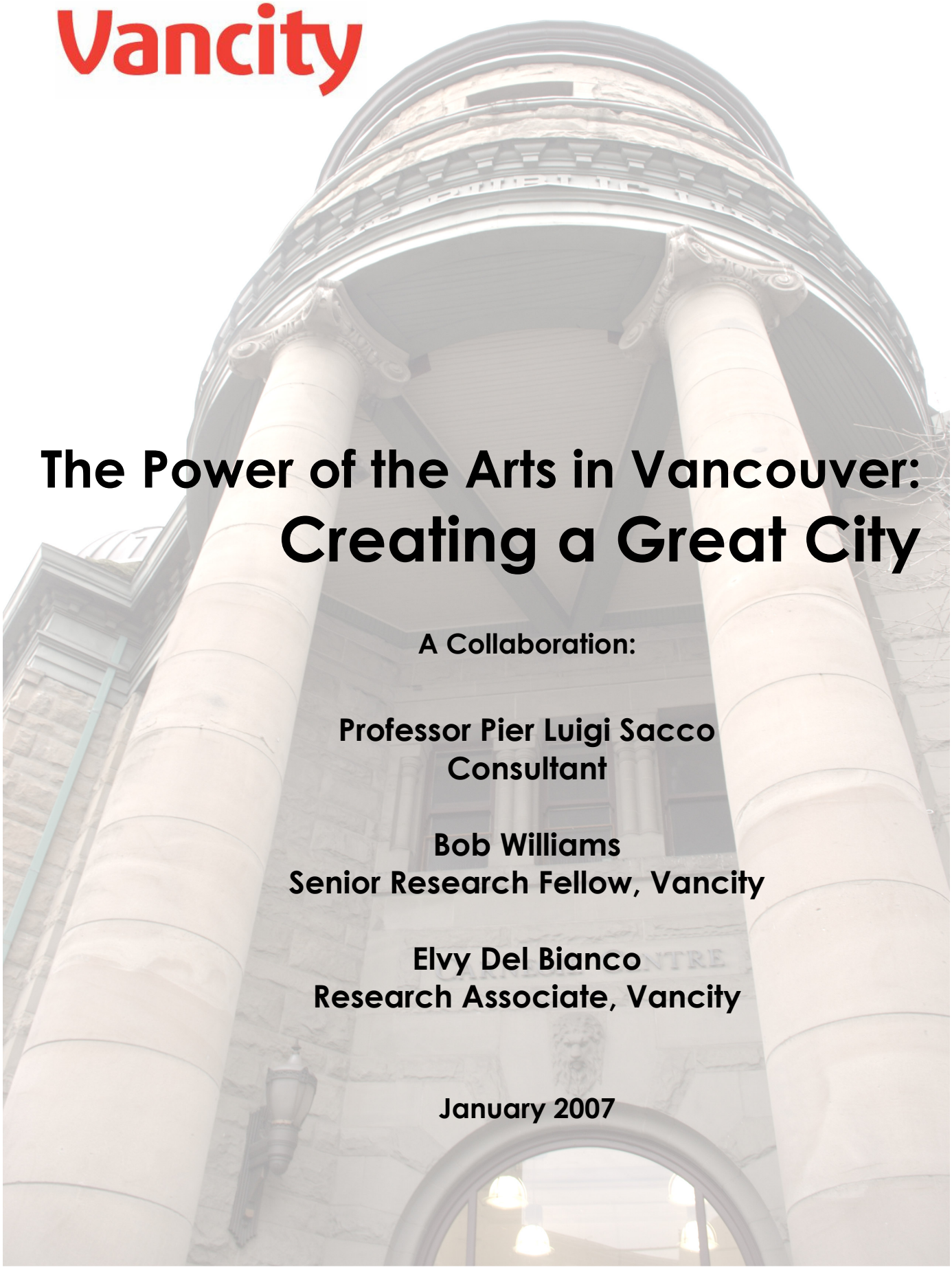

The Power of the Arts in Vancouver:
Creating a Great City

A Collaboration:

Professor Pier Luigi Sacco
Consultant

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A Personal Introduction to Pier Luigi Sacco
by Bob Williams, Senior Research Fellow, Vancity

I'm part of a minority on this city –I was born and raised here. In earlier days as a kid and a Britannia High school student I saw our city from the Number 14 streetcar. Later, I saw this place through the eyes of a city planner, a person in government and, of course, as a family man and citizen. I felt I knew this city really well.

And then someone comes along who sees the city in a new light, with a clarity of vision very few have. Someone with an intellectual "kit bag" that brings a new depth to our understanding of the city we thought we knew so well.

That person is Pier Luigi Sacco, a colleague from the University of Bologna, Europe's oldest university. Professor Sacco is described by his mentor Stefano Zamagni as a modern Renaissance Man, one equipped with all the discipline of modern economics: Nash's game theory, econometrics, and the like, but with a deep understanding of political science, sociology … and the arts!

It is the marriage of these important different interests, disciplines, and passions that creates a unique scholar in Professor Sacco, who now teaches at the IUAV University of Venice and advises the great city of Florence, as well as other European centres.

Pier Luigi's primary interest is in the economics of the arts; he shows us how the arts may be the key element in building added value in the modern knowledge economy. No longer should we see the arts as a frill; the arts are essential to our sustainable economic growth and well-being.

Pier Luigi sees Vancouver as a unique city/region with enormous potential not yet realized. We of course have the beginnings of a flourishing arts and creative sector. It is, however, a struggling sector, a community we have never taken seriously enough, or identified with to the degree we should.

We do not provide enough resources to the arts. We do not co-operate or network enough in the arts. We are not developing the necessary entrepreneurial skills amongst our artists. We are not breaking through our many separate commercial/ industrial silos with the skills of our artists and creative workers, which is the real key to adding value in the modern world. All these are necessary steps for us to move ahead.

Furthermore, as Professor Sacco notes, we barely recognize the significant artists in our midst; people like Jeff Wall, our great photographer, who is properly celebrated in Europe, along with many of his local colleagues.

In a world where "identity" counts more and more, we have barely identified with our artists.

More than all this, Professor Sacco sees us as a city with a split identity, with one part of the community anxiously seeking identity through objects and consumerism, and another part achieving identity through experiences.

Professor Sacco's over-arching thesis about Vancouver is that we cannot become the great city we should be until we overcome this duality.

How might all this be resolved?

To a great degree, it seems, through the arts.

Professor Sacco has developed a matrix to test proposals and new approaches. This matrix involves the thinking of the great modern economists Michael Porter and Amartya Sen, along with a dash of Richard Florida; all of it blended by our Italian master chef, who has his own recipe.

Out of this blended approach evolves some fascinating proposals that we believe could lead us towards greatness. (Inspired by these proposals, we've identified a number of recommendations for Vancity as well as considerations for the City of Vancouver and the Greater Vancouver Regional District; these follow Professor Sacco's report.)

I am beginning to worry about too many of us thinking about how beautiful we are – a new narcissism, if you will. Our real beauty lies in our multi-ethnic youth, who the Organization for Economic Cooperation & Development tells us are amongst the best and brightest in the world. Our charge must be to equip these new citizens with a new understanding and appreciation of the arts. Only then might we achieve great city status. Our visiting scholar is beginning to show us the way.

In the following pages, Professor Sacco has provided us with a feast.

Enjoy!

Photographs: Elvy Del Bianco, Francesca Del Bianco, Ali Thom & Raphael Thomas

An Approach to Cultural Policy in Vancouver[1,2]

Prepared for Vancity by:

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[1] This report could not have been written without the assistance of Elvy Del Bianco and countless conversations with Bob Williams. I am also indebted to the many peers, stakeholders and cultural operators that I have met during my visits to Vancouver. Although far too numerous to cite all of them here, I cannot help mentioning Jim Green, Bing Thom and Max Wyman. I am, of course, solely responsible for what is written.

[2] To obtain copies of original research material prepared in support of this report, please contact Elvy Del Bianco, Research Associate, Vancity, at 604.708.7715 or elvy_del-bianco@vancity.com.

I. Introduction: building competitive advantage for the nascent Vancouver knowledge economy

Every three years, the Organization for Economic Cooperation & Development (OECD) conducts the Program for International Student Assessment (PISA), a standardized test of 15-year old students from all member countries measuring their abilities for logical reasoning and proficiency in mathematics. The logical reasoning portion of the 2003 round yields the following average performance rankings:

GROUP 1: OVER OECD AVERAGE

1 Korea
2 Finland
3 Japan
4 New Zealand
5 Australia
6 Canada
7 Belgium
8 Switzerland
9 Holland
10 France
11 Denmark
12 Czech Republic
13 Germany
14 Sweden
15 Iceland

Centre 'A' Gallery, Hastings & Carrall

GROUP 2: WITHIN OECD AVERAGE

16 Austria
17 Hungary
18 Ireland

GROUP 3: BELOW OECD AVERAGE

19 Luxembourg
20 Slovak Republic
21 Norway
22 Poland
23 Spain
24 USA
25 Portugal
26 Italy
27 Greece
28 Turkey
29 Mexico

Robson Street, Boxing Day, 2006

In a knowledge economy, the reasoning abilities of teenagers may be seen as a key component of the economy's and society's "intangible infrastructure", i.e. as a key factor of competitiveness. **Sophisticated cognitive abilities are in fact necessary both on the supply and demand sides: to produce knowledge-intensive goods and services, and to use and enjoy them in a meaningful, satisfactory way. Measuring how such abilities are being developed by teenagers gives us an interesting view of the future prospects of specific knowledge economies.**

From the above ranking, it is apparent that Canada is building a considerable competitive advantage in relative terms with respect to most highly developed economies.

Within G7 countries, for instance, Canada ranks second after Japan (although the UK is not included in the survey). Especially striking is the position of the USA, whose performance falls well below the average. It must be said, however, that the steady flow of quality immigration from high-performing countries like Korea or China is partially responsible for narrowing the gap. (Although they are outside of the OECD survey, the performance of Chinese territories, such as Hong Kong and Macao, are excellent and comparable to the best OECD countries.)

For those parts of Canada, such as British Columbia, which also attract quality immigration of Asian origin, there is again an advantage for the future knowledge economy.

In spite of this striking performance, to date Canada has not managed to transform itself into a strong leader in the knowledge economy's competitive arena. One reason for this is a relative lack of symbolic capital: for example, with respect to the test rankings, Canada's fundamentals in terms of cognitive potential are definitely better than, say, Italy's, but Italy's identification (and self-identification) with the processes of knowledge production is still much more solid than Canada's. For Italy, this is the result of the outcomes of past endeavours in the field, an accumulation so substantial as to overshadow the current poor performance, whereas for Canada it is the other way round.

In the Canadian context, the case of Vancouver is especially interesting. The city is at the moment a booming location for the high-tech component of the movie industry, while at the same time being an increasingly preferred location for movie shooting as well. It has a vital cultural environment in practically every field of interest, a strong university and college system, and a growing array of activities in technological sectors. Nevertheless, Vancouver seems to lack a consistent cultural identity, and consequently, despite their relevance for the local economy, most knowledge-related activities remain an exotic field for a large part of the population, and take a rather peripheral place in the definition of the city's self-perception. Although as already remarked a large number of movies are now being shot in Vancouver, it is interesting to note that in most cases the actual city scenery represents some other city, be it New York, Chicago, etc, almost anywhere else other than Vancouver itself. **Vancouver is a city that constantly pretends to be some other city, in spite of its unique ambience, quality of life, and social and ethnic diversity. But as identity is, in a sense, the backbone of the knowledge economy, a weak identity is therefore evidence of some form of structural fragility.**

It is thus pretty clear that to date Vancouver has not managed to fully transform its good knowledge-related fundamentals into a form of strong competitive advantage, and as a consequence is likely to be missing good opportunities for value creation and economic and social development. Therefore, it is necessary to develop a full-fledged strategic approach whose implementation may act as a catalyst in this respect, pulling together all existing, under-exploited assets and potentials. But to elaborate on this approach, we need to first discuss in greater

detail the process through which knowledge economies are currently growing in the post-industrial scenario.

II. The virtuous circle of cognitive competence

The onset of a fully developed knowledge economy calls for a real social strategy of investment in individual and collective human development. A radical change is needed. The level of investment required is huge and relatively risky. In an economy that is based on knowledge, the really crucial infrastructure is to be found in the width of the mental space of people.

A familiar example that may illustrate this point is food and wine. At first this may seem unrelated to the issues and concerns noted above. One might ask, what have food and wine to do with knowledge? The only competence required is being able to eat and drink: big mistake. If I do not have enough competence to taste a wine's sensory characteristics, to link these to the characteristics and culture of the terrain that produced it, to embed the very experience of tasting in the right social context of friendly exchange -in other words, to insert this experience in a meaningful way into the definition of my identity model and lifestyle- the experience of drinking will boil down to a mere swallowing of a given quantity of alcohol, a form of consumption that may easily lead to addictive behaviour and many other forms of misuse.

It is important to stress the three different dimensions that enter a proper definition of wine tasting: **cognitive** (getting and processing relevant information), **social** (finding the right interaction context), and **identitarian** (relating to my own model of personal development and quality of life). These are, in fact, the three tenets of the knowledge economy, the three intangible assets that rule value creation: human/ informational, social, and symbolic capital.

Only if I acquire the proper capabilities and if I integrate them into my behavioural scheme harmoniously will I be able to give the experience of quality wine tasting the right meaning, which I could also recognize in terms of a willingness to pay for a given bottle. And only if the pool of prospective buyers has enough such capacity will wine producers guarantee themselves viable profit margins to afford to invest in constant quality R&D activities.

If all this happens, we witness the onset of a virtuous circle of talent and competence: that of buyers paving the way to an increased competence of producers and sellers, which in turn fosters that of buyers, and so on. The virtuous circle attracts new consumers, and lures new talent into pouring their creative virtue into this specific field which is rewarding both economically and professionally. The market grows, professional training continuously improves, reputation is built, and the wheel keeps turning at an increasing speed.

Robson Street

In a nutshell: the width of the mental space of producers and consumers expands, is prepared to host more information and competence, to induce more expert and motivated evaluations and behaviours, and this lays the premise for the creation of increased economic value, and so on.

But if competences are not built and consolidated, and buyers keep on reasoning solely in terms of mere quantities and prices and without special concern for quality and appropriateness, producers will be forced to lower quality to keep up with competitors unless they want to be outperformed by those who make low quality but cheap wine; consequently, what could have been a burgeoning economy is now bound to decline.

We have intentionally chosen the example of wine (a totally analogous reasoning can be made for quality food) to emphasize how the virtuous circle of competence has to do with any kind of knowledge-intensive good. But it is clear that the dilemma is particularly evident in the case of cultural -and more generally creative- industries. We face two opposing types of risk: on the one side, that of secluding a substantial share of such industries to the "rarefied air" of connoisseur demand, adapting to the potentially self-referential drive of cultural ambits such as cutting edge contemporary visual or performing arts; and, on the other side, that of gradually downgrading the quality and content of cultural production to accommodate the perceived tastes of large audiences that can only be enticed by plain entertainment.

In fact, the golden path lies in the middle: developing wider and wider audiences that may take advantage of high productive standards and that are willing to pay for it.

This is not only beneficial in terms of the creation of new cultural markets and the development of a fully articulated knowledge economy, but also in terms of individual and collective well-being.

Developing a richer menu of choice through access to cultural experiences amounts to expanding the individual sphere of positive freedom (i.e. the freedom to choose options that match our deepest inclinations and potentials) and thus to promote quality of life. This is confirmed by the recent literature on the topic that identifies clear positive correlations between access to cultural opportunities and reported subjective levels of happiness.

Expanding and strengthening cultural audiences is therefore a win-win strategy that is entirely beneficial in the scenario of the economics of knowledge. To this purpose, we have to elaborate in greater detail the nature, extent, and characteristics of creative and, in particular, cultural industries.

III. Creative industries

According to the now classic definition set out by UNESCO, the term "creative industries" refers to all those productive sectors that combine creation, production and marketing of intangible creative content of a cultural nature, usually protected by copyright and which may take the form of a good or service. The UK's

Department of Media, Culture & Sport (DMCS) proposes the following classification by sectors, which have been adopted by UNESCO and many other countries, especially those belonging to the Commonwealth:

1 advertising
2 architecture
3 art & antiquities
4 crafts
5 design
6 fashion design
7 film & video
8 interactive leisure software
9 music
10 performing arts
11 publishing
12 software
13 television & radio

Robson Street, Boxing Day, 2006

In the case of the UK, which may be considered the leading country in the field, 2004 data concerning creative industries includes the following[3]:

- creative industries represent 7.3% of Gross Value Added for 2004;
- creative industries have grown on average by 5% annually between 1997 and 2004, against an average of 3% for the whole economy;
- three sectors in particular have grown above average: software, games & electronic publishing (9% annually), television & radio (8%), and arts & antiquities (7%);
- creative industries exports in 2004 totalled £13 billion, or 4.3% of total national exports, of which more than one third is attributable to the software, games & electronic publishing sector;
- in summer 2005, creative industries absorbed about one million workers, while another 800,000 workers found creative jobs within other productive sectors;
- employment in creative industries has grown at a rate double that of the entire economy (2% annually vs. 1%); the growth of the workforce in the software, games & electronic publishing sector has been 6% annually, whereas growth in the design and fashion design sectors has been 5% annually; and,
- roughly two thirds of the firms studied (the very small firms that are typical of the crafts sector and generally overlooked) are concentrated in the following sectors: software, games & electronic publishing, music, visual arts, and performing arts.

The UK data provides a clear idea of the role that creative industries are going to take in the nascent knowledge economy: they are extremely dynamic sectors, growing and generating new jobs, and open to international competition. Within this general framework, there is a prevailing tendency that further splits creative industries into three sub-groups:

[3] Source: DCMS Creative Industries Statistical Bulletin, September 2006.

1 Productive creative industries, which is to say those which operate through the production of tangible objects and final consumption goods (publishing, television & radio, film & video, interactive leisure software, fashion design).

2 Service oriented creative industries (advertising, architecture; although the latter is centred on the production of a substantial material artifact, its sale is not part of creative markets but rather of real estate; here it refers to the sale of services generated by such artifact).

1+2 Hybrid industries on the border between production and service (software, design, music).

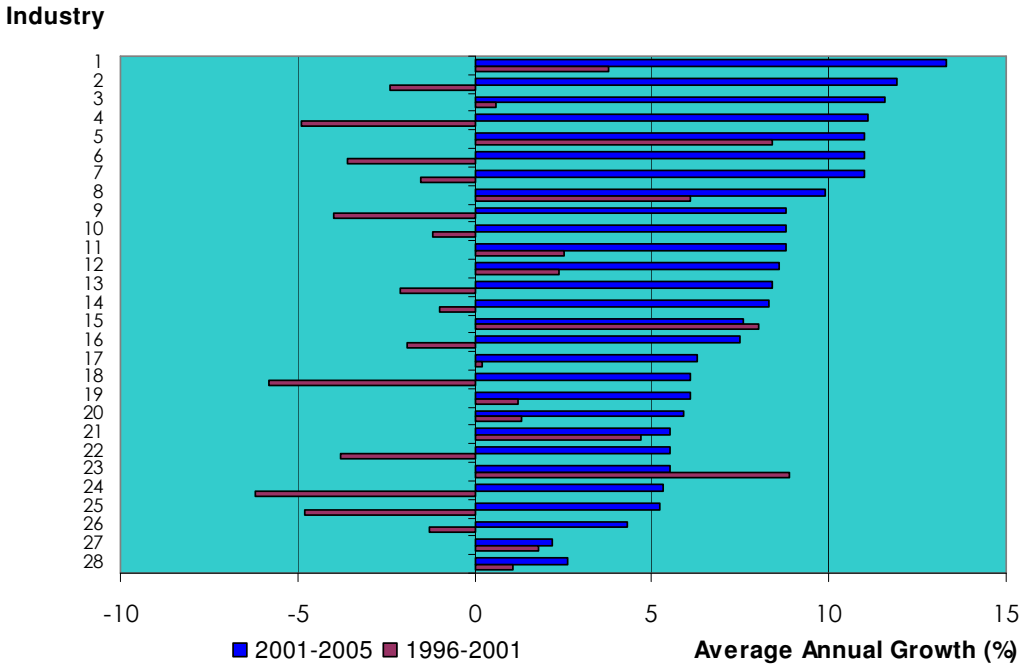
3 Arts & crafts (performing arts, arts & antiques, crafts) which may produce material objects but in small quantities and often for relatively small audiences.

The third subgroup can typically be distinguished for its characteristic small or very small firm dimension and its relatively small value added, but also for an extremely strong vocational dimension that pushes producers to remain in the market often independently of strictly economic motives such as profitability, size of the audience, and so on. If we exclude small and very small firms, the workforce is distributed as follows: 35% in the production agglomeration, 61% in services, and 4% in arts & crafts.

More generally, however, one has to point out that the capacity for the creation of economic value in creative industries is to a good extent due to the extremely vital world of small, very small, or even single-person firms that restlessly generate new ideas and experimentations. The macroeconomic consequences of the growth of creative industries does not necessarily lead to the conclusion that creativity can be engineered and take over the natural channels through which creativity comes to light: that is to say, rather than adapt to the behavioural and organizational schemes which are typical of the large firm, the processes of invention and the discovery of individuals and small creative groups may find a most adequate and favourable environment even within large and very large corporate contexts. Such individuals and creative groups are located at the top of the creative industries value chain and therefore make up the most strategic and less substitutable part of the whole bunch. **It is the generation of original ideas, rather than their transformation into product formats, that is the crucial element of the competitive potential of creative industries.** And because the former is scarce while the latter is not, we can therefore also conclude that the tiny (in value and employment terms) agglomeration of arts & crafts, which even fails to be monitored due to its corpuscular nature, acquires a crucial role in the generation of innovative ideas, especially in the cutting edge components of the visual and performing arts fields. **One then has to resist the temptation to measure the value and the relevance of creative industries merely on the basis of generated turnover**: it is in fact a far more complex system, characterized by specific and subtle interdependencies, that call for a profound understanding, as they are amenable to gross misconceptions when analyzed with the toolkit of traditional industrial economics.

The available data for British Columbia to date concerning cultural industries are far less structured than the UK's, but they provide us with useful clues about the current situation and its potential developments.

BC Employment Growth, Top 25 Industries[4]



1 Business Services
2 Motor Vehicle & Parts Wholesaler-Distributors
3 Machinery Manufacturing
4 Retailers of Building Materials & Garden Supplies
5 Waste Management & Remediation Services
6 Agriculture
7 Construction
8 Beverage Product Manufacturing
9 Advertising & Related Services
10 Performing Arts, Spectator Sports & Related Industries
11 Universities
12 Oil & Gas Extraction
13 Miscellaneous Wholesalers & Distributors
14 Architectural, Engineering & Design Services
15 Fabricated Medal Product Manufacturing
16 Legal Services
17 Truck Transportation
18 Non-Metallic Mineral Product Manufacturing
19 Publishing Industries
20 Health Care Services (other than hospitals)
21 Amusement, Gambling & Recreation Industries
22 Food & Beverage Wholesaler-Distributors
23 Security Services
24 Real Estate
25 Local, Municipal & Regional Public Administration
26 Goods-Producing Sector
27 Services-Producing Sector
28 All Industries

Focusing on employment growth, average annual increases for 2001-2005 reveal that among the 25 top scoring industries we find advertising (ranking 9th with an 8.8% increase against a 4.0% decrease in the previous 1996-2001 period); performing arts, spectator sports & related industries (10th, an 8.8% increase vs. a 1.2% decrease in 1996-2001); architectural, engineering & design services (14th, an 8.3% increase vs. a 1% decrease in the previous period); and, publishing industries (19th, a 6.1% increase vs. a 1.2% increase in previous period). It is also interesting to remark on the

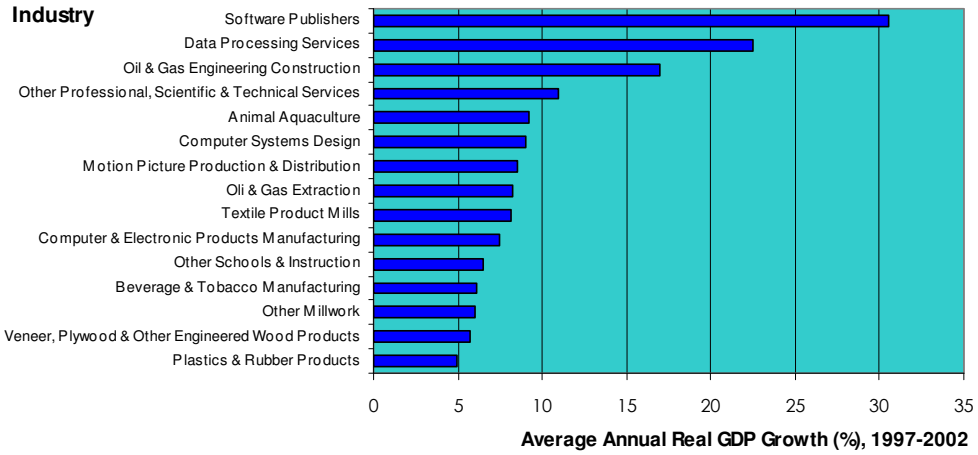
[4] Source: Business Council of BC, after BC Statistics data, *Policy Perspectives*, Vol. 13, No. 2, May, 2006.

performance of universities (11th, an 8.8% increase vs. a 2.5% increase in the previous period). **From the employment data available it is clear that there are cultural industries in BC which are now absorbing the workforce at a considerable pace, and had been doing so during a period in which the province had been *expelling* its workforce: there is clearly a dynamic change of regime in the economy that reflects, at least in part, the knowledge economy revolution.**

But it has to be said that, unlike what happens in the UK, the frontrunners of BC's economy still remain traditional sectors such as business services (ranked 1st), motor vehicle & parts wholesalers & distributors (2nd), machinery manufacturing (3rd), retailers of building material & garden supplies (4th), waste management & remediation services (5th), agriculture (6th), construction (7th), and beverage product manufacturing (8th): these are the sectors that beat the most dynamic cultural industry to date, namely, advertising. In other words, the most dynamic sectors of activity are still firmly rooted in the industrial economic setting, and even agriculture reveals an outstanding occupational dynamic. One has moreover to stress the building boom, which is clearly revealed in both the data and the urban dynamics of the GVRD, a boom that is responsible for the good performance of the architectural & design services sector itself. The locational factor seems at the moment to play a role more in terms of attracting new, high-income residents than of creative workers and entrepreneurs.

The picture changes a bit, however, when one analyzes these dynamics in terms of increases in value added.

Average Annual Real GDP Growth, 1997 – 2002[5]



In terms of the average annual compounded percentage increase in real GDP over the 1997-2002 period, the software publishing industry is ranked 1st with a 30.5% increase for BC (against a 24.7% for the rest of Canada), computer systems design & related services is 6th (but with 9.3% against 19.7%), motion picture & video production, distribution & post-production is 7th (9.1% vs. 8.5%), pay TV, specialty TV & program distribution is 13th (8.4% vs. 9.5%), and amusement & recreation industries

[5] Source: Business Council of BC, after Statistics Canada Data, 2004.

is 16th (7.3% vs. 4.9%). A good performance is also found in educational services: other schools, instruction & educational support services (17th, with 6.6% vs. 6.6%), universities (25th, 5.9% vs. 0.4%: a remarkable gap indeed), and community colleges (28th, 5.6% vs. 3.2%). In terms of value added, then, the primacy of creative industries begins to be manifest, and especially for the booming industry of software publishing, and with a particularly good performance for the film/video sector that is, as it is well known, finding in the Vancouver area one of its principal global level hubs. **However, the evidence is once more mixed: the positive signals are very sectorial and, in particular, there is no evidence that creative industries overall are assuming a central place in defining BC's (and Vancouver's) future competitiveness model**. Not incidentally, then, the Business Council of BC's July 2005 Bulletin, in fleshing out the key trends that will shape the BC economy through 2010, practically ignores the development of creative industries with the partial exception of one trend concerning the recovered driving force of the, broadly defined, high-tech sector, of which new media are a key component.

Another set of data -from the City of Vancouver's Creative City Task Force estimates based on 2001 census, and with all due differences in the definitions of the statistical aggregates- notes the percentage of cultural workers in the total Canadian workforce as 1.75%, with Toronto, Montreal and Vancouver scoring, respectively, 2.6%, 2.39% and 2.68%. But regarding percentage changes over the 1996-2001 period, the cultural labour force grew by 25.3% in Toronto against the 10.8% growth of the general labour force, by 23.7% vs. 5.3% in Vancouver, and by 22% vs. 4% in Montreal. **The level of education of cultural workers tends to be significantly higher than that of the non-cultural workforce; however, the incidence of low income families in the cultural workforce is again substantially higher than among non-cultural workers, and particularly so in Vancouver. Self-employment is more than fourfold more frequent than in the non-cultural workforce, and again particularly so in Vancouver; also, part-time work is more frequent, and again Vancouver represents the peak**.

The average income is generally well above the overall labour force's level in the design-related and information services professions, but generally below that level in the performing, literary and visual arts, with a significant gender gap. In terms of internal migration of the cultural labour force over the 1996-2001 period, the Vancouver region performs rather badly when compared to the country's two other major cultural cities: the net internal migration is roughly one-ninth of that of Toronto and Montreal, and the gap remains significant in terms of revenues generated by such major creative industries as film & television, book & periodical publishing, sound recording, and performing arts. Instead, there is practically no gap in the case of heritage institutions and art galleries.

As for consumer spending on culture in Canada, the total amount for 2001 was $21.3 billion or 3.2% of total consumer spending (against $18.2 billion for tobacco, alcohol and gambling); however, more than 50% of this figure can be ascribed to home entertainment. It is also worth noting that over the 1997-2003 period, consumer spending on culture rose by 36% against a 14% cumulative inflation and a 6% population growth. The data for BC notes spending of $3.1 billion on cultural goods in 2003, or 3.3% of all consumer spending. The data for Vancouver reports $1.5 billion spent on cultural goods in 2001, $53 million of which consisted of expenditures on live entertainment. **It is interesting to note that in BC the age group with the highest**

attendance is under 30 (46.1% of the cohort), and the province records the third highest overall attendance rate in Canada -in particular the highest theatre, museum, and art gallery attendance rates- and the second highest attendance rates for classical music and dance. In contrast, attendance for pop music is decreasing. In terms of BC's GDP, tourism was the leading industry in 2004, closely followed by information and cultural industries, whereas arts, entertainment and recreation ranked 8th. (There is clearly some heterogeneity in the definition of the various aggregates from source to source.)

Therefore, the striking difference between the UK and BC cases is not in the figures, but rather in the strategic role given to the development of creative industries: central, so much so as to become the reference point for the redefinition of the nation-wide competitive model for the UK, vs. peripheral and ill-focused for BC, in spite of a promising although still sectorial dynamic both in terms of value added and employment. As a result, one cannot help thinking that a more strategically focused policy for BC's creative industries would be likely to unleash a development potential that is still mostly lying underground.

IV. Innovation in a knowledge economy: advanced cultural clusters

Economic geographers are today witnessing the increasing importance of the geographical factor in explaining the dynamics and performance of productive sectors. In particular, the logic of spatial agglomeration is taking an increasingly central place in the analysis and explanation of competitive processes, and this directly leads to the role of cities as hubs of a new organizational model in which production, living, leisure, and social relationships tend to occur in the same, complex-layered economic and social space.

These agglomeration processes have already characterized the mature phase of the industrial regime, but with the post-industrial transition they have utterly increased in their subtlety and complexity. The familiar industrial paradigm, which has developed different local variations, concerns agglomerations that are modelled on the needs and characteristics of a specific product or class of products that become an integral part of the identity of a location: be it textiles, cars, furniture, or food.

What made such agglomerations unique, however, was not simply the high concentration of firms operating in a given sector. Rather, it was what the great economist Alfred Marshall called the "industrial atmosphere"; that is to say, all those who lived in a place characterized by a certain productive specialization, from the most industrial to the most craftslike, had access to an immense wealth of diffuse competences that were transmitted in any moment of one's social life, from daily practice in the workplace, to casual conversations at a coffee table, to family discussions. **Competitor locations could imitate machinery and hire expert workers and technicians, but they couldn't transplant into their social space the socio-economic context which underpinned the whole process.**

An immediate implication of this dynamic in the new scenario of the economy of knowledge and innovation is that **one cannot hope to make innovation and**

knowledge-generation processes socially sustainable unless knowledge and innovation themselves become part of the industrial atmosphere, i.e., unless new ideas and information, their production and dissemination, become the backbone of the daily life of people in all its aspects.

There is, however, a subtle and crucial difference between the industrial atmosphere of the industrial age and that of the post-industrial era. In the post-industrial context, value creation increasingly mandate sustained radical innovation, which is not compatible with a single productive specialization, but on the contrary requires heterogeneity, hybridization, and contamination -often occurring in un-planned, unforeseen ways– between technologies, processes, and products.

The driving force of the traditional industrial agglomeration is vertical integration: that is to say, the control of all the steps of a given value chain, either by their incorporation into one big firm that gradually spreads from its core and original productive specialization to the control of the sources of raw materials on the one side and to the marketing and distribution of the final product on the other side, or, alternatively, through a complex coordination scheme in which different, smaller firms all manage one or few steps of the value chain and establish stable relationships that make them act on the whole as if they were a big, all-encompassing corporation. In the latter case, of course, there may still be competitive processes at each step of the value chain with different small firms willing to carve a niche in the whole game, but overall, and possibly also thanks to competitive pressure, the economic coordination mechanism works efficiently and is able to react very quickly and effectively to market demands and to the moves of competitors operating in different productive locations.

Location is clearly very important for vertical integration: not only to promote the coordination of small firms, but also to exploit the industrial atmosphere effect and to maximize the possibility of face-to-face transactions that are so crucial in establishing mutual trust and thus the stability and reliability of the decentralized coordination scheme.

While vertical integration may be a must in the industrial context, it may turn out to be a hindrance in the post-industrial scenario, where the logic of competition changes from the constant maintenance and amelioration of given products to radical, knowledge-intensive innovation. Whereas vertical integration is meant to consolidate a firm's capacity to root itself firmly in the production chain of a given good or service, **what is now needed is, as already remarked, heterogeneity and hybridization, that is to say, a constant dialogue *between* different value and**

production chains: namely, a *horizontal* form of integration. In locations where the new challenge of radical innovation has been temporarily met, one witnesses new forms of strategic complementarity among firms doing different kinds of business, and not different aspects of the same business. What gathers them under a common roof of interaction is the common need for innovation, or culture of risk, and sensitivity to change.

To do this, entrepreneurs and workers of various firms have to share a common location, foster frequent, informal encounters, and engage in pilot projects: in other words, they have to exploit the advantage of location in a novel way, one that leads to a new model of agglomeration. **Such a new agglomeration model can be synthetically termed an "advanced cultural cluster", characterized by an industrial atmosphere strongly oriented toward the production, absorption, consolidation, and dissemination of new thoughts and technologies, by an ethics of competence, co-opetition and risk, but also by a strong sensitivity toward social inclusion**.

In this industrial atmosphere, diversity is a value; more specifically, it is the main asset to be preserved and cultivated, in that maintaining a vital, ever-evolving diversity is the real engine of change. We thus speak of advanced clusters as somewhat different from, and more complex than, traditional industrial agglomerations, in that **the unifying factor is not a given product but a common orientation to radical innovation. And we also speak of cultural clusters in that in the best observed cases it is culture that works as a "system activator", the element that spurs the local community to interiorize the challenge of radical innovation. Actually, culture becomes the social grammar through which the discourse of innovation is spelled out**.

In advanced cultural clusters one finds increasingly complex forms of strategic coordination between heterogeneous operators such as public administrations, firms, universities and schools, cultural producers, civil society. The link is a commonly built passion for experimentation and discovery and the building of extra capabilities to sustain it; a passion that is fed by an increasing social pervasiveness of cultural experiences, which is the actual ground on which this craving for the new is tested and reinforced.

It is not simply a matter of creating a more intense dialogue between production and research, between the firm and the R&D lab: the latter is an achievement that can be by now abundantly taken for granted, at least in the more advanced knowledge economies. Consequently, insisting on this direction may be beneficial but with decreasing returns limited to temporary effects only. The real issue now is involving the *entire* local community, in all its parts and diversity, into the challenge of innovation and the creation of a new type of industrial atmosphere.

This is clearly not a magical outcome that arrives out of the blue, but the result of a lengthy and sometimes painstaking process that is generally promoted by a single, visionary component of the local system, gradually absorbed and adopted by others, and leading eventually to a macroscopic, spectacular acceleration once critical mass has been reached. That is to say, once the new orientation has spread over enough of the population to inform a large enough number of individual choices and behaviours to generate visible macro effects: this is what in physics is called a "synergetic phenomenon".

If cultural experiences are seeding deeply into behavioural models and expectations of the well being of the local community, *then* a given location manages to sustain a constant tension toward innovation and creativity that benefits all of the knowledge-intensive production sectors: consequently, cultural, and more generally creative industries themselves become more profitable because of a solid, local demand base. **But the role of creative industries in this process is not simply that of providing one of the most powerful economic multipliers of the culturally-induced production of value added; they are at the same time *the* paradigmatic case of horizontal integration among heterogeneous productive sectors**. There is probably no other case in which we have a so well documented and apparent illustration of the effects of cross-contamination and unplanned, spontaneous relationality that leads to impressive innovative accomplishments. Practically any possible match between any randomly drawn couple on the list of creative industries has generated or is now generating interesting innovation: fashion design and video, literature and film, visual arts and design, music and software etc.

This is to say nothing of more complex hybridizations that simultaneously involve three or more industries. In the perspective of the development of an advanced cultural cluster, therefore, creative industries play a twofold role: consolidation and expansion of cultural audiences in an economically viable manner, and at the same time providing a working model of cross-contamination that can be gradually adopted by firms that operate outside the creative sectors proper. **It is not accidental, as it has been noted above, that the number of creative workers hired by firms that operate in non-creative sectors in the UK now almost matches the number of creative workers hired by creative firms**. Local opportunities for "artists in residence" could well mark the beginning of Vancouver's emulation of the UK pattern.

V. Identity and experience in a post-industrial economy

At the root of the development of the knowledge economy there is a still largely overlooked long-term trend that has to do with the real meaning and implications of the post-industrial transition. In a nutshell, the mission of the industrial revolution was the sheltering of a nation's population as a whole from the threat of "scarcity" –the lack of resources that are essential for survival. In the mature phase of the industrial era every society witnessed extensive malnutrition, lack of essential hygienic norms, and lack of access to basic health, education, or even basic housing. Although these criticalities have not completely disappeared from industrially advanced societies, they now refer to conditions of extreme marginalization that are relatively exceptional and are systematically treated by an articulate system of social services and care. The industrial era reaches its end at the moment in which the representative individual in the society has ceased to perceive him/herself as haunted by the demon of scarcity in the traditional sense –that is to say, in the sense that has characterized the economic history of the human kind from, say, 100,000 BCE to now.

The spectacular gains in productivity that have been made possible by the subsequent waves of technological revolution that have characterized the industrial era have managed to ensure virtually all citizens of modern economies an abundant provision of goods and services that meets all the basic demands which

lie at the core of the very notion of scarcity. This does not mean, of course, that scarcity is no longer a relevant concept in post-industrial society. But the point is that this term has undergone a substantial change in its meaning, and this change in meaning is ultimately the key to understanding the sense of the post-industrial transition. According to the traditional meaning of scarcity, goods and services are tailored to meet consumer's needs, and more generally tastes (which become relevant insofar are one can meet needs through an increasing menu of viable alternatives). In this scenario a good or service is desired *because* of its capacity to satisfy a given need or taste. This is the reign in which the consumer is the sovereign, and the actual architecture of competitive markets has been designed and has evolved to make this sovereignty as unrestricted as possible. Giving consumers the possibility to access goods of a given quality at the lowest possible price becomes the hallmark of economic efficiency and societal welfare.

But when satisfaction of needs becomes assured as the means to satisfy them become manifold, taste becomes increasingly relevant, to an extent that the pure act of choosing becomes increasingly laden with an expressive content. If the development of taste as a category of social segmentation and differentiation has been a common thread through human culture, in the post-industrial transition we witness a radical mutation in the nature of tastes, in their relationship with individual and collective identity. Although the social nature of tastes has always been recognized in any human culture, up to the completion of the industrial era, identity itself has been largely predetermined by social constraints so that "taste" has become the field of expression of individual idiosyncrasy, to such a degree as to be perceived as an undisputable trait of one's individuality (*de gustibus non disputandum est*). Given that I am a steelworker, a lawyer, a goldsmith etc. and that therefore there is a predetermined set of objects and habits that are "convenient" to my socially determined identity, I am at least free to choose that particular dress, or food (or spouse) within a feasible set, and this accounts for my individual specificity: there is a limited realm where I am free to choose my personal inclination, largely perceived and represented an innate.

As the industrial era comes close to its end, however, it becomes clear that the social constraints to individual identity begin to melt down very quickly, and the notion itself of "convenience" associated with a certain social status tends to lose meaning. Identity is less and less a social a priori and more and more an act of deliberate, constructional individual choice. With the democratization of education, the relativization of social custom, the explosion of possibilities for long-range spatial mobility, not only is social mobility drastically increased, but it becomes feasible for individuals to aim at shaping their existence in ways that are even radically at odds with those of one's parents and relatives. The object of choice is therefore no longer confined in individual variations (tastes) within a given, pre-determined context (social identity), but becomes to an outstanding degree identity itself, which is less and less social and more and more individual (i.e. maintains but weak links to ascriptive characteristics). Whereas in the past industrial era the individual realm of tastes is the one in which the individual is genuinely free to chose and has to report to no-one, in the post-industrial era the act of choice is the object of a constant scrutiny and evaluation from the external social environment, it is an endless test that calls us to justify and narrativize our choice to command respect, consensus, admiration – or despise and blame.

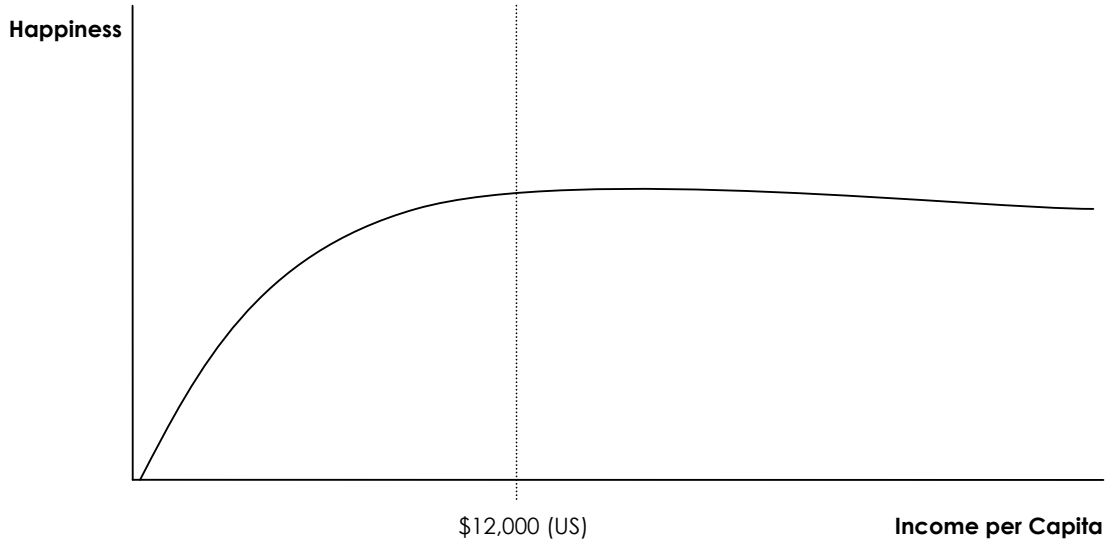
A few minutes ago I surfed the internet to check an online dictionary, and the banner on the top of the page, advertising the University of Phoenix, said: "It's your world. Take command". This is only one of the countless messages that we now receive everyday to testify that, basically, the essence of living in a post-industrial society is choosing at every moment what we want to be.

Robson Street, Boxing Day, 2006

The name of the game is no longer filling the basket with goods of our choice; it is finding a strategy for constructing a meaningful, sustainable, rewarding identity. In this context choosing goods is simply a way to articulate our strategy, but it is not by any means the key to our well being. We can be replete with goods, to a degree that surpasses any conceivable notion of material abundance, current and past, and at the same time we can nevertheless be totally desperate in terms of self-esteem and personal fulfillment.

These dynamics are pointedly reflected in the geometry of the so-called Easterlin curve: when one plots on a graph a country's average income per capita vs. its level of happiness, as measured by polling representative samples of the population with reference to their self-evaluation of their own existential fulfillment as expressed by a simple, pre-determined scale, it turns out that, up to a threshold lying approximately around $12,000 (US) per capita, there is a very strong correlation between income and happiness, whereas beyond such a threshold the two suddenly become practically independent.

The Easterlin Curve



Intuitively, countries below a $12,000 per capita income are still within the industrial regime and have yet to secure a decent level of available resources for large parts of the population: no wonder then, in this region, an increase in income translates steadily into an increase in happiness. More income here means better accessibility to goods and services that certainly serve well-being and increased individual fulfillment. But beyond the threshold, extra income, even if converted into goods and services, does not necessarily generate well being: this depends on a vast array of factors, including the nature of the reference group with which the individual compares their well-being in terms of affluence and accomplishment, the level of individual effort and psychological stress needed to secure that income, the quality of the individual's affective relationships, and so on.

Robson Street, Boxing Day, 2006

Therefore, the crossing of the $12,000 threshold amounts to a shift from an economy of survival to an economy of identity, and to a parallel shift in the very notion of scarcity. Beyond the threshold what is scarce is no longer resources, but effective identitarian traits that are accessible to individuals to build their identities, which are only partially appropriable though income; in fact, those traits that are more appropriable through income are those which are more amenable to competitive appropriation from other individuals and therefore more unstable and precarious.

Basically, we can distinguish two alternative strategies for the construction of individual identity: Identity Through Objects (ITO) and Identity Through Experiences (ITE). They are clearly not mutually exclusive alternatives: nobody can reasonably live without both. But the point is the relative importance that they acquire in the construction of identity. In its essence, ITO is based on the accumulation of objects that are carriers of strong identitarian traits, which are transmitted from the object itself to its proprietor. In principle, in a post-industrial economy every object is endowed with identitarian traits, as one can readily confirm by carefully analyzing practically every commercial dispatched on any type of media: the "objective" features of the good receive less and less emphasis (or, better, are presented without any attempt at certification or credibility); what counts is how they relate to the (prospective) buyer's personal, identitarian attributes. Clearly, there are objects that play a central role in the definition of identity (in general, the most expensive ones or the ones most linked to self- and others-perception, such as clothing, cars, real estate, home furniture etc), whereas others play a relatively peripheral role. But even apparently marginal goods can prove important in given circumstances, and therefore even the water one drinks and the pet food one buys can be the object of self- and other-scrutiny at some point.

The main aspect of ITO is its inherently competitive character (with a few exceptions of limited practical importance). By definition, objects are on sale and therefore everybody can in principle buy them if they are available and if the buyer has enough purchasing power. Therefore, the identitarian consequence of possessing a given good is largely dependent on who else does, and on who possesses alternative goods that can be regarded as competitive substitutes of the former.

Hastings Street, Downtown Eastside

Thus, if from the point of view of the economics of survival my house is sufficient insofar as it accommodates all members of the family in a satisfactory way, is conveniently located with respect to workplace and essential shopping facilities, is well exposed to sunlight, is comfortable etc. From the point of view of a ITO-based economics of identity all these characteristics, although important, are not enough to determine satisfaction, which depends on the kind of houses owned by the members of my reference group: I could have a "perfect" house by old standards, or I could get a better one and still feel frustrated looking at the even better house of one of my "friends" or acquaintances. This is why income increases may prove to be overall welfare *destroying*, insofar as they downgrade the happiness perception of some (the ones who benefited relatively less or were less able to convert it into identity-generating goods which are effective within the reference group) more than it upgrades.

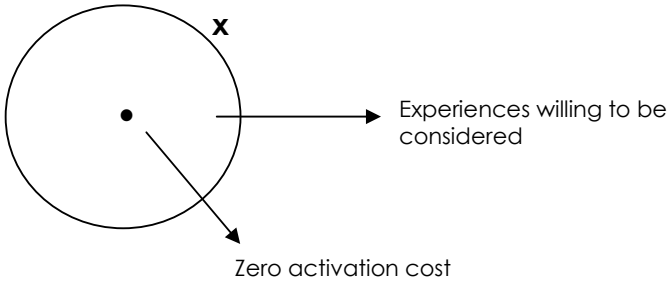
The channel through which one has access to identity-generating objects is, as remarked, purchasing power. Unless one can draw on substantial personal finances, the acquisition of identity-building objects then requires a high income-generating capacity that in turn calls for substantial amount of time spent at work. The direct consequence of this is the shortage of quality free time that can be devoted to the development of personal relationships, with the result being a progressive depletion of the person's friendship circle or, worse, the substitution of friendships based on non-instrumental sympathy with acquaintances tendentially related to the workplace or to the conspicuous consumption social environment (or both). These are relationships laden with instrumentality, where the individual's pressure to perform in the identitarian arena are huge. Lacking stable moments of non-instrumental relationality creates a sense of loneliness, that in existing conditions cannot be compensated directly (you can't by definition buy non-instrumental relationality, you necessarily have to invest time in it, but time is the scarce resource here).

The only alternative is to fall back on identity-laden goods as compensatory devices, but this results in further pressure to obtain purchasing power, a greater workload, and so on. **We thus witness the onset of what we might call the vicious circle of relational poverty, which tends to be responsible to a large extent for the loss of the correlation between income and happiness**. Although there is of course nothing bad in buying pleasant objects per se, ITO as a strategy for the construction of identity and the achievement of personal fulfillment is however often conducive to individual and social sub-optimal solutions.

The alternative, as already remarked, is ITE. Although experiences may also be costly in financial terms, there is actually an abundance of experiences for which purchasing power per se is not crucial in terms of access. Rather, what is more crucial is the intangible cost of access which has to do with the basic capabilities that are required to enjoy and give meaning to it. We can call this intangible cost the *activation cost* of a given experience, which is amenable to a rigorous analytical definition but that herein for our purposes, may be seen as directly related to the intrinsic complexity of the experience and to the pre-existing experiential base of the individual. Thus, to make an example, listening with due concentration and participation to a symphonic concert when one's experiential base is entirely made of three-minute-long pop songs is more difficult than when one has a substantial experience of listening to classical music; moreover, listening to a Mozart symphony, whose duration is relatively brief and whose musical language is relatively familiar, is easier than listening to a hour-long Mahler symphony, or to a dodecaphonic Schoenberg piece.

Each possible experience therefore entails an implied activation cost, that every individual instinctively evaluates, judging whether or not (s)he is willing to pay it. We can assume that individuals typically adopt a simple "cutting strategy": they determine a threshold "X" that measures their maximal propensity to pay activation costs in a given moment. If the perceived cost of experience "E" exceeds the threshold X, then the individual is simply unwilling to consider it as a possible option of choice, even if it is available for free. If the perceived cost is below X, then it is a viable option. We can therefore define an individual's experience space as the set of all possible experiences whose perceived activation cost does not exceed X.

Activation Cost



Dynamically, the radius of one's experience space tends to expand with time (i.e., X increases) insofar as one often accesses challenging experiences (i.e. experiences whose activation cost is close to X); in contrast, it shrinks (i.e. X decreases) insofar as one tends to access experiences whose activation cost is substantially lower than X. For individuals to preserve a wide enough experience space, they have therefore to live in an experientially pro-active social environment that stimulates them to undertake challenging experiences, which is also rewarding in terms of identity recognition. Drawing on our previous discussion, it is easy to realize that innovative societies that gain a competitive edge in the knowledge economy scenario are societies in which ITE plays a key role and the logic of personal relationships stimulates individuals to invest in building personal capabilities that give access to complex experiences. In fact, maintaining a social orientation to innovation in this perspective essentially boils down to an extensive adoption of ITE as a strategy for identity building.

Unlike Identity Through Objects, Identity Through Experiences may (if need necessarily) foster social cooperation rather than competition, insofar as knowledge and capabilities are not used as tools for positional differentiation from others but rather as means of cooperative social exchange in terms of sharing of interests, information, and value orientations. At the same time, the width of the experience space of individuals, in addition to being one's knowledge and identity asset, is also what motivates individuals to demand (and pay for) cultural experiences, and therefore for the viability of the knowledge economy, according to the logic of the virtuous circle of cognitive competence discussed above. **Finally, Identity Through Experiences is preferable to Identity Through Objects in terms of both social and environmental sustainability**, in that, on one side, it does not urge individuals to lock into self-defeating identity building strategies of the "arms race" type but may rather foster genuine interests for diversity and communication and, on the other side, does not require individuals to unconditionally increase their demand for exclusive, identitarian goods that makes politically unfeasible any attempt at a reasoned limitation of the ecological footprint of our social and economic systems.

A final point to be discussed is linked to the permanence of satisfaction generated by ITO vs. ITE. Although the satisfaction value of a just-acquired object can be immense and exhilarating, it is well known that it tends generally to decrease steadily through time as new thrilling objects climb on the stage (and as the old ones get acquired by an increasing number of people and/or go out of fashion). This generates something quite similar to the familiar law of decreasing marginal utility that is typical of classical consumption theory. Vice versa, in the case of ITE the satisfaction value of a given experience may even increase with time, especially when it turns out to be a "foundational" experience that paves the way toward a previously unknown and unexpected universe of meaning. And this is all the more likely the higher, in relative terms, the implied level of activation cost, i.e. the size of the cognitive investment in capabilities being made. The reason is that the higher the activation cost, the more complex the "inner structure" of the experience and the less likely it will "die out" with subsequent repetitions or re-evocations. In contrast, experiences characterized by a relatively low activation cost (such as, say, very commercial pop songs) tend to exhaust their satisfaction potential very quickly in that their structure is so simple that the individual, by repeating the experience or by re-evocating it often enough, easily reconstructs its structure and easily gets bored by it in that it becomes entirely foreseen and therefore lacking in any extra discovery or information value. **Unlike Identity Through Objects, Identity Through Experiences tends thus to be characterized by a form of increasing returns: if experiences are valuable enough in terms of information content, their satisfaction value tends to increase through time**, and more so the more the experience base of the individual is widened by subsequent experimentation.

Robson Street, Boxing Day, 2006

VI. Toward a methodology for policy design of culture-driven local development strategies

The development of cultural industries is therefore to be embedded in a more general model of culture-driven local development based on the capacity building of the local community as an indispensable premise to the development of a truly inclusive and welfare-promoting economics of knowledge. Unlike earlier models of endogenous growth that were based on more reductive forms of economics of knowledge (such as those linked to the so-called "new economy"), in the new model culture takes a central, propelling role, becoming the platform for innovative activation of the whole society.

Robson Street

The typical organizational model is the already discussed advanced cultural cluster, which not only includes traditional cultural assets such as museums, theaters and libraries but, more generally, all recreational and social spaces where people may have access to cultural content, such as community centres, open air amenities, and even sport facilities, which become arenas for the development of an integrated system of actors co-operating on the creation and consolidation of knowledge-based social and economic value.

As already remarked, such processes are founded on horizontal forms of economic integration and find in creative industries their paradigmatic illustration. It is therefore clear that such horizontal integration economies are to be sought first within the macro-sector of cultural industries themselves, in which highly heterogeneous forms of production -in terms of market structure, typologies of goods and services produced, dimensions and characteristics of demand- present natural complementarities in terms of the economics of creativity in its various stages of development/production.

For each creative sector we have to distinguish a series of steps that define its value chain:

- creation/production;
- transmission/dissemination;
- consumption;
- registration/protection; and,
- participation.

It then happens that complementarities between value chains do not occur solely between comparable stages of different chains (for instance at the level of creation/production), but may also take place in terms of complementarity between, say, creation/production of a given chain and, for instance, registration/protection of the other (think e.g. of the case of software and music or publishing). As noted in the statistics concerning the UK, in which creative workers employed in non-creative sectors is almost equal to that of creative workers in

creative sectors, it is equally possible that forms of horizontal integration between chains may also occur across the border that separates creative industries from more traditional productive sectors, and the international evidence suggests that this is already substantially occurring, although to varying degrees in different places.

It is therefore incorrect to think of the development of creative industries according to an old conception that sees this as a separate, antithetic phenomenon to other productive sectors. One should rather think of creative industries as strategically and physically embedded within the local socio-productive context, and as a true linking element, its innovative energy a catalyst made available to all sectors which have an edge in knowledge-intensive means of generating value.

On the basis of the international benchmarks available, one can classify cultural clusters in terms of three different typologies relying on different, although complementary, mechanisms:

- the attraction of talent and the so-called new creative class, according to the paradigm made famous by Richard Florida;
- the orientation toward innovation-focused competitive restructuring, according to the paradigm made famous by Michael Porter;
- the capacity building and the motivational redefinition toward creative professions, according to an adaptation to the post-industrial context of the paradigm made famous by Amartya Sen for developing economies.

In fact, in advanced cultural clusters the three channels above interact synergistically. Different clusters are of course better characterized by the relative dominance of one of them, but sooner or later all three have to enter the picture, and some of the failures of recent experiences with culture-led local development have ultimately to do with too rigid and mono-tematic approaches founded on only one dimension.

This is, for instance, true of some "fideistic" applications of the Florida attraction paradigm, that identifies post-industrial economic development with the spatial concentration of the so-called 'three Ts': Talent, Technology & Tolerance. There is now a growing literature that argues, both theoretically and empirically, that this rather mechanical identification of the locational factors of success is both unwarranted and sometimes backfires in terms of development potential. This is mainly due to the fact that the factors identified by Florida must fit into a more complex picture in which they are only partially accounted for. One has also to take into account the strategic orientation to innovation and the mechanics of cluster development studied by Porter in his theory of localized competitive advantage. Clustering, as already remarked, may have a strong impact of competitiveness favouring the productivity, flexibility and moreover the innovativeness of firms, especially if they adopt forms of horizontal integration (an aspect only partially explored by Porter's theory).

However, the basic premise of every culture-led form of development is a vast social orientation toward capacity building, i.e. to the expansion of individuals' positive freedom through the development of cognitive and motivational capacities that allow the construction of identities and lifestyles that are conducive to self-fulfillment.

Sen's theory of capabilities can be considered revolutionary in the economics field in that it manages to more appropriately frame the deep aim of all economic activity, which is not increasing income per se, but rather increasing quality of life through the acquisition of not only material but also intangible resources, which are necessary for pursuing individual and socially meaningful objectives.

In order to sum up this complex set of factors which characterize the new culture-led local development dynamic, it is necessary to isolate those dimensions that become relevant in determining the success or failure of a specific model.

The analysis of the available international evidence suggests that there are essentially twelve such dimensions:

1. **Quality of Cultural Supply;**
2. **Capacity Building and Education of the local community;**
3. **Entrepreneurial Development;**
4. **Attraction of External Firms;**
5. **Attraction of External Talent;**
6. **Management of Social Criticalities and marginality;**
7. **Development of Local Talent;**
8. **Participation and involvement of the Local Community;**
9. **Quality of Local Governance;**
10. **Quality of the Production of Knowledge;**
11. **Internal Networking; and,**
12. **External Networking.**

The above dimensions can in turn be grouped into five subsystems:

- **QUALITY:**
  - **of Cultural Supply**
  - **of Local Governance**
  - **of the Production of Knowledge**

- **DEVELOPMENT:**
  - **of Entrepreneurial Skill**
  - **of Local Talent**

- **ATTRACTION:**
  - **of External Firms**
  - **of External Talent**

- **SOCIAL INCLUSION:**
  - **Capacity Building & Education**
  - **Management of Social Criticalities**
  - **Participation of the Local Community**

- **NETWORKING:**
  - **Internal**
  - **External**

A careful reflection shows that this framework generalizes the reference models discussed above:

- The Florida model:
  - Attraction of External Firms;
  - Attraction of External Talent;
  - Quality of Local Governance;
  - Quality of the Production of Knowledge; and,
  - External Networking.

- The Porter model:
  - Quality of the Production of Knowledge;
  - Entrepreneurial Development;
  - Internal Networking;
  - Development of Local Talent; and,
  - Capacity Building & Education.

- The Sen model:
  - Development of Local Talent;
  - Entrepreneurial Development;
  - Management of Social Criticalities;
  - Participation of the Local Community; and,
  - Capacity Building & Education.

In the new context of a culture-led local development model, policy approaches need to arrive at the strategic control of all twelve dimensions, at least in a medium-long term perspective.

Policy outcomes must then translate into the production/accumulation of specific forms of capital, be they tangible or intangible, which represents the entire stock of value produced by the local system.

One can identify in principle five forms of capital, drawing a distinction between those that properly pertain to the tangible and intangible sides of the economy, respectively:

- **Natural Capital** – all resources produced by nature and not mankind, which destroys them (in this context sustainability is simply better management of these resources);
- **Physical Capital** – the sum of physical resources and goods produced by people to produce other goods (e.g. a university education produces buildings, bridges etc);
- **Human Capital** – all the knowledge and capabilities of a specific person, which increases one's productivity;
- **Social Capital** – the set of common social norms/behaviour that differentiate between individual and societal choices; and,
- **Symbolic Capital** – the aggregation of myth, meaning, identity.

Economic development calls for a creative combination of the five assets. The sense of strategic design lies in sorting out the characteristics of the mix that is more apt for a given local context, and in fleshing out the conditions that allow such a

combination to emerge from the synergy between the behaviours and choices of the local actors. It is on the basis of this conceptual system, which draws upon the most interesting and relevant case studies that have emerged internationally in the past few years, that one can now define a viable strategy for the development of creative industries and more generally for culture-driven local development.

By suitably matching the twelve developmental dimensions with the five assets, we can then build a strategic matrix with the following structure:

Quality	of Cultural Supply						
	of the Production of Knowledge						
	of Local Governance						
Development	of Entrepreneurial Skills						
	of Local Talent						
Attraction	of External Talent						
	of External Firms						
Social Inclusion	Capacity Building & Education						
	Management of Social Criticalities						
	Participation of the Local Community						
Networking	Internal						
	External						
			Natural Capital	Physical Capital	Human Capital	Social Capital	Symbolic Capital

Florida	
Porter	
Sen	
Florida & Porter	
Porter & Sen	

Each given policy and activity can be represented in terms of its relevance for the twelve developmental dimensions and of its impact on the various capital assets. One can therefore discuss to what extent a given policy mix can be thought to act on what dimensions and with what expected results. A given local development model for a given context may moreover be characterized in turn by a given "occupancy pattern" of the matrix based on the main policy options and initiatives that define it.

The matrix itself can be defined both at a qualitative level, in terms of actual occupancy/non-occupancy of given cells, but also quantitatively, by estimating the intensity of occupancy of the cells according to various techniques. It then gives a sort of "instant photograph" of the strategic complexity of given action of policy or model according to the level of aggregation chosen.

VII. Vancouver as a "dual" cultural city[6]

To what extent can Vancouver be defined a cultural city? If one looks at the wealth of initiatives, operators, and institutions that are at work the answer is doubtless: not only is Vancouver a cultural city, but certainly has the potential to become a world class cultural city.

And yet, there is little trace of this possibility in Vancouverites' shared identity. The general cliché that emerges is rather that of a hip, trendy, laid back city that has good weather, is everywhere safe 24/7, and enjoyable. Something closer to Florida than to New York, if it wasn't true that Florida itself (and Miami in particular) has been working hard in recent years to flesh out a strong cultural identity, as revealed in the proliferation of visual art galleries and museums that took place after the opening in Miami of the winter edition of the world's top visual arts fair, ArtBasel.

Vancouver is strong in almost all sectors of the creative industry spectrum: from visual arts to film and video, from radio and TV to performing arts, from software to advertising (and it has AdBusters, too), from architecture to music, from design to publishing. But even a casual inspection readily reveals an incredible quantity of loose ends.

Vancouver does not have a cultural system of interacting actors; instead, it has an astounding collection of isolated players that try to make a living on their own. No wonder, then, that the cultural profile of the city isn't apparent to its very inhabitants.


Downtown Eastside

In addition to these organizational failures, there is a problem of the absence of symbolic capital in the first place: the city has never worked on building self- and other-awareness of its cultural potential and of its cultural assets. A consequence of this, to make a mere example but a telling one, although the city has been the cradle of three of the most authoritative and respected contemporary visual artists of the international scene, which by the way are still based in the city - Jeff Wall, Rodney Graham and Stan Douglas, ranking, in the Artfacts list of international artists, numbers 42, 47 and 259 respectively- an outstanding majority of Vancouverites haven't the faintest idea of who they might be. There is a far stronger perception of the importance of Vancouver in the international contemporary art system abroad than in Vancouver itself.

Another telling fact: although Vancouver is now a bustling location for film shoots and consequently the Vancouver urban environment is becoming increasingly familiar to a world public of movie goers, the city almost never plays itself on screen,

[6] This section and the following ones contain statements about the cultural character of the city and parts of it that have been distilled from the numerous conversations and meetings held with local cultural operators, policy makers, and experts.

but rather stands-in for somewhere else, be it Chicago, Seattle, New York, and even Los Angeles. It is as if the city were content with the value added generated by the industry and feels somewhat that it shouldn't aspire to more, more or less like a subcontractor manufacturing goods that will eventually carry the logo for a famous brand.

There are many cities whose cultural assets are far less rich than Vancouver's and yet possess a stronger cultural identity. Culture-led local development may be the winning option for the future of the city, but it will not become really viable until the city finds its way out of this identitarian conundrum.

To do so, it is necessary to get a grasp of the actual cultural assets of the city and of the way in which they find their place in it. To this purpose, the maps on the following pages present the results of an initial, and necessarily highly incomplete, survey of the major players of the Vancouver cultural scene. (An essential first step of an ongoing exercise). Noting the spatial locations of these organizations serves to identify cultural poles of activity within the city and the GVRD. The maps provide first of all a striking confirmation of the cultural vitality of the city, not only in the field of actual cultural production and practice, but also in the key field of education. There are cities that belong to the most selective international benchmarks in the field of culture-led local development that cannot warrant this wealth of quality initiatives. To find an explanation for this apparent paradox we must first of all, as announced, review the spatial distribution of such activities to characterize locational patterns.

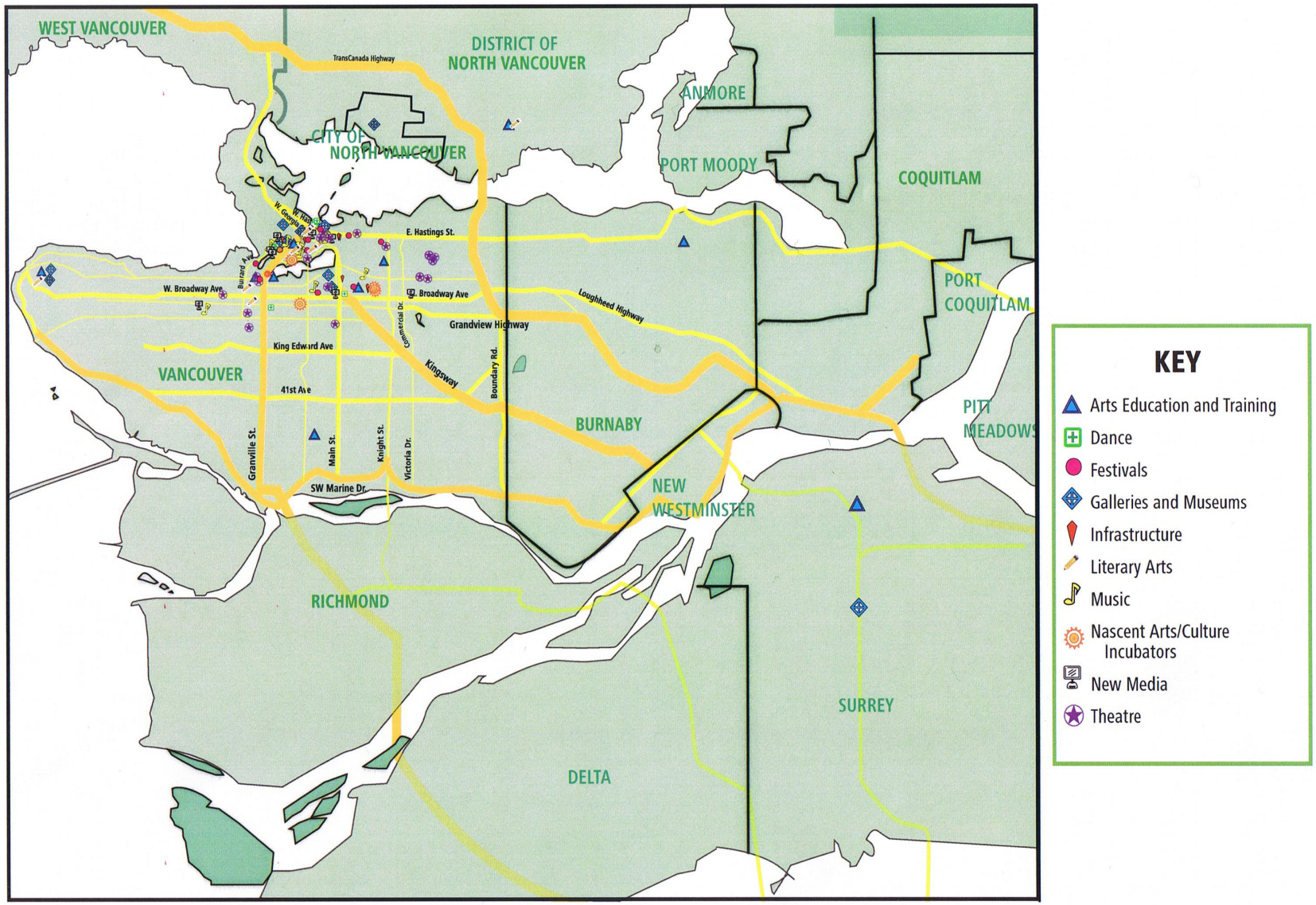
The first apparent characteristic is that most of the activities are located in the city of Vancouver. The Greater Vancouver region's other municipalities host at best two organizations of the quality sample under scrutiny. This may pose in perspective a policy problem in that there are cities in the GVRD, such as Surrey, whose demography leads to the belief that they will soon acquire a leading role in the area and their modest cultural assets may become a liability, especially if the culture-led local development model discussed in this report becomes a key policy option. This is an issue that should be pursued by the GVRD, its Regional Task Force on Arts & Culture, and the various communities in the region, which could become new centres of specialization.

Within Vancouver city, one can distinguish the following poles. In Downtown Vancouver: the Downtown East Side (DTES), the Georgia Precinct, Granville Island, and the Downtown West Side (DTWS). Off downtown: the South Main (SoMa) and Great Northern Way Campus (GNWC) areas, the Vancouver East/Commercial Drive (VEA) area, and the UBC campus (UBC).

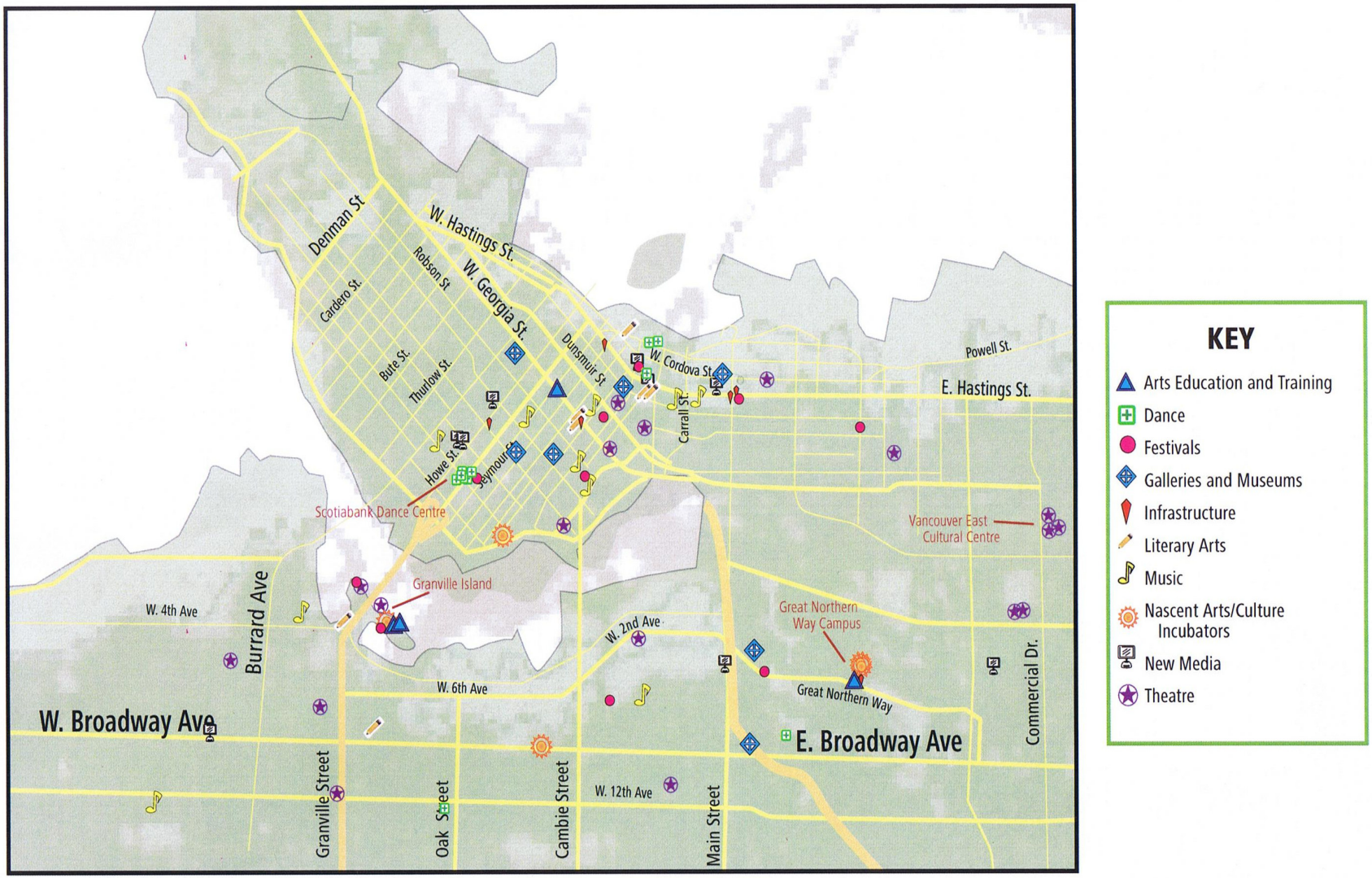
Even a total outsider immediately recognizes that all the downtown facilities (as well as the off-downtown ones with the exception of the far-off UBC) are located in the city's east quadrant. This is all the more surprising when one realizes that the city's west side is by far the most affluent and the one that hosts almost all of the city's high profile commercial outlets.

In terms of the spatial distribution of cultural activities, we thus have to cope with the evidence of a sharply dual city: the East City, which is culturally active but relatively low income, and the West City, that is economically affluent but culturally limited.

Regional Distribution of Select Arts/Culture Organizations



City of Vancouver Core Distribution of Select Arts/Culture Organizations



Downtown Eastside, Boxing Day, 2006

This duality is best epitomized by contrasting downtown Vancouver's East and West sides. The broader Downtown Eastside is clearly one of the vibrant cultural hubs of the city, but at the same time clearly also the problem child: it is no exaggeration to say that it concentrates almost all of what are felt as the city's social criticalities.

The DTES gathers most of those cultural organizations whose mission is delving into cutting edge, socially controversial, user un-friendly artistic research, which is usually classified in the arts and crafts sector of the creative industries classification: low-turnover but highly creative; in a nutshell: the R&D cultural lab of the city. This specialization is going to be further strengthened in the future by the move of UBC's Belkin Satellite Gallery to Victory Square and by SFU's School for Contemporary Arts to the Woodwards development project.

Among the currently operating facilities, the Carnegie Community Centre is one of the area's foremost symbols and a formidable venue of aggregation and cultural access for the low-income inhabitants of the area. Its cultural facilities are heavily used throughout the day and educational activities are carried out with regularity. There is thus a significant share of DTES inhabitants that regularly access experiences with a relatively high activation cost, with the implied prevalence of ITE identity-building strategies. In spite of the low average income, it is moreover clear that most DTES inhabitants do not consider their DTWS counterpart a desirable place, from which they are effectively banned because of their poor purchasing power. There is the clear impression that if more purchasing power would be provided to DTES residents, they would develop activities and lifestyles that would remain at odds with those prevalent in the DTWS.

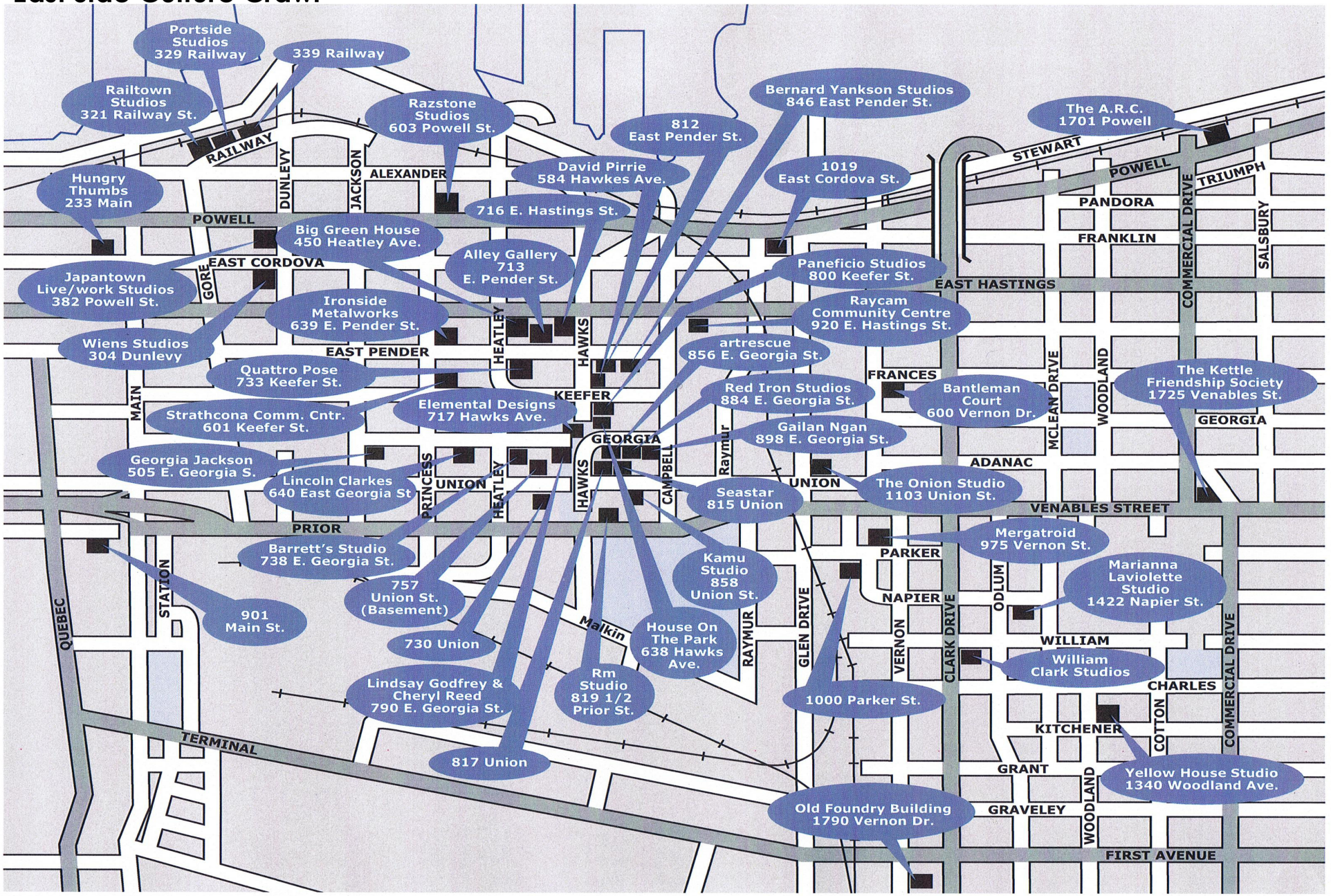
There is a desperate need to expand the Carnegie Centre's role in the arts –that is, an equivalent "arts hub".


former Salvation Army Temple, Hastings & Gore

If one wants to have an iconic depiction of the cultural vitality of the DTES, however, the best place to look is the map of the locations of the various cultural organizations and activities adhering to the East Side Culture Crawl, on the page following. The density of activities that are concentrated within a few city blocks is nothing less than astonishing.

This is, in a sense, the most creatively vital part of the whole city, but at the same time this density does not reflect an equally dense relational system linking all these actors.

East Side Culture Crawl



It is true that such concentration may in part be due to low rents and, more generally, real estate values, but it is a matter of fact that the creative-friendly ambience of the area is supported by a specific, shared cultural orientation. If some of these organizations were suddenly given a magic wand to move to the west side, ignoring the rental cost of the space, they would probably feel uneasy there. There is certainly the risk that the area is undergoing gentrification sooner or later, and probably the first warning signs are already visible; however, it is important to stress that gentrification is more likely to occur if culture is conventionally seen as an optional feature that can be moved at will across the city fabric following the well known dynamics of real estate prices.

But if cultural development becomes, for the reasons explained above, the first priority of urban governance, then there is some room for experimenting, on the one side, with the design of cultural facilities whose mission is exactly that of facilitating access to cultural experiences for the widest possible range of citizens, and, on the other side, by regulating the social use of space to facilitate the geographic permanence of artists, cultural organizations, and operators.

The DTWS, on the other hand is, as already remarked, relatively culture-free. With almost no significant institutions of activities, and an utter prevalence of fashion design stores and big-chain restaurants and cafes, it is one of the most clear-cut examples conceivable of an ITO-focused social environment.

Robson Street, Boxing Day, 2006

The most socially problematic part of the DTES, four blocks centred around Main & Hastings, is usually referred to as Vancouver's "Ground Zero", and it certainly offers a pitiful spectacle of human deprivation: it is Canada's poorest neigbourhood from the economic point of view. It is, in other words, the city's Ground Zero when measured on an ITO scale.

By the same token, however, one could wonder where is the city's Ground Zero when measured on an ITE scale, i.e. the place in which inhabitants have the smallest experience spaces as defined above, i.e. the weakest motivation to access costly experiences. Sticking to the downtown area, one can conventionally centre it at Robson & Thurlow: the hub of the city's consumerism (it even has two different Starbucks coffees at opposing corners) and a place that, parallel to what has happened to Main & Hastings in terms of material resource availability, has witnessed a progressive decay.

Robson Street once hosted a variety of local community-oriented shops; in particular, a number of book stores including Manhattan books, which served the French language community, and Duthie's Books, the basement of which once served as an informal cultural and political forum. All have been replaced by high-end clothing outlets. The Vancouver Public Library main branch was once located at Burrard and Robson, but ten years ago moved seven blocks east, beyond the shopping zone. The original site first became a Virgin Megastore, and eventually gave way to an HMV outlet. The Vancouver Art Gallery, the Western outpost of the

Georgia Precinct, is also planning to move east; again, well beyond the Robson shopping district. Seen from the ITE point of view, this dynamics presents striking analogies with the progressive escape of retail shops and activities from the street shop windows of the DTES's worst blocks. Analogous remarks could be made for the off-downtown west side: the Arbutus Club may be the centre of the residential analogue of the DTWS, compared to Strathcona and Commercial Drive on the east side.

Vancouver is then a dual city in a very interesting and peculiar sense of the word. It is even difficult to physically cross the city to reach the west from the east, and vice versa: there seems to be no feeling that the two parts ought even to communicate between themselves, let alone be part of a common vision of social and cultural development.

Vancouver has thus achieved a perfect spatial separation of the two forms of poverty that may characterize a post-industrial society: the material and the experiential.

In a sense and rather counter-intuitively, one could say that the worst form in a knowledge-based society is the latter, and thus that the real problem child of the city at the moment sits on Robson & Thurlow even more than on Main & Hastings.

I believe that it is possible to argue that the roots of the failed cultural identity of the city can ultimately be traced back to this dualism. Far from being a needed component of the everyday life of all, such dualism confines culture into the specifics of a definite local identity. If access to culture does not become a generalized social attitude, there is no chance that Vancouver can express its terrific potential and become one of the world's main cultural hubs, as it could well aspire to be.

The paradoxical nature of Vancouver's cultural identity is also eloquently read in another of the city's main receptacles of cultural initiatives, namely, Granville Island. It features the greatest concentration of arts/culture institutions in the entire region: the Arts Club Theatre, the Waterfront Theatre (a rental facility), Performance Works and the Playwrights Theatre Centre (both studio performance spaces), the Vancouver Theatresports League, the Emily Carr Institute of Art + Design, including its storefront Charles H. Scott Gallery, and Arts Umbrella, an arts education facility for children. This area is also the home of the multi-site Vancouver International Writers & Readers Festival and the Vancouver Fringe Festival, and of the offices many other arts organizations. This is to say nothing of the private galleries and the great many artisan shops.

Also worth noting is an area immediately south of Granville Island, an "interstitial zone" lying under the Granville Street Bridge, between Granville Island, South Granville and a light industrial area to the west. It includes the Vancouver Gallery of Photography, Théâtre La Seizième, several makeshift performances spaces (employed by the Fringe during its Theatre Festival), and a small concentration of francophone eateries and other businesses.

Despite the apparently critical mass of arts entities in the area, it never seems to alter Granville Island's underlying character as a tourist destination for those seeking an

expensive knick-knack and a pleasant place to consume an ice cream al fresco. One could well be in the middle of one of the above cited festivals and could walk the alleys of the Island with only limited awareness of what is going on. **Granville Island is the striking epitome of the invisibility of culture in Vancouver, of its residual character: it is no big deal, a matter for outsiders.**

To begin thinking of a strategy that brings culture to the centre of the city's identity building processes is therefore needed to tie up all of the loose ends in a common development vision. The role of emerging cultural areas such as SoMa and Vancouver East-Commercial Drive within the global picture is still largely off-focus.

That the trendy, Manhattanesque brand appellation "SoMa" is slowly entering the local consciousness appears reflective of the increasing gentrification of this "hipster" neighbourhood. Almost entirely chain-free, South Main Street is marked by an array of second hand clothing stores, antique shops, micro original fashion houses, cafes, and a great diversity of bars without the line-ups associated with Kitsilano's more fashionable watering holes. The neighbourhood also expresses, to a fair degree, the city's multiculturalism via a range of ethnic eateries, delis, and especially if one includes an area a little further south, the Punjabi market.

Many small galleries are present in the area, including –if the adjacent Mt. Pleasant neighbourhood to the north is considered- grunt, Western Front, and Video In Studios. Local halls host a variety of community events, from comic book conventions to burlesque, while spoken word events have been available in local cafes for many years. The low rents of this traditionally working class neighbourhood have attracted so-called hipsters and the businesses that serve this cohort's eclectic tastes and particular spending habits; however, the cultural life of the neighbourhood is loosely associated, unfocused, and restricted. Despite the presence of galleries and community halls, there are no live theatres. And while many of the bars present live music, the city's preference to focus such events in the downtown core has resulted in severe restrictions regarding the playing of amplified music and bar hours.

Consequently, while South Main is an excellent neighbourhood to pleasantly wile away a lazy afternoon in search of fashion, an antique coffee table, or a rare vinyl recording, it is also an excellent host for gentrification and its transformation into SoMa, as evident in recent addition of big format stores, outrageously priced modern furniture shops, and condo developments with cloying, faux hip labels like "doMain".

Speaking instead of the Vancouver East-Commercial Drive area, likely the region's most vibrant neighbourhood, "The Drive" reflects a cohesive mix of ethnic, sexual and artistic communities, including Vancouver's Italian, Portuguese, Latino, Jamaican, Aboriginal, Horn of Africa, and lesbian sub-cultures. This traditionally left-leaning area is also home to extensive co-operative housing, a co-operative bookstore, and an independent weekly newspaper –*The Republic*, providing amongst the best reportage in the city.

Virtually chain free –a McDonalds franchise closed some years ago, while the local Starbucks receives a broken window on a semi-regular basis- Commercial Drive offers a great many restaurants, cafes, delis, health food stores, and alternative

medical practitioners, and even a shop selling marijuana, which operated for the better part of a year before a single complaint initiated its closing.

A number of arts organizations have their administrative home in the area; however, the artistic focus of the community is the Vancouver East Cultural Centre on nearby Victoria Drive, the only major city-sponsored arts facility in "far East Vancouver". The "Cultch" is a rental house offering excellent programming with respect to theatre, music, dance, public readings and other performances. A massive expansion plan has been defined for the site, and approximately half of the needed funds have been secured. The adjacent WISE Hall is a regular performance space, but one best described as "overly vintage". In addition, the Havana Café provides both a gallery and theatre in the rear of the facility, each very modestly sized. However, despite the fact that Commercial Drive once played host to the Vancouver Fringe Festival, the area offers no other dedicated live theatres or galleries –two somewhat makeshift performance spaces closed in recent years- and faces the same restrictions regarding the playing of amplified music as on South Main Street.

But the cultural life of the area may be best expressed at the community level, through the wide range of arts opportunities available through the Britannia Community Centre/Britannia High School complex, the realization of events such as an annual car-free street festival, and the efforts of the Public Dreams Society, which presents its annual *Carnival of Lost Souls* at Commercial Drive's Grandview Park, and its annual *Illuminares* lantern festival in the neighbourhood's extreme edge at Trout Lake, both of which include extensive public participation as well as staged events.

Traditionally a working class neighbourhood offering low rents, Commercial Drive, like all neighbourhoods in the city, is currently being subjected to gentrification, as evident in the recent arrival of tell-tale condo developments, more expensive eateries, bar line-ups, and branded maternity-wear and dog supply shops. To date these developments do not appear to have negatively impacted the neighbourhood's relative vibrancy.

A crucial role in the picture is then to be played by the Great Northern Way campus (GNWC) which, grouping together the education field's big players –UBC, SFU, the BC Institute of Technology, and the Emily Carr Institute of Art + Design- together with government, businesses, agencies and the City of Vancouver itself, is establishing itself as the city's most specialized knowledge-intensive pole for education, research and entrepreneurship. Its strategic position connects the two emergent areas of SoMa and Vancouver East-Commercial Drive, thus possibly contributing to the sharpening of their cultural identity, and it is not far away from both the DTES and Granville Island in a nutshell, it is qualifying itself as the "heart" of the emerging creative economy of the city.

But unless one is prepared to accept the idea that all these potentially vital cultural hubs will be able to find on their own a place in a coherent developmental vision, it is necessary to supplement this spontaneous and somewhat erratic development with a shared strategic vision that identifies policy priorities and focuses on them in the design of policy actions.

Once all of these culturally thriving areas (although thriving at different degrees) are mapped, one readily realizes that, from the spatial point of view, they already

identify a compact complex that links without discontinuities the western outskirts, namely, the Georgia Precinct's "institutional" area in the downtown core, South Main's southern outskirts, to Commercial Drive in the east. All the more so when we realize that the Mount Pleasant area just north of SoMa, is in turn, a potentially thriving area, just on the edge of the GNW Campus, and already hosting quality independent spaces such as grunt and Western Front.

United We Can, Hastings St., Boxing Day 2006

We can therefore already speak of an Eastern Cultural Complex that hosts a striking majority of the city's cultural assets and activities. To the south of downtown, there is the germ of a Southern Cultural Complex that consists essentially of Granville Island and of the "residual" area just to the south of it (with the former South Granville gallery district progressively "drying up"). As we have seen, for the moment there is no Western Cultural Complex in sight. But one can never tell ….

VIII. Some guidelines towards a strategic plan for the culture-led development of Vancouver

On the basis of the above reflections, we are now ready to discuss the guidelines of a strategic plan for the culture-led development of Vancouver and, ideally, of the GVRD[7]. We focus on five strategic priorities, namely:

- risk-taking;
- innovation;
- networking;
- capacity building; and,
- social inclusion.

Risk-taking has to do with the development of an entrepreneurial attitude with respect to cultural production and dissemination. As shown in a recent study, it is a fact that public funding of cultural activities in BC and in the GVRD in particular has often fallen short of what was needed[8]. However, it is also equally true that the development of creative industries calls for a substantial amount of entrepreneurial initiative properly sustained by the financial sector and by local development agencies and institutions.

[7] Subsequent editions of this report will include more detailed consideration of other GVRD and Sea-to-Sky Highway communities. However, this is a need that deserves more attention; a matter that should be discussed with the GVRD Regional Task Force on Arts & Culture and its Chair, Mayor Max Wyman.

[8] Elvy Del Bianco, *Public Support for Arts & Culture in the Lower Mainland*, Vancity, 2006.

But the issue of risk-taking is not merely limited to the assumption of entrepreneurial risk. All cutting edge, experimental cultural activities, even when endowed with public grants, entail a certain level of risk, both on the part of the cultural players involved and on the part of the granting bodies. The results of experimental research are by definition uncertain and are not tailored to please either audiences or all potential stakeholders. Nevertheless, as in the case of entrepreneurship development, fostering experimentation is vital to the progress of creative industries.

The audience itself must be prepared to tackle the risk of attending relatively unconventional, challenging, unfamiliar sessions of cultural experiences. In a nutshell, then, the risk-taking dimension measures the propensity of all the players to tackle successfully the new, the uncertain, the unexpected, each one in its own role and with its own responsibilities.

The **innovation** dimension is clearly correlated to risk-taking but focuses on distinctive aspects. They are, to a degree, two sides of the same coin. Whereas risk-taking emphasizes the behavioural dimension of the relationship with the new, innovation has to do with the actual ways in which the new is produced and explored. **Innovation cannot be standardized or regulated, but it certainly requires a social strategy to be sustainable.**

Risk-taking is an aspect of decision-making, whereas innovation has to do with the generation and dissemination of ideas. Thinking of innovation in a very traditional way -i.e. paying attention mainly to technologically focused innovation- attention can be confined to universities, research centres and labs, and so on. **But the main aspect of the advanced cultural cluster model is the fact that innovation is a general social orientation, and not the endeavour of a few highly educated, creative eggheads.**

With this perspective, one can therefore look at innovation in terms of cross-contamination between artists, citizens, public administrators, managers, researchers, and the like, both in the productive and the receptive phase.

Networking is also a crucial aspect in the current context of Vancouver's transition toward a knowledge economy. It is a priority at both ends of the scale: the internal and the external. On the one side, ***as it has become clear from local field research, there is a serious lack of mutual knowledge and coordination between different cultural institutions, and this impedes the emergence of a shared cultural identity of the city***. Also, the lack of coordination is compromising possible innovative forms of cooperation leading to interesting projects and initiatives.

Finally, the lack of cooperation does not allow the cultural sector to achieve enough political weight to lobby for attention and resources to the degree that would be desirable. Another dimension of the internal networking problem concerns the GVRD arena, in which the lack of mutual knowledge and communication is, if possible, even more substantial than in the city, and this is, in perspective, a very critical issue.

On the external side, there is first of all a striking potential for greater coordination and communication among the four main cities of the Pacific Northwest (Vancouver, Seattle, Portland, San Francisco), which -due to their geographical position, their social orientation, and their cultural vitality- might form part of a large-

scale cultural system of foremost global importance. There is already research and communication going on amongst these centres, and the size of flight traffic flows among them is constantly increasing; **however, almost everything still remains to be done to achieve substantial strategic integration and the creation of a common roof under which to sit and ponder co-operative initiatives**.

The **capacity building** dimension is clearly concerned with the generation of capabilities that may allow people to access relatively costly experiences and to integrate them in their daily practices. The issue has distinctive specificities according to the **different target classes involved** (children, teenagers, young adults, mature adults, elderly, but also young couples with children, urban singles, and so on) and requires creative formats that are geared to the specific needs of each category.

It clearly reflects, among other things, the reasoning abilities performance of 15-year-old teenagers in the OECD-PISA testing cited at the beginning of this report, which can be seen as a good target-specific proxy[9].

This evidence also suggests that Canada is on the forefront with respect to other highly developed economies, and this is a further stimulus to further build on a competitive advantage that has already begun to pile up. Capacity building appears as a particularly crucial issue in the Vancouver "dual" situation, in particular thinking of residents of the "hedonistic" trail of Kitsilano, Yaletown and the West End, but also, of course, of residents of other areas. One should moreover not overstate the incidence of cultural capabilities in the DTES where, aside from a significant part of the resident population that presents high levels of access to cultural experiences, there is an equally substantial part that is less interested and motivated and that, at least in some cases, probably adds to both the material-based and the experience-based poverty dimension.

The **social inclusion** dimension is not only important but also a test of the social viability of the policies adopted. It is a common feature of many culture-based developmental policies that they favour and accelerate gentrification processes, with the consequent displacement of low-income residents. This risk is particularly relevant in cases in which, say, Florida's creative class paradigm is interpreted in terms of making the city more hip and cool; in this perspective, low-income residents are clearly not cool enough and tend to be perceived as an obstacle.

Hastings & Gore

Once one sees culture-led local development as a process that must find its roots in the local community; however, it becomes clear that a socially exclusive development process is

[9] Again, this sector might be one of the key target areas for the GVRD to consider.

neither sustainable nor fair. And culture has proved to be an impressively effective means for turning the social criticality issue upside down and demonstrating that marginalization is most often the outcome of a lack of capacity. As a mere example, culture has proven to be immensely effective as an antidote to juvenile crime and school abandonment.

The potential of culture as a tool to prevent and to fight the diffusion of addictive behaviours is, for instance, very much overlooked (one can think in fact of addictive behaviour as a sort of collapse of a person's experience space, leading to a self-feeding lock into "negative" levels of activation costs).

The five strategic priorities introduced above are a tentative way to frame the various issues discussed in the previous pages into a unified conceptual grid that can be used as a basis for policy design. One could argue, for instance, that given the emphasis on cultural identity problems, identity building could have been one of the priorities. **However, the reason why identity was not included on the list is that we have to avoid making the identity issue too instrumental and to avoid the risk of "overdesigning" in ways that are much too straightforward. It is much better to allow this identity to emerge through the progressive coordination and convergence of initiatives that help build it.**

Also, one could argue that these strategic priorities are far too abstract, especially if compared with those of the previous studies and plans adopted in the GVRD. But it is our opinion that fixing very down-to-earth strategic priorities, as has been done to date is certainly good for specificity and immediately transferable into policy practice, but fails to capture the inherent complexity of these processes, leading to a set of prescriptions that belong more to the tactical than to the strategic field. The five priorities introduced above can, and will be, accurately spelled out in terms of policy actions, but give us a much better idea of the structural holes that have to be filled.

IX. Implementing the strategic priorities

The implementation of the strategic priorities discussed above may be in principle very complex; in fact, the priorities themselves have been chosen to accommodate various stages of possible future development of the city's culture-led local development model.

In this phase, a practical compromise is that of figuring out a few actions that can provide a first platform for implementation, leaving to future revisions of the plan the task of delineating a more complete plan (with a much more substantial involvement of other GVRD municipalities) once momentum has developed.

The proposed "phase 1" of the action plan concerns the following actions with corresponding strategic priorities:

	Risk-taking	Innovation	Networking	Capacity Building	Social Inclusion
Creation of a new Arts Hub/Community Learning Centre in the DTES			✓	✓	
Creation of a Creative Industries/Arts Incubator at Great Northern Way	✓				
Returning Granville Island to community & transforming it into a Culture Trust.		✓			
Creation of a "book bank".					✓
The invasion of open space by the arts, music, and cultural community.				✓	✓
Redefinition of the focus of 2010's Cultural Olympiad.			✓		

This rather ambitious program could be presented and discussed through the launch of a City Conference on Culture-led Local Development to be held next spring or fall with the participation of all the local stakeholders.

Let us now examine the proposed actions one by one and let us contextualize them with the aid of the strategic matrix to appreciate their intended impact on the overall developmental process.

1. Creation of a new Arts Hub/Community Learning Centre in the DTES

The striking available evidence on the concentration of cultural players in the DTES's most socially problematic area clearly poses a twofold issue. On the one side, the potential that can be unleashed by such concentration will never be expressed unless proper networking and synergization activity is in place.

Cultural organizations and individual operators need a place to meet and to design common initiatives, practice common visioning, engage in mutual recognition and awareness and also, if necessary, obtain consultancy and develop basic management, organizational, marketing skills and so on.

At the same time, an entirely complementary mission of the new centre can be that of offering all citizens an innovative community learning centre where access to cultural opportunities is fostered not merely through ordinary educational activities but through a dense programming of innovative formats promoting cultural motivation and access, some of which have been already successfully experimented successfully with in other case studies.

A possible location for the centre could be the former Salvation Army Building at Gore and Hastings: a large facility, right on the edge of the DTES Ground Zero.

Making of this place a key centre of cultural learning, networking, and volunteerism in the city, addressing not only eastenders but westenders as well, and aggressively so, would be a clear first step at addressing the city's cultural and identitarian divide, and therefore a crucial step toward the establishment of a cultural identity for the city that reflects its richness, fosters its cultural attractiveness, and presents its relevance at a global level.

The project may be funded as a public-private joint venture in community development, supported by a fund raising program addressing a wide range of donors, from major patrons to simple citizens, not only to enhance its financial sustainability but also to promote community involvement and social accountability.

Looking at the matrix below, and at the wide spectrum of strategic dimensions involved, the centrality of this action to the whole strategy for culture-led development can be fully appreciated. Seven dimensions out of 12 are involved, covering almost all the asset types. **From the point of view of the Quality of Cultural Supply, the centre's mission is not that of raising new creative talent per se, but rather to create, on the one side, more cohesiveness and, on the other, to reinforce a shared identity, through the opening of a new physical facility.** This accounts for the Physical Capital, Social Capital, and Symbolic Capital entries. From the point of view of the Quality of Local Governance, this action gives a clear strategic indication of the relevance of culturally-oriented urban renovation (Physical Capital), provides a strong policy lab for the development of new techniques (Human Capital), enhances the cohesion and coordination among different administrative actors (Social Capital), and identifies a new approach to urban development (Symbolic Capital). From the point of view of the Development of Local Talent, the centre provides a physical facility for vocational training (Physical Capital), gives citizens a solid competence base (Human Capital), facilitates mutual knowledge and recognition of different ethnic, cultural, social groups (Social Capital), and makes community cultural learning a social model reference (Symbolic Capital).

Creation of a new Arts Hub/Community Learning Centre in the DTES

Quality	of Cultural Supply		X		X	X
	of the Production of Knowledge					
	of Local Governance		X	X	X	X
Development	of Entrepreneurial Skills					
	of Local Talent		X	X	X	X
Attraction	of External Talent					
	of External Firms					
Social Inclusion	Capacity Building & Education		X	X	X	X
	Management of Social Criticalities		X	X		
	Participation of the Local Community		X	X	X	X
Networking	Internal		X	X	X	X
	External					
		Natural Capital	Physical Capital	Human Capital	Social Capital	Symbolic Capital

As to Capacity Building & Education, this is actually the main mission of the community learning centre: it is an investment in a physical facility geared to the purpose (Physical Capital) that aims at building knowledge (Human Capital), social (Social Capital), and identitarian (Symbolic Capital) capabilities. In terms of the Management of Social Criticalities, the centre's mission is not that of addressing social problems per se, but rather to provide a facility (Physical Capital) for the

creative design of innovative public art projects, community art projects (Human Capital), and so on. Participation of the Local Community too is at the core of the centre's mission, and provides a physical facility for meeting and being involved (Physical Capital), as well as builds motivation for involvement in the full spectrum of intangible assets (information, social inclusion, identity). The same can be said in terms of the Internal Networking of both local cultural producers and operators and of citizens.

The local community has articulated a proposal to hire an individual to provide business development support to local residents and grass roots organizations seeking to develop businesses in visual arts, performance, or music; this role would be well-suited to the new arts hub.

2. Creation of a Creative Industries/Arts Incubator at the Great Northern Way Campus

The GNWC already qualifies as the baricenter of the Eastern Cultural Complex, given its key location, one that ties together the various preexisting culturally active areas of the east side. Moreover, the joint presence in the area of the GVRD's four main educational players and of private creative industries players makes the GNWC an almost mandatory location for an arts incubator.

Although private initiatives are already thriving in several creative industries sectors, the missing link is a place where former and/or graduating students may develop their entrepreneurial projects as a natural, and to a degree planned, continuation of their educational endeavour. The presence of the incubator will make their graduation work focus upon this opportunity, and it will be conducted under the joint supervision of academics and practitioners of relevant fields, and it will allow continued tutoring into the early stages of entrepreneurial development[10].

The incubator should ideally cover all those creative industries sectors which are recognized as relevant for Vancouver's effective positioning in the global market arena, with a special emphasis on low-turnover but highly innovative sectors. On the basis of the previous example, interpretation of the corresponding strategic matrix should be a viable exercise for the reader.

[10] This too could be a special area for the GVRD to consider.

Creation of a Creative Industries/Arts Incubator at the Great Northern Way Campus

Quality	of Cultural Supply		X	X	X	X
	of the Production of Knowledge		X	X	X	X
	of Local Governance					
Development	of Entrepreneurial Skills		X	X	X	X
	of Local Talent		X	X	X	X
Attraction	of External Talent		X	X	X	X
	of External Firms		X	X	X	X
Social Inclusion	Capacity Building & Education					
	Management of Social Criticalities					
	Participation of the Local Community					
Networking	Internal		X	X	X	X
	External		X			
		Natural Capital	Physical Capital	Human Capital	Social Capital	Symbolic Capital

3. Retuning Granville Island to the community and transforming it into a Culture Trust, with the mission of establishing a creative dialogue between educational and production-oriented cultural organizations

At the moment, Granville Island fails to be fully identified as a really propulsive cultural venue, in spite of its quite high density of cultural institutions and organizations.

The reference model on the basis of which the original project was developed has become obsolete with the complexification of the cultural field, both on the supply and the demand side. To revitalize the island and to radically rethink its social use, a substantial shift in responsibility would be highly advisable: placing it in the hands of cultural producers would surely give a dramatic impulse to the process. The main characteristic of Granville Island is the close coexistence of educational cultural institutions and institutions that are engaged in cultural production and/or dissemination. At the moment, however, the coexistence is merely physical and does not entail substantial forms of co-operation.

A radical rethinking of the model would lead to the creation of an open-air cultural campus which would be strategically located on the city's internal east-west border, with the Emily Carr Institute playing a leading role. At the same time, the campus would be open to citizens and tourists, thereby contributing to the redefinition of the city's social orientation toward access to cultural opportunities.

Finally, Granville Island's strategic position as the beachead of a possible South Cultural Complex with the new residual area just to the south of 4th Avenue would give the new emerging area a decidedly strong impulse.

The choice to hand over the governance of the island to a trust would moreover facilitate the emphasis of a communitarian, inclusive dimension, leading to an unprecedented experiment in direct cultural democracy. While this change may appear a formidable task at first sight, it has to be remembered that the much more substantial and critical "communitization" of YVR provides a good, successful precedent.

Retuning Granville Island to the community

Quality	of Cultural Supply	X		X	X	X
	of the Production of Knowledge			X	X	X
	of Local Governance			X	X	X
Development	of Entrepreneurial Skills			X	X	X
	of Local Talent			X	X	X
Attraction	of External Talent			X	X	X
	of External Firms			X	X	X
Social Inclusion	Capacity Building & Education	X		X	X	X
	Management of Social Criticalities					
	Participation of the Local Community	X	X	X	X	X
Networking	Internal	X	X	X	X	X
	External					
		Natural Capital	Physical Capital	Human Capital	Social Capital	Symbolic Capital

4. Creation of a "book bank" whose mission is that of facilitating access to cultural opportunities by the socially marginalized and more generally by economically fragile players and citizens, but also by a larger audience

The Carnegie Centre library in the DTES represents an outstanding example of a cultural facility with a good choice of material that is eagerly accessed by low-income and socially marginalized people. The return of books is however neither always timely nor actual, as a matter of fact. The positive side of this issue is that in several cases books that are failing to be returned are circulated in the wider community, and this is definitely a fact to be considered in a low-income community with a strong motivation to access cultural opportunities.

The aim of the book bank project is that of promoting an alternative dissemination channel for books that is targeted to a low-income audience but may become, in turn, an interesting project of "viral cultural contamination" for the whole city, with a special attention to the culturally poorer neighbourhoods of the west side. The book bank project is intended as a partnership between public and private organizations with a social orientation plus, possibly, one or more publishers. The bank would be endowed with a stock of books that can be purchased on the market at stock prices and/or provided by publishers from among unsold stocks, or simply provided by citizens. There are two alternative channels of distribution that may concern different titles. One is that of "book banking" proper: the user creates a book account on his/her own at the bank and deposits book s/he has already read or is

not interested in collecting anymore, and this gives him/her the right to draw on the account other titles from a predetermined, constantly updated, list. The exchange rate between amount of deposited books and books amenable to drawing from the bank is fixed. A certain number of books (the bank's "profits") may be passed over, together with other books purposefully collected, to the second distribution channel that is book dissemination: books from this stock are freely given to applicants and become their property, but with the non-binding recommendation to disseminate them in public places after use or to pass them to acquaintances.

People receiving books through this channel can freely signal this, if willing to do so, to a tracking system that monitors the circulation of books through a purposefully designed interface that is accessible via e-mail, text messaging etc. The initial bank counter could be placed in the new Salvation Army centre if realized (or in any other suitable facility in the DTES), but if the project is successful other counters could be opened throughout the city. Vancity itself could be, for obvious reasons, the leading organization in launching the project. It should be noted that a project like this does not result in unfair competition against publishers in the market, as it concerns titles with low marketing potentials, and may, on the contrary, significantly help to build a base of strongly motivated readers that exert part of their demand through the market itself.

Creation of a "book bank"

Quality	of Cultural Supply					
	of the Production of Knowledge					
	of Local Governance					
Development	of Entrepreneurial Skills					
	of Local Talent					
Attraction	of External Talent					
	of External Firms					
Social Inclusion	Capacity Building & Education			X	X	X
	Management of Social Criticalities		X	X	X	X
	Participation of the Local Community		X	X	X	X
Networking	Internal					
	External					
		Natural Capital	Physical Capital	Human Capital	Social Capital	Symbolic Capital

One could in principle imagine special editions conceived by writers purposefully for the book bank and a regular calendar of book presentations and literary events organized by the bank in a specific facility, although this is very well handled currently by Vancouver's main public library.

5. The invasion of open space by the arts, music, and cultural community

As noted above, the distribution of cultural complexes throughout the city leaves the western quadrant practically vacant. In order to fight the cultural limitations of the west side, the already discussed community learning centre in the DTES may be

effective insofar it manages to attract significant attendance flows. A more localized initiative is also called for.

Given the low propensity of local residents to pay for sensible activation costs, the initiative has to be a broadly appealing event in which the cultural dimension is part of a more complex banquet than is obvious at first sight. Moreover, it is highly advisable that this initiative takes place in open air green spaces, which are an essential part of Vancouverites' use of leisure time and build on an already existing vast practice of open air festivals, which include Bard-on-the-Beach and the Children's Festival in Vanier Park, Theatre-Under-the Stars and Boca del Lupo productions in Stanley Park, Public Dreams Society events at Trout Lake and Commercial Drive, the Folk Festival at Jericho Park, the Blues Festival at Deer Lake Park in Burnaby, the Under the Volcano festival at Cates Park in North Vancouver, and so on.

Although Stanley Park is a strategic location for this initiative due to its meaning and centrality in the urban identity of downtown residents, other outdoor venues in the region could include Hastings Park, perennially limited to the hosting of the Pacific National Exhibition, Bear Creek Park in Surrey, Ambleside Park in West Vancouver, Rocky Point in Port Moody, Heritage Park in Mission and many others.

The actual content of the initiative is not something that can be decided in advance or through a marketing study. It has to be the result of a true community design process involving as many cultural organizations as possible, as a purposeful attempt at designing an event that embodies the city's ghostly cultural identity and makes it visible, eloquent and appealing. What is needed, of course, is a facilitator agency that takes charge of the complex organizational task of managing the community design process. This may be particularly interesting in view of the 2010 Olympiad in that the festival could become one of the major "cultural business cards" of the city.

The invasion of open space by the arts, music, and cultural community

		Natural Capital	Physical Capital	Human Capital	Social Capital	Symbolic Capital
Quality	of Cultural Supply	X		X	X	X
	of the Production of Knowledge					
	of Local Governance			X	X	X
Development	of Entrepreneurial Skills					
	of Local Talent					
Attraction	of External Talent					
	of External Firms					
Social Inclusion	Capacity Building & Education					X
	Management of Social Criticalities	X		X	X	X
	Participation of the Local Community	X		X	X	X
Networking	Internal	X		X	X	X
	External					X

6. Redefinition of the focus of 2010's Cultural Olympiad in terms of maximizing the international networking of the cultural operators of the Vancouver area

The decades-long experience of the European Culture Capitals program (and also the experience of some Cultural Olympiad programs such as Turin 2006) clearly illustrate how the best long-run effect of a massive cultural program is realized in a coordinated, strategic action that has a definite impact on the tangible and intangible infrastructure of the cultural system rather than in the launch of an ambitious program of events whose effect quickly evaporates after the closing ceremony.

In the case of Vancouver, an exceptional calendar of events would in fact add very little to the city's vibrant cultural panorama, which has instead the problem of making the outstanding activity that is already in place much more visible, both at the city and international levels. Especially if budget resources are tight, moreover, it is increasingly difficult to package global events which have a true resonance in view of the fiercer and fiercer competition from different cities boasting different events on a year-round basis.

From the strategic point of view, the best way to take advantage of the Cultural Olympiad opportunity is to use it as a way to make a substantial leap forward in the international networking of the Vancouver and GVRD's cultural system. This can be done by realizing a substantial program of encounters, arts residences, and visits from cultural producers, curators, and operators from throughout the world to make them substantially acquainted with the Vancouver's cultural scene and to plug into a more substantial international circulation.

The tagline of the program is "bringing the global cultural world to Vancouver": a highly visible, budget-effective objective if compared with the typical budget for global cultural events of the traditional type. The culmination of the program could be a major world meeting concerning the trends, open problems, and hidden opportunities of culture and cultural development in the current social and economic scenario, an event that has never been organized by anyone and that is widely felt as timely and relevant.

Indeed, this work at VANOC should ideally be coordinated with this project and the GVRD Regional Task Force on Arts & Culture.

Redefinition of the focus of 2010's Cultural Olympiad

Quality	of Cultural Supply				X	X
	of the Production of Knowledge					
	of Local Governance			X	X	X
Development	of Entrepreneurial Skills					
	of Local Talent			X	X	X
Attraction	of External Talent			X	X	X
	of External Firms					
Social Inclusion	Capacity Building & Education					
	Management of Social Criticalities				X	X
	Participation of the Local Community			X	X	X
Networking	Internal			X	X	X
	External	X	X	X	X	X
		Natural Capital	Physical Capital	Human Capital	Social Capital	Symbolic Capital

Conclusion: A Global Strategic Matrix

We can then define a first global strategic matrix from the superposition of the six matrices pertaining to any specific action, to evaluate the range of the proposed actions with respect to the 12 strategic dimensions that are relevant to elicit a culture-led local development process.

A Global Strategic Matrix

Quality	of Cultural Supply	XX	XX	XXX	XXXXX	XXXXX
	of the Production of Knowledge		X	XX	XX	XX
	of Local Governance		X	XXXX	XXXX	XXXX
Development	of Entrepreneurial Skills		X	XX	XX	XX
	of Local Talent		XX	XXXX	XXXX	XXXX
Attraction	of External Talent		X	XXX	XXX	XXX
	of External Firms		X	XX	XX	XX
Social Inclusion	Capacity Building & Education	X	X	XXX	XXX	XXXX
	Management of Social Criticalities	X	XX	XXX	XXX	XXX
	Participation of the Local Community	XX	XXX	XXXXX	XXXXX	XXXXX
Networking	Internal	XX	XXX	XXXXX	XXXXX	XXXXX
	External	X	XX	X	X	XXX
		Natural Capital	Physical Capital	Human Capital	Social Capital	Symbolic Capital

The above matrix gives a good account of the action plan's comprehensive spanning of the relevant strategic dimensions and also illustrates how some of the actions are concurrently addressing certain aspects, whereas some others (e.g. the Cultural Olympiad from the Networking point of view) prove to be essential for the action plan's completeness. It is interesting to stress the overall emphasis given by the action plan to the social dimension, i.e. to Capacity Building & Education, Management of Social Criticalities, and Participation of the Local Community, as a confirmation of the essential role of community-based learning and involvement in the success of the culture-led development strategy.

What Might Follow from Professor Sacco's Work: Recommendations for Vancity

In his report, Professor Sacco makes an overwhelming case for the arts and for bold action to:

- expand the opportunities for the youth of our region, seen by the OECD as amongst the most able and intelligent in the world;
- build on the great base that we already have in the sector and readily move to world scale capacity;
- further the role of creative people, not only in their own sectors, but into countless other commercial and industrial sectors, as realized in the United Kingdom to that country's benefit;
- strengthen the knowledge economy, generally;
- improve the experiential opportunities of our citizens; and, thus
- increase our quality of life enormously.

For Vancity, which is a community leader in so many ways, these are compelling arguments for us to consider as we re-think our role in community. Therefore, we would respectfully argue that the Board of Vancity should consider the following recommendations.

1. **That Vancity should expand its leadership role in the community by becoming a major advocate and partner for the arts, which would enhance this city's role in the world and improve the lives of our citizens in countless ways.**

2. **That Vancity establish the role of Arts Advocate within its staff, in order to coordinate our involvement in this important sector.**

There is a need to establish a formal advocate role for the arts within Vancity, if we are to even begin to reflect the community need and potential benefit. Professor Sacco defined a structure, approach, and methodology toward the arts and its relevance to the regional economy. Our office and staff have been indelibly involved in this process. We should take the next step and formalize our involvement in this important sector, so that it begins to match our work on the environment and social justice.

This role might well be established within the Community Foundation, funded by Vancity, with an Advisory Arts Council.

3. **That Vancity make funding available for sponsorship of original art projects reflecting life in Vancouver.**

Professor Sacco notes how Italian coffee maker *illy* invests resources into contemporary art projects, including the commissioning of artists to design coffee cups, granting of cash prizes to emerging artists, and creating *Scritture Giovani*, a

circuit of four European literary festivals providing a platform for a new generation of writers, amongst other initiatives; these activities serve to indelibly link the company to the highest quality standards and to differentiate it in a highly competitive marketplace.

A comparable sponsorship approach by Vancity could further enhance its brand identity as a significant community partner, particularly if such sponsorship is focused on conceptual and public art projects raising and addressing issues of concern to the community and celebrating life in this most unique city.

4. **That Vancity consider an honourary role of "Artist in Residence", rotating two-year appointments, with an honourarium of $50,000 per year.**

The Artist in Residence would attend sessions of various staff meetings and occasional Board committees, providing a "creative eye" on our many activities, and would have access to some of our members. This would not necessarily be a full-time job, and would allow the artist to continue some of their traditional activities, be it in the visual arts or other disciplines.

5. **That Vancity, in consultation with the arts community and others, work toward the development of a risk management capacity and the development of a modest capital pool, allowing the community to fund the means of attracting external performances to our community that otherwise would not be possible. Subsequently, the risk management capacity and funding pool might also be used toward the development of unique opportunities within our own community.**

6. **That Vancity, in its grants and to community and non-profit organizations, commence a process that would result in 20% of these annual grants being dedicated for the arts and cultural community.**

This transition should occur over a manageable period of time, after the Arts Advocate role has been established.

7. **That Vancity, in its granting processes in the arts, consider specific funding programs that support co-operative approaches.**

We have already seen how three festivals –Children's, Folk, and Jazz- have benefited from such a process. We might continue to work with these organizations and others in order to fashion win-win co-operative approaches to improve capacity within this entire sector.

8. **That Vancity begin some initial, specific granting to arts groups in the current calendar year.**

There are already arts organizations working in a collective manner to pursue common interests. One such group is Progress Lab, a nascent collective of significant individual capacity. Organizations and artists that comprise this group include Boca Del Lupo, The Electric Company, Felix Culpa, Leaky Heaven Circus, neworldtheatre, Radix Theatre, Rumble Productions, The Only Animal, Theatre Replacement, Theatre SKAM, and Western Theatre Conspiracy. In a collective endeavour this past Fall Progress Lab presented *HIVE*, a series of short performances

involving all member companies, in the Downtown Eastside. It proved to be a critical and popular success. We believe they should be supported.

In addition, there is the New Forms Festival, managed by Artistic Director and video artist Malcolm Levy. An international media arts festival with ongoing year round programming, New Forms seeks to raise the profile of Canadian media arts and artists and underground and subversive arts movements and practices, and to facilitate media arts discourse within the public sphere. As Professor Sacco argues, this is precisely the type of experimentation that should be encouraged in the local arts sector. However, even as the popularity of the Festival has grown exponentially, its funding remains stagnant. Support to improve the administrative capacity of the organization should be considered to allow New Forms to grow to its full potential and positively impact the sector.

We are also attracted to a proposal by artist Vanessa Richards which calls for the activation of under utilized common spaces in larger condominium projects. The tall high-rises of Yaletown and other neighbourhoods might become areas of artistic activity and used for rehearsals, music, and other purposes. We believe this proposal also deserves serious consideration.

9. **That Vancity become an advocate and partner in the development of an arts hub in the former Salvation Army building at 301 East Hastings Street in the Downtown Eastside and the urban regeneration that would follow; that Vancity, after consultation with the Carnegie Centre, the Firehall Art Centre, and other local arts groups, initiate and fund the business plan for the project; that Vancity seek alliances for funding the project and acquiring the building; and, after undertaking these actions, that Vancity work toward the project becoming a major arts co-operative.**

The nearby Carnegie Centre is probably the most intensely used community centre in the city, terribly crowded and over-extended. Carnegie is the living room, library, lunch counter, activity and cultural centre for a neighbourhood that needs more and better opportunities.

High usage of the Carnegie Centre, and indeed the high concentration of artists in the Downtown Eastside, beg the need for a new facility in the area. The establishment of such a centre at Gore & Hastings was envisaged some years ago; the Hastings Educational, Artistic, Recreational Theatre Centre (HEART) was a concept developed by the local community, with Donna Spencer of the nearby Firehall Arts Centre serving as midwife.

The community saw the former Salvation Army Temple as a centre that would focus "primarily on active activity and cultural expression involving aboriginal and multicultural artists and arts groups"; however, the centre would work with the community to develop skills and build capacity through artistic, educational and recreational activities for specific target groups in the neighbourhood.

While we believe the original goal is still desirable, we agree with Professor Sacco that this new centre **must be inclusive**, and so it should not be limited to serving the eastside alone, but the city as a whole.

The purpose of the hub, as Professor Sacco argues, is "to create on the one side, more cohesiveness, and, on the other, to reinforce a shared identity through the opening of a new physical facility", and that the hub "should be a key centre of cultural learning, networking, and volunteerism in the city, addressing not only east enders but west enders as well, and aggressively so."

He goes on to note:

"This would be a clear first step at addressing the city's cultural and identitarian divide, and therefore a crucial step toward the establishment of a cultural identity for the city … one that reflects its richness, fosters its cultural attractiveness, and presents its relevance at the global level."

In our discussion with the Community Arts Network and others at the Carnegie Centre, we have concluded that this new centre should also be:

- a centre of entrepreneurial training for artists;
- a centre of co-operative infrastructure for artists;
- a low-rent facility for nascent groups in the arts;
- a centre for theatre, dance, and film;
- a recording centre;
- a centre that facilitates community arts events, such as the popular East Side Culture Crawl and the Heart of the City Festival;
- a centre linked to local galleries, the Firehall Theatre, the Pantages project, the Simon Fraser University School for Contemporary Arts at Woodwards, and others;
- a network link to other organizations across the city;
- a network link to organizations around the world; and,
- a centre of voluntarism.

When one considers this project among many which could grow and enhance this sector, it comes off stronger than any alternative. The impact of the project on the eastside and, in time, on the westside, could be enormous.

The building is presently owned by the province; it sits unused and has been so for several years. It would be a wonderful initial contribution to this project for the province to provide a long-term lease at one dollar per year to a Community Arts Trust, which would prepare the business plan for the project. As the nominal owner is the Coastal Health Authority, it is not unreasonable for the project to be seen as a sound investment in the wellness of our community.

At this time, the city has consultants working on a report regarding the arts in the Downtown Eastside. We would urge the consultants, the city's Office of Cultural Affairs, and City Council to consider Professor Sacco's report and recommendations for the hub as critical to the neighbourhood's cultural future.

The city, with the province and architects, is considering a re-building of the Queen Elizabeth Theatre complex and an adjacent block, at a cost of many, many millions, diverting some funds from other projects.

We would argue, as Professor Sacco does, that this project in the heart of the city deserves equal attention. We would also argue that a percentage of the funds to

be expended on the West Georgia cultural precinct be allocated to some of these other areas of greater need, greater potential, and greater payback. We agree with Professor Sacco however, that the hub should be a private/public partnership.

While Vancity has contributed to the arts in various ways, our support –as our consultant Duncan Low suggests- has been relatively modest compared to our excellent efforts on the environment, sustainability, and social enterprise.

For Vancity, which has been a quiet "Friend of Carnegie" over the years and supported the Portland Hotel, United We Can, and others, the arts hub project would build on our good history in this historic neighbourhood. **We believe that Vancity, as the key advocate and initiator of the project, should initiate the work on the business plan, fund it, seek alliances in the building of the plan, and seek other substantial funders in order to get the project underway.**

10. **That Vancity share in the funding of a community economic developer for artists in the Downtown Eastside.**

This recommendation, proposed by Ethel Whitty, Director of the Carnegie Centre, reflects the fact that the Downtown Eastside has one of the heaviest concentrations of artists, by census tract, in the country. However, many lack business skills. Employing a business know-how facilitator to work with these artists, initially at Carnegie, and subsequently at the new arts hub, could make all the difference.

We hold this proposal to be of critical importance. We believe that there are private donors who would be willing to participate in the establishment of such a position. Matching funds from Vancity could make this happen in the short term.

11. **That Vancity support the creation of a "book bank", whose mission is that of facilitating access to cultural opportunities by the socially marginalized as well as the broader community.**

The aim of the book bank project is that of promoting an alternative dissemination channel for books that is targeted to a low-income audience but one that could act as a "viral cultural contaminant" for the whole city, with a special attention to the culturally poorer neighbourhoods of the west side. The initial bank counter could be placed in the arts hub and, if successful, could be expanded to include other counters throughout the city as well as other cultural property, including CDs and DVDs.

Because the book bank project is intended as a partnership between public and private organizations with a social orientation plus, Vancity could act as the lead to attract other participants.

12. **That Vancity endorse the concept of an arts incubator at the Great Northern Way Campus and undertake a supportive dialogue with campus leadership; that Vancity play a more active role in the evolution of more productive land uses, employment, and education within False Creek Flats, of which our head office is a significant part.**

Substantial steps have already been undertaken on this new campus to marry the arts and technology. The past president of the GNWC, Dr. Bruce Clayman, greatly enhanced its role in this sector by securing $40 million in funding to establish both a Masters in Digital Arts and Transforming Arts + Culture programs, and by establishing a Black Box Studio space of artistic experimentation, and a scene shop, both of which serve the local arts community as well as students. Dr. Clayman has reviewed Professor Sacco's work and is supportive.

Professor Sacco argues that the campus should also be a link where former and graduating students may develop their entrepreneurial projects and continuing education in an incubator setting, with supervisors and practitioners in the field providing continued tutoring.

In many ways, the adjacent lands in False Creek Flats might be re-developed in a more intensive way to facilitate private sector development that could relate to the university. Many new media players are already active in the Mount Pleasant/South Main area and parts of the Flats. Vancity has already played a proactive role on the campus in relation to their sustainability project.

The future of the GNWC is complex indeed; however, a substantial program is now underway, with UBC Professor Robert Gardiner establishing a most worthwhile niche that serves our arts community in many important ways. His work deserves great encouragement for the community benefit it provides.

13. That Vancity encourage the local ownership and management of Granville Island through the creation of a community Arts & Culture Trust.

Professor Sacco argues that Granville Island, as significant as it is, needs to be revitalized, that it's social role and land use needs to be radically re-thought. Professor Sacco maintains that "placing the Island in the hands of the cultural producers would give a dramatic impulse to the process." A greater link could be made between the educational and cultural organizations on the Island and nearby; what might thus evolve is more of an open air cultural campus.

As Professor Sacco sees it, this change would "facilitate the emphasis of a more communitarian, inclusive dimension, leading to an unprecedented experiment in direct cultural democracy."

And, of course, we have an interesting precedent in the separation of our International Airport (YVR) from the Federal government. A separation of Granville Island from Canada Mortgage & Housing Corporation would remove several bureaucratic layers and free the Island and some of its cash flow to an Arts & Culture Trust, which could be an exciting arms-length alternative to civic and provincial bureaucracies.

Minister David Emerson, who played a critical role in the establishment of the YVR as a community entity, might be encouraged to consider this proposal.

14. That Vancity endorse the hosting of an early conference on the arts in consultation with the Vancouver Foundation and the GVRD Regional Task Force on Arts & Culture, and that Professor Sacco be invited to present his paper for discussion in the community.

Professor Sacco, has intensively studied various European Cultural Capitals and the Turin Cultural Olympics of 2006. He notes that "an ambitious program of events whose effects quickly evaporate after the closing ceremony" is exactly what we need to avoid.

Instead, he argues for the use of the cultural Olympiad in a way that will promote "a substantial leap forward in the international networking of both Vancouver and the GVRD's cultural system."

What Professor Sacco envisages is "bringing the global cultural world to Vancouver." This requires a substantial program of encounters, art residencies, and visits from cultural producers, curators and operators from around the world "in order to make them substantially acquainted with Vancouver's cultural scene and in effect to plug us into a more substantial international circulation." However, our advisor also sees it as a "budget effective objective compared with other global cultural events."

Professor Sacco believes this kind of major conference might be coordinated between VANOC and the GVRD Regional Task Force on Arts & Culture.

As a preliminary to this, Vancity might host an early conference at the local or regional level, along with the Vancouver Foundation and the GVRD Regional Task Force on Arts & Culture, to consider the recommendations in Professor Sacco's report and engage the views of those that work in this sector.

Considerations for the City of Vancouver

- Compared to our peers, funding of the arts by both the city and region has been modest and inadequate. This leaves us at a huge disadvantage in the competitive world of the modern knowledge economy.

- The payback from thoughtful, independent funding of the arts is enormous. Recent analysis of Edinburgh's festivals indicate a return of over $300 million on a $6 million investment by that city in a single year.

- Vertical structures of control and management in the city, on Granville Island, and elsewhere frustrate pluralistic and community-based initiatives in this sector. In addition, vertical control structures are frequently responsible for significant failures; the most noted local examples being:
  - the Sea Vancouver Festival, a $1.5 million bankruptcy with suppliers, artists, and contractors going unpaid; and,
  - the $1.5 million closing ceremony of the 2006 Turin Olympics, derided by the public and politician alike.

- There appears to be a great divide in funding support between initiatives that emanate from the bureaucracy or the city itself compared to community-based initiatives. This cultural hierarchy frustrates the most active cultural groups.

- There is both a need and demand for an Arts Trust or Council, which would allow an arms-length relationship between local government, arts organizations, and individuals.

- The city should endorse the concept of a community-based Arts Trust for the ownership and management of Granville Island. Our community has already shown the huge benefit of removing our international airport from the distant, vertical hierarchy of Canada's Department of Transportation, to everyone's benefit. Isn't it time to apply the same approach to Granville Island, getting it out of the distant hands of Canada Mortgage & Housing and freeing the local entrepreneurial spirit of the arts community?

- While worthy, the cultural precinct proposal could absorb all available funds from government without ensuring any access by local arts groups. The truly productive community arts groups and the opportunities for development in the creative sector could be terribly limited unless a percentage of the substantial amounts to be allocated for the precinct are made available for community and grass-roots endeavors.

- The proposed arts hub, an artistic partner to the Carnegie Community Centre, should be supported by the city as a balance to the exceedingly high expenditures on West Georgia Street.

- The city should become less reliant on zoning bonuses to create arts facilities in the city. The arts deserve significant defined funding on an annual basis.

- The city should be more sympathetic and helpful to arts groups that are innovative and entrepreneurial. Organizations such as the Scotia Bank Dance Centre and the Vancouver East Cultural Centre have had great difficulties in dealing with excessive demands from civic bureaucrats when embarking on important and ambitious projects.

- The city should recognize the fact that much of the inner city commercial/ industrial zoning is used by artists and artisans, and these uses are essential to the healthy growth of the knowledge economy, unlike the car lots, public storage facilities and other low-intensity users of these lands.

- The city should work with the arts community and its entrepreneurs in order to present some of the finest art available in the world today, international works that are seen in Montreal, Toronto, Quebec City and Calgary but not here.

- Our city should be able to create cultural product over a long period of time and be free from the imperative of commercial success, in entities that might emulate Robert Lepage's Ex Machina, or Les Deux Mondes, both in Quebec; work that is subsequently seen for the genius it is. The Great Northern Way campus, under the guidance of UBC's Robert Gardiner, might provide just such an opportunity. In the industrial world, this would be called "R&D".

- The city's current Metro jobs study should be modified to consider the analysis Professor Sacco makes regarding the importance of this sector to the economy and within the False Creek rim, so that zoning policy and plans can be adjusted

to reflect the needs of this sector, which is critical to the value add need in all sectors.

- Finally, we would respectfully suggest that the city be a party to inviting Professor Sacco back for further studies and further refinements to plans and policies.

Considerations for the Greater Vancouver Regional District

- Compared to our peers, funding of the arts by both the city and region has been modest and inadequate. This leaves us at a huge disadvantage in the competitive world of the modern knowledge economy.

- There is both a need and demand for an Arts Trust or Council, which would allow an arms-length relationship between local government, arts organizations, and individuals.

- The payback from thoughtful, independent funding of the arts is enormous. Recent analysis of Edinburgh's festivals indicate a return on investment of over $300 million in that city in a single year.

- The region's cultural supply base is heavily weighted on Vancouver's False Creek rim. The bulk of the most active cultural organizations in the region can be found in this "fertile crescent" surrounding the Central Business District.

- It is important that the growing parts of the region –Surrey-Langley, Tri-cities, and others- have easier access to inner city cultural producers. It is for the region to determine the best means to do this; be it exchange arrangements with students, establishing a satellite presence in regional centres, or subsidizing access. There is a need for a fuller regional survey and analysis to determine this.

- According to an OECD test measuring the logical reasoning capacity of 15-year olds, Canada's youth have amongst the greatest capacity in the world, ranking 6th compared to 24th for the USA. This capacity should provide the basis for an outstanding role in the competitive world of the knowledge economy. As Professor Sacco has advised us, "in an economy that is based on knowledge, the really crucial infrastructure is to be found in the width of the mental space of its people."

  As Professor Sacco also notes, "developing a richer menu of choice through access to cultural experiences amounts to expanding the individual sphere of positive freedom, the freedom to choose options that match our deepest inclinations and potentials."

- The cultural industries are a sector of dramatic growth; however, the spread of the creative arts into other sectors has been modest, unlike the UK, which has seen the benefit of cultural and creative capacity break through the other silos of economic endeavour, enhancing the value-add in each sector. The region, in terms of economic policy, should be encouraging a similar pattern.

To date, Professor Sacco argues, our "activities in BC have been peripheral and ill-focused … rather than unleashing a development potential that is still lying mostly underground."

- Our region has the potential to become a world class cultural city. We are already strong in the creative industry spectrum, from radio to recording, film and TV production, the performing arts, software, advertising, architecture, design, and publishing, but, as Professor Sacco argues, "even a casual inspection reveals an incredible quantity of loose ends."

  We should be concerned about the fact that the city and region have never worked on building self- and others' awareness of its cultural potential and its cultural assets.

  And, while there are many cities whose cultural assets are far more limited than Vancouver's, many have a stronger cultural identity. However, as Sacco argues: "Culture-led development may be the winning option for the future of the city, but it will not become really viable until the city finds its way out of this identitatian conundrum."

- Professor Sacco sees the city of Vancouver as a "dual city": "It is even difficult to physically cross the city to reach the west from the east and vice versa; there seems to be no feeling that the two parts ought even to communicate between themselves, let alone be part of a common vision of social and cultural development."

  Furthermore, "Vancouver has thus achieved a perfect spatial separation of the two forms of poverty that may characterize a post-industrial society: the material and the experiential"; and, "I believe that it is possible to argue that the roots of failed cultural identity can be ultimately traced back to this dualism."

  The bridge, he argues, is "access to culture as a generalized social attitude."

  There is a gap too between the inner city and the "outer city", which is a challenge for all of us in the region.

- Granville Island is of regional interest. The region should consider endorsing the concept of transferring the ownership and management of Granville Island to a community-based Arts Trust, should the city itself agree.

  As we have noted, the regional community has already shown the huge benefit of removing our international airport from the distant, vertically controlled hierarchy of Canada's Department of Transport.

  Isn't it time to apply the same approach to Granville Island, getting it out of the distant hands of the Canada Mortgage and Housing Corporation and freeing the entrepreneurial spirit of the arts community?

- The Great Northern Way Campus, a consortium of UBC, SFU, BCIT, and the Emily Carr Institute, is of regional significance with its marriage of various disciplines and its $40 million in new funding to establish both a Masters in Digital Arts and

Transforming Arts + Culture programs. It should be seen as a metropolitan asset with broader links to other communities in the region.

- There are common needs in the arts co-operation, networking, and risk taking. All these issues demand regional consideration.

- Culture should also be seen as an antidote, if you will, for youth crime, school abandonment, and the beginnings of substance abuse. Professor Sacco argues that marginalization is most often the outcome of a lack of capacity: "One can think of addictive behaviour as a sort of collapse of a person's experience base, leading to a self-feeding lock into negative levels of activation costs."

- Finally, we would respectfully suggest that the region be party to inviting Professor Sacco back for further studies and to suggest other remedies the region might consider.