and requires a high degree of education, such as business and financial managers, legal professionals, medical professionals and people employed in high-tech industries (Bille, 2008, p. 4).

In Bille’s research, the creative core is generally more creative in their leisure time than the creative professionals and the service class. They engage more in expressive creative activities (singing, acting, playing instruments, arts and crafts, writing and film/video). They also engage more in free and non-institutionalized fitness (walking, cycling in the local area and cycling to work), they read more, visit libraries more often and go to professional theatre and concerts more often. They are less likely to be a spectator at sports events. They indulge in in-home leisure activities such as watching TV, video, listening to music just as much as the other classes, and also visit amusement parks, zoos, cinemas and lectures to the same degree (Bille, 2008, pp. 19-20). In short, it is specifically the creative core that has an urban outgoing lifestyle in which they favour the performing arts more than the other classes do. This corroborates Florida’s argument perfectly. Bille concludes:

If a city or region wants to attract the creative core, the results show that it is green areas and good paths for walking and cycling (…) that attract the creative core, as well as good conditions for creative self-expression within various art-forms. Furthermore it is access to knowledge (libraries) as well as history and cultural heritage (e.g. cultural and natural historic museums, science and heritage centres, historic buildings and historic monuments) that appeal. This points to [the fact] that a conscious profiling and promotion of original history and cultural heritage of an area will create interest for the creative core. Finally, good amenities within classical cultural forms such as theatre and classical concerts can be assumed to attract the creative core. (Bille, 2008, p. 20)

Contemporary concerts, art museums and art exhibitions plus good sports facilities and recreational facilities are necessary for the creative class as a whole. Many of the amenities mentioned cannot be easily influenced by a city administration. The natural surroundings of

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16 As the higher education levels of the creative class can explain the more outgoing lifestyle, Bille has controlled for differences in education levels between classes.
a city are there to a greater or lesser extent, but their accessibility can be influenced. The same holds for cultural heritage (old cities are at an advantage) and historic museums (which depend on the presence of an interesting historic collection). The urban landscape can be influenced through good city planning policies with attention to architecture. The diversity of cultural and sports amenities, both amateur and professional, can be influenced directly through cultural, arts and sports policies. These particularly attract the creative core.

However, the second flaw of the creative class theory cannot be remedied quite as easily. Nowhere does Florida ask the question as to which is the cause and which the effect. Is it the arts sector that follows the creative class, because especially the creative class can be a dedicated audience, or is it the creative class that follows the artists (Bille, 2008, p. 3)? As the arts have historically flourished in large agglomerations, and Florida points to the fact that large cities are at an advantage from the start, one might believe his theory. But hard proof of which causes which is not available. Even if the truth lies in the middle, this weakens the argument considerably.17

8.3.3. Does the Theory of the Creative Class apply in the Netherlands?
The popularity of the theory of the creative class in cultural politics has prompted several studies in the Netherlands to establish whether or not the theory is applicable in this country. Most have been conducted at national level by policy advisors (see Marlet and Van Woerkens, 2004; Kloosterman, 2005 and Boschma et al., 2005) and some at local or regional level (see e.g. Marlet and Tames, 2002).18 Just as Florida demonstrated with regard to the US, the creative class can also be isolated as a group of workers in the Netherlands, with growing numbers (Marlet and Van Woerkens, 2004). Boschma et al. (2005) conclude that the proportion of the creative class in the Netherlands is one of the highest in the world. But that is not all. The fact that the creative class in the Netherlands can be isolated from the rest of the workforce does not mean it has the predicted influence on local economic performance. This is because the Netherlands is a far smaller country than the US. The entire Dutch population (of around 16 million people) can be found in three or four major urban centres in

17 In a recent article in the International Journal of Cultural Policy, McGuigan is very critical of Florida’s thesis and the popularity of his ideas amongst city administrators. According to McGuigan, administrators are inclined to do ‘a Florida thing’ (McGuigan, 2009, p. 291) without realizing that here the value of culture and art is reduced as a result of instrumental use (Gray’s commodification thesis cited in the Introduction). To McGuigan, Florida’s theory is about economic policy – of a stark neo-liberal economic brand – and not about cultural policy. He warns administrators not to succumb to this blend of ‘cool capitalism’ (ibid., p. 299). Furthermore, he is critical of Florida’s definition of the creative class. He wonders whether all of its member really are involved in creative problem-solving (ibid., p. 293). Here, McGuigan evidently misses the distinction between the creative core and the creative professionals. McGuigan rightly argues that Florida’s theory disregards the global context in which certain kinds of labour are displaced to low-wage economies where working conditions are ‘appalling’ (ibid., p. 298). This is an important criticism, although it is not relevant to the present research.

18 Although these are commissioned reports in most cases and thus should be suspect (Belfiore, 2004), they have not only been commissioned by cultural politicians, as the Ministry of Economic Affairs is behind most of them. Some have been conducted by truly independent research institutes (e.g., Boschma et al., 2005, and Kloosterman, 2005).
the US. The Rim City (Randstad) as a whole may be compared with American cities, although
the area consists of several cities. In addition, travelling distances are much shorter in the
Netherlands, which may impact the arguments about settlement decisions.

Kloosterman (2005) compiles several empirical studies on the creative class in the
Netherlands. The contribution of the creative class to the Dutch economy is studied in direct
terms (as a sector in the economy and delivering content to other sectors of the economy)
and indirect terms (as creating a favourable business climate). As far as the direct
contribution is concerned, the conclusion is not hopeful. For the Netherlands, the impact of
the creative class on employment in other sectors of the economy can only be ascertained in
Amsterdam, not for the country as a whole (Marlet et al., 2005, pp. 34-5). Moreover, it seems
that the creative industries in the Netherlands mainly consist of initial creation (especially
design) but production among the creative class itself is relatively low, for it usually takes
place abroad (Kloosterman, 2005, p. 95). The same holds for the creative production in the
form of exhibitions in museums, theatre shows and visual arts. Only in Amsterdam can a
direct influence on the local economy be established. Boschma et al. (2005) come to similar
conclusions: the creative class can be linked to regional economic growth specifically, but not
to the national economic performance of the Netherlands in the period 1999-2002. The
existence of a creative class in a region does not propel high-tech developments in the region,
as seems to be the case in the US.

However, the indirect contribution to local economies can be verified. It is not the creative
sector that influences local economies in the Netherlands, but the creative production, in the
form of theatre shows, exhibitions and events, that is of importance because these influence
the settlement decisions of highly educated and creative households. Specifically the
assortment of performing-arts events and, to a lesser extent, the cultural heritage are
explanatory variables in the settlement decisions of these groups, confirming Bille’s (2008)
research, and it also can be established that the highly educated, creative households
contribute to the local economy (Kloosterman, 2005, p. 97; see also Marlet and Van
that the creative class clusters in but also around cities in the Netherlands, but not because of
the amenities found in cities.

Differences in the presence of socio-cultural facilities turned out to have no demonstrable effect
on the distribution of the creative class. Municipal councils that believe they can attract a
creative class by means of investment in cultural facilities will thus probably be disappointed.

Note that famous designers such as Rem Koolhaas and Viktor & Rolf may be linked to specific
Dutch cities (Rotterdam and Arnhem respectively) and thus may influence the image of the city, they
do not directly influence the local economy. The fame of Dutch design seems to influence the local
economy of Amsterdam, regardless whether the designers can be linked to the city (Kloosterman,
2005, p. 95). However, such effects are only limited to the design sector and thus are not relevant for
the present research. The effect of performing arts on city image will be discussed in section 8.4.
In this study, Marlet and Van Woerkens relate the impact on the local economy to option value, i.e.
the value of the possibility to attend cultural activities, regardless one actually does or not (see
McCarthy et al., 2004, p. 17).
In contrast, investment in social infrastructure and the facilitation of tolerance have more chance of achieving this goal. (Boschma et al., 2005, p. 27)

However, the question should also be raised as to whether or not the operationalization of regional differences in amenities is correct. It seems that the data has been limited to expenditure on reception facilities (libraries, theatre venues) but not on production facilities. The first are more evenly spread in the Netherlands (every municipality supports a library) than the latter. The analysis of Roo (2005), with most data on production and vocational arts educational facilities, does show a connection between cultural facilities and regional economic growth. She has tried to investigate whether or not the economic performance of regions in the Netherlands correlates with the expenditure on culture in the region. Using the national subsidies for culture (and thus leaving out private and local public expenditure on culture) she concludes that it is likely that there is a positive correlation.\(^{21}\) In 2008 Beemster tried to replicate Roo’s findings. In his model, the municipal subsidies of culture have been used as a proxy for cultural capital, leaving out the national subsidies. His study does not yield evidence for this type of relation at regional level in the Netherlands. An analysis of both national and local subsidies is needed because, in the Dutch situation, national subsidies represent production of culture (therefore representing direct creation, thus related to the size of the local creative core) whereas local subsidies generally concern reception facilities (including library subsidies which can run up to 90% of the cultural budget in small municipalities). Both studies suffer from yet another methodological flaw as they assume that the influence of cultural amenities on economic growth occurs instantly. However, it is far more likely that these effects will only occur over time. The research design should take this temporal aspect of the dependence into account. The evidential basis of the connection between economic growth and cultural subsidies at regional level in the Netherlands therefore seems mixed at best.

In conclusion, these studies show that the direct relationship between creativity and economic performance for the Netherlands (with the exception of Amsterdam) cannot be established. None the less, the effect on the settlement decisions of highly educated creative people can be established. Thus smaller cities in the Netherlands can embark on a strategy to attract these people through cultural amenities, especially performing arts activities, although this is just one part of a strategy to influence regional economic performance through the creative class concept. Investment in other leisure facilities, such as sports and

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\(^{21}\) Although the data gathering may be incomplete, the data gathered can certainly be representational for differences in levels of spending amongst regions, especially if one realizes that local government spending and national government spending on culture coincide in the Netherlands. The national government mainly subsidizes institutions in larger cities that tend to have larger culture budgets. Furthermore, Roo included spending on vocational training in the arts. There is a grave flaw in the research design at the point where she tries to distinguish between the producing cultural sectors (in her view, amateur arts, cultural education and vocational education in the arts) and the consuming sectors (performing arts, museums, etc.). Because she did not include local government spending, she should have included the performing-arts spending in the producing sector, as the Dutch national government only subsidizes production. Her assertion that the producing sector in particular
the accessibility of cultural heritage and natural surroundings, are necessary as well as the diversity of amenities, which is key. The safest bet for measurement of this type of impact is therefore to assess any changes in the proportion of the creative class in the local workforce. This is only relevant when subsidy levels for aesthetic activities have changed dramatically.

8.3.4. Summary: the Relationship between Creativity and Economic Performance

From the above discussion on the relationship between creativity and economic performance, several conclusions can be drawn on how cultural activities influence economic performance. The classification of economic functioning of culture and art as an extrinsic function is debatable to a certain extent.

Throsby’s argument is that the identity of groups (or nations) is a factor in their economic performance. The concept of the creative class has also pointed in this direction, because tolerance to different lifestyles and ways of thinking is key in attracting highly educated knowledge workers who generate economic growth, although tolerance is not the only factor: talent and technology are needed as well. But on a more generic level, it seems that economies that are more open to new ideas have higher levels of product and process innovation and therefore achieve higher economic growth, although this cannot be related to the sheer volume of the creative sector in the Netherlands, apart from Amsterdam. Size does matter, as Florida suggested.

At the same time the relationship is extrinsic in its nature. Cultural facilities, like sport facilities or natural surroundings (mountains, forests or seas) all form part of the amenities a city offers its inhabitants. The greater the diversity of such amenities, the more the city has to offer as a place to live and work. These ‘soft’ factors have gained influence in settlement decisions of corporations, as the ability of companies to attract highly educated professionals becomes more and more important in the modern economy, although more traditional factors such as accessibility of a city still count as well. The fact that cultural facilities rank amongst sports and natural facilities indicates that the intrinsic values and functions of aesthetic experience are not at stake. Furthermore it should be noted that the direction of the relationship between cultural and economic policy is not clear. It could be that cultural facilities attract knowledge workers. Such measurements can only be done at an aggregate level (for the whole city) and thus do not reflect the effects of public cultural policy, as the non-subsidized performing-arts assortment also causes these effects. Moreover, such measurements are only needed when the city explicitly aims at catering to the creative class

influences economic performance positively may seem logical, but this cannot be based upon her analysis.

22 If one defines ‘intrinsic’ functioning in a product-oriented manner, i.e., it alludes to the quality of performances and if one assumes that this quality will increase with cultural subsidies, it could be suggested that this type of economic functioning of art and culture is intrinsic. However, in this research, the intrinsic functioning is related to the specific nature of the experiences afforded by the performing-arts activities. The artistic nature of the experiences does not necessarily coincide with the quality of a production, when quality is defined as a property of the product. Moreover, the second assumption that quality increases with rising subsidy levels is questionable at best.
with its cultural policy. However, such policies are questionable, as the direction of the relationship between cultural supply and the creative class is not certain. It could be that creative people flock to where (performing) artists are, but it is equally likely that artists follow the settlement decisions of the creative professionals.

Measuring these effects is a difficult matter. The effect mentioned by Throsby is not actually economic but social in its nature, and might be traced through the methods described in Chapter 9. Policies attracting the creative class can best be evaluated by calculating changes in the proportion of the creative class in the local workforce, though evidence of a direct link between cultural subsidies and local economic performance has yet to be found.

8.4. City Image and City Regeneration

The image of the city is a point of concern in most of the city cultural policy documents. Cultural activities can help to develop a certain self-image in the city: a diverse supply of cultural facilities in the city helps to project an urban image (see, Groningen, 1991a, pp. 26-7; Rotterdam, 1996, pp. 1-2; and Breda, 1996, p. 6). Cultural activities also help to develop an external cultural image (such as the Groninger Museum for the city of Groningen and museum Boymans van Beuningen for the city of Rotterdam). The policy documents are not very precise in their outline of the way in which a city image is influenced by cultural facilities. Moreover, they are not clear on for whom such an image should be developed.

Boogaarts mentions that, in the Netherlands since the end of the 1980s, cities have become popular as places to live, work and relax, after a period in which there had been a decline in the attractiveness of city life. She argues that this poses new requirements on arts institutions: to have an economic impact, to contribute to the quality of life in a city and to boost city image (Boogaarts, 1991, p. 28). As has been shown in the discussion of the policy documents in the Netherlands, this trend has continued since 1992. In Boogaarts’ view many investments in the cultural infrastructure of cities have been legitimized on the basis of such arguments, although she also concludes that the investment plans for the cultural infrastructure of cities are vague in this respect. They do not specify in quantifiable terms what is being expected from culture and art, and she is wary that the role of culture and art in these areas is being overrated (Boogaarts, 1991, p. 34). Along with Van Aalst (1997), she warns that such emphasis on external outcomes may lead to large investments in high profile cultural and arts facilities, although without the structural funding to finance adequate activities in these institutions in order to perpetuate the desired effects. In other words: the extrinsic policy aims may impede the intrinsic functioning of arts and culture.

23 Only the last of the national policy documents studied in this research Meer dan de Som (2003), which spans the period from 2005 to 2008, contains the function of image building. It is logical that specifically the city documents mention this function for it is a specific concern of the local politicians. In Meer dan de Som (2003), the concept of the creative class has been introduced in the national cultural policy. The city ‘feel’ is an important aspect for the cultural creatives, and therefore it is logical that this national policy document also mentions city image.
Although these studies may provide insight into the drives of city officials when they support cultural policy, they do not shed light on how culture and art influence such policy aims other than by referring to the quality of the architecture and the uniqueness of the facilities which lead to (media) attention for the facility and the city in which it has been built. Moreover, these studies do not shed light on how to evaluate this type of aim in cultural policy, although Boogaarts does point to the fact that the image of buildings in a city (or district) contribute to the image of derelict areas by influencing morale and atmosphere (Boogaarts, 1991, p. 31). This points to intrinsic functioning as defined in this research. Examples can also be found for facilities other than museums, such as libraries (e.g., Peckham Library in London) and theatre venues. The impact these new facilities have is that, in a derelict area, erecting a new, modern building which is praised for its design may lead people in the area to realize that they are worth such an investment. This leads to higher self-esteem of the area. Consequently, this may lead to private investment in the area as well, and real estate values will start to rise (see e.g. Marlet and Tames (2002), Strom (2003), and Gibson and Homan (2004), studies that will be discussed below). Here, the functioning is related to building a new facility with a certain atmosphere, rather than to the (performing-arts) activities in the building, which is the aim of the present research. However, this kind of example shows that city regeneration is influenced by city image (or the image of the district). There is an obvious link with social policy issues here.

Cachet et al. (2003) and Noordman (2004) provide studies into the use of culture in city-image policies with evidence that is based on several Dutch cities. Both studies indicate that few Dutch municipalities have full-fledged policies to influence city image, for the image to be projected toward certain groups is usually not specified. Drenth et al. (2002) found that cities usually aim their cultural policy towards providing a full array of cultural facilities and thus focus on their weaknesses. In order to project a distinct cultural image or profile, it is more interesting to focus on the city’s strong points.24 All three studies are aimed at providing practical guidelines for city policy makers in deciding on cultural or city image policies. Therefore they shed light on the position of art and culture in respect to city image. It is important to note that cultural activities only are a part of the cultural identity of a city or municipality. The cultural identity also concerns the natural surroundings or economic activities, such as Leerdam with its glass production, Eindhoven with Philips, Rotterdam with its harbour, and the south of Limburg with the (defunct) mining industry. Artistic activities seem to connect specifically to an image based upon discovery and dynamics,

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24 However, it should be noted that striving towards complete cultural amenities does fit in with a strategy to project an image of ‘urbanity’ that is crucial in attracting the creative class, amongst other things. Rotterdam and Groningen are examples of cities that have voiced such ambitions; Zwolle and Breda also seem to be embarking on the same path (see the discussion in Chapter 3). Therefore it can be assumed that this advice is either geared towards small cities in rural areas as an alternative to providing a full array of amenities, and to cities striving to attract tourists. It seems that the conclusion of Drenth et al., that Dutch cities all tend to look alike in their cultural amenities, is especially worrying when one wants to attract tourists.
along with science and research (Cachet et al., 2003, p. 48). This means that the image of a city can be influenced by cultural activities (in the sense of the term of this research) among many other things. Thus, there is no direct causal relationship between city image and the cultural activities in the city, although such activities can support a desired image. For example, in the 1930s the Dutch city of Bergen (NH) was home to a movement of painters and visual artists (amongst whom Charley Toorop is the most famous) which is referred to as the ‘Bergen School’. Nowadays the municipality of Bergen is aiming to project a cultural image of the village, supporting it with specific cultural activities (ibid., p. 28). However, the fact that these activities relate to the visual arts is enough, the specific nature of the experiences afforded by these activities is not relevant, whereas the fact that the village’s heritage involves a specific Dutch school of painting is.

A further point of interest is that these studies all indicate that municipalities generally do not specify the particular image that should be projected towards certain groups. Noordman suggests distinguishing between tourists and corporations. He concludes that the cultural policy of Dutch cities generally only caters to the city’s own population or the surrounding region (Noordman, 2004, p. 201). However, it is not without logic to include the city’s population in a city marketing strategy. The self-image is important to projecting an external image for a city. Moreover, as has been the strategy in Rotterdam, the city’s inhabitants can function as ambassadors to attract tourists and businesses. But there is more to this strategy when the arts are involved. As has been demonstrated in Chapter 6 artistic activities in particular can be instrumental in changing the views and insights of people, with related consequences for their identity. It is logical to suggest that the image of the city influences the self-image of inhabitants and vice versa. This is of particular interest in city regeneration projects. Cultural activities in specific districts can enhance the feeling of self-worth of the inhabitants of that district and may lead them to act in a different manner. This will be elaborated in the chapter on social policy issues. However, this process is also of interest from an economical point of view because of the phenomenon which has been called gentrification. When city districts are in decline the price of housing will drop. This makes the neighbourhood attractive to artists and cultural entrepreneurs who may set up ateliers, fringe activities such as cinemas, music venues, and even shops. This may lead to attractiveness of the area as a place for leisure and eventually living. Such processes have been witnessed in Berlin’s Prenzlauer Berg district for instance (see Marlet and Tames, 2002). Gentrification may be a specific form of the concept of the creative city, but now at the level of a city district. Marlet and Tames have tested whether or not the process of gentrification is visible in the Netherlands. Their conclusion was that this indeed is possible and that

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25 Noordman (2004, pp. 134-7) mentions five elements of city identity: Location, History (critical incidents, legends, heroes and cultural heritage), Appearance (monuments and/or modern architecture) and Size of the cultural sector (both its infrastructure and the reservoir of talent in the city). The cultural activities in a city are thus only one element amongst many.

26 Although one might speculate that visitors to Bergen for whom the aesthetic experiences have been artistic in nature might be more prone to recognize the cultural image of the village.
Part III: Extrinsic Functioning of the Performing Arts

specifically the performing arts are prone to generate such effects (see *ibid.* and also Marlet, 2009). Strom has studied four cases of the effects of the development of some derelict inner cities by means of adding new concert halls. She also found rising real estate values around these new facilities, although she is wary of contributing this effect to the new concert halls alone. She is in favour of common sense which credits the projects for creating these positive effects. She writes:

especially for cities like Newark and Philadelphia, whose efforts at revitalization are often stymied by their poor reputations, if enough people believe that their downtowns are better places to visit because of their concert halls it becomes true. (Strom, 2003, p. 261)

Gibson and Homan (2004) have documented a successful gentrification strategy in Sydney stimulating live music venues as a means to create a positive ‘scene’ in various parts of the inner city and adjoining districts. Music has a particular ability to do so (see also Section 8.2.3). A study by Marlet and Tames (2002) showed that the attractiveness of Dutch cities as a place to live depends on accessibility by train and car and on the supply of performing arts in the city. They measured attractiveness based upon the prices for houses. In their opinion, the real estate values express people’s preferences more accurately because they represent actual behaviour and not revealed preferences, as questionnaires tend to do. The option value of cultural facilities such as the performing arts is thus reflected in real estate values.

Furthermore they argue that, because of the growing popularity of pop music and with the need for live events only being strengthened by the evasion of life by the multimedia, investments in pop music can be especially fruitful for a city (*ibid.*, p. 31), although they do agree with Florida’s contention that the variety of performing arts amenities is at stake.

Not the type of culture in itself but the amount of different sorts of culture consumed appears to be important for the status of the citizen: the longer the educational programme, the larger the variety in tastes. (Marlet and Tames, 2002, p. 31)

Thus they confirm this part of the creative class theory with empirical evidence for the Netherlands. The economic functioning of performing arts can be measured through multivariate analysis of real estate values in a city. They claim that an extra stage presenting 200 shows a year, according to their research, adds €1800 to the value of a home in the city (*ibid.*, p. 24). The nature of the performance or the experiences afforded does not matter for this figure. A recent study by Marlet (2009) reconfirms that the attractiveness of a city is reflected in real estate values. Through multi-variate analysis, the effects of the supply of performing arts facilities can be isolated, although this is certainly not the only factor influencing the attractiveness of a city. None the less, the supply of performing arts here is the only factor

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27 Florida points to the fact that usually the artists themselves are the first victims of gentrification, for, with the rise in attractiveness of a neighbourhood, housing prices will go up again (Metz, 2005).

28 Throsby defines option value as: ‘People may wish the option that some day they, or someone else for whom they have concern, such as their children, may wish to consume the asset’s services – for example, by visiting a particular cultural site at some time in the future’ (Throsby, 2001, p. 79).

29 Their report was written in defence of the investment in the refurbishment and enlargement of the Tivoli pop venue in Utrecht, thus it may be regarded as advocacy. However, in their later independent publications, they do substantiate their claims with more research (see e.g. Marlet and Van Woerkens 2004 and 2007).
regarding cultural policy that is statistically significant (Marlet, 2009, p. 360). Rising real estate prices can therefore be regarded as an indicator of the economic functioning of the performing arts. Researching this impact is only possible at the level of the city as a whole, comparing between cities with different supply levels. Such analysis does not distinguish between subsidized and commercially produced supply.

Cultural policy can be used to attract tourists to the city. Tourists generate indirect expenditures, as can be studied in impact analysis. For the present research, it is important to note that generally the museums and cultural heritage are most important in this respect (see Marlet and Van Woerkens 2007, pp. 13, 16, who base this conclusion on a review of international literature on the impact of the arts for cities). However, the performing arts do fit into a strategy in which low budget tourism is aimed at. Specifically the popular forms of performing arts (pop music) can attract large amounts of tourists (Noordman, 2004). For instance, Dance Valley and Lowlands in the Netherlands attract many tourists (Cachet et al., 2003, p. 50). Noordman suggests that cities can either choose to adopt a high strategy, involving high-profile cultural amenities attracting the cultural in-crowd, or a low strategy with more low-profile activities and facilities. A low profile strategy takes more time but can be just as effective (Noordman, 2004). It should be noted that ‘high-profile’ and ‘low-profile’ as terms here relate to the institutional definition of art, not to the functional. This type of functioning of art is therefore extrinsic, as it does not relate to the nature of the experiences afforded.30

Gearing a cultural policy towards attracting business(es) is perhaps the oldest form of using a cultural profile of a city. Both low and high profile strategies may be useful in this respect. However, in general, it still seems questionable as to whether or not culture and art do actually play a role in settlement decisions. In the Netherlands, research on business settlement in the nineties simply did not ask whether cultural facilities played a role in management’s settlement decisions (Cachet et al., 2003, p. 49). None the less, there seems to be agreement that cultural amenities do help and that attracting highly knowledge-based industries in particular has been of specific importance in recent years. This relates to the concept of the creative class.

To summarize, it should be noted that, as a function of culture, city image is problematic. First, the image of a city cannot be causally linked to the cultural facilities in a city. Many other factors, such as natural surroundings and economic activity, play an important part. Nevertheless, in some instances, cultural activities have helped to influence city image (as in the case of Rotterdam for example). Second, it seems that city image helps to magnify the economic effects of culture and art: generating indirect expenditures by visitors to the city.

30 Strategies to attract tourists to a city by means of cultural events or programming may not be as economically beneficial as one might think. The low-budget tourism (backpacking) to Amsterdam (induced by a combination of the ‘relaxed’ stance towards soft drugs and alcohol and the vibrant bar and music scene in the city) may be harmful for the city’s image. Furthermore some events, such as Lowlands, may lead to job creation outside the hosting municipality (Noordman, 2004, p. 151).
These effects can be measured in impact analysis. Third, city image may help to attract businesses to the city and thus generate employment, though there is not sufficient research to suggest that cultural amenities are an influencing factor, let alone a decisive factor, for business management in location decisions. None the less, the concept of the creative class has boosted this legitimization for cultural policy.

A last remark should be made about city image in relation to city regeneration. Cultural facilities can be instrumental to the gentrification of derelict areas in cities. This effect is reflected in rising real estate values. Performing arts buildings and pop music are of particular interest for this function. Moreover, a link can be assumed between the image of the city and the self-images of its inhabitants. This suggests that city image also relates to the social policy aims and that this type of functioning of the performing arts in a city can be intrinsic in nature. This will be discussed in the next chapter, on social policy issues.

It thus can be concluded that, in the economic domain, the functioning of the performing arts as an influence upon the image of the city is extrinsic in its nature. Moreover, the functioning is indirect: it enhances the economic functions as have been discussed in this chapter. Therefore, in Figure 8.1, ‘city image’ has been set apart and is connected to the arrow between the ‘intrinsic functions on societal level’ and ‘intrinsic economic functions’, and also to the arrow between ‘extrinsic economic values’ and ‘extrinsic economic functions’. Nonetheless it can be argued that a reciprocal relationship exists between city image and the cultural identity of a region, which can be influenced by the changes in views and insights that result from aesthetic experience once artistic in nature. The effects can be measured through multi-variate analysis of differences in real estate values between cities.

8.5. Summary: the Functioning of the Performing Arts in the Economic Domain

A first point on the economic functioning of the performing arts is that the non-artistically aesthetic values and functions cannot lead to intrinsic economic functioning, because these values and functions can also be satisfied through other than cultural activities, such as sports for instance. If these activities are more efficient in that they have lower costs or reach more inhabitants, then they should be the subject of investment from an economic point of view. It follows that economic functions can only be intrinsic when the artistically intrinsic values and functions of aesthetic experience are at stake; i.e., when the functioning depends on the ability of performing-arts experiences to question the perception schemes of participants and consequently change their views, insights and resulting behaviour.\(^{31}\)

The relationship between economics and culture has different aspects:

\(^{31}\) As will be discussed further in the next chapter, this is not the case for the functioning of culture and art in the social domain because social functions can also stem from the fact that identities are being affirmed, and not only from the fact that they are challenged as a result of aesthetic experience.
1. First, the influence of culture on the economic behaviour of individuals is indirect. It occurs through the influence of culture and art on the identity of people. Their views and insights may change as a result of aesthetic experience (when artistic in nature) and this may lead them to act differently. Their altered behaviour may have economic repercussions. However, in itself this is not an economic functioning of art and culture. Note that the effect on the economy can be positive as well as negative.

2. A relationship between culture and the presence of knowledge or creative workers has been suggested, though the causal direction of this link is questionable. Culture and art may aid in attracting these workers to a city and although it can be suggested that they contribute to economic performance of the city in advanced service economies, a direct link between cultural subsidies (as a proxy for the variety of cultural amenities in the city) and economic performance has not been established. This is an extrinsic type of functioning. The contribution of this arts scene to an open living climate is intrinsic functioning.

3. Cultural facilities can aid in regenerating derelict districts in cities by altering the experience of such areas. Such effects can occur on the basis of the architecture of the theatre venue or the concert hall in itself. It seems that the performances in these buildings are less at stake. The effect is called gentrification and rising real estate values can be an indicator of the effect, although multi-variate analysis of real estate values between cities is needed to link the effect to the performing arts (both subsidized and commercially produced). Accessibility of the district and its immediate surroundings are also contributing factors. Actually this type of functioning in the economic domain is quite like the type mentioned under 1, although the impact on the mentality of people living and working in the district at issue can be considered as a type of intrinsic functioning. This will be discussed in more detail in the next chapter.

4. Art and culture are economic activities in themselves and, as a sector, can generate direct economic benefits (source of income for artists) and spin-off because of the expenditures of the employees in the sector, the procurement of materials (technical supplies, etcetera), and the additional expenditures by visitors to this sector in other sectors of the city’s economy. This is an extrinsic type of functioning and it can be measured through impact analysis.

5. There is an obvious connection between city image and cultural activities in the city. Performing-arts activities can play a role here, but not all kinds of performing arts. Such an image helps to generate visitors to a city and it can enhance the effect of gentrification as mentioned under 3. The cultural identity of a city is influenced by the self-image of its inhabitants which can be changed as a result of their perception schemes being challenged as a result of the artistic nature of the experiences. Therefore, ‘city image’ has been added in a separate box in Figure 8.1 in order to indicate that it coincides with ‘identity-building’ which is an artistically-aesthetic function of aesthetic experience. City image can enhance the other intrinsic economic functions.
Note that the effects of culture and art in the economic domain are rarely related to single aesthetic experiences or performances, though impact analysis and gentrification can be related to single institutions.

Figure 8.1 represents the functioning of the performing arts in the economic domain. In the figure, ‘city image’ has been placed in a separate box, indicating that it has a reciprocal relationship with ‘cultural identity’, as it can be the result of aesthetic experiences.