Chapter III
Creative Industries and the Urban Hierarchy:
The Position of Lower Tier Cities in the Knowledge Economy

Scott Baum  
Griffith University, Australia

Tan Yigitcanlar  
Queensland University of Technology, Australia

Kevin O’Connor  
University of Melbourne, Australia

ABSTRACT

As the 21st century progresses, the most successful economies and societies will be creative ones. Worldwide, governments are producing strategies to encourage the development of creative industries and to strengthen the role of knowledge cities nationally and internationally. There is significant policy discussion regarding the role of creative clusters in strengthening local economies and significant energy has been expended discussing the many positive outcomes of such developments. This chapter takes these issues as a starting point and considers the role of creative industries within broader concerns regarding regional development. Referring to data and analysis on the urban and regional geographies of creative industries the chapter considers the extent to which places at different levels of the settlement hierarchy can successfully develop creative industry nodes.

INTRODUCTION

The importance of creative or knowledge work to economic success, if not the mechanisms of fostering such work, is widely appreciated. Atkinson (2001) reports in the U.S. “high-tech output has grown four times faster in the 1990s than the economy as a whole and high-tech jobs pay an average of 78 percent more than the median wage. Information technology industries
now represent 8.2 percent of GDP—up from 4.9 percent in 1985—and are expected to account for approximately 15 percent of GDP in 2020.” For Venturelli (2000, p. 15): “in short, a nation without a vibrant labor force … does not possess the knowledge base to succeed in the [Knowledge] Economy, and must depend on ideas produced elsewhere.” At the regional and/or local level the impact becomes more acute as a region’s comparative advantage is now, more than ever, tied to its ability to attract the right talent. The importance of creative talent for regions or cities was highlighted by Jacobs (1969) and earlier by Ullman (1958), and there has been significant recent empirical work illustrating the links between clustered human talent and regional economic growth (Glaeser et al. 1995; Glaeser 1999, 2000; Simon 1998) Within Australia this argument has been forcefully made by National Economics (2002). They declare:

**Leading regions establish competitive advantage through their capabilities. They are vehicles for resource mobilisation that can almost instantaneously bring together the resources required to launch new businesses and turn innovations into successful products. For these reasons the nexus of competitive advantage shifts to those regions that can generate, retain and attract the best talent. This is particularly so since knowledge workers are extremely mobile...** (National Economics 2002, p. 61).

That cities have become taken with the idea is perhaps an understatement. Several international organizations have recognized this area of policy and have released discussion papers or established Web sites. For cities and regions the focus has been on development plans and discussion papers that identify a case for localities to develop creative industry niches, centers, and clusters, or to attract workers with the desired creative skills. Florida’s (2002) The Rise of the Creative Class has been particularly influential here (and also widely criticized) with several countries developing their own creativity index with which to compare regions or cities performance in terms of potential for developing creative industry niches.

Other approaches can be seen in European examples such as the discussion paper on the economic potential of the creative industries in Vienna (Ratzenbock et al., 2005), Zurich’s creative industries synthesis report (Held et al., 2005) the studies of the East Midlands, Yorkshire, Manchester, and the UK studies more widely (Comedia, 2001; Bretton Hall College, 2000; Department of Culture, Media and Sport ,1998, Fleming, 1999, O’Connor, 1999). In the United States documents include the blueprint for investment in New England’s knowledge economy (The New England Council, 2001), while elsewhere similar policy documents and discussion papers have been developed (Hong Kong Development Council, 2002; Singapore Ministry of Information, Communication and the Arts, 2002; New Zealand Institute of Economic Research, 2002). Within Australia, federal government initiatives through various departments have funded projects that would develop and strengthen local entrepreneurialism and creative industries, while state governments have identified creative industries as key industries in regional development. The Queensland government’s document titled, “Creativity Is Big Business: A Framework for the Future” and the Gold Coast city’s “Australia’s Innovation City” framework are examples.

In light of the foregoing, a significant question relates to the extent to which these broad regional development policies are capable of delivering positive outcomes for regions at differing levels of the settlement hierarchy. While tier one cities are seen as the main creative centers, can lower tier cities and regions work at developing a burgeoning creativity presence? With reference to this question, some skepticism has been expressed on this issue previously. This chapter adds to that skeptical interpretation, It does so by considering some recent Australian research on