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## **Creative industries, spatial contrasts and urban governance in Madrid<sup>1</sup>**

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### **Abstract**

Over the last two decades the large metropolitan regions in Spain have been faced with the challenges of increased competition and delocalisation of activities. Thus,

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promoting the creative economy has emerged as a key strategy for local governments in these areas. This article evaluates current theoretical debate through the analysis of the Madrid Metropolitan Region, which contains the largest concentration of creative industries in Spain. More specifically, it examines the importance of these industries for the construction of what is hoped to become a *global city*. To this end, the weight and spatial distribution of the creative sectors is analysed and the main strategies and actors involved are presented. The results suggest that Madrid is still far from building a competitive *creative metropolitan region* and that governance relations represent a significant obstacle to reaching this goal.

**Keywords:** creative industries, urban governance, metropolitan region, Madrid

### **Resumo**

Nas duas últimas décadas, as principais regiões metropolitanas da Espanha confrontaram-se com o desafio do aumento da concorrência e da deslocalização de atividades produtivas. Nesse contexto, a promoção da economia criativa tem surgido como uma das estratégias a adotar, pelos governos locais, para essas áreas. O artigo analisa o atual debate teórico sobre esta questão e o estado da economia criativa na região metropolitana de Madrid, que se constitui como a maior concentração dessas atividades em Espanha. Considera a sua importância na economia metropolitana, a sua distribuição e as respetivas estratégias de promoção desenvolvidas pelos atores locais. Os resultados sugerem que Madrid ainda está longe de ser uma região metropolitana criativa e que as relações de governança representam um obstáculo significativo para atingir essa posição.

**Palavras-Chave:** economia criativa, governança urbana, região metropolitana, Madrid

## 1. Introduction

For the last two decades the large metropolitan regions in Spain have been faced with the challenges of globalization and European integration, along with increased competition and the delocalization of productive activities. In addition, they have been left vulnerable by the current economic crisis and the unsustainable model of growth that prevailed until 2008.

In this context, the discourse promoting the *creative economy* as a strategy to foster a more productive knowledge-based economy and higher quality employment has spread, encouraged by international institutions and national governments, and it is now entering the agenda of many local governments as a possible response to the recession (Pratt, 2009; Pratt & Hutton, 2012). Moreover, recent literature on this topic reflects the growing importance of creative activities and the *creative class* in the structure of the new urban hierarchies, highlighting that a significant proportion of them are concentrated in metropolitan regions (Florida, 2005; Scott, 2009).

However, the creative economy has also received many criticisms related with its conceptual imprecision and with the translation of an Anglo-Saxon idea to other countries, such as those in the Mediterranean, where it is still not very integrated or it is confused with the idea of *cultural economy*. There are also debates surrounding the possible mythification of its importance, the elitism of some urban strategies designed to attract these kinds of activities and highly-skilled professionals as opposed to alternative approaches, and the parallel reinforcement of phenomena such as urban segregation (Garnham, 2005; Musterd, 2006; Pratt, 2011).

In the Spanish case, the literature on creative industries and urban development has been mainly focused on two cities, Barcelona (Battaglia and Tremblay, 2011; Pareja-Eastaway, 2011) and Bilbao (Vicario & Rodríguez, 2005; Plaza, *et.al.*, 2009), considered by researchers as paradigmatic cases of policies to promote "creative cities". However, almost no attention has been paid to the case of Madrid, which represents an important gap in the research of creativity and urban development in Spain. At least two relevant aspects demand the attention of Madrid from this perspective. On the

one hand, it presents the highest concentration of creative industries in the Spanish urban system. Furthermore, for years now the central city local government has been placing an increasing interest in strategies promoting cultural and creative sectors in order to diversify the local economy through knowledge intensive activities and the creation of qualified jobs. However, it does not seem to have found the way to put Madrid among the most relevant creative cities in the European context, rising important questions about the factors that have hampered these objectives, beyond the effects of the current economic crisis and austerity measures implemented in Spain in recent years, a process that will not be analyzed here.

This article aims, first, to provide an overview of creative activities present in the metropolitan region and to critically evaluate the major promotional strategies applied in recent years. Following previous empirical research (Hutton, 2009; Kolenda & Yang Liu, 2012), particular emphasis is posed on the policies deployed by the central city government, which has been playing the most active role in the promotion of creative industries in the context of the Madrid region. However, this work should be considered as a first approach to the topic, more focused on identifying particularly relevant actions which have reached greater impact and visibility than in compiling an exhaustive list.

Second, this will allow us to contrast some of the basic tenets underlying the promotion strategies of creative cities. In this regard, it should be noted that our perspective gets away from debates around the *creative class* (Florida, 2002) or from the attempts made to measure the importance of the employment in the creative industries through the use of the so called *Creative Trident* (Higgs *et al.*, 2008) which have been broadly debated both in Portugal (Leandro & Vale, 2012; Santos Cruz & Teixeira, 2012) and in Spain (Navarro & Mateos, 2010; Pesquera *et al.*, 2010).

The first section will revise the usually proposed keys to understand the strong tendency of such industries toward spatial concentration and the emergence of territorial clusters. In this context, we discuss the increasing importance given by the recent scholarly literature on creative industries to the role of actors and governance networks, a central issue in addressing the final section. The second section will focus on analysing the localisation of creative industries within the metropolitan region, as

well as the possible influence of *hard*, *soft* and *network factors* on the structure of their current distribution and on the reinforcing of old intrametropolitan inequalities. In the final section, drawing on the typology of strategies proposed by Michelinini & Méndez (2012) we analyze the policies and governance networks promoting creative industries in Madrid. On that base, we discuss those implemented in Madrid during the last decade. This research will allow us to note certain conclusions about the main achievements and weaknesses of metropolitan governance in Madrid.

Despite the large number of documents on the Creative Economy published by international organizations (UNESCO, 2006, UNCTAD, 2008, European Commission, 2010), the concept is still widely debated. On the one hand, to define it as those activities "based on the production of symbolic goods, dependent on property rights and aimed at a market as broad as possible" (UNCTAD, 2008: 13) is not very accurate. On the other hand, the usual relation of creativity with specific sectors or particular professional occupations has been the source of an unresolved dispute, forcing to choose a criterion for delimitation, while being aware of its limitations.

Among the diverse classification systems used to identify creative industries, it was decided to base this study on the system proposed by UNCTAD (2008), the most widespread in the international literature, which distinguishes between activities related to Heritage, Arts, Media and Functional Creations. Using this proposal as a reference, nine groups of activities from the National Classification of Economic Activities (CNAE-2009) were identified and placed in groups that slightly modify those provided by UNCTAD. The first group unites Heritage and Arts by including activities based on both artistic creation and cultural heritage. The next group is made up of companies that have been traditionally related to the cultural industries of publishing and printed media, audiovisual services and industries, and computer software and video game publishers. Finally, the last group includes creative services in areas such as architecture, advertising and other professional services, including design, photography and translation.

The analysis of the relevance of the creative economy, its sectoral structure and its location in the metropolitan region has been based on data from the *General Treasury of Social Security* which provided the affiliation in different activities as of 31

December, 2009. Meanwhile the identification of the main projects and strategies deployed by public and private actors in Madrid has been carried out using documents from different sources (official documents, newspapers, promotional material), and fieldwork including interviews with representatives of the most relevant undertakings.

## **2. Creative industries, intrametropolitan inequalities and urban governance**

Despite the increasing attention paid to the creative economy over the past few years, there has been little research analyzing its distribution patterns within regions or urban systems. Nevertheless, the available evidence allows the most common arguments to be identified: its tendency toward concentration, which is visible at different scales; its propensity to form spatial clusters; and the existence of local trajectories tied to the heritage, policies and resources specific to each city (Kloosterman, 2004; Boix *et al.*, 2010).

Within the urban systems studied to date, large urban agglomerations show primacy over the smaller ones. Furthermore, some empirical research (Hutton, 2004; Markusen, 2006) shows that this situation is reproduced within the metropolitan regions, favouring central cities and specific neighbourhoods which works as *creative hubs* in detriment to a more polycentric distribution. Thus, according to Scott (2009), both creative activities and highly-skilled workers are increasingly important within the new metropolitan hierarchy and in the emergence of new socio-spatial inequalities. In this regard, a number of factors are usually used to explain the uneven development of creative industries in metropolitan regions.

First, conventional explanations of why these jobs concentrate in certain specific places of the agglomeration highlight the importance of both *hard and soft location factors*. The earlier refers to the fact that competitive advantages derive from the availability of tangible resources such as high-capacity infrastructure, quality facilities and services, a large real-estate market, or the presence of universities and R&D institutions. Meanwhile, the latter refers to the availability of *know-how*, human

capital and a skilled and diversified labour market, or certain symbolic values associated with specific parts of the city.

Secondly, the tendency of numerous creative activities to group together in certain cities and establish *cultural districts* (Santagata, 2005) or *creative clusters* (Cooke & Lazzarretti, 2008) demonstrates how close physical proximity, coupled with shared corporate conventions and culture, favours the transmission of tacit knowledge and the generation of externalities. Despite the fact that today all local clusters are tied to dense networks of multi-scale relationships (Bathelt, Malmberg and Maskell, 2004), the existence of a local *buzz* with a high density of all kinds of social networks (Pratt, 2010), both local and external, would explain why specific creative sectors are polarized in certain locations.

Thirdly, the influence of local history has also been highlighted because it can help to explain the persistence of specializations derived from networks constructed over time (Bontje *et al.*, 2011; Musterd & Deurloo, 2006). This explains its close relationship with endogenous factors –social, cultural and institutional heritage, *know how*, etc. – that impose a certain *path dependence* (Simmie *et al.*, 2008) to the territorial trajectory, as well as with coalitions of actors within the territory and their ability to value available resources through collective projects.

Last but not least, current literature reveals an increasing interest by researchers about institutional density and *network location factors*. However, according to Radaelli (2011) much empirical work remains to be done regarding governance and creativity. In this sense, it is important to highlight that, as Healy (2004) points out, local political and institutional context is a key factor in driving a creative economy because some forms of governance can, in specific situations, either promote or create obstacles to creativity and innovation.

Putting aside the nuances of its different components and dimensions, governance involves mobilising different actors and creating alliances around collective projects (Le Galès, 1998), so that “achieving policy goals is dependent on collaboration among multiple players whose interests and responsibilities intersect in a fluid and contingent way” (Fontan *et al.*, 2009, p. 834). Thus, it can adopt very different configurations that

will affect the objectives, characteristics and results of development strategies of any kind.

Other literature shows that strategies promoting creative sectors over the past few decades have been linked with *pro-growth coalitions* (Pierre, 1999), which have given rise to local economic development strategies interpreted by Harvey (1989) as *urban entrepreneurialism*. The underlying premise of this kind of coalition is that local economic development depends on growing participation in global economic flows in accordance with the new structural parameters of capitalism, conferring a central role to private capital in development strategies. However, other scholars highlight the importance of place in shaping creative industries policy outcomes. Pratt (2010) points out the importance of history and regulatory forms of creative cities and advice against a single policy model. According to Grodach (2011:82), the cultural policy evolves as a result of past policy structures, mediated by local institutions and actors as well as a broad range of governing interests.

An increasing number of studies reveal that this search for innovation and creativity has given rise to a broad range of strategies in different contexts, ranging from urban regeneration guided by market principles and supported by *flagship urban projects*, to cultural policies oriented toward social inclusion, or all of the “intermediate” alternatives resulting from attempts to combine economic and social goals. These varying approaches reflect the contrasting agendas of different actors, which, as demonstrated by various authors (Musterd, 2006; Pratt, 2010; Jakob, 2010), can give rise to internal contradictions in policies and social tensions. Furthermore, the governance relations of the creative economy may also contribute to intensify specific forms of urban spatial segregation in the *new divided city* (Van Kempen & Murie, 2009). In this regard, a number of factors have been highlighted by studies on urban policy and the creative economy.

First, the characteristics of the actors present in the territory. To Ponzini and Rossi (2010) mayors, in particular, continue to play a crucial role, since their political orientation, entrepreneurial spirit and personal traits tend to be key factors when formulating strategies and building coalitions. Notwithstanding, there are an broad range of public and private players (from business entrepreneurs to artists as well as

different kinds of organizations aimed at promoting culture and creativity) which, depending on their individual and organizational characteristics as well as their relevance in the creative and cultural sector of each city, will contribute to different outcomes of the creative industries promotion agenda.

Additionally, Healy (2004) underscores the relevance of the *governance cultures* underlying the public-private organizational architecture, which can be open to new actors and ideas or closed around traditional power structures, including in discourses that seem to embrace renewal. Furthermore, as Martí-Costa and Miquel (2012) have shown in their study of Barcelona, contradictions can also arise when opposing actors and interests converge on the same urban spaces.

A second key aspect in the promotion of creative industries relates to the structure of governance networks. In general, scholars emphasize the importance of multi-level political-institutional relations. Global projects in Spain, such as Abandoibarra (Bilbao) or Distrito 22@ (Barcelona) are clear examples of the shared interest of regional, local and state governments in the competitive integration of the territory in global flows. Additionally, it is important to consider that a public administration is not a monolithic entity. Rather, as pointed out by Fontan *et.al.* (2009:837), it is comprised of numerous intervention areas, with diverse dynamics and rules governing its actions.

Finally, horizontal relations between the central city and the metropolitan periphery actors have to be considered. In metropolitan environments the dynamics generated in the central city play a key role in constructing its periphery and, therefore, they affect the establishment of local development agendas in their cities. Thus, the impact in peripheral areas of global strategies implemented in the central city, coupled with the lack of regional development plans, are aspects frequently highlighted by scholars. Of equal importance is the impact that certain characteristics of the regional or national context have on local strategies. In Spain, for example, the rise of the *housing bubble* as the country's economic engine for over a decade favoured the diffusion of models of creative economy development which focused on large flagship projects aimed at placing the city on the world map of culture, also converting them into large real estate business for its surroundings. An analysis of what occurred in Madrid allows some of the ideas presented so far to be assessed.

### **3. The relevance and distribution of creative industries in Madrid metropolitan region**

According to Eurostat (2009), Spain occupies an intermediate position in terms of the importance of the creative economy in the EU, with 3.8% of the employed population, which is somewhat lower than the 4.4% EU average and quite a bit lower than the percentages close to 5.5% found in countries like Finland, Sweden, Denmark or the UK (Portugal:2.4%). According to data provided by the General Treasury of Social Security (2009), the creative economy in Spain includes 64,484 businesses and 706,871 workers, representing 3.7% and 4.1% of the respective totals. These are modest percentages and their internal composition shows a clear predominance of services like advertising, architecture, design, etc. (52.4%), compared to cultural industries (38.2%) and, especially, activities related to heritage and arts (9.4%).

But what should be emphasised is the high level of spatial polarization of the creative economy. The data presented for urban areas as defined in the *Atlas Estadístico de las Áreas Urbanas de España* [Statistical Atlas of Urban Areas in Spain], published by the Spanish Ministry of Public Works, are overwhelming (Table 1). Nine of every ten creative economy jobs are located in urban areas, with a sharp majority in Madrid (29.3%), far above Barcelona (17.9%), while the importance of urban areas in the overall Spanish employment is reduced to 76.5% something similar happens with the share of the total employment in Madrid (15.7%) and Barcelona (12.4%). In addition, two thirds of those workers are located in the central cities of those metropolitan regions, underscoring the predominance of centripetal forces on decisions taken about where to localise businesses and institutions (Méndez *et al.*, 2012).

Table 1. Urban concentration of creative economy jobs, 2009 (%).

Creative economy activities	Urban Areas						Rural Areas	Total
	Madrid	Barcelona	Valencia	Bilbao	Seville	Other		
Printing and reproduction of recorded supports	25.16	22.15	3.56	2.55	2.13	28.61	15.83	100
Publishing industry	38.47	20.88	3.20	2.55	2.42	27.4	5.44	100
Cinema, TV, video, sound and music editing	34.00	15.57	3.25	3.52	6.47	29.89	7.29	100
Radio and TV programming and broadcasting	31.82	16.48	6.90	1.84	2.31	34.58	6.70	100
Architecture and engineering	28.2	12.95	3.83	3.87	4.91	35.51	10.72	100
Advertising and market research	35.82	20.16	3.27	2.20	3.17	29.3	6.36	100
Other creative services	21.65	19.87	5.16	2.25	3.60	34.49	13.53	100
Artistic creation and entertainment	22.52	23.19	3.91	2.17	4.40	30.82	12.98	100
Libraries, archives, museums and other cultural activities	18.46	20.28	2.52	2.15	2.65	34.63	19.31	100
Employment in Creative Economy	29.29	17.91	3.84	2.89	3.75	31.95	10.37	100
Total Employment in Spain	15.66	12.41	3.58	2.17	2.81	37.92	23.45	100

Source: General Treasury of Social Security and author's work.

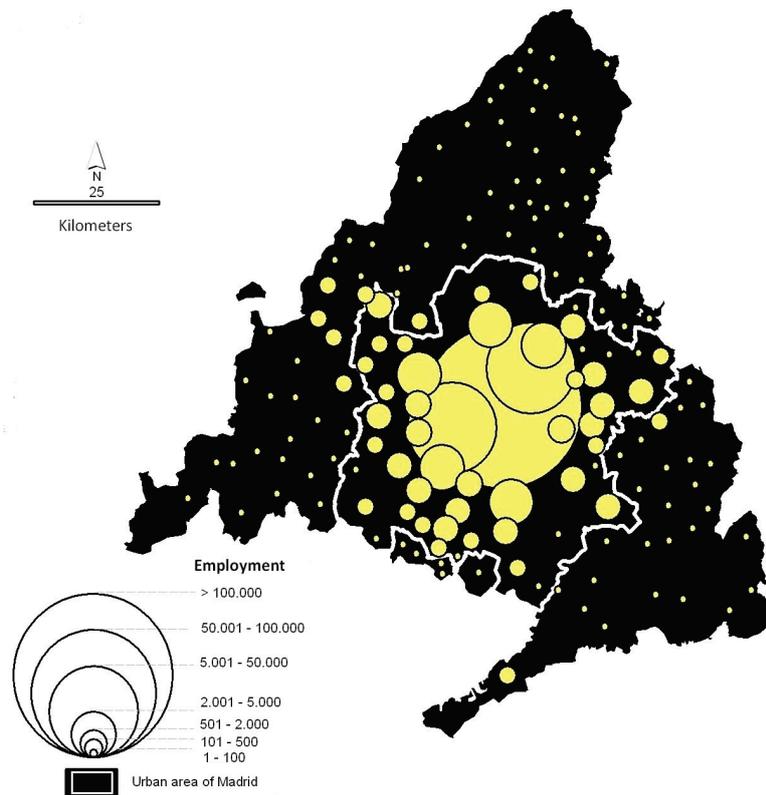
As a reflection of different urban trajectories, the diverse profile of specialisation found in Spanish urban areas is also significant. Therefore, the importance of different activities varies greatly in each area. For example, the percentage of the total creative economy in Spain accounted for by Madrid (29.3%) is surpassed by certain industries present in the urban area such as publishing (38.5%), advertising (35.8%) and the audiovisual sector (34.0%). In contrast, Barcelona's overall presence in the creative economy (17.9%) is surpassed in artistic creation and cultural heritage (23.2%), libraries, archives and museums (20.3%) and the publishing and printing sector (20.9% and 22.2%). Unlike the case of Barcelona, where local policies have played a crucial role in the promotion of creative industries, their situation in the case of Madrid seems to be more closely related to the role of the capital as business centre.

In this context it is important to highlight the accumulation of tangible and intangible assets as well as the presence of dense proximity networks which support the *tacit knowledge* transfer, a key resource for the vast majority of these clusters. That is, hard, soft & network factors add up here its effects to strengthen the agglomeration both at regional level and at intra-metropolitan scale.

The data for the Madrid metropolitan region reveal the persistent contrast between the centre and the periphery, with 71.5% of the jobs in creative industries located in the capital city, particularly in its central districts, when that participation in total employment is now below 50% as a result of the diffusion processes that have built a polycentric territory. This concentration becomes even more evident if the cities in the periphery of the metropolitan region are included, as the percentage climbs to 85.9% with the five cities that have more than 4,000 jobs and to 95.3% if cities that have more than 1,000 are included. However, there are some strong contrasts between the different cities included in the metropolitan periphery which reflect very diverse territorial trajectories and the varying accumulation of *hard* and *soft location factors* in different sectors (Figure 1).

The low-density suburban sectors to the North and West have traditionally been more valued for their social and environmental characteristics. However, they also contain business parks and high-quality facilities, and over the last decades an increasing number of creative industries have settled there, accounting for 15.9% of the regional employment in these industries. Meanwhile the South and East have had greater difficulty in overcoming the inertia of their own industrial past, except where some local governments have implemented promotional policies in the last decade. Known as the industrial areas of Madrid during the fordist era and later affected by deindustrialization, today they only represent 6.0% (South) and 2.6% (East) of the creative economy in the region.

**Figure 1.** Distribution of employment in creative industries within the metropolitan region



Source: General Treasury of Social Security. Own elaboration

Besides the hard factors associated with higher density and quality of infrastructure and facilities in the northwest of the agglomeration, it should be considered the attraction exerted by soft location factors. These include the social and symbolic value of certain spaces as well as the proximity to other companies and institutions that promote strong polarization in the central city and the slow and selective shift toward some nearby cities, which accentuates the segmentation of the metropolitan territory.

This strong territorial selectivity is even more visible if we examine each of the activities. Although they are all polarized in the capital, a few such as cinema, TV, video and radio have small secondary concentrations in suburban areas of west and north, practically inexistent in the case of activities related to publishing, advertising and artistic creation. Printing industries and cultural equipments are the only activities with some presence in old industrial cities of East and South metropolitan region (Table 2).

**Table 2.** Creative economy jobs in the larger cities\* of the Madrid metropolitan region, 2009.

Creative Industries	Number of jobs (including rest of region)	Metropolitan Sector					Capital/Region (%)
		City of Madrid	West Cities	North Cities	East Cities	South Cities	
Printing and reproduction of recorded supports	21544	9437	441	1223	1738	5003	43.8
Publishing industry	29080	24034	1872	1261	555	641	82.6
Cinema, TV, video, sound and music editing	13475	8693	3152	736	118	327	64.5
Radio and TV programming and broadcasting	8556	2405	4653	1442	13	24	28.1
Architecture and engineering	65184	49050	3791	6114	1716	2655	75.2
Advertising and market research	39376	31406	2541	2285	707	1311	79.8
Other creative services	15543	11432	1775	557	314	537	73.5
Artistic creation and entertainment	11376	9106	421	498	166	393	80.0
Libraries, archives, museums and other cultural activities	2913	2430	64	104	135	81	83.4
<b>Total Creative Employment</b>	<b>247047</b>	<b>147933</b>	<b>18710</b>	<b>14220</b>	<b>5462</b>	<b>10972</b>	<b>59.9</b>

Location quotient &gt; 1

\* More than 50.000 inhabitants

Source: General Treasury of Social Security. Own elaboration

The factors that guide the distribution of creative industries in the metropolitan periphery are also applicable to the interior of the central city. Therefore, the association between proximity and tacit knowledge, along with the symbolic capital of certain highly valued areas, are still particularly relevant localization factors favouring a notable inertia in their distribution patterns. A large part of the creative services in Madrid still revolve around the city's central business axis, the Castellana Avenue, and its extension toward the northward and to the airport. Its extension south along the Prado-Recoletos axis (renamed *Paseo del Arte* because the *Prado*, *Thyssen-Bornemisza* and *Reina Sofía* museums are located there) and a few neighbourhoods in the historic centre of the city similarly attract cultural and artistic activities, concentrating a large part of the city's museums.

## 4. Creative economy and urban governance: evaluation and results in Madrid

Beyond the hard and soft location factors explaining the regional distribution of creative industries in Madrid, the spread of the creative economy discourse has led to a number of initiatives supported by diverse governance networks aimed at promoting activities and spaces, some of which are merely rhetorical but others have materialized in tangible actions.

Given the sheer number of initiatives, as well as their scattered distribution and the scarcity of published analyses, it is difficult to provide an overview of the actions carried out in the Madrid metropolitan region to promote culture and the creative industries.

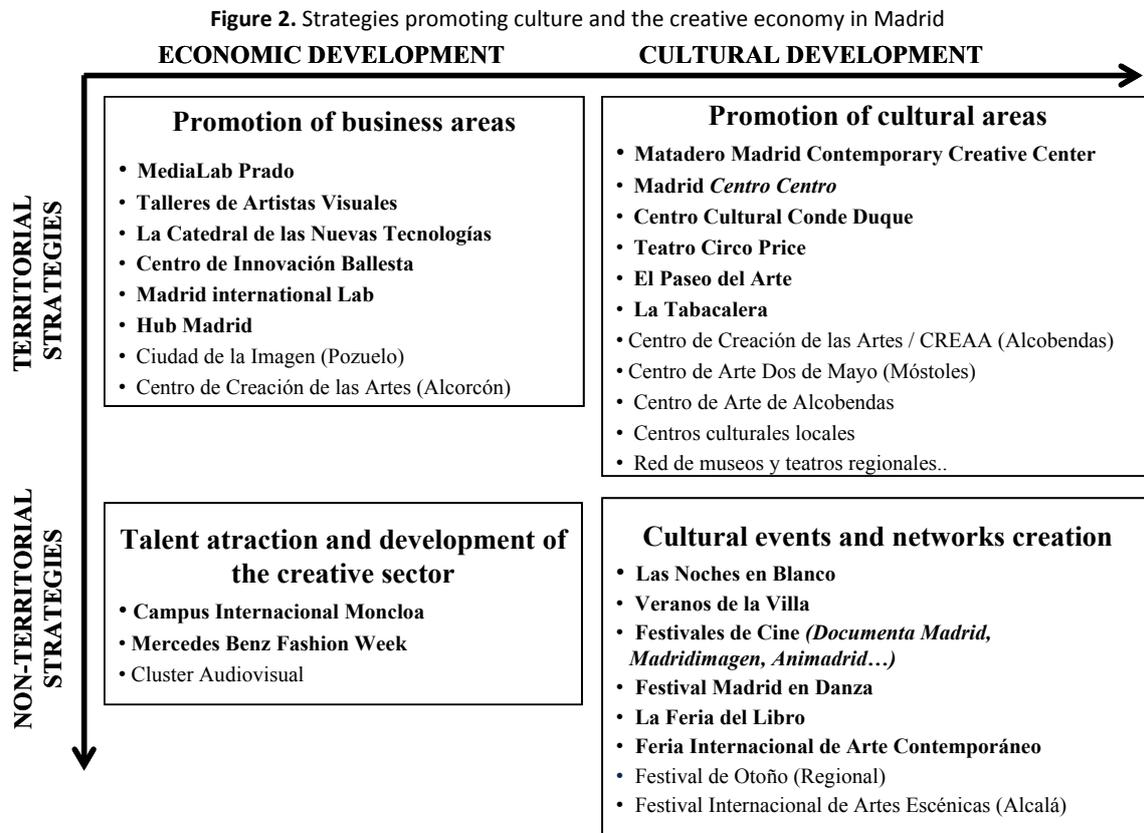
Thus, in order to systematically address the experience of Madrid during the last two decades, we draw on the typology of creative industries strategies proposed by Micheleni & Méndez (2012) that could be useful to carry out comparative studies. As argued in this previous work, an adequate evaluation of these policies requires distinguishing initiatives related to economic development and competitiveness from those aimed at cultural development and social dynamization because, although they are theoretically complementary, they not only can lead to contradictions upon application (Pratt 2010) but also condition the assessment of policy outcomes.

Regarding the types of intervention, some are directed at specific spaces in the city, while others try to value the resources available without focusing on specific areas. Combining both criteria allows four types of policies to be distinguished which, despite being only an outline, provides a useful scheme for examination (Figure 2).

As will be shown later, the first interesting trait is the relatively high number of policies promoting the creative economy in the central city of the metropolitan region (Figure 2, bold letters) and the dearth of this kind of initiatives carried out in the periphery.

Regarding the municipality of Madrid, a distinct feature of their policies is the contrast between the numerous actions directed at promoting cultural spaces, events and

networks and the relative lack of initiatives focused specifically on promoting the creative economy (Figure 2).



Source: Produced by the authors.

Furthermore, in terms of economic promotion, it is difficult to identify a particular sector to be the target of the actions. So far, the actions carried out present two main features that are worth highlighting. On the one hand, they have been few, with unfocused objectives and little continuity. One clear example is the *Catedral de las Nuevas Tecnologías* one of the most heavily promoted new economy initiatives of the past few years. However, due to difficulties and delays in the project its initial objective of becoming a business incubator and exhibition centre located in the renovated building of a former state-owned company was eventually re-oriented toward a virtual network of innovators.

On the other hand, in terms of promotion of business areas, the logic underlying policy making in the central city has been mainly oriented towards the creation of interstitial spaces, thought as co-working spaces, meetings and events rooms or networking spaces. Most of them are located in the historical districts of the so called *Almendra*

*Central*, in neighborhoods that are currently experiencing gentrification processes as the *Barrio de las Letras* or *Triball* promoted by both private and public initiatives.

The most visible initiatives to the moment include *MediaLab Prado* and the *Centro de Innovación Ballesta*, dedicated to producing and distributing digital culture and attracting young talent, and the creation of an incubator in four workshops promoted through the collaboration of the Ayuntamiento of Madrid with the *Asociación de Artistas Visuales de Madrid* (AVAM). But most of them lack to the moment of the necessary critical mass to become engines for creative industries in the city.

In this context, it is important to consider two factors that could help change this situation in the future. On the one hand, the presence of private stakeholders which have began to promote this kind of creative spaces. This is the case of the recently created *HUB Madrid*, which integrates a global network of spaces for creative activities, mainly oriented towards social innovation entrepreneurs. On the other hand, the recently launched (2012) *Madrid International Lab*, promoted by the local Economic Development Agency *Madrid Emprende*. The new organization, with offices located in the historical city center is aimed at attracting, retaining and promoting international talent in Madrid and offers a broad range of services and facilities to creative industries entrepreneurs, mainly through business incubators located in the city peripheral districts.

However, the absence of other types of territorial strategies is striking. In particular, is noteworthy the scant interest paid to the creation of business areas to promote clustering around certain relevant private initiatives like *Electronic Arts*, the global video games giant arrived to the city in 2007, or *Zinkia*, a Spanish emergent global video games business, whose offices are located in a residential neighbourhood of the city centre.

As shown in Figure 2, non-territorial initiatives to promote creative economy have not been particularly relevant so far. Beyond the *Madrid Fashion Week*, whose continuity has been recently ensured by the support of *Mercedes Benz*, the only significant initiative is the *Campus de Excelencia Internacional Moncloa*, promoted by the Complutense University and the Polytechnic University of Madrid in collaboration with the Ayuntamiento of Madrid. However, evidence suggest that the expected objective

of attracting students and researchers from both Spain and abroad has not been reached yet.

The situation is quite different when considering strategies oriented to promote cultural development. To a certain point, this situation reflects the fact that the most relevant cultural facilities and infrastructures tend to be concentrated in the central city, as a consequence of its condition of capital of the region and country. However, it is important to underscore that over the last decade the policies of the Ayuntamiento of Madrid have been actively trying to reinforce these cultural assets as part of a city branding strategy aimed at building up the idea of an open, vibrant, tolerant and, above all, business friendly city.

The renewed municipal administrative structure since 2004 is a clear evidence of the relevance given to these issues by the local government, even under the persistent Spanish economic crisis. In fact, the Ayuntamiento of Madrid has maintained its *Department for Art and Culture* and the state-owned company *Madrid Art and Culture S.A.*, established to facilitate the management of cultural programmes and activities, as well as the various theatres such as the *Teatro Español*, *Teatro Fernán Gómez* and *Teatro Circo Price*.

In this context, it should be highlighted that a hierarchy has been clearly defined among initiatives at the supra-municipal, municipal and neighbourhood levels, which indicates an integrated strategy. But the most important part of this offer is territorially concentrated and structured around the so called *Paseo del Arte* and its northward and southward extensions, stressing the cultural role played by the inner city in the metropolitan context.

Three main initiatives can be identified in terms of promotion of cultural areas which works as pillars of the local cultural industries development. The first one is the *Matadero Madrid*, a territorial landmark in the South of the inner city, defined as a centre of contemporary creation. Located in the old Madrid slaughterhouse complex, these renovated 19<sup>th</sup> Century industrial buildings compound contain everything from exhibition galleries to cinemas and theatres. Despite its relatively short history, the *Matadero Madrid* has established itself as one of the most relevant cultural spaces in the city so far. In this regard, it should be mentioned the sustained sponsoring by

private investors such as *Red Bull* which has broadened the economic sustainability of this initiative.

The second one is *Madrid Centro Centro*, located in an emblematic site of the city, the *Cibeles Square*. It has been conceived as a cultural space dedicated to activities related to urban life. However, it has not reached yet the visibility and relevance of the *Matadero Madrid*.

Finally, the *Centro Cultural Conde Duque*, continues to be a traditional cultural landmark in the city. Although it is more focused on heritage and museums (*City Archive, Municipal Newspaper Archive, Historic Library, Museum of Contemporary Art*, etc.) offers a broad range of cultural activities that complements the above mentioned.

Beyond the role of public sector, it should be noted the presence of certain private actors which have gained a relevant role in promoting cultural activities in the city. This is the case of *Smedia*, an enterprise that manages seven important theatres in Madrid and consequently has an important influence on shaping the cultural agenda of the city. Another relevant case is *Kreanta*, a private foundation based in Barcelona which, in recent years, has been lobbying for the promotion of creative industries in the city.

Nevertheless, in this context stands out the *Feria de Madrid* (IFEMA) which, together with the regional government, the Ayuntamiento of Madrid, the Chamber of Commerce and a financial institution (*Bankia*) organize the *Feria Internacional de Arte Contemporáneo* (ARCO).

The role given to civil society initiatives has not been particularly strong to the moment. Anyway, there are interesting examples of cultural spaces promoted by social movements. Among these kinds of initiatives only *La Tabacalera* stands out, a self-managed social centre that since 2010 has been located in an old tobacco factory in a historic neighbourhood with the largest immigrant population in the city. However, this is a temporary concession given by the then Ministry of Culture, forced by the pressure of neighbourhood social movements, that will last until the completion of the *Museo de Artes Audiovisuales de Madrid*. Conceived as a collective laboratory for the promotion of creativity, it combines various activities related to art, culture and social movements. To sum up, the presence of civil society in the development of the

creative economy still has a long way to go in Madrid before it reaches the levels found in other cities.

Meanwhile the different sectors of the creative economy can also be found in the metropolitan periphery. Notwithstanding, their presence has more to do with various *soft* and *hard* location factors mentioned in the previous section than with local or regional networks of actors promoting creative activities.

Once again, the organizational structure of the regional government offers revealing evidence regarding the role played by creative industries in its development strategy. For instance, after its last renovation in 2011, the regional government's old *Council for Culture and Sports* was reduced to a vice-council and integrated into a vice-presidency with very heterogeneous functions. Accordingly, the regional government has paid scant attention to these kinds of initiatives and also failed to implement a strategic plan to coordinate existing initiatives or to take on more ambitious challenges in line with the position they have been trying to achieve within Europe.

In the absence of a relatively institutionalized metropolitan region upon which to base a territorial project, the regional government has not encouraged collaboration between the different local governments nor has it created incentives to start local initiatives and has appeared somewhat disinterested in promoting creative sectors or, especially, cultural initiatives. Additionally, it should be noted that there has been little cooperation between the Ayuntamiento of Madrid and the regional government. Furthermore, their relations have been more conflictive than collaborative, despite the fact that both are governed by the *Partido Popular*.

Among the few isolated regional initiatives is the *Ciudad de la Imagen*, found in Pozuelo de Alarcón, a city located in the western part of the metropolitan region close to the public radio and television facilities, which houses companies related to the audiovisual sector, television stations and different facilities. It should also be mentioned that the regional government attempted to create an *audiovisual cluster*, with poor results beyond the initial study. Both of these initiatives were isolated actions and lacked a project that would give them meaning.

Local public policies introduced by the periphery local governments have not had an important impact; in particular, they have been lacking in cultural initiatives. In fact, few local governments in the metropolitan periphery have focused on improving facilities for their populations and only rarely have they collaborated in larger-scale objectives. In this regard, it is important to underscore once again the weakness of civil society participation in the governance networks promoted by local governments. Among the larger-scale collaborations are the *Centro de Arte Dos de Mayo* (Móstoles) and the *Centro de Arte de Alcobendas*, which resulted from the collaboration between local governments and the regional government, providing a more traditional approach for this kind of centre (exhibitions, movie festivals, etc.). But the most ambitious initiative to improve local facilities in the metropolitan periphery is the *Centro de Creación de las Artes* (CREAA) promoted by the local government of Alcorcón, located south of the capital, with the idea of integrating training activities (schools of dance, cinema, theatre and circus, conservatory) and artistic workshops, an auditorium and exhibition galleries. However, the election of a new government in 2011 and budget restrictions have paralysed the building project and put its future in doubt.

## **5. Concluding remarks**

The creative economy has become a reference for both those who defend the need of a production model capable of generating higher quality jobs and increasing competitiveness and those who value culture and creativity as a way to promote social innovation, improve the quality of urban life and regenerate deteriorated neighbourhoods. Both of these perspectives are necessary to carry out an adequate analysis of its current significance in the Madrid metropolitan region.

Madrid is the main hub of creative economy in the Spanish urban system with three out of ten jobs in these activities, which demonstrates the importance of location advantages for these activities sustained over time. However, the analysis allows us to point out several weaknesses that limit their ability to lead an effective response to the current crisis and that should also be highlighted.

In this regard, it is important to consider that, despite being the leading metropolitan region in Spain in terms of occupation in creative activities, employment in these sectors accounts for barely more than 4% of total employment, which limits its ability to have a significant impact on economic recovery. Nevertheless, a growing number of local initiatives over the past decade have been added to the important cultural heritage of the city of Madrid and that of the region.

The creative economy in the Madrid metropolitan region is essentially comprised of advanced services and cultural industries attracted by the externalities derived from the agglomeration and the numerous subsidiaries of transnational firms located in the region. Meanwhile, there are fewer jobs related to artistic activities or the management and use of heritage. Consequently, our findings suggest that the sectors that present a better performance do not coincide with those that have been in the core of the public policy so far.

Despite being mostly dematerialized activities, whose major inputs are information and knowledge, they are far from showing the alleged location freedom claimed by some scholars. In fact, few sectors are comparably concentrated and, coupled with spatial selectivity and a tendency to cluster; they are at the base of new intra-metropolitan unevenness. Beyond the material factors of localization, other keys to understanding this situation are immaterial and symbolic, the dynamics of proximity and local trajectories.

The evidence reveals that public policies play a different role depending on which part of the metropolitan region is considered. A review of the main initiatives shows the relative importance of the capital city, both in cultural strategies and, to a lesser degree, strategies to develop the creative economy, as part of what we could understand as a pro-growth strategy implemented by the Ayuntamiento of Madrid. Our findings suggest that network location factors remain as one of the most important obstacles to overcome in the search for promotion of creative activities in Madrid metropolitan region. However, an analysis still needs to be carried out to obtain a deeper understanding of governance relations and the influence of business sector actors and the creative class –artists, social movements, certain professional groups, etc.-.

Also notable are the weak presence of the regional government and its lack of collaboration, except in isolated cases, with the Ayuntamiento of Madrid, as well as the lack of a strategic plan for the creative sector on the metropolitan level. On the contrary, the initiatives promoting creative sectors and cultural activities that have resulted from collaboration between local governments and the regional government over the past few years seem to be related to political affinity rather than other criteria.

In the metropolitan periphery there is also a notable lack of coordination among local governments to implement joint strategies for cultural or business promotion. Once again, the collaboration between the private, public and civil society spheres is very limited, although greater in some physical interventions on certain urban spaces. On the contrary, the initiatives developed in these cities are related to specific strategies carried out by a few local governments who view the creative economy as a way to diversify their economies, create jobs and improve their facilities. However, the creativity discourse still has many rhetorical components that must be translated into actions for these kinds of activities and jobs to have a greater impact on changing the metropolitan region's production model. To sum up, the research carried out suggests that Madrid has lacked a clear and sustained strategy directed towards the promotion of creative activities.

Thus, despite Madrid's prominence in the creative economy on a national level, the evidence shows that it has a long way to go to become a *creative metropolitan region*. Madrid's case is similar to those of metropolitan agglomerations searching for a new economic profile which will allow them to continue being competitive on an international level. Its future trajectory will depend, however, on whether or not it is capable of building the necessary joint-governance relationships and on the type of coalitions that result from them, as well as its capacity to think of and construct a *creative project*.

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