

Five Roles for Arts, Culture, and Design in Economic Development

Mary Jo Waits

Mary Jo Waits Associates LLC

Although economic recovery is beginning to take hold, governors and mayors remain focused on finding better policy and strategies to drive job creation and economic growth. They seem to be gravitating toward five areas:

1. Identifying and supporting high-growth, entrepreneurial firms and globally-oriented industry clusters.
2. Creating new growth opportunities for mature industries.
3. Building places that will attract and foster innovation and businesses.
4. Finding new uses for old properties, functions for declining districts, and new economic opportunities for growing cities and regions.
5. Constantly updating workforce skills.¹

Many are taking an all-hands-on-deck approach as they call on state and city agencies—and not only the obvious economic and workforce development agencies—to create better strategies for long-term economic growth. They are asking energy offices, budget offices, transportation, health, and procurement offices to be more attuned to the success or failure of a local business, technology venture, or job training program.

Some governors and mayors are including arts and cultural agencies in their approaches. The 2012 National Governors Association (NGA) report, “New Engines of Growth: Five Roles for Arts, Culture and Design,” outlines how arts, culture, and design can compel economic solutions in five ways:²

1. Create a fast-growth, dynamic industry cluster.
2. Help mature industries become more competitive.
3. Provide the critical ingredients for innovative places.
4. Catalyze community revitalization.
5. Deliver a better-prepared workforce.

I review each of these roles here.

1 Erin Sparks and Mary Jo Waits, “New Engines of Growth Five Roles for Arts, Culture and Design.” (Washington, DC: National Governors Association, Center for Best Practices, 2012), www.nga.org/files/live/sites/NGA/files/pdf/1204newenginesofgrowth.pdf.

2 Sparks and Waits, “New Engines of Growth.”

Creating a Fast-Growth, Dynamic Industry Cluster

Policymakers in state capitols and city halls eager to drive economic growth and innovation have for several decades focused on strengthening industry clusters. Clusters are geographic concentrations of similar and related firms, their suppliers, and supporting institutions. Clustering helps firms improve productivity, promote innovation, and increase value-added, which enables them to compete globally and pay higher wages. There is strong evidence that the health of a state economy and a city economy (e.g., rates of job, income, and export growth) depends on the strength and economic performance of its principal industry clusters.³

Strategies to strengthen industry clusters and maximize their value to the local economy typically involve providing high-value services and resources (e.g., research institutions, regulations, cultural attractions, skilled workers) that are shaped to cluster needs and getting cluster firms and other organizations together to address common problems. Republican and Democratic policymakers alike pursue cluster development as a way to better focus on areas where the returns on investment may be strongest and where it affects the competitiveness of several companies simultaneously.

While science and technology industry clusters (e.g., information technology, biotechnology, nanotechnology) are a common and high-yield focus of economic development, increasingly, states and cities are looking to enhance clusters of firms in the arts, culture, and design sectors.

Arkansas, Colorado, and Mississippi are among approximately a dozen states treating creative individuals, institutions, and businesses as an industry cluster. By looking at the geographic concentration of not only visual artists, cultural performances, and nonprofit institutions, but also large economic sectors such as entertainment, fashion, publishing, and broadcasting in the state, Arkansas identified the creative industry to be its third-largest cluster in the state, Colorado found it to be the fifth largest, and Mississippi found it to be among the fastest-growing clusters in the state.⁴

Strategies to strengthen the creative cluster and maximize its economic value in the local economy are similar to those in other industry clusters. They focus on connecting all of the potential participants in a cluster with one another and focus on supplying the ingredients necessary for business success that are missing locally.

Helping Mature Industries Become More Competitive

Most states and cities recognize the merits of using arts, culture, and design to enhance tourism, and they depend on the cooperation between economic development and arts

3 Mary Jo Waits and Joe Cortright, "Growing State Economies: A Policy Framework." (Washington DC: National Governors Association Center for Best Practices, 2012), <http://www.nga.org/files/live/sites/NGA/files/pdf/11heinemanframework.pdf>. See pages 28-31 for a summary of the research describing industry clusters and their role in regional economic growth.

4 Sparks and Waits, "New Engines of Growth."

and cultural agencies to design and implement strategies for leveraging and marketing the unique quality of life, culture, and cuisine in regions to boost tourism value and growth. Newer for states and cities is the connection that arts, culture, and design can have to renewal and retooling other industries. One such industry is manufacturing.

Although there is new optimism that technologically sophisticated, high-value manufacturing—advanced manufacturing, as it is sometimes called—can thrive in the United States, there is concern that the country does not have the system of supports in place to deliver the tailored research, quality suppliers, and skilled workers that manufacturers need if they are to invent, design, and produce high-value-added products for existing and emerging manufacturing industries. In its “Report to the President on Capturing Domestic Competitive Advantage in Advanced Manufacturing,” the American Manufacturing Partnership in 2012 recommended that universities, national labs, intermediate technology institutes, independent research institutions, and community colleges work together with industry to support research, development, and deployment of advanced technologies, and to support the talent pipeline for industry.⁵

For many manufacturers, the whole system of supports includes more than science and technology research, suppliers, and talent. It also includes a strong design industry and infrastructure with many creative individuals. Leading companies such as Apple, BMW, and Nike have achieved major market success with elegant and smart design. Several states, including South Carolina, Virginia, Michigan, and Illinois are working with advanced manufacturers, both large and small, to create this type of specialized infrastructure. South Carolina’s Clemson University International Center for Automotive Research (CU-ICAR) is an example.

Created in 2007, CU-ICAR responded to calls from BMW and other automotive manufacturers for universities, schools, and state agencies to reinvent their interactions with regional industry. They wanted these schools and agencies to provide a unique approach to teaching graduate automotive engineering students and to conduct leading-edge, applied research based on industry needs. The centerpiece of the new approach is Deep Orange, a project in which students, multidisciplinary faculty, and participating industry partners collaborate to produce a new vehicle prototype each year. Each new vehicle project provides the automotive engineering students with hands-on experience in vehicle design, engineering, prototyping, and production.⁶ Recent Deep Orange projects partnered automotive engineering students and faculty with design students and faculty. The fifth-generation Clemson vehicle, sponsored by General Motors, for example, partnered the Art Center College of Design in

5 AMP Steering Committee, “Report to the President on Capturing Domestic Competitive Advantage in Advanced Manufacturing.” (Washington DC: President’s Council of Advisors on Science and Technology, July 2012).

6 See <http://cuicar.com> for description and history of CU-ICAR. See <http://www.cuicardeeporange.com> for description of Deep Orange project.

Pasadena, California with Clemson University.⁷ As of 2011, CU-ICAR has generated nearly \$250 million in investments with additional \$500 million in developments and 2,300 jobs announced.⁸

Providing the Critical Ingredients for Innovative Places

Several reports by the National Governors Association and others, such as the National Academy of Sciences Board on Science, Technology, and Economic Policy, describe how states and cities are particularly interested in cultivating a well-developed innovation ecosystem. Governors and mayors tend to translate the innovation ecosystem goal into building an array of innovation hubs or innovation zones within their state borders. For example, Washington State passed legislation in 2007 to create state-designated Innovation Partnership Zones (IPZs). These zones were designed to encourage and support research institutions, workforce training organizations, and businesses to work cooperatively in small geographic areas.⁹ Currently, Washington has 12 designated IPZs. In June 2014, New York Governor Andrew Cuomo launched the Tax-Free NY initiative in which State University of New York (SUNY) campuses and university communities throughout the state will be transformed into tax-free communities to attract start-ups, venture capital, new business, and investments from around the world.

State and local policymakers may typically focus first on tax-free zones or physical infrastructure for educational and medical research institutions (Eds and Meds). But they also often want to create or reinforce several critical ingredients for innovation: smart people, innovative firms, and research institutions to spur new ideas; entrepreneurs to commercialize the ideas and build businesses in the area; and industry networks to boost interaction and encourage cross-industry partnerships that enable innovation and business growth. A few states and cities have in their plans place-making attributes (e.g., art and cultural venues, public spaces, mixed land use, and walkability) that support innovation and improve quality of life. These attributes motivate creative people and the innovation-based companies that rely on them to stay and grow in the area.

In Arizona, for example, when Phoenix officials developed a strategic vision and blueprint in 2004 to transform the downtown into a hub of creativity and innovation, they outlined seven priorities.¹⁰ These priorities included adding research and other large institutions such as a \$90 million Center for Translational Genomics, a 15,000-student campus for

7 Peter Hull, "GM to Sponsor Fifth-Generation Clemson Vehicle Prototype Program," *The Newsstand*, March 5, 2013, <http://newsstand.clemson.edu/mediarelations/gm-to-sponsor-fifth-generation-clemson-vehicle-prototype-program/>.

8 See <http://www.sstiawards.org/?cat=25>. CU-ICAR was a State Science and Technology Institute (SSTI) 2012 Award Winner for the Improving Competitiveness of Existing Industry Category. See SSTI interview with Fred Cartwright, CU-ICAR, <http://www.sstiawards.org/?p=148>.

9 Washington State Department of Commerce. "Innovation Partnership Zones," <http://choosewashingtonstate.com/i-need-help-with/site-selection/innovation-partnership-zones/>.

10 City of Phoenix, "Downtown Phoenix: A Strategic Vision and Blueprint for the Future." (2004), http://www.phoenix.gov/econdevsite/Documents/d_038196.pdf.

Arizona State University, and the new University of Arizona medical school. Priorities also included strengthening downtown Phoenix arts, cultural and entertainment facilities with a new children's museum, science museum, and a performing arts facility. They also sought to use urban design to ensure connectivity (active street frontage, a grand civic space, and shaded places or oases for people to gather). Diversity, both physical and cultural, was also emphasized, including old and new buildings, big and small venues, global and local businesses, sun and shade, and street life. In 2006, Phoenix voters overwhelmingly passed a bond program to implement the downtown plan.

The approach is paying off. Although Arizona shed jobs faster than any state did, except Michigan, during the 2007–2009 recession, downtown Phoenix attracted new companies, young entrepreneurs, restaurants, and residents, in addition to more than 10,000 students, staff, and faculty to a previously neglected part of the city. The City of Phoenix reports that this part of the city saw the only rise in revenue (retail, hotel, and restaurant) and tax receipts during the recession. From 2007-2014, downtown tax receipts increased 105 percent compared to a city-wide decline of 1.04 percent for the same period.¹¹

Catalyzing Community Revitalization

Throughout the country, states and cities are scrambling to find ways to reinvent and revitalize downtowns, commercial districts, neighborhoods, and communities. The arts, culture, and design sectors can play two important roles. First, artists, designers, entertainers and cultural and entertainment activities can create important anchors in neighborhoods and districts, often helping to revive them. Second, the presence of such activities and creative talent can draw other players (e.g., entrepreneurs, researchers, software developers) in the innovation economy who seek to live and work within a creative ecosystem.

Austin, Texas, which is one of the great economic success stories in the United States in the last 30 years, is an example of that revitalization dynamic. The city's strategy, best summarized in the local slogan, "Keep Austin Weird," is built first on assets that include the downtown's flourishing music scene and funky cultural attitudes and second on the University of Texas' strengths in science and technology.¹² The reoccurring themes in the city's effort include building a critical mass of creative and technology talent; facilitating co-location, or geographic clustering of complementary creative and technology industries; and removing barriers to collaboration, whether physical, social, or cultural.

Downtown Phoenix, discussed earlier, is another example of revitalization built on arts, cultural, and design initiatives laying a groundwork—a set of community amenities that

11 See Downtown Phoenix Partnership, "Annual Report 2012," (2013), <http://www.downtownphoenix.com/downloads/17/annual-report-2012.pdf>. Also, see Don Brandt and David Roderique, "It's Important to Keep Downtown Phoenix Alive," *The Arizona Republic*, November 27, 2010, <http://www.azcentral.com/arizonarepublic/viewpoints/articles/2010/11/27/20101127downtown-phoenix-vision.html>; Revenue and tax receipts by Downtown Phoenix Partnership in email December 2014.

12 Mary Jo Waits et al, "Meds and Eds: The Key to Arizona Leapfrogging Ahead in the 21st Century." (Phoenix, Arizona: Horace W. Steele Foundation, 2005), <http://www.solimar.org/pdf/medseds.pdf>.

improve quality of life and that enable easy interaction, which attracts and keeps creative talent and innovative businesses in the area.

More than one-half of the states have arts and design districts, historic preservation programs, or artist relocation programs that encourage artists to live and work in distressed areas and set the stage for the next stage of revitalization.¹³ In reviewing the paths of Austin and Phoenix—and more cities like them, including Tacoma and Walla Walla, two of the innovation zones in Washington state—cities and states have important opportunities to further cooperation between economic development and arts and cultural agencies.¹⁴

Delivering a Better-Prepared Workforce

Education and skills are central to nearly every issue of economic growth today: rising levels of productivity, innovation, entrepreneurship, and wealth. Governors and mayors consistently place the education and skills of their citizens at the top of their economic development agenda. Science, technology, engineering, and math (STEM) education is often the focus. However, both K-12 and adult education are beginning to focus on arts, music, design, and creativity as a way to foster the very skills necessary to succeed in the STEM fields. Clemson University's integration of arts and design into automotive engineering degrees, discussed earlier, is one example in higher education. Other examples include the Jimmy Iovine and Andre Young Academy for Arts, Technology, and the Business of Innovation at the University of Southern California (USC), and the School of Arts, Media and Engineering in the Herberger Institute for Design and the Arts and the Ira A. Fulton Schools of Engineering, both at Arizona State University (ASU).¹⁵ For both USC and ASU, the goal is to provide new degrees and research opportunities that merge or span disciplines—arts, design, sciences, engineering and entrepreneurship—to meet both industry needs and student interests.

An example at the K-12 level is Oklahoma A+ Schools. The schools commit to a set of eight education essentials, including arts, experiential learning, and collaboration. The professional development needed to integrate these essentials is provided by Oklahoma A+ School Fellows, a group of teachers as well as teaching and practicing artists. The schools develop a curriculum that crosses traditional disciplinary boundaries, teaches art daily, and integrates arts into other subjects. For example, students might learn about math or science concepts through music. Such cross-curricular connections are made using a curriculum mapping process in which all teachers participate.¹⁶

13 Sparks and Waits, "New Engines of Growth."

14 See Walla Walla example in Sparks and Waits, "New Engines of Growth," pp. 18-19.

15 See <http://ame.asu.edu> for Arizona State University and <http://iovine-young.usc.edu> for University of Southern California.

16 See Sparks and Waits, "New Engines of Growth," pp. 38-39.

Conclusion

The benefit of an all-hands-on-deck approach to confronting economic challenges and opportunities becomes readily apparent when considering the case of arts, culture, and design. Not traditionally present in the domain of economic development, this trio has many potential benefits for boosting the economy. They touch the economy at crucial leverage points, including innovation, entrepreneurship, employment, and revitalization. An arts, culture, and design strategy is not the only requirement for promoting prosperity. However, coupled with other strategies, the three can provide a competitive edge for cities and states.

Mary Jo Waits advises states, cities, foundations and business leaders on economic development strategies, programs and policies. She served six years as the director of the economic, human services and workforce division at the National Governors Association Center for Best Practices, where she provided the nation's governors and their top policy advisors tailored technical assistance for challenges facing their states and identified and shared best practices from across the country. Her other positions include associate director of the Morrison Institute for Public Policy at Arizona State University; assistant director of the Governor of Arizona's Office of Policy Development and Planning; and principal at the public policy consulting firm Mary Jo Waits and Associates LLC. Her articles have been published in Public Administration Review, Economic Development Quarterly and Economic Development Commentary. She was a member of the Economic Development Quarterly's editorial board.