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How to enhance the city's competitiveness**

Lange, B.; Ehrlich, K.; Burdack, J.

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## **Policies and strategies in Leipzig for creative- and knowledge-intensive industries**

**How to enhance the city's competitiveness**

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Dr. Olga Gritsai, ACRE project manager  
University of Amsterdam  
Amsterdam Institute for Social Science Research (AISSR)  
Department of Geography, Planning and International Development Studies  
Nieuwe Prinsengracht 130  
NL-1018 VZ Amsterdam  
The Netherlands  
Tel. +31 20 525 4044  
+31 23 528 2955  
Fax +31 20 525 4051  
E-mail [O.Gritsai@uva.nl](mailto:O.Gritsai@uva.nl)

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# **Policies and strategies in Leipzig for creative- and knowledge-intensive industries**

## **How to enhance the city's competitiveness**

### **ACRE report 10.6**

Bastian Lange  
Kornelia Ehrlich  
Joachim Burdack



Accommodating Creative Knowledge – Competitiveness of European Metropolitan  
Regions within the Enlarged Union

Amsterdam 2010  
AISSR, University of Amsterdam



## ACRE

ACRE is an acronym of the international research project ‘Accommodating Creative Knowledge – Competitiveness of European Metropolitan Regions within the Enlarged Union’.

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Coordination:

### **Prof. Sako Musterd**

University of Amsterdam  
Amsterdam Institute for Social Science Research (AISSR)  
Department of Geography, Planning and International Development Studies  
Nieuwe Prinsengracht 130  
NL-1018 VZ Amsterdam  
The Netherlands

Participants:

- **Amsterdam** (Amsterdam Institute for Social Science Research, University of Amsterdam, the Netherlands)  
Marco Bontje ~ Olga Gritsai ~ Heike Pethe ~ Wim Ostendorf ~ Puikang Chan
- **Barcelona** (Centre de Recerca en Economia del Benestar – Centre for Research in Welfare Economics, University of Barcelona, Spain)  
Montserrat Pareja Eastaway ~ Joaquin Turmo Garuz ~ Montserrat Simó Solsona ~ Lidia Garcia Ferrando ~ Marc Pradel i Miquel
- **Birmingham** (Centre for Urban and Regional Studies, University of Birmingham, UK)  
Alan Murie ~ Caroline Chapain ~ John Gibney ~ Austin Barber ~ Jane Lutz ~ Julie Brown
- **Budapest** (Institute of Geography, Hungarian Academy of Sciences, Hungary)  
Zoltán Kovács ~ Zoltán Dövényi ~ Tamas Egedy ~ Attila Csaba Kondor ~ Balázs Szabó
- **Helsinki** (Department of Geography, University of Helsinki, Finland)  
Mari Vaattovaara ~ Kaisa Kepsu ~ Venla Bernelius
- **Leipzig** (Leibniz Institute of Regional Geography, Germany)  
Joachim Burdack ~ Günter Herfert ~ Bastian Lange ~ Katja Manz ~ Robert Nadler ~ Kornelia Ehrlich ~ Juliane Schröder
- **Munich** (Department of Geography, Ludwig-Maximilian University, Germany)  
Günter Heinritz ~ Sabine Hafner ~ Manfred Miosga ~ Anne von Streit ~ Monika Popp
- **Poznan** (Institute of Socio-Economic Geography and Spatial Management, Adam Mickiewicz University, Poland)  
Tadeusz Stryjakiewicz ~ Jerzy J. Parysek ~ Tomasz Kaczmarek ~ Michal Meczynski

- **Riga** (Stockholm School of Economics in Riga, Latvia)  
Anders Paalzow ~ Diana Pauna ~ Vjacheslav Dombrovsky ~ Roberts Kilis ~ Arnis Sauka
- **Sofia** (Centre for Social Practices, New Bulgarian University, Bulgaria)  
Evgenii Dainov ~ Vassil Garnizov ~ Maria Pancheva ~ Ivan Nachev ~ Lilia Kolova
- **Toulouse** (Interdisciplinary Centre for Urban and Sociological Studies, University of Toulouse-II Le Mirail, Toulouse, France)  
Denis Eckert ~ Christiane Thouzellier ~ Elisabeth Peyroux ~ Michel Grossetti ~ Mariette Sibertin-Blanc ~ Frédéric Leriche ~ Florence Laumière ~ Jean-Marc Zuliani ~ Corinne Siino ~ Martine Azam ~ Hélène Martin-Brelot
- **Milan** (Department of Sociology and Social research, University degli Studi di Milan Bicocca, Italy)  
Enzo Mingione ~ Francesca Zajczyk ~ Elena dell’Agnese ~ Silvia Mugnano ~ Marianna d’Ovidio ~ Carla Sediti
- **Dublin** (School of Geography, Planning and Environmental Policy, University College Dublin, Ireland)  
Declan Redmond ~ Brendan Williams ~ Niamh Moore ~ Veronica Crossa ~ Enda Murphy ~ Philip Lawton

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## EXECUTIVE SUMMARY

The ACRE project analyses the competitiveness of European metropolitan regions in the context of global competition. In particular the research focuses on creative and knowledge intensive industries. These emerging economic sectors show above-average growth rates, and they are held responsible for the competitiveness of metropolitan regions. The regional economist Florida supposes that creative people do not simply move to regions with wide opportunities in the labour markets, rather the jobs follow this ‘creative class’. This suggests that there might be different driving forces for location of people, businesses, and venture capital than only hard economic factors. Soft factors and personal trajectories are supposed to account for a large share of today’s attractiveness of metropolitan regions.

In order to understand the location decisions of creative professionals the ACRE project looks for driving forces of Florida’s ‘creative class’ and has been surveying three different target groups – employees, managers/freelancers, and transnational migrants working in creative and knowledge-intensive industries.

WP 10 has a close look at the policies in the different metropolitan regions within the ACRE project concerning creative and knowledge-intensive industries.

The ACRE team Leipzig reflects which policy guidelines exist for creative and knowledge-intensive industries in the metropolitan region, what influence they exert especially on the surveyed target groups, and which problems they perceive concerning policy guidelines.

Chapter one presents the general approach to WP10 and the methodology applied. Furthermore it gives a detailed overview of the involved experts, players, and actors relevant for the two surveyed branches in the metropolitan region Leipzig.

Chapter two deals with the theoretical background of the topic and will be delivered by the ACRE team from Toulouse.

Chapter three analyses the background of the metropolitan region Leipzig and focuses on its economical background, and the existing policies and strategies for the creative and the knowledge-intensive branches. It also reflects the main outcomes of WP8, the summary of the three empirical surveys which were conducted.

Chapter four then analyses the institutional structure and governance arrangements in the metropolitan region Leipzig and has a close look at key stakeholders in economic development policy at city, metropolitan, regional, and national level.

Chapter five identifies public debates and critical reflections concerning current policies and strategies. Here, the most important newspapers and magazines in the metropolitan region were analysed. Finally, chapter five confronts the findings of WP10 with the empirical findings of the three empirical surveys.

Chapter six includes a final conclusion and discussion of the topic.



# 1 GENERAL INTRODUCTION

The objective of WP10 is to identify and confront policies and strategies for the development of the creative and knowledge-intensive industries with actual dynamics in the Leipzig metropolitan region. The bases for this evaluation are the outcomes of three empirical studies with different target groups, carried out in WP5, WP6, and WP7. WP5 had a closer look at creative and knowledge-intensive employees and graduates; WP6 focussed on managers and freelancers in the creative and knowledge-intensive branches; WP7 finally looked at transnational migrants who are working and living in the metropolitan region Leipzig and who are working either in the creative or in the knowledge-intensive industries. WP8 brought the outcomes of these three empirical surveys together and had a closer look at the metropolitan region Leipzig through the valuations of the three target groups.

The methodology applied in WP10 contains different approaches: First we analysed existing policy-documents, concerning the development and promotion of creative and knowledge-intensive industries in the Leipzig metropolitan region. Here we had a look at existing policy papers, mainly formulated by the Department of Culture by the municipality, and papers of the federal state of Saxony – the two main agents when it comes to the formulation of policy strategies. We also developed an overview of different (self-organising) agents who are also influencing the policy making process. Simultaneously there was an analysis of relevant literature concerning the policy issue.

The second step encompassed several consultations of the LOPs concerning their valuation of the different policy strategies and approaches. Finally the findings were confronted with the central findings of WP8.

The overview below shows our information sources we have used not only for WP 10, but also at earlier stages of the ACRE project. Our different sources gave us detailed information and insights of the metropolitan region Leipzig and its creative and knowledge-intensive industries.

<b>LOP</b>	<b>Local level</b>
Jörg Augsburg	Fair business (Pop Up)
Michael Berninger	Media, design, publications (Culturtraeger)
Beatrice Bismarck	Professor at Academy of Visual Arts
Falk Elstermann	Managing Director of naTo (cultural centre)
Jens Fischer, Silke Steets	Artists, architects, and social science collective (NIKO)
Bertram Schulze	Managing director of Spinnerei
Melanie Janke	Head of EIC, Chamber of Commerce Leipzig
Jan Hartmann	Designer (Studio Hartensteiner)
<b>Level of Cultural Region (Leipzig and its surrounding districts)</b>	
Brigitte Brück	Head of Department for Economic Development of the City of Leipzig
Stefan Heinig	Department of Urban Development of the City of Leipzig
Susanne Kucharski-Huniat	Head of Department for Cultural Affairs of the City of Leipzig
Michal Körner	Media referee at the Department for the Promotion of the Economy of the City of Leipzig
Frank Trepte	Project manager for EU-projects in the cultural region of Leipzig
<b>Metropolitan Level (metropolitan region of federal states of Middle Germany)</b>	
Urs Luczak	Head of field office of Metropolitan Region Mitteldeutschland
<b>State Level</b>	
Katja Solbrig	Consultant of Saxonian Parliament for culture and media, party of The Greens
<b>Experts</b>	
Eiko Kühnert	Specialist Department for extremism and prevention of violence
Stojan Gugutschkow	Immigrant welfare officer for the City of Leipzig
Dr. Stefan Röhrbein	President Club International e.V. Leipzig
Anja Treichel	Executive of association for bi-national families and partners, IAF e.V.
Matthias Feige	Executive of International affairs IHK Leipzig (Chamber for Industry and Commerce Leipzig)
Thorsten Hinz	Culturmanager in eastern district of Leipzig
<b>Market players</b>	
Emanuel Matthias	Photographer (studio at the Baumwollspinnerei)
Ronny Arnhold	Journalist (Mediendienst Ost), Leipzig
Maurice Fox	Objectdesigner (Fox Objektdesign)
Markus Görsch	Mediafunding Mitteldeutschland, Leipzig
Peter Hinke	bookshop owner (Connewitzer Verlagsbuchhandlung)
Claudius Nießen	Executive Director of German Creative Writing Program at University Leipzig
Egbert Pietsch	Publishing Director of Kreuzer – city magazine of Leipzig
René Reinhardt	Actor, author at cultural centre Schaubühne Lindenfels Leipzig
Norbert Wagenbrett	Graduate of Academy of Visual Arts
Iris Reuther	Architect (Büro für urbane Projekte – office for urban projects)

**Events**

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Panel discussion	at design fair Designer's Open 2007 in Leipzig (working conditions for designers)
Panel discussion	at design fair Designer's Open 2008 in Leipzig
Panel discussion	at the Club International 2009 in Leipzig (migration issue)
Organisation of International Conference on Creative Industries – Governance of Metropolitan Regions	at the City Hall Leipzig, November 2009

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## 2 THEORETICAL BACKGROUND<sup>1</sup>

The conceptual and theoretical framework underlying the ACRE programme has been presented in length in the WP1 (Musterd, Bontje et al. 2007). It is based on a critical review of literature concerning the role of creativity and knowledge in present and future economic development and the conditions for a successful development as a ‘creative knowledge region’. This review of literature, which has also pointed at gaps in knowledge, has framed the analysis of each case study in the following WPs, and has been refined over the course of the work.

A number of key questions have been raised in relation with this conceptual and analytical framework. They are addressed throughout this report and will in particular guide the analysis of policies and strategies, which includes the analysis of policy documents and interviews with stakeholders.

Key questions to be taken into consideration in the analysis of policies and strategies include the following ones:

- What is the role of creativity, innovation and knowledge in the metropolitan economic development strategies and visions in each case study?
- To what extent do local and regional governments in the case study regions want to build on existing regional strengths, and to what extent do they look for new strengths with regard to economic specialisations?
- What are the different types of policy approach adopted in different cities (e.g. promoting cultural quarters/infrastructures in the physical sense; or promoting creative industries in their industrial sector sense)?
- What is the role of ‘soft’ location factors in metropolitan economic development strategies when compared to the more traditional, ‘hard’ location factors?
- Do the metropolitan economic development strategies specifically address the conditions for attracting an international skilled labour force?
- Which regional geographic and administrative scale is the most relevant for regional competitiveness when aiming for ‘creative knowledge regions’? Should there be a focus on core city development or on the metropolitan regional level?

The answer to these questions is informed by the refinement of the ACRE theoretical framework.

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<sup>1</sup> This section has been written by the ACRE Toulouse team (Hélène Martin-Brelot, Elisabeth Peyroux, Denis Eckert, University of Toulouse), with help from the Leipzig team (Bastian Lange, Leibniz Institute of Regional Geography). The section is common to all ACRE reports within Work Package 10.

## 2.1 Refinement of ACRE theoretical framework

WP1 has acknowledged that many authors have come to the conclusion that “*creativity plays an outstanding role in urban and regional development*” and recognised “*the increasing coming together and co-mingling of technological innovation, cultural creativity and governance as the driving force of urban development in the 21st century*” (Musterd, Bontje et al. 2007 p. 6). In relation to urban competitiveness theories, at least two important interrelated ideas -mostly supported by Florida - have been explored. The first one suggests that policies should concentrate on their attractiveness towards individuals rather than towards companies. As a consequence, cities should strive to improve urban atmosphere – e.g. increase openness, tolerance – and pay less attention to hard classical location factors.

The ACRE analytical framework has been refined over the course of the work. In light of the ACRE empirical results, we are now able to revisit Florida’s thesis on the mobility of people composing the ‘creative class’ and on the drivers that lie behind their decision to live in a city (2.1.1). Statements about the difference between hard and soft factors, creative and knowledge workers and above all the relatively trivial expectations of the respondents are used as first elements to fulfil the debate about urban competitiveness and governance (2.1.2).

### 2.1.1 Revisiting Florida’s thesis on the mobility of the creative class and the role of ‘soft factors’

One objective of the ACRE programme was to test R. Florida’s hypothesis on the mobility of highly skilled creative knowledge workers. According to the author of the ‘*Rise of the creative class*’ (2001) these people would be increasingly attracted by places combining high levels of technology, talent, and tolerance. In other words, the classical ‘hard’ location factors would lose importance compared to the increasingly prized ‘soft’ location factors. The latter relate to the global atmosphere of the city such as the openness, the cultural and ethnic diversity.

Each of the three surveys conducted from 2007 to 2009 among the target groups of employees, managers, and transnational migrants aimed at answering the following questions:

- What are the main drivers behind their decision to locate in the city where they currently live?
- What is the relative weight of hard and soft location factors in their decision-making process?

It appeared quickly that reasons related to what we called the ‘**personal trajectory**’ and reasons linked to classical factors such as **employment** or study opportunities were highly significant to explain the surveyed people’s choice to settle at a particular place. Soft factors seemed to weakly influence their decision.

By compiling the results of the first quantitative survey conducted among employees in the 13 participant cities, we indeed found out that 55 per cent of the respondents were born in the city or metropolitan region where they currently live. The place where higher education has been achieved seems to play an even more important role in their location choice, as 63.6 per

cent of the sampled employees obtained their highest degree locally, i.e. in the city or metropolitan region where they now reside.

Taking into account this ‘personal trajectory factor’ - measured by the places of birth and studies of the surveyed - allowed us to give more insight to the issue of the attractiveness of a city. We could indeed differentiate the people who already had an anterior link with the city and those who had none. Considered as ‘creative migrants’ the latter only represent 25 per cent of the sample. For them as for the rest of the sample, **the job-related hard factors play the most dominant role in the selection of a place of residence.**

**Soft factors** only play a very marginal role to attract creative knowledge workers to a city, as only 9 per cent of the people coming from outside the region cite this type of reason in a first position. They seem however important to retain them on the long term. Indeed soft factors tend to have more importance if respondents are living in the city for more than one year. As an opposite the role of hard factors is continuously decreasing with the time spent in the city. This result implies that hard factors work more as a reason for mobility (why coming), whereas soft factors are more the reason to stay (why not leaving the city).

Qualitative surveys among managers and employers in creative and knowledge industries confirmed the major role of hard factors, especially the availability of a skilled labour pool, which often correlates with the presence of higher education institutions in the region. Access to clients and supporting services is also crucial and depends on the size of the city as well as on an efficient transport system. Entrepreneurs also insisted on the quality of the working environment and their professional networks for succeeding in their business.

The presence of universities and higher education institutions constitutes the major attraction factor for transnational migrants. Employment opportunities come up as an important reason to settle in the city. The drivers behind the decision to stay also relate to personal links (friends, family). We could also notice the relative importance of a strong image of the city as centre of creativity (Milan, Barcelona) or centre of technology (Toulouse, Helsinki).

These first outcomes thus do not confirm Florida’s hypothesis of a highly mobile ‘creative class’. On the contrary, the highly skilled creative and knowledge workers surveyed within the ACRE programme tend to have a rather sedentary way of life. And, whenever they move, their mobility is rather driven by classical hard factors, mostly related to employment. Our results rather confirm those of Storper and Scott (Storper and Scott 2009 p. 161): “...*most migrants – unless they enjoy a private income or are able to capitalise on some purely personal talent that can be practiced anywhere – are unlikely to be able to significant numbers from one location to another unless relevant employment opportunities are actually or potentially available.*”

### *2.1.2 Some elements for the debate on urban competitiveness*

According to our results, the size of the city, the quantity and quality of transport infrastructures, and above all the study and job opportunities act as a significant driver behind the decision to settle in a certain region. The respondents are also heavily tied to their native and family environment or to the place where they have studied and built their social networks. On the other hand, soft factors are clearly not influential to directly attract creative and knowledge individuals - employees, entrepreneurs, and transnational migrants - in a city. However this does not mean that they have no importance at all for the surveyed, especially to retain them on the long term. Several observations related to the 'quality of life' can be drawn from the empirical results and put into relation with current debates on urban competitiveness.

#### *❖ Evaluating hard and soft factors*

A first comparison between the 13 cities shows a strong heterogeneity of the results which can be explained by the different local conditions. In general, dissatisfactions are clearly expressed on what refers to material aspects of the city such as dwelling, transports, cleanliness of the streets etc. This can be put into relation with the crucial issue of the development pathway of each city, which is one of the dimensions to be taken into account for a typology. Conditions for success seem different in cities with a strong or a discontinued path. We could indeed notice a lower satisfaction with facilities and urban infrastructures in general among people living in ex-socialist cities of Sofia, Riga, Budapest, and Poznan. But the situation also differs according to the level of infrastructure and the position of the city as a national or regional capital. The size of the city also has to be thoroughly considered in the way that it might offer more potential personal relations. Along this line, the presence of strong universities well integrated into the city's life, appear to play a major role as pre-condition to the formation of further social networks. A positive evaluation on one or several aspect of the city's environment does not necessary mean that the surveyed are not worried about the evolution of the city. In Munich for instance, the transport system and a large number of urban facilities and services are judged very efficient but the surveyed tend to be pessimistic on the city's future in general.

Soft factors seem to be much more difficult to evaluate than hard factors. Here it is important to distinguish between different types of soft factors. On the one hand there are conditions that are related to the natural assets of the city such as its location in a favourable natural environment or the sunny climate it enjoys. On the other hand, there are factors like openness and tolerance that can be more or less easily promoted or improved on the long term by the mean of political decision.

❖ *No specific expectations of the 'creative class'?*

The fact that the surveyed's concerns do not differ much than those of the rest of the population is one important statement that we can draw from the empirical results. This contradicts again R. Florida's on the idea of specific needs of a specific 'creative class'. For instance, worries about the availability of jobs and affordable housing are pregnant in most of the surveyed cities. Concerns about the efficiency of the urban transport system and the related issues of traffic congestion and air pollution, but also safety issues are important for a large part of the respondents. Moreover the above underlined role of soft factors as *retention* factors tend to confirm that policies should not only focus on the attractiveness of the city for a 'creative class' coming from outside but should be oriented towards inhabitants who already live and work in the city. This leads to the consideration of urban governance and the integration of various, often contradictory objectives such as the need to increase competitiveness, tackle social exclusion, and preserve environmental resources.

The risks associated to policies focusing on economic excellence relate to the growth of social and spatial disparities within urban areas. This is one of the critics made to Florida's theory (Malanga 2004; Peck 2005; Scott 2006). The elitism associated with the concept of 'creative class' also tend to live down the debate about social polarisation associated with economic restructuring. For instance, Thanki and Jefferys (2007) describe the informalised labour market of the media industries in London and show how the need for personal contacts to find work and the precariousness of the workforce have reinforced the dominance of the industry by a white middle-class elite.

❖ *The issue of scale*

The 'competitiveness-cohesion' binary, which is at the heart of the current debates about policies, has been scrutinised in a recent book in relation with a European research project running between 2004 and 2007 (COST<sup>2</sup> Action A26). The authors insist on the rescaling process that has gone hand in hand with globalisation – characterised by open markets, removal of barriers for trade, investments and migration of labour. Cities have become 'key territory for current capitalism' and 'place competition has become a key driver of spatial and urban policy'. At the same time, cities and regions are forced to redefine their objectives, their means, their institutions and their positions as socio-political units (Ache, Andersen et al. 2008 p. 7).

The new meanings of the local and regional systems have been pointed out in a context of globalisation and it has been concluded that this should not be regarded as separated from global processes (Musterd, Bontje et al. 2007). The analysis highlights the need to take into account the city, the city-region, and the wider regional scale, both in geographic and in political- administrative terms, as well as the need to consider "*smaller areas (sometimes neighbourhoods with specific characteristics) which either do or do not fit the requirements*

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<sup>2</sup> COST is an intergovernmental framework for European Co-operation in the field of Scientific and Technical Research.

*of residents and firms and thus demonstrate dynamic economic transformation or fail to do so” (ibid, p. 30).*

The new importance of cities and regions in the global economy and the re-scaling process it entails let the neighbourhood appear as a new object of attention. One of our result relates to the idea that if soft factors do not influence people’s choice to settle in a particular city, they might determine why they choose a certain district within an urban area (Martin-Brelot, Grossetti et al. 2010). This idea could at last be put into relation with the differences we found between creative and knowledge workers. The first ones seem to be more demanding in terms of cultural offer and social environment and the second ones more sensitive to hard factors. This has probably implications for policy makers who wish to favour a certain type of industries or individuals. Particularly in terms of scale, interventions on neighbourhoods might be more adapted to the needs of creative people, whereas strategies at the metropolitan and/or regional level might better suit a strategy targeting the development of knowledge intensive activities.

On the basis of the outcomes of this analysis and the surveys that have been carried out in the previous Work Packages, as well as on the basis of the synthesis reports which have been written, current policies and strategies are confronted with actual dynamics in the regions involved. Attention is paid in particular to the institutional dimension and the role of organisations (governments, trade associations, large companies, universities, citizen movements etc.) and the mode of governance in a comparative perspective.

## **2.2 Governance approaches and methodology**

The purpose of this sub-section is not to review in details the different governance approaches and methods but to highlight key issues regarding comparative studies and identify a common ground for a comparative analysis of case studies.

The nature and scope of this research phase should be taken into consideration: it primarily involves a policy documents analysis, a study of governance arrangements in the field of economic development as well as interviews of stakeholders. The research mainly relies on existing knowledge and expertise of the topic under consideration and on previous research conducted by the researchers on every case study.

### *2.2.1 The diversity of governance concepts and theoretical approaches*

Over the past decades a number of theories and approaches have been developed within what has been referred to as a shift of paradigm from government to governance. Prominent urban governance approaches include the American ‘growth-machine’ and ‘urban regime’ theories (and the related notion of ‘urban growth coalitions’) (Elkin 1987; Stone 1989; Stone 1993; Stoker 1995). Those approaches rely on the notion of ‘policy networks’ which is based on the (contentious) assumption that political processes are not controlled by state actors alone and that governing increasingly depends on the interaction of public and private actors (Davies 2002). Policy network analysis has been described as “*attempts to explain policy development*

*by examining networks of actors concerned with a given policy problem, across the public and private sectors and throughout different levels of governance”* (Mikkelsen 2006 p. 17-18). Whilst all analyses use the network as unit of analysis several approaches have been developed (ibid.). The term “policy network” can also be understood as *“as a generic label that embraces different forms of relations between state actors and private actors”* (Kriesi, Silke et al. 2006 p. 341).

### 2.2.2 *Governance in creative and knowledge industries*

Despite their very different production conditions and marketing structures, the cultural and creative industries display characteristic features that are reflected in specific forms of governance. Micro-companies and/or project-based structures with a large portion of freelancers dominate. Some rare sub-areas are heavily dependent on state funds (theatres, even film industry). As a whole, the cultural economy is a high-risk area with extreme fluctuations in market success. Besides, creative industries lack organisational basis and industry associations that could serve as negotiation partners. In these particular conditions, traditional ‘top-down’ governance approaches seem hardly adequate. Establishing leadership in structurally unstable situations requires a more flexible, less hierarchical approach. Attention should be paid to intermediaries such as ‘culturepreneurs’(Lange 2007) or ‘creativity brokers’ (Bilton and Leary 2002) that can mediate between agencies and creative industries.

The knowledge industries are far more institutionalised and rely on growth coalitions that often associate public agencies, big businesses, and industry associations. Furthermore, long established policies and structures are critical (Hall 2004). These sectors are less flexible, characterised by a strong inertia. Emerging spin-off companies and spillover effects are far from exceptional. The importance of educational assets in a given city for the progressive development of knowledge-intensive industries makes them more dependent on the support of public structures; top-down governance approaches are much more frequent (and might be more relevant) in that area than in that of the creative and cultural industries.

### 2.2.3 *The difficulty of conducting comparative studies*

The comparative study of policies and strategies raise a number of theoretical and methodological issues that have been summarised within the context of a study of two German and two U.S. cities<sup>3</sup>: *‘an over-dominance of deductive approaches, the lack of explicit methodological guidelines and the less than rigorous application of what has become a multitude of overlapping theoretical concepts’* (Gissendanner 2003 p. 3).

Whereas it is acknowledged that deductive studies make a valuable contribution to theory building, it is also pointed out that the use of different concepts for qualitative descriptions

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<sup>3</sup> This study aimed at analysing the different ways in which cities responded to de-industrialisation and at exploring why some would respond in a relatively more strategic fashion.

inhibits case comparisons. In addition prominent urban governance approaches such as the 'growth-machine' and 'urban regime' theories in particular are said to provide few explicit methodological guidelines and the authors that applied them do not usually specify the methodology they use, which also makes the comparison difficult<sup>4</sup>. Finally, the concepts used by the researchers may differ from the one originally defined in the source texts (ibid.).

According to some scholars the dominant urban governance approaches present some shortcomings as well. The urban regime theory has been criticised in a number of aspects: its focus on political management and arrangements of internal governance coalitions and its failure to move beyond 'middle-level abstractions'; its tendency to overlook the role of higher level governments; a rigid and static conceptualisation of the division of labour between state and the market and the subsequent underestimation of the potential role played by the local state and community-based organisations in capital accumulation; as well as a narrow vision of the private sector that does not take into consideration small businesses as increasingly vital actors in the post-industrial era (Imbroscio 1998; Gissendanner 2003). Other criticisms of the urban regime theory underline the fact that it does not take into consideration the discursive dimension of partnerships and the power relationships (this is particularly relevant in urban regeneration policies, see Atkinson, 1999). The 'growth machine' approach has been criticised for its emphasis on the business communities and land use decision-making. Scholars also argue that the efficacy of local political structures and formal politics is not adequately considered and that the connections between the local state and the national state are neglected (Fox Gotham 2000). Both approaches have been criticised for their underestimation of local political conflicts.

The relevance of approaches in term of 'policy networks' in the context of European cities has also been critically explored (see Davies for an analysis of the inadequacy of the term 'governing by networks' to describe the politics of urban regeneration in the UK). The debates revolve around the role and influence of public actors, in particular the national state, in sub-national affairs. The relative prevalence and power of 'autonomous governing networks' in different political systems is also put into question (Davies, 2002).

Following these shortcomings some authors have called for a more inductive approach that requires qualitative methods '*that better uncover structural details of governance networks in ways that are less dependent on particular general concepts or on a logic of data selection that is independent from particular cases. Case study data must also be presented in ways that ease comparison*' (Gissendanner 2003 p. 6).

We propose to adopt such an inductive approach in order to describe and analyse simple structural aspects of networks through a set of common questions.

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<sup>4</sup> In addition to the fact that these theories are based on the U.S experience and context and do not necessarily fit the European ones.

#### 2.2.4 *Defining a common ground for comparative work*

Again, we have chosen to present a set of common questions to be answered in every case study rather than a single theoretical approach (see Appendix: Elements to address the types of interactions between stakeholders). A broad definition of “policy network” is proposed (see the same appendix). This set of common questions builds on various analyses of networks that have been developed to analyse European policies (Rhodes 1990; Rhodes 1997; Peterson and Bomberg 1999; Peterson 2003; Kriesi, Silke et al. 2006).

The aim of this analysis is to identify and describe networks structures and functioning, including:

- The stakeholders involved in the definition and implementation of economic development policy, including identifying who is the most influential.
- The nature of their interactions.
- How and to what extent the structure and functioning of coalitions and networks ‘*may explain policy choice, democraticness, strategicness, openness to new policy ideas, effectiveness, and so on*’ (Gissendanner 2003 p. 15).

### **2.3 Conceptual prerequisites understanding governance in creative and knowledge industries**

Applying theoretical concepts of governance in the field of what we call creative and knowledge industries, governance strategies are mainly seen as new negotiation-based (or not) approaches by various agents in city regions. At the same time they are often critically discussed because of their lack of creativity, but also because, being new, they lack experience and proof (Balducci 2004; Kunzmann 2004). Less obvious milieu-specific modes of organisation in the field of emerging creative and knowledge industries might present fresh perspectives on newly invented self-steering and self-promoting practices applied by new professional agents. Who could these new professional agents be?

The emergence of new economic fields is accompanied by new entrepreneurial agents in the field of creative and culture production (Lange 2005; Lange 2005). Yet, from an analytical perspective, these agents are confronted with structural paradoxes that are inscribed in their entrepreneurial practices (Thelen 2003; Zhang 2004; DeFillippi, Grabher et al. 2007; Kosmala 2007; Lange, Kalandides et al. 2008).

When speaking about new modes of labour and the procedural forms of market access by new agents we should look at how they are confronted with structural paradoxes of their social and work practices. Very generally speaking, two paradoxes – among others — play a crucial role in the articulation of their work practices: the “Globalisation Paradox” and the “Identity Paradox”. The first addresses the ambivalence between local-based creativity and transnational networks of production systems as well as localised production networks that are driven by an ethos of creativity and adhere to an “artistic mode of production”. Furthermore, the “Globalisation Paradox” addresses the ambivalence of these newly emerged

knowledge milieus and their territorial embedding practices. Being able to operate worldwide, socio-spatially integrated “communities of knowledge” (Wenger 1999) gained more and more relevance and thus provide the necessary embedding ground for translocal knowledge workers. The latter, the “Identity Paradox” addresses the ambivalence between individual or collective careers, identities, and reputations. Inventing static concepts of entrepreneurs does not lead further, because mavericks and outsiders as well as independent creative artists play the major role in this dynamic and quickly changing market (Steyaert and Katz 2004).

Based on these substantial paradoxes, different governance modes can be presented, highlighting the degree of irritation, the different interests, and separated logics of action, when promoting creative and knowledge industries and their creative agents: structural paradoxes demonstrate how the institutional set-up “creative industries” is constituted and how difficult it is to invent marketing and place-based strategies to promote creative and knowledge industries.

### **New governance dimensions**

One of the key urban, cultural and economic developments in creative and knowledge industries is the emergence of a new hybrid of both cultural and entrepreneurial agents, the so-called culturepreneurs (Lange 2007). While this new development has led to a substantial reconsideration of ‘entrepreneurship’ in respect to space (Steyaert and Katz 2004) on the one hand, it has also led to a new line of thinking with regard to the notion of economic progress and professionalisation within entrepreneurial networks on the other hand (Rae 2002; Sydow, Lindkvist et al. 2004). The term culturepreneur is a compound of culture and entrepreneur and was first suggested by Davies and Ford (Davies and Ford 1998 p. 13), following Pierre Bourdieu’s typological notion of an entrepreneur as someone who embodies various forms of capital (Bourdieu 1986 p. 241). Davies/Ford (op. cit.) first have characterised this type of people who, in structural terms, are communicative providers of transfer services between the sub-systems ‘business related services’ and ‘creative scene’ and, in doing so, seem to satisfy a necessary demand by operating in flexible social networks. In brief: they form new modes of self-governance.

The formation of the new social networks by new professions demonstrates the unintended rise of distinct segments of creative knowledge industries – at least from the point of view of the government. This opens up the opportunity to examine the nature of its emergence since top-down support initiatives by the state or public administration did only marginally exist prior to the year 2000. So, most of the factual micro-entrepreneurial professions emerged without external support. In this ambiguous situation, the newly invented catchword of a ‘new entrepreneurship’ alludes to individualised marketing strategies, self-promotion, and social hardships, but also to skilful alternation between unemployment benefit, temporary jobs, self-employment structures, and new temporary network coalitions as practiced by numerous young agents in the field of cultural production. Social capital becomes an existential value for exchanging relevant information. Performing intense ‘multiple and constantly shifting transaction structures in cultural-products industries means that much of the workforce becomes enmeshed in a network of mutually dependent and socially coordinated career paths’

(Scott 2006 p. 13). Only recently this new work ethos has been celebrated ironically with the term ‘digital bohème’ (Friebe and Lobo 2006).

The high number of recently emerged creative knowledge workers is based on spontaneous informal social bonds as well as network alliances that have enabled the appearance of new creative milieus. New practices concerning the temporary organisation of projects are intertwined with the production of new social places for the exchange of experiences, knowledge, and expertise. Since the mid-1990s, new forms of project-based cooperation (Grabher 2002; Grabher 2006) as well as specific spatial practices had to be invented in order to economically, culturally, and socially sustain on targeted markets. Especially in harsh transformation contexts such as post-socialist Leipzig and Sofia, very few experienced expertise, tools of application and strategic guidelines existed. However, these agents have been developing their practices in an unclear, unstructured, and unstable market realm (Thomas 1997; White 2002). Within the framework of what is called the creative industries, they are forced to collaborate, to interact, and to network with other agents, while at the same time being confronted with the risk of losing their initial wealth of innovation. It was Gernot Grabher in particular who focused on the inner-organisational dimension of the emergent network-based project ecologies and their entrepreneurial and socio-spatial practices in these industries (Grabher 2002; DeFillippi, Grabher et al. 2007). Rapidly changing project-based constellations within flexible network formations pose structural constraints. Learning is systematically questioned when teams are constituted only for short period of time and its members are thus confronted with few opportunities to learn what is understood as ‘traditional’, long-standing learning cultures (Cameron and Quinn 1988 p. 8; Grabher 2004).

### *2.3.1 Professionalisation – self-regulation and self-governance of new professions*

Creative industries are often based on “communities of practice” (Lave 1991), i.e. groups or networks of professionals who cooperate, exchange views, and ideas, and inform each other about trends of professional, political, and practical concern. The fate of these creative communities of practice is shaped and partly driven by professionalisation for the simple reason that they have to survive economically. Thus, professionalisation has become a limiting context restriction that can in particular restrict creativity. Professionalisation can be viewed in a narrow and a wider sense (Mieg 2008). Professionalisation in the narrow sense denotes the transformation of an occupation into a profession that is an occupation with certain autonomy in defining and controlling the standards of the work of its members. Professionalisation in the wide sense denotes the transition towards paid work that is subject to binding quality standards. In this wide sense, people and activities can be professionalised, gaining in professionalism. Professionalisation has turned towards the notion and phenomenon of professionalism (Freidson 2001). Freidson understands professionalism as a third organisational logic of work besides the market logic and the logic of planning or bureaucratic administration. In contrast to market and planning, professionalism means self-organisation, self-regulation, and self-governance of experts.

The paradoxes of creativity (DeFillippi, Grabher et al. 2007) can also be re-considered from the perspective of professionalisation research. The so-called difference paradox of “crafting or standardising policies” relates to the two linked sources of professional competence: on the

one hand individual skills and competencies that are -on the other hand - built up and evaluated by the professional community. The distance paradox of “whether to couple or decouple routine work” also refers to a phenomenon that is common in professionalisation research: the coupling of private life and profession - simply because of passion for the kind of professional work. Perfect examples are doctors’ families, especially land doctors. The globalisation paradox of “whether to reconcile or separate local and global arenas of activity” and the identity paradox of “creating individual or collective identities, reputations, and careers” can be considered as expressions of the fact that individual professionals are members of a potentially global profession. Similarly professional knowledge tends to be shared globally.

In creative industries, professionalisation serves several functions (Lange and Mieg 2008): a control function, an evaluation function, and an expert function. The inherent *control function* of professionalised work currently is one of the main topics of discussion in the sociology of professions (Freidson 2001; Evetts 2003). Professionalised action is generally subject to the self-control of professionals. In professional work, other common forms of organisational or institutionalised control are substituted by self-control. Professional self-control is also at work in organisations: new forms of human resource management even assume self-control from employed professionals. Here organisational control take on the form of “control at a distance” (Fournier 1999 p. 280) - that is internalised self-control.

The second function, *evaluation*, is closely linked to the first one. If there is today an enduring source of legitimisation for professions, then it has to be based on the institutionalised control of evaluation standards for particular professional work. Classical professions, such as the medical profession or sciences, as well as new professions or professional groups, such as in the field of web design or patent auctions, attempt to define standards for professional work in their domain and to establish systems of evaluation that also include standards for professional training. Thus, professions have certain basic, socially accepted monopolies of defining work in their domains. These monopolies are variable and subject to the dynamics of changing jurisdiction in the “system of professions” (Abbott 1988).

The third function, the *expert function* of professionalised work, plays a decisive role in the domain of creative industries from two perspectives. We see not only an external expert function (towards clients and the public), but also an internal one (in the network). The internal expert function serves to differentiate and legitimate evaluation processes by identifying those professionals who set new quality standards and - equally important - who are renowned trainers or coaches in that particular professional domain. The attribution of the “experts” in the field also determines the direction of “collective” competence development of local creative economies (as professional groups). Therefore professionalisation has to be considered as a process. Professionalisation involves the transformation of trust regulation (from trust in single experts to trust in qualifications), the transformation of learning (from erratic individual learning to a more academy-like training) and the transformation of quality control (from individualised trust to quality reflections in globalised professional networks). Especially the last argument allows for open up the perspective on the dimension of scale in order to better understand how governance perspectives can be applied to the case of creative knowledge industries.

## **3 ANALYSIS OF CONTEXT, POLICIES AND STRATEGIES IN LEIPZIG**

### **3.1 Characteristics of Leipzig's economy**

Leipzig's economic strategy focuses on both traditional and new sectors. The economic policy is geared towards cluster development and has identified five economic clusters with potential for growth. These clusters have been integrated into a cluster strategy:

- Automotive & Suppliers
- Healthcare & Biotech
- Energy & Environment
- Logistics & Services
- Media & Creative industries (Stadt Leipzig 2009a p. 7).

#### **Automotive and Suppliers**

Historically speaking, the city of Leipzig had not been a centre of vehicle production, in contrast to the nearby cities of Zwickau and Chemnitz (also in Saxony). But in 2002, Porsche erected a €127 million manufacturing plant in Leipzig to assemble the Cayenne, its new sport utility vehicle. Taking into account knock-on investment, a total of €500 million has been invested in the city region as a result. Moreover, all in all 800 jobs have been created at Porsche and its local suppliers.

Although the city is now marketing itself throughout the world as an expanding centre of vehicle production, only 1,167 people in 2005 are actually employed full-time in the core of this sector, equating to less than one per cent of total employment in the city. Nevertheless, the metropolitan region Leipzig is cooperating in the 'Autoregio' network to nurture the automotive industry in the region and has begun collaborating internationally in the 'CityRegio' project with the regions of Plzen (Czech Republic) and Linz (Austria) to expand vehicle manufacturing (Burdack 2005 p. 140).

Current competences and qualification profiles of vehicle production are considered to have its roots in a 100-year long tradition in the region, to a lesser extent in the city of Leipzig. Porsche and BMW have invested more than 1.45 billion € in production sites at the northern fringe of Leipzig within the last 5-6 years. Along with probably almost the same amount of state investment, a new car industry has been installed within the last 5 years, leading to approximately 6,000 new jobs in both companies. It is estimated that more than the same number of employees can be counted in supply and component industry (Stadt-Leipzig 2006 p. 20).

## **Healthcare and Biotech**

Rooted in the long tradition of Leipzig's Faculty of Medicine (the second oldest in Germany) the faculty has grown to a centre of healthcare that covers virtually all aspects of medicine, the biosciences, the natural sciences and the development of related technology. Based on broad and profound research and teaching basis between university and extra-university institutions (such as University of Leipzig, Max Planck Institutes, Helmholtz-Institutes) this cluster has led to the foundation of 24 biotech companies that are based in Leipzig (Stadt-Leipzig 2006 p. 15). In the course of this development, the city administration opted for the foundation of a so-called "Bio City Leipzig". In this newly installed incubator, business and science are brought together under one roof, which enables close networking and thus ideal conditions for small businesses to become leading players in Germany and abroad (Stadt-Leipzig 2006 p. 15). An additionally technology transfer company based at Bio City Leipzig offers services for biotech companies, entrepreneurs, and investors in Leipzig. Although more than 50 Mio € have been invested within the last 5 years, the output and impact of these investments have not been subject to a comprehensive and critical evaluation. As one of the rare voices, Franz (Franz 2005 p. 1 ff) evaluates the number of registered patents (according to the geographical location of the invention) and points out that Leipzig has (in the year 2000) a very low rate, (14.5), compared to neighbouring city regions such as Dresden (59.4), Chemnitz (34.5) and even Berlin (34.9).

## **Energy and Environment**

Although the field of energy and environmental technologies has been identified as a future-oriented cluster, it is mainly dominated by already existing former public suppliers of gas, electricity, and water. Some have been privatised, commercialised, and sold to global companies. It is thereby important to point out that Leipzig accommodates the EEX (European Energy Exchange), the biggest trade fair for trading power, power-futures and options. This stock exchange has a yearly turnover of 23.5 billion € with over 132 participants from 16 countries, making it the biggest exchange trading place in continental Europe (Stadt-Leipzig 2006 p. 17-19). Along with a series of research institutes, such as the Institute for Energetics and the Environment, the Russo-German Institute for Energy Policy, the Centre for Environmental Research Leipzig-Halle GmbH, a so-called Leipzig-Science Park has been installed (Stadt-Leipzig 2006 p. 17-19).

## **Logistics and Services**

The origin of this cluster is rooted in the specific regional conditions of Leipzig as well as in its position as a traditional gateway between East and West. Just recently the DHL opted for Leipzig to build its third global aviation hub along Hong Kong and Wilmington (USA) at Leipzig/Halle Airport. It is accompanied by an investment of 300 Mio € in order to build a distribution centre, hangar, and office block. DHL expects to have 3,500 jobs, whereby the city administration expects another 7,000 jobs with local suppliers by 2012 (Stadt-Leipzig 2006 p. 22). In combination with the investment of DHL, the city, the state and the federal authorities again invest around 290 Mio € in a new runway and further transport

infrastructure. Along with a newly renovated central terminal within the inner city, an orbital motorway around Leipzig, the city accommodates new, high-speed as well as high-tech, and full-functioning transportation standards. In this cluster, the fair business with its newly renovated business location is also integrated.

### **Media and Creative industries**

In 2009, the City of Leipzig decided to rename its cluster “Media, telecoms and IT” into “Media & Creative industries”. As a matter of fact, the focus of this cluster still lies mainly on the media industry (Stadt Leipzig 2006; Stadt Leipzig 2009b p. 42-45).

Media and communication go back a long way in the city of Leipzig. Many publishing companies were forced to leave Leipzig before and during the Second World War as well as during the socialist GRD period. A few returned to Leipzig after unification in 1990 and traded on Leipzig’s proud publishing heritage. Moreover, in 1992 MDR (Mitteldeutscher Rundfunk, the regional broadcasting corporation serving the states of Saxony, Saxony-Anhalt and Thuringia) opened its headquarters in Leipzig. Shortly afterwards, a media development agency entitled *Medienstadt Leipzig GmbH* was set up to support the growth of media-related activities. Bentele (Bentele, Liebert et al. 2006) estimates that this sector employs 32,800 people (including around 9,700 self-employed), accounting for about 12 per cent of total employment in the city of Leipzig. About 4,300 jobs are in publishing and printing, along with 4,200 in TV, film, and radio. Most of the media-related firms are very small, explaining why there are so many (1,350 in 2002; for more details see Chapters 2.3 and 6). In 2003, Leipzig’s media sector ranked ninth in Germany in terms of the number of employees (Schönert 2004 p. 3). Between the crisis and the bubble of the New Economy hype in 1999 and 2001, Leipzig improved its position on a national scale: 2.5 per cent more employees led to Leipzig ranking fourth in the development of the media sector in Germany. In sub-segments such as advertising, radio/TV, and signal services, Leipzig even managed to stabilise and improve its position, ranking eighth, second and first (Schönert 2004 p. 7-8). Schönert (Schönert 2004 p. 9), points out that Leipzig bucked the national trend by expanding its role in the field of publishing, radio, TV, and film. Then again, this was an area where Leipzig had plenty of catching-up to do and had therefore started from a much lower base in the 1990s.

Besides the local focus, the creative and cultural industries have reached further attention in the state of Saxony and the Federal Republic of Germany: In 2007 the Commission of Inquiry for Culture presented its final report on the general situation of culture in Germany, with a separate chapter on creative industries. Furthermore it gives guidance for the future development of these branches and the culture in Germany in general (Bundestag 2007). Additionally the state of Saxony in 2009 presented its first report on culture, giving insights into the current state of the cultural and creative branches in Saxony. It gives detailed information on the number of companies, employees and, branches. It reveals the importance of culture and creativity for a successful economic and social development of the federal state. The report also mentions a special instrument Saxony has installed for the promotion of culture: the so called law on cultural regions. Here, the federal state is divided into several regions with its own cultural secretary. As a result not only the cities and municipalities are

alone responsible – federal state and municipalities are both in duty for the development and financing of the cultural branches (Land Sachsen 2009).

When it comes to the analysis of the creative and knowledge-intensive industries in general, in 2005, the city region of Leipzig had, according to the DCMS definition of creative industries, 69,210 employees in this field; the city of Leipzig had 56,238, the surrounding counties<sup>5</sup> between 3,800 and 4,700 employees. Between 2000 and 2005, the city of Leipzig created 2,396 jobs in this field; that is 4.45 per cent more than in 2000. Nevertheless, this growth could not compensate the loss of 39,660 jobs between 2000 and 2005 in other economic segments of the city region of Leipzig; this was around 12.07 per cent of the workforce in 2000, similar to the losses of the state of Saxony or 12.73 per cent. Growth in creative industries was taking place in the city centre of Leipzig, while losses were registered in the surrounding counties.

Among the professional fields with the highest job cuts (200 to 2,000) between 2000 and 2005, we find architecture and engineering offices, credit businesses, retail businesses and assurance businesses. The highest growth rates (400 to 2,500) can be found in the fields of film and video production and distribution, culture, sports and entertainment, law, tax and consultancy, databases and database related services, temping, human resources services and miscellaneous business activities (Herfert, Burdack et al. 2006 p. 3-5).

**Table 3.1 - Number of companies and changes between 1999 and 2006 in the creative industries**

Year	1999		2006		absolute change		change in %	
	city of Leipzig	Surround -ding districts						
Leipzig Region								
Designer fashion	32	21	9	11	-23	-10	-72	-47.6
Video, film, music and photography	339	184	485	252	146	68	43.1	37.0
Music and the visual performing arts	90	43	90	47	0	4	0.0	9.3
Publishing	91	3	94	7	3	4	3.3	133.3
Computer games, software, electronic publishing	101	30	150	38	49	8	48.5	26.7
Arts/antiques trade	981	868	747	609	-234	-259	-23.9	-29.8
Architecture	952	400	619	255	-333	-145	-35.0	-36.3
Advertising	173	69	164	44	-9	-25	-5.2	-36.2
Radio and TV	7	-	10	-	3	-	42.9	-
Creative Industries	2766	1618	2368	1263	-398	-355	-14.4	-21.9
SUM								

*Sources: Statistics of the Federal agency for Labour 2000 and 2006*

Concerning the development of the number of companies in the creative industries (see table 3.1) the significant branches are video, film and photography, computer games and software and radio and TV.

<sup>5</sup> Delitzsch, Muldentalkreis, and Leipziger Land

Table 3.2 in comparison gives a general overview of the development of companies in the knowledge-intensive industries between 1996 and 2006 for the metropolitan region Leipzig.

**Table 3.2 - Number of companies and changes between 1999 and 2006 in the knowledge-intensive industry sector**

	Year		1999		2006		absolute change		change in %	
	city of Leipzig	Surrounding districts								
Leipzig Region	city of Leipzig	Surrounding districts								
Information Communication Technology	136	27	153	32	17	5	12.5	18.5		
Finances	381	241	377	218	-4	-23	-1.0	-9.5		
Law and other Business services	1081	320	1186	340	105	20	9.7	6.3		
R&D and higher education	44	3	60	0	16	-3	36.4	-100.0		
Knowledge-intensive industries SUM	1642	591	1776	590	134	-1	8.2	-0.2		

Sources: Statistics of the Federal agency for Labour 2000 and 2006 (Lange, Burdack et al. 2007 p. 4-7)

Table number 3.2 in general shows, that the development for the city of Leipzig is better, than in the surrounding districts of Leipzig. Only the sector of finances has performed negatively concerning the number of companies in the whole of the metropolitan region. Law and other business services performed well in the metropolitan region Leipzig, the best in the city of Leipzig.

As listed above, the factual (and financial-intensive) physical infrastructures have to be evaluated in respect to and compared with the city's competitiveness. The number of patents, acquired research funding per professorship demonstrate a first and then rather different picture of the city's competitiveness (Franz 2005). On a comparative regional level, regional economist Franz-Josef Bade (Bade, Mikeleit et al. 2003; Bade 2006) but also other researchers (Prognos 2002) evaluated the performances of the city region of Leipzig. According to regional economist Bade (Bade, Mikeleit et al. 2003 p. 120) and Franz (Franz 2005) the decline of the rate of employment will not be compensated by the emergence of new knowledge based service industries. The decline of job opportunities in manufacturing industries and others till 2001 will furthermore lead to a continuation and so, in the course, "stable" decline of job opportunities till 2010, as estimated by Bade (Bade 2006 p. 307). From an overall structural perspective, it is estimated, that the core area of agglomeration regions in East Germany will loose less job opportunities (-5.7 per cent) than the surrounding districts (-8.7 per cent) till 2010 (Bade, Mikeleit et al. 2003).

Comparing Leipzig's development with other urban agglomerations in the state of Saxony (Dresden, Chemnitz, Zwickau) Franz (Franz 2005) points out that the number of patents, acquired research grants per professorship and the number of engineers per 10,000 inhabitants (in 2002) demonstrate that Leipzig's knowledge basis has not yet lead to a substantial shift in the evolution of its regional employment forces.

In respect to other indicators, such as strategic, marketing, and policy actions, Leipzig nevertheless has propelled its image as a business friendly, open-minded, and innovative city.

### **3.2 Results of the surveys of WP8**

Chapter 3.1 gave an overview of the economic development of the metropolitan region Leipzig in the last years.

Chapter 3.2 serves as a short summary of the surveys of WP8 and as a basis for the analysis of the policy strategy of the city. Here, all three researched target groups (employees/graduates, managers/freelancers, transnational migrants) and their relation to the metropolitan region Leipzig were approached. One result was the development of two matrixes which on the one hand projects attraction and retaining factors (see table 3.3) differentiated by the three target groups and on the other hand the importance and performance of different location factors (see table 3.4) - according to each target group.

Chapter 3.2 presents factors that determine the decision making process to move to a specific place and the length of the stay. The focus in this section does not lie on the target groups themselves but on the location factors and their significance as attracting and/or retaining elements.

Table 3.3 gives an overview of different location factors and their function as attraction and/or retaining factor. Although the table differentiates between the creative and the knowledge-intensive industries, the results do not differ very much for the two branches. The differences between the three target groups employees/graduates, managers/freelancers, and transnational migrants are revealed in the table and mainly result from their different orientations and perceptions due to their different involvements into the city.

**Table 3.3 - Attraction and retaining factors**

	Branch	Hard factors		Soft factors		Personal trajectories	
		Attraction factors	Retaining factors	Attraction factors	Retaining factors	Attraction factors	Retaining factors
Employees/ Graduates	Creative	- job offer - price of housing, living - housing conditions	- price of housing, living - housing conditions		- social networks - friendliness	- family, friends live here	
	Know-ledge-intensive	- job offer - price of housing, living - housing conditions	- price of housing, living - housing conditions		-friendliness - social networks	- family, friends live here	
	Graduates	- job offer		- quality of environment (size)	- friendliness	- family, friends live here	- studied here - born here
Managers/ freelancers	Creative	- living, housing conditions	- living, housing conditions		- culture - friendliness - social networks	- born here - family, friends live here	- born here - family, friends live here
	Know-ledge-intensive		- living, housing conditions		- social networks - friendliness -quality of environment	- born here - family, friends live here	- born here - family, friends live here
Transnational migrants	Creative	- study - job offer	- living conditions - price of living - price of housing		- social networks - culture - architecture - quality of environment (size)	- family, friends live here	- studied here
	Know-ledge-intensive	- study - job offer			- social networks - culture - architecture - attractive residential environment		- studied here

Source: Own survey

The table reveals that only certain hard factors and personal trajectories function as attraction factors in the city region Leipzig. This result contradicts with Florida's assumption that soft location factors play an important role as attraction factors for people moving to new places and finding a job there.

For Leipzig the hard factor 'job' is the most relevant element for the decision making process of different target groups to come to the city.

Two other hard factors that functions as attraction factors in the city region Leipzig are the 'prices and conditions for housing and living'. These factors also function as retaining factor and seem to influence the decision to stay in Leipzig positively. These results make once

more clear that in the specific context of Leipzig with its difficult economical situation the decision of people to move to this place is (still) closely connected with hard location factors that have been important during the Fordist age. This corresponds with our findings in the different empirical phases, where it became obvious that the new and flexible forms of organisation in post-Fordist modes of production still count to a large share on the 'hardware' (Lange, Burdack et al. 2008b p. 75-76).

The table also shows that personal trajectories function as attraction factor in the city region Leipzig. Especially the factor 'family and/or friends live here' plays a central role as attraction factor. If people have such personal ties in the region it is likelier that they will decide to move to this place although it might be connected with economical disadvantages. At the same time this factor is crucial when deciding to stay in Leipzig. Therefore the factor functions both as attraction and retaining factor.

A central finding of the empirical research is the role of soft location factors. In the city region Leipzig they only function as retaining factors and not as attraction factors. This concerns social networks, culture, and a general friendliness people experience in the city. That means that Leipzig attracts people through specific hard location factors and personal trajectories. If people have decided to come to Leipzig they get an insight into the 'software' the city offers. From outside these soft factors seem not to be relevant or visible respectively it is not enough to have attractive soft location factors if the 'hardware' is not given (Lange, Burdack et al. 2009b p. 35-37)

The second matrix which had been developed in WP8 evaluates strong and weak points of the city region Leipzig, regarding different location factors. Additionally we changed our focus from the target groups to the city region and the performance of different hard, soft location factors, and personal trajectories. Through the eyes of the three different target groups we evaluated the positive (++ , +), negative (-, --) or neutral (-+) performance of location factors the target groups mentioned as important.

The Budapest team had been developing a coding system for the matrix for the inclusion of all three target groups (see table 3.4 below). The numbers 'one' to 'three' refer to the three target groups - 'one' are the employees and graduates, 'two' the managers and freelancers, and 'three' the transnational migrants. The letters 'A', 'B', and 'C' refer to the branches - 'A' refers to the creative branches, 'B' to the knowledge-intensive industries, and 'C' refers to the graduates of creative and knowledge-intensive sectors. If only the number is listed in the table, the corresponding location factor is important for the whole target group. If the number and a letter is displayed, the corresponding factor is only important for the target group in a certain branch.

**Table 3.4 - Importance and performance of location factors**

	<b>Strong importance</b>	<b>Medium importance</b>	<b>Weak importance</b>
<b>Hard factors</b>			
Factor 1 (education, study, universities)	1C (+)	3 (+)	2 (+-)
Factor 2 (employment, career, working conditions)	1 (--), 3 (--)		
Factor 3 (international accessibility)			1, 2, 3 (--)
Factor 4 (technical infrastructure)	2A (+)	2B (+)	
Factor 5 (social infrastructure)		2B, 3 (+)	
Factor 6 (housing conditions and prices)	1A, 1B, 2, 3A (++)		
Factor 7 (living conditions and prices)	1A, 1B, 3A (++)		
Factor 8 (taxation)			2 (+-)
<b>Soft factors</b>			
Factor 1 (social networks)	1A, 1B, 2, 3 (++)		
Factor 2 (quality of environment)	1C (++)	2B (++)	
Factor 3 (quality of life)		1A, 2, 3A (++)	
Factor 4 (attractive architecture)		3 (+)	1, 2 (+)
Factor 5 (attractive residential environment)		2B (+)	
Factor 6 (tolerance, social cohesion, openness)		1A, 1B, 2, 3 (+)	
<b>Personal trajectories</b>			
Factor 1 (born here)	2	1C	
Factor 2 (family lives here)	2	1	
Factor 3 (relatives, friends live here)	2, 3A	1	
Factor 4 (studied here)		1C, 3	

Source: Own survey

Table 3.3 like table 3.4 show that hard location factors and personal trajectories have the most relevant function as attraction and retaining factors for the different target groups in the city region Leipzig, even though in different aspects.

The whole sector of education, employment, working conditions, and career options have a relevant function over all for employees, graduates, and the transnational migrants. But the evaluation of its performance is very bad, due to the problems of finding stable and long-term jobs. Since the managers have their own business they are keen on well-educated staff and technical infrastructure like easy access to the internet. Astonishingly, the taxation system is not important for this target group as an attraction and/or retaining factor and was neither evaluated as performing bad nor good. The international accessibility is not of great relevance for any of the target groups, at the same time it is evaluated as performing very badly. The target groups seem to adapt to the situation. On the one hand the small firms and freelancers acknowledge Leipzig's well developed infrastructure with the connection to the ICE high-speed train networks, the *Autobahn* connection, and the airport. When selling their products and services within the city region or the broader region of *Mitteldeutschland* they do not effectively make use of these connections in terms of long-distance travelling. On the other hand the bigger companies organised as branch within a multinational corporation, as well as the small start-ups and freelancers selling all over Germany or even Europe, complain that the connectivity is insufficient. Though the hardware in terms of physical infrastructure is well

developed, the service providers do not offer appropriate connections to other economic growth poles in Europe (Lange, Burdack et al. 2008b p. 76).

The housing conditions and prices are relevant for almost all target groups and are evaluated as performing very well in Leipzig, which has mostly to do with the wide range of offers and low prices in comparison to Western Germany. For the transnational migrants of the knowledge-intensive industries it is not a relevant factor because they are often integrated into well organised networks which give them support when finding a place to live. Additionally they get paid well due to their age and training level and so they can choose out of a wide range of dwellings.

Personal trajectories are the second important group of factors that determine the decision of people to come to Leipzig and to stay here. These factors have not been evaluated by their performance, because they are connected to private living circumstances and cannot be influenced by the city and its policy. Especially family ties and friendships are important factors – over all for the managers. The empirical results show, that managers are willing to stay in the region if they have been born here, have family ties, and/or established friendships here, even if that means disadvantages for their business (Lange, Burdack et al. 2008b p. 79). For the transnational migrants of the creative branches, personal ties into the region are also very important. This has to do with their working conditions: often their jobs are resulting out of their networks. Networks in creative branches are seldom separated by private and business contacts. That means that a strong network is important for the branch in order to always generate new working opportunities and individual fulfilment (Lange, Burdack et al. 2009 p. 67).

The significance of soft factors is not as high as the importance of hard factors and personal trajectories. Nevertheless, social networks are important factors for the target groups. The performance of this factor is being evaluated as very positive because the size of the city and the general friendliness makes it easy for the target groups to establish such social networks in the city region.

Table 3.3 and 3.4 together give insights into different location factors which are considered being important for different target groups coming to new regions. Additionally table 3.4 shows the performance of different location factors, so that the city region is comparable to the other cities of the ACRE project more easily. The central finding is the relevance of some hard location factors and personal trajectories as attraction factors for the city region Leipzig. Soft location factors too play a role, but more as retaining factors, than attraction factors (Lange, Burdack et al. 2009b p. 38-40).

The two matrixes reveal important information when analysing the policy strategy the City is following. It gives insights into the personal valuation of strategic decisions the City takes into account for these two branches.

Chapter 3.3 will analyse the applied and planned policies in respect of the creative and knowledge-intensive industries.

### 3.3 Analysis of economic strategies and policies

#### The federal and national view

Existing knowledge-based institutions in Leipzig are mostly funded partly by the national or the federal state – such as schools, academies, universities, and extra-university research facilities, operated by the Helmholtz-, Fraunhofer-, Max Planck-, and Leibniz-Associations. Private and corporate companies in the field of medical and pharmaceutical research services related research enterprises and thus mostly represent public-private-(research) partnerships. Leipzig numbers almost 40,000 students. The University of Leipzig holds more than 31,000 students, the University of Applied Sciences 5,600 (Stadt-Leipzig 2006 p. 11). Smaller institutions are the Academy for Visual Arts and the University of Music and Theatre, both educating around 1,200 students in 2006. In 2005, the University of Leipzig had approximately 2,000 scientific employees. In addition to 1,200 non-scientific members 3,200 employees can be counted. Looking at the number of scientific employees for the city-region of Leipzig, another 3,000 high-qualified extra-university employees lead to almost 5,000 high-qualified scientific employees in Leipzig's core knowledge production entire segments. Apart from the existing "human" dimension and human capital in general, the physical and technical infrastructure is of high quality. The German Telecom provides ultramodern technical networks and had installed one of the most powerful communication networks in Germany recently. Thanks to the presence of telecommunication company "Telecom" in Leipzig, the knowledge centres are connected to the German high-speed internet backbone (Stadt-Leipzig 2006 p. 13-14).

#### The local view

While knowledge-intensive industries (see above) are mainly funded by the federal and the national state, culture is an explicitly communal field of action.

The city administration has always emphasised culture and thus supported the city's art treasures, museums, and collections. They have always played an important role in the city's history. They include collections begun by city institutions and the university as well as private collections or privately owned works of art given to the city's public.

As a consequence, Leipzig's municipal library now hosts one of the oldest music collections in Germany. Leipzig's international reputation as a city of music is closely associated with the Gewandhaus Orchestra, which is based in the Gewandhaus concert hall on Augustusplatz. Its history began with the "Grosse Concert" ("Great Concert") of 1743. Every year, the orchestra performs in many locations in Germany and abroad. In Leipzig, the orchestra often accompanies the St Thomas' Boys Choir in St Thomas' Church and performs in productions of the Leipzig Opera House.

Furthermore, the field of media industry is not only very well researched by Bentele (see above) and Bathelt (Bathelt et al., 2004) it has also reached the focus of communal support by public administration as well as by the federal state; as one segment of the creative industries, it has been integrated in the cluster policy of the city of Leipzig.

Apart from the well researched media industries, more informal, ephemeral, as well as sub-cultural oriented creative scenes are either not well researched or only present on an implicit level: The impact of the "Neue Leipziger School", pop-cultural music industries, and their newly institutionalised fairs and platforms (Popup Fair), innovative architectural offices,

small clusters of design offices such as “Buero am Ring” (a bloc with more than 20 young design, architectural and other creative offices very close to the city centre), meet highest international reputation and standards, but are not yet fully accepted, supported and even known in the public administration. Some administrative bodies “know” that these agents are present in the city, but the level of precise and concrete information concerning size, number of (self-employed) workers, number of start-ups, turnover, strategic practices of young entrepreneurs etc., is more or less not present. It leads to a relatively diffuse knowledge about the relevance of these emerging creative agents as incubators for other professional groups.

### **Public-private-partnerships**

The lack of recognition by public authorities has led to new activities by corporate companies, such as BMW and others. Their public-private-partnership activities integrate galleries, such as the “Galerie für Zeitgenössische Kunst” (Gallery for Contemporary Art), artists, creative producers, and other creative agents of the city of Leipzig.

Interestingly enough, the city’s marketing company seems to focus on the development and the expansion of the historical cultural potential (not necessarily the creative) such as the music and the person of Johann Sebastian Bach and other classic musicians and composers. They are targeting to follow Salzburg’s “Mozart strategy”. Especially in the last years, ongoing debates of new marketing strategies for the city of Leipzig seem to prefer the reinvention of the classic music topic as the communication tool to market the city worldwide. While the existing label “Leipziger Freiheit” (“Leipzig’s liberty”) seem to highlight the openness as well as the diversity of cultural life, creative scenes, as well as a heterogeneous civil society it is not yet clear how new marketing themes such as classic music will be able to integrate especially young creative- but also entrepreneurial cultures.

### **Aims and objectives of intervention by local public authorities**

From a broader perspective, the city of Leipzig faces several challenges in order to position itself again as an innovative, prospering, and future-oriented place to live and work on the global scale. First of all, the transformation process after reunification has led to large quantities of long-term unemployed people. Social welfare, lack of qualification, inflexible (or inaccessible) regional labour markets, and growing second or even third labour markets have to be considered as the major obstacles to solve urban transformation. Nevertheless, the city has reacted strategically and installed several tools in order to regain its historically known competitiveness. On the local policy level, the city has installed neighbourhood projects in order to improve local living conditions. Thereby, a great deal of work has been addressed to the civil forces on the local level. Agencies such as “Pro Leipzig” are facing the challenge of bridging locally oriented social networks with the forces and the dynamics of global capital.

Ironically, the absence of a local policy agenda might have led to flourishing creative scenes and the creation of a creative biotope, stimulated also by relatively low rents, cheap places, accessible work spaces, short distances to partners and potential collaborators within thick networks in Leipzig.

On the other side, the city of Leipzig has integrated the sub-segment “media industry” in their strategy to improve and upgrade new emerging clusters. Large amounts of investments have

been pulled up in the region in order to provide the infrastructural and technical basis for innovative technologies, international standards in the field of mobility, fair business, and distribution of goods. The city is aiming at (re-) positioning itself (again) on the international scale, although the overall population with approximately 500,000 inhabitants might be too small.

### **Aims and objectives of intervention by regional public authorities**

On the regional level, the implementation of the Metropolitan Region *Mitteldeutschland* (“Central Germany”) is the most notable approach in order to pool disparate and different regional strengths under one roof. Nevertheless, on both levels, creative industries are – from our perspective – not yet seen as an incubator and integrative tool for strengthening the local as well as the regional competitiveness.

There is not yet a coherent knowledge about the tasks, aims, and objectives of creative and knowledge-intensive industries for the city of Leipzig in general, and a suitable policy does not exist so far. Regional cooperation in the institutionalised framework of formulating the metropolitan region *Mitteldeutschland* has to be seen as a major challenge. The status of creative industries in this process is, however still opaque and almost missing till today. The creation of the metropolitan region *Mitteldeutschland* in classic terms, with high rates of population, work, and density rates, tradition, and a distinct cultural life of the metropolitan region, poses new demands and challenges. In respect that this emerging metropolitan region will not only be a conglomerate of smaller spatial units, but also represent a cultural product with a distinct identity, the degree of self-description as a larger spatial unit is missing, but might be stimulated by the creative industries. Their abilities to invent symbolic and immaterial products might then be connected with the idea of a *Mitteldeutschland*, with a distinct identity, which – from our perspective – can not yet be detected. It might be needed in order to invent future-oriented communicative and marketing strategies for this region. In regard of the situation of Leipzig, it might be concluded that the formulation of a distinct cluster policy, embedded in an attractive affordable urban space, has changed the formerly unattractive city. The effects of repositioning the city on a national and even international scale have to be seen in their different economic fields and their variations as well as in respect to the national context with other spatial profiles. Although the city is aiming at regaining a top position on a national and international scale, the relationship between investments and factual results, especially in the field of knowledge economy, demonstrates that further efforts have to take place, in order to compete successfully even with cities such as Dresden within the state of Saxony. Nevertheless the vision of regaining its historical determined position as the gateway between East and West in the context of a rapidly changing geography in Europe is still not fully developed.

**Policy instruments to stimulate culture and creativity on a regional level**

Culture as a political field of action is subject to the federal state and only marginally touched by the national state. Its main competences are located on the federal and on the local state. Therefore, the local state has the responsibility for its specific cultural values and attributes. Furthermore, the specific political changes in Saxony have led to the formulation of a strong local state in respect to manage cultural institutions as well as the adjacent costs. The clear rupture with the centralist past and the dictation of the top-down planning state has motivated the political opposition to formulate a new political framework to direct organisational power structures to the local level.

The first step in 1994 separated the state of Saxony in eight individual „Kulturräume“, consisting of „Kreisfreien Städte“ Chemnitz, Leipzig and Dresden as well as regional districts, such as Vogtland-Zwickau, Erzgebirge-Mittelsachsen, Leipziger Raum, Elbtal-Sächsische Schweiz-Osterzgebirge and Oberlausitz-Niederschlesien. An assessment system guarantees that financing is directed between the federal state and the local/regional districts. The state of Saxony provides 86,7 Mio. Euro per year to the „Kulturräume“ since 2005 the amount increased to almost 100 Mio Euro per year.

The aim of the “Kulturraumgesetz” is to provide a cultural structure that allows each individual region to organise its own distinct cultural profile. Each “Kulturraum” has its own body of experts and political decision makers and develops its own means and measures to evaluate and distribute funding. The main instrument on the state level is the so called “Kulturkonvent”. Regional authorities and majors are allowed to vote. The Kulturkonvent is guided by so called “Kulturbeiräten” and a group of experts, covering almost 800 people from Saxony. A high-grounded democratic connotation is inscribed in these policies aiming at redistributing power to the local level.

The “Kulturraumgesetz” can be described as an instrument to redirect authority to the local and regional level. In the last years, the classic form to support the public cultural sphere has been reconsidered. Especially because new intersections and overlapping between public and private funding have led to a growing importance of the public domain in the field of promoting culture and creativity (Winterfeld, Hofmann et al. 2003).

From an empirical view, the changing role of public and private agents has led to reconsider this overlapping. Especially artists demonstrate these overlapping when being funded by public funds, privately run programs, or others.

Similar is the case in respect to public cultural institutions that demonstrate a growing proximity to market structures or even serve as multiplier in regions. Originally run public cultural institutions therefore can be nowadays considered as complex education, experimental, and testing realms for various public and entrepreneurial agents in these regions and cities of Saxony.

In Saxony, Winterfeld concludes that in these state funded but bottom-up organised cultural spaces, creative milieus, and new networks of various cultural producers emerged and thus propelled these cultural institutions to “catalysts of a creative milieus in the region” (Winterfeld, Hofmann et al. 2003 p. 205). The “Kulturraumgesetz”, meaning the public funding for decentralised cultural profiles on a regional level, is considered as an important factor and expands way over its previous notion of having a pure connotation of “subsidising” culture with public money. Retrospectively it has enabled to provide a dense cultural profile in the state of Saxony with a sustainable organisational and steering structure leading to a strengthened regional identity.

### **Embeddedness in broader urban development strategies and visions**

**The case of Creative Industries:** Leipzig represents an urban-economic model, where mainly self-organised structures have placed creative industries in the wider regional and national attention. One recent example is the parallel organisation of a Freelance Camp in Bremen, Leipzig and Nürnberg in October 2009. The meetings offered workshops, working groups, and lectures on different themes, relevant for creative actors, like communication, co-working, and management of temporary projects. The existing creative scenes (design, art, painting, fashion, film, music, architecture, photography etc.) play a crucial role in the everyday life of the city of Leipzig. Mainly located in the core inner city areas of the city of Leipzig (with the exception of the “Spinnerei”, a conglomeration of studios, ateliers, galleries among others located in the western part of Leipzig, in a former industrial plant), each of these professional creative scenes has its fairly individual networks, meeting places, and social practices.

Only a few institutions, like the Gallery for Contemporary Art, the Academy of Visual Arts, art museums, cultural locations like the naTO as well as temporary thematic fairs and exhibitions, serve as places for communication. But numerous creative agents in Leipzig, although internationally renowned, play an ever-increasing role in the public life of the city and work toward the formation of creative hot-spots. Former industrial places like the Tapetenwerk, Werk II, Delikatessenhaus, and Westwerk offer great possibilities for creative actors to enter the economic market with low risks. Most of these sites are located in the western part of Leipzig, with an ongoing increase of cultural and creative initiatives. Now, creative actors also discover the eastern districts of the city, because here they are even closer to the core of the city and especially creatives at the very beginning of their career have an easier access to the market than they would have in the western part (e.g. Pöge-Haus: art-house and start-up center, Des Geigers Rätsel: club/pub for cultural events and networking). These heterogeneous entrepreneurial scenes and creative milieus are only rarely supported by public authorities but contribute to the attractiveness of the cultural economy in Leipzig. Leipzig’s relatively cheap rents and living costs as well as easily accessible workspace for creative agents have, over the course of time, driven forward and stimulated creativity more than any top-down planning procedures could have done.

### **Understanding spatial incubators for creative work in Leipzig**

In recent years a new socio-spatial phenomenon has gained wider international attention in sub-branches of creative industries: so called co-working spaces, representing a form of self-governance. In Leipzig one can find co-working spaces like the Familienbüro or Lumalenscape HQ as well as in the so-called “Wächterhäuser“ and the planned “Pöge-Haus“ in East Leipzig. Highly mobile creative workers have articulated increased need for temporary work spaces while being contracted in project teams. Co-working space means to rent a work environment for some days to few weeks, sharing office spaces with similar workers. To a growing extend this work space is offered by local entrepreneurs providing micro-work space on a contract basis. This (service) opportunity is accompanied by offering access to local based creative milieus, networks and the distinct local particularities, propelling entrance into creative scenes (Lange 2007). These socio-spatial practices depend to a large extend on telecommunication networks and display autonomy by a growing independent group of international oriented creative workers labelled “digital bohème”. Uncertain issues of

ownership and the use of abandoned factories and empty apartments were the foundation for new forms of entrepreneurial usage in Leipzig. One example is the so-called “Wächterhäuser” (warden houses). Here the entrepreneurial usage is connected to the problem of vacant *Gründerzeit*-buildings and urban deterioration. The warden houses offer cheap working and living spaces. At the same time the houses are preserved through commercial and social usage. Especially social, cultural and commercial users, which exercise a certain appeal on the quarter, are potential wardens (Heck and Will 2007 p. 24). Especially industrial facilities that had fallen out of use during transformation processes of urban economies are the ideal context to realise new uses and develop hot-spots for creative activities. Informal uses of formerly industrial spaces turn out to be a source of ideas for further potential uses of urban space. In addition, new entrepreneurial protagonists receive the opportunity to re-orient their professional biographies in striking ways. The cultures of spontaneity (clubs, bars, happenings, leisure activities, etc) initiated by local protagonists, developed into professionally run urban set-ups, creating and simultaneously offering to satisfy new needs and wants for urban dwellers in the form of new leisure and adventure cultures. In doing so, they transform cultural offerings in connection with the potentials of urban spaces, its areas on offer and its hitherto undeveloped urban options; they fill and occupy ‘structural holes’ (Burt 2004 p. 276). Only recently, real estate companies have detected these opportunities to deal with existing empty office spaces.

**Strategies, visions for the future, and ways to achieve the ambitions – an overview over recent achievements and strategies:**

**The national view - National policies concerning the knowledge economy:** In the Federal Republic of Germany the federal states are largely responsible for R&D policy, university, and education policy. At the moment Germany spends 2.5 per cent of the GDP on R&D which is less than the USA, Japan, Sweden, and many other industrial countries spend on R&D (BMBF 2006a); (Schavan 2006). However, the national government tries to support the development of new technologies through several initiatives. One example in this respect is the ‘High-Tech-Strategy’ (2006). One aim of the initiative is to reach the goal of spending three per cent for R&D in the year 2010, like it was agreed upon in the Lisbon-Strategy. The biggest amount of the ca. 14.6 billions Euros in the years 2006 to 2009 will go into research and development of new technologies in 17 high-tech-areas like ITC, biotechnology, aerospace, energy, optical instruments etc. (BMBF 2006a). Another example is the ‘Initiative for excellence of the federal state and the Länder’ (Exzellenzinitiative des Bundes und der Länder) which aims at promoting high quality research at the universities. The universities will be supported with 1.9 billion Euros, two third of the amount is financed by the federal state. Especially selected universities will receive 21 million Euros per year for the next five months. Two of the selected universities are in Munich, the University of Munich (LMU) and the Technical University (TU), the third university is the University of Karlsruhe (BMBF 2006a).

**National policies concerning the creative economy:** Due to the federal system, the states are also largely responsible for policies concerning culture, art, film, and the media. Therefore, culture as a distinct field of national policy has only been discovered and developed in the last

years: the position of a state secretary has been established in 1998 and from this time on, not only culture but also topics such as cultural economy and creative industries appeared on the agenda of the Bundestag (German parliament). Furthermore, the federal states and some bigger cities have detected creative industries as a strategic field of action and have begun systematically to evaluate these branches of industry. Numerous reports on the status of the creative industries have been generated by some cities and federal states (e.g. Aachen, Bremen, North Rhine-Westphalia, Mecklenburg-Western Pomerania, Bavaria, Saxony, Saxony-Anhalt, Lower Saxony, Schleswig-Holstein, Hesse, Berlin, Hamburg, Baden-Wuerttemberg). In 2007 the Commission of Inquiry for Culture presented its final report on the general situation of culture in Germany, which focuses on the development of national statistics on these sectors as well as on the cultural industries as a location factor (Bundestag 2007). In most of the German statistics and reports the definition of the sector is according to international definitions of the cultural industries. It includes publishing, film- and radio, art, music, journalism, museum, architecture, design, software games and advertisement. Some national data has recently been published in the report on “Kulturwirtschaft” in Germany by the Ministry of Economics (BMWi 2009).

### **The local view - Hierarchical Strategies aiming at reposition the city after 1990**

The rapid decline of manufacturing industries led to the need for new, forward-looking industries. The city administration acted on various levels. Besides financial assistance in the form of large EU subsidies (EFRE, ESF), the city administration devised marketing tools fronted by the slogan “Leipzig kommt” (“Leipzig is coming”) in order to replace its negative image as a grey, industrial, disadvantaged GDR city. This led to new technologies and infrastructure such as biotechnology, media, and communication technology taking root. In addition to paving the way for a new beginning with known marketing tools, the city administration reorganised and modernised its administration body (Glock 2006). Parallel to the local reorganisation of the public and planning administration, the administrative city bodies of Leipzig, Chemnitz, Halle, and Dresden agreed that cooperation among cities, opposed to competing for shrinking investments, might lead to benefits for all against the background of declining financial resources, the emerging locational advantages of adjoining areas in Eastern Europe, and harsh labour market conditions. In 1994, the first formulation of a metropolitan region was included in the state development plan for Saxony. In 1997, the state secretaries for spatial planning integrated the region as a European metropolitan region. In 2005, a set of guidelines was published, followed by a joint declaration by city mayors and the establishment of an organisational framework to coordinate shared activities. Formal cooperation can be found in the fields of science, transportation, trade fairs, and tourism (Staatsministerium 2003). It has been pointed out above that the city region of Leipzig is subject to profound, substantial structural transformation processes. In this connection, two conceptual perspectives need to be borne in mind: firstly, the labelling of the transformation process as “catching up with modernisation” (Ott 2000), and secondly, the specific, path-dependent mode of east German transformation (Matthiesen 2005). The former is linked to the structural, institutional, financial, and social transfer policies designed to eventually result in comparable conditions between east and west German states; the latter is a critical response to failed attempts to provide for equal social and living standards in eastern and western Germany as well as the realisation that east German states have not caught up with west

Germany within the last 10–15 years, and will not do so either over the next 15 years. This approach understands urban and regional transformation policies and governance modes as individual, case-specific forms of handling complex spatial transformation processes.

### **Self-induced strategies by cultural protagonists**

Apart from formally organised and politically induced crisis-solving policies, Leipzig's cultural scenes contain numerous modes of self-organising formations. Even though the formal labour market has to be considered weak, inaccessible or unattractive, many cultural activists launched their own rather unusual entrepreneurial start-up businesses in the midst of a substantial structural crisis. Informal networks provided an important backbone in order to cope with minimal financial income, hardly any venture capital, or any other similar formal and 'known' support structures (Bismarck and Koch 2005; Steets 2005).

In combination with existing cultural capital which had survived the GDR times, such as painting, photography, and design, cultural scenes became more and more visible and regained importance not only for the heterogeneity of cultural life and cultural consumption, but also as professional opportunities. In due course, architectural firms (such as L 21, KARO, URBIKOM etc.), artistic collectives (such as NIKO 31), a gallery agglomeration in the former cotton mill in Plagwitz in east Leipzig, the leading cultural centre Schaubühne Lindenfels in Plagwitz, as well as a prospering media and film-related experimental creative scene emerged in the course of the harsh transformation processes in the mid-1990 (Bismarck and Koch 2005).

The structural crisis thus led to creative actions by different agents and also informed and stimulated various knowledge institutions, e.g. the Academy of Visual Arts, to react to this professional situation of its alumni and thus reposition their curriculum, urban involvement, and their institutional role in the process of urban transformation (Bismarck and Koch 2005). Nevertheless, relatively little socio-spatial research has been conducted so far in order to understand the value of these formations for the city.

### **Stages of governance and government approaches in creative and knowledge-intensives branches – general perspectives**

Referring to the case of Leipzig, different stages of urban, economic, spatial, and infrastructure policy as well as planning practice can be recognised. Regarding the major transformation challenges (providing adequate housing and retail infrastructures, solving socio-spatial fragmentation, attracting new forward-looking industries, and organising urban regeneration), the adjacent planning policies are presented below chronologically. It is especially important to highlight the role of unintentional forms of cultural articulation and self-organisation, which are considered to be specific forms of societal organisation within harsh transformational contexts. Apart from other labour markets, the city of Leipzig demonstrates a very positive performance in creative and knowledge-intensive industries and positive growth rates in jobs as well as in GDP growth rates (SMWA 2008 p. 17). The media industry is embedded in a broad institutionalised knowledge and educational landscape, with university, polytechnic college, several extra-university research centres and various art, music and technical schools. Policies and state-subsidised transfer facilities and incubator schemes in combination with ultra-modern technical, mobility infrastructures make Leipzig a

competitive location: attractive urban qualities, open-minded social milieus, active civil society, and cultural facilities in various fields stimulate its economic competitiveness.

Although huge federal and state financial investment have been directed towards forward-looking fields of knowledge (mobility, R&D, high-tech infrastructure, and communication technologies), research outputs (numbers of patents, research funding etc.) do not yet fully justify the financial investment. The city's policy objective was to steer new knowledge industries by acquiring state-, federal- or EU-subsidies for establishing and accommodating these knowledge clusters. By founding private but still state-led institutions to organise the promotion of clusters (e.g. Aufbauwerk GmbH) the city administration acted top-down as a leading agent. Furthermore, the local authorities were stimulating intermediary structures (round tables, fairs, conferences) aiming at increased communication and exchange between knowledge workers.

Knowledge-intensive industries are marked by a lack of entrepreneurship, low rates of spin-offs, and a lack of (inter-)national headquarters with strong decision competencies. This and other factors explain the largely top down policy approach adopted in Leipzig, drawing on the administrative and financial help of the state. The rupture with the socialist past forced the local administration to make great efforts to establish a privately organised knowledge industry structure. But in a situation where R&D and large parts of the education system had been organised by state authorities there was a lack of established SME's in R&D and the service-oriented enterprises and knowledge industry was weak. This added to the reasons for adopting a top-down approach. The failure of larger knowledge intensive enterprises to position themselves in Leipzig as national or regional headquarters even stigmatised the city-region as economically weak and as constantly relying on external European or national subsidies. Consequently a strong role continued to be taken by the local and national government in decision-making to establish knowledge industries.

Creative industries in general have only been identified as a strategic field of action by the local government in the city of Leipzig since 2008. Although there has been positive performance in this field (primarily in the media industry, art and design), integrative public-private partnership strategies and a coherent urban and economic policy can not be identified before 2009 and the development of this sector can not be attributed to targeted policies. A first and important step occurred in 1992 when the MDR opened its headquarters in Leipzig. Shortly afterwards, a media development agency entitled *Medienstadt Leipzig GmbH* was set up to support the growth of media-related activities.

Apart from formally top-down and politically induced crises-solving policies, informal networks have proved essential in order to promote creative industries and play an ever-increasing role in shaping creative professions in Leipzig. The city's social networks provide numerous ways of self-organising and of improving better access to small markets. Though the formal labour market is weak, inaccessible or unattractive for highly-qualified people in this industry, many of them have launched their own rather unusual entrepreneurial start-up business in the midst of the substantial crisis in Leipzig. Informal networks have provided an important backbone in order to cope with minimal financial income, hardly any venture capital or similar formal and "known" support structures (Bismarck and Koch 2005; Steets 2005; Steets 2008). In combination with their existing cultural capital, which had survived the GDR times (such as painting, photography, design etc.), cultural scenes became more and more visible and so regained importance not only for the heterogeneity of cultural life, cultural consumption, but also as a professional opportunity for making their living.

The structural crisis of the city after unification thus led to creative actions by different agents and has in the course also informed and stimulated different knowledge institutions. For example the Academy for Visual Arts reacted to the professional situation of its alumni and repositioned its curriculum, urban engagement, and institutional role (Bismarck and Koch 2005). Governance practices are mainly about communication and about certain discourses between various public, civic and entrepreneurial agents and three phases can be detected between 1993 and 2008 in Leipzig.

### **Chronological perspective fostering creativity and culture in Leipzig**

**The first phase dates from 1993 to 2006.** After reunification the city administration had to reorganise its administrative structures as well as the relationship between high culture and the administration for cultural affairs. Many civil society initiatives claimed an independent role for their programmes. A strong emphasis was placed on the way an independent cultural sector can serve a newly liberated society. Culture was seen as a mainly independent sphere of action without market and political restrictions. Government acted in close contact to a heterogeneous and lively cultural scene, which broke new ground after the state-led milieus disappeared from the official sphere. Parallel but decoupled from this development there were huge financial efforts aimed at developing knowledge industries although these have not yet led to establishing a strong knowledge industry base.

**The second phase started in 2007.** First scientific and empirical studies were completed referring to the potential for creative industries to form a new economic segment in Leipzig. These studies paved the way for a broader and less “traditional” sector oriented discussion not only within the public authorities but most importantly between official and market representatives. A major cornerstone was the title in the city magazine “Kreuzer”, if Leipzig will become a creative city. The magazine's top story asked for the economic options for the city in the field of creative industries and, slowly it was acknowledged that negotiations could start with representatives and new stakeholders in informal networks. These bottom-up initiatives stand in contrast to the continuing top-down efforts by local and state authorities to promote knowledge intensive industries.

**The last phase, starting in 2008,** is characterised by fears, expressed by leading public figures and market representatives that the discursive hype on the issue of creative industries and creative city policies will not lead to any substantial improvement in the actual situation of mainly self-organised creative and entrepreneurial practices. The ongoing discourse about Leipzig's distinct profile, suitable policies, and concerted investments in urban economic policies is likely to lead to the formulation of a report on the creative industries as well as to further cooperation between heterogeneous market representatives, aiming to improve their precarious socio-economic situation.

## **4 ANALYSIS OF INSTITUTIONAL STRUCTURE AND GOVERNANCE MODELS IN LEIPZIG**

### **4.1 Key stakeholders in economic development policy at city/ metropolitan/ regional level**

The specific transformation context of the metropolitan region Leipzig does not allow distinguishing between key stakeholders in the economic development policy at city, metropolitan, and regional level. The development of the creative and/or the knowledge-intensive industries in the metropolitan region Leipzig depends on different policy approaches.

Thus, the ACRE team Leipzig differentiates between three policy modes: hierarchical-governance, co-governance, and self-governance. These forms are not only connected to institutions but also to initiatives and activities, in our case, concerning creative and knowledge-intensive branches.

The form of hierarchical-governance is mainly dominated by the federal state of Saxony and the municipality Leipzig. The national level plays a rather subordinated role, because in Germany the fields of culture and education are duties of the federal states. However, the EU-level is gaining importance in the recent years and influences the configuration of culture, education, science and economy increasingly.

Several examples for co-governance in the metropolitan region Leipzig we find both for the creative and the knowledge-intensive industries. Co-governance in this context means that institutions, organisations or others, even if they are hierarchically or self-governed, engage in cooperation or financing structures with other partners in order to fulfil certain aims and policies. Co-governance means utilising organised forms of interactions for governing purposes; therefore different actors communicate, collaborate or co-operate without a dominating governing actor. We can differentiate between several forms of co-governance, such as collaboration, co-operation, and co-ordination (Kooiman 2007 p. 96-97). Examples for co-governance are Public-Private Partnerships, which suit situations where public-private parties co-operate in governing interplays to reach a satisfying outcome or networks where open forms of interplay between different actors can be organised, the aim is to represent a bundle of different interests (Kooiman 2007 p. 102-108).

Finally, different forms of self-governance can be found amongst the private business sector and social movements and organisations. Self-governance plays a key role in the metropolitan region Leipzig, over all in the field of the creative industries.

International organisations, like OECD, IMF, or World Bank are not relevant for the metropolitan region Leipzig.

In the metropolitan region Leipzig we find a lot of self organisation and initiatives which promote and develop overall the creative industries within the region. Here, we find the development of the city and its cultural markets from the bottom and seldom from top to down. This circumstance leads to a specific situation in the region: Leipzig is well known for the free spaces it offers for self initiatives and activities of civil agents. Not every initiative is exclusively connected to the creative industries, but through the vitalisation of social processes and initiatives the city gets also attractive for creative players due to little obligations and huge development possibilities.

When looking at the knowledge-intensive industries the situation is a little bit different: hence this sector is more formalised and has other financing structures, the level of self governance is not as high as in the creative industry sector. Here, hierarchical-governance on the federal level, the level of the federal state of Saxony and the level of the municipality dominate. Besides the hierarchical-governance we also find examples for co-governance for the knowledge-intensive industries (see details below).

The following section presents examples for the different policy approaches, referring to the development of the creative and knowledge-intensive industries in the metropolitan region Leipzig.

#### *4.1.1 Hierarchical-governance*

When looking at the policy strategy for the creative industries in the metropolitan region Leipzig, one example for hierarchical-governance is the cluster strategy of the Department for Economy of the City of Leipzig; here, the department has identified five successful clusters. Among them is the cluster Media & Creative Industries. Leipzig is known as a hot-spot for media; in 2008 about 2,100 companies, related to the media industry, reached a six per cent share of the total economy in Leipzig (Bentele, Liebert et al. 2008). However, this cluster is mainly concentrated on the development of the media sector and its institutions and resources; other branches are hardly mentioned (Stadt Leipzig 2009a p. 15). Therefore it is planned to carry out further research in other creative branches like arts, design, and architecture (Stadt Leipzig 2009b p. 42).

The Department for Culture of the City of Leipzig plays also a decisive role for hierarchical-governance in the field of creative industries. The department promotes the independent art and culture scene in the city of Leipzig. Furthermore it promotes research and teaching in universities and research centres. It cares about art and culture in museums, libraries, theatres, and orchestras. The Department of Culture has formulated Plan for the Development of Culture for the years 2008-2015. One of the main characters of this plan is the will to maintain the cultural heterogeneity in the municipality. The aim of the paper is to secure this heterogeneity for the future. The plan also mentions the potential the creative industries have for a metropolitan region like Leipzig, concerning economic potential and demographic development (Department for Culture 2008).

The policy strategy for the knowledge-intensive industries differs from the creative industries, hence it is characterised mainly by hierarchical-governance on different levels: on the level of

the Federal Republic of Germany we find the settlement of national extra-university research centres, consisting of different Leibniz-, Fraunhofer-, Helmholtz-, and Max-Planck institutes with different research focus<sup>6</sup>.

At the level of the Federal State of Saxony we find the State Ministry of Economy and Labour that has developed a strategy for the stimulation of innovation. It has the aim to strengthen and stimulate the existing potentials in research and development in Saxony and to promote the transfer of knowledge. Here, the federal state has adjusted its innovation policy towards the European Union: Saxony has nearly 3 billion € at its disposal from the Fund for Regional Development and about 872 Mio. € from the European Social Fund<sup>7</sup>. At the moment, the Saxon State Ministry of Economy and Labour is developing a new strategy for innovation for the federal state of Saxony, together with other resorts. This strategy shall build the basis for a long-term innovation politic<sup>8</sup>.

On the level of the municipality we find, like already mentioned, a cluster strategy, which, amongst others includes **Healthcare & Biotech** and **Power & Environment**. The cluster of Healthcare and Biotech builds on a long tradition of medical research in Leipzig. Important research areas are neuroscience, regenerative medicine, and oncology. The Biotechnology-Biomedical Centre of the University of Leipzig became a catalyst for the development of new key technologies of biotechnology and regenerative medicine. Several extra-university research institutes are also contributing to the success of the region in these areas (see footnote 2). The cluster strategy in the area of biotechnology has lead to synergies with neighbouring municipalities and institutions in Halle (Saxony-Anhalt) and Jena (Thuringia).

Leipzig is also equipped with a large amount of companies for medical engineering. Their innovative products are not only sold on the national, but also on international markets in Asia and America.

The cluster of Power and Environment also profits from broad research resources in its immediate surrounding: The University of Leipzig and the Leipzig University of Applied Sciences offer a wide range of courses of study, related to the energy industry. The transfer of knowledge between the sciences and economy are secured among others by the Research- and Transfer-Centre of Leipzig (Stadt Leipzig 2009b p. 34-41).

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<sup>6</sup> Leibniz-Institutes: Leibniz-Institute for Regional Geography, Leibniz-Institute for Tropospheric Research, Leibniz Institute of Surface Modification/Fraunhofer-Institutes: Fraunhofer Centre for Central and Eastern Europe, Fraunhofer Institute for Immunology and Cell Therapy/Helmholtz-Institutes: Helmholtz Centre for Environmental Research/Max-Planck-Institutes: Max Planck Institute for Evolutionary Anthropology, Max Planck Institute for Human Cognitive and Brain Sciences, Max Planck Institute for Mathematics in the Sciences.

<sup>7</sup> <http://www.smwa.sachsen.de/de/Innovation/Innovationspolitik/153018.html>, last visited: 07.01.2010.

<sup>8</sup> [http://www.smwa.sachsen.de/de/Innovation/Innovationsstrategie\\_fuer\\_den\\_Freistaat\\_Sachsen/153021.html](http://www.smwa.sachsen.de/de/Innovation/Innovationsstrategie_fuer_den_Freistaat_Sachsen/153021.html), last visited: 07.01.2010.

#### 4.1.2 Co-governance

One example for non-branch specific co-governance in the metropolitan region Leipzig is SMILE - a co-operation between the University Leipzig, the Leipzig Graduate School of Management, and the Leipzig University of Applied Sciences. It is promoted by the European Social Fund, the Saxon State Ministry of Economy and Labour, and the Saxon State Ministry of Science and Art. It shall enable students, graduates, and employees of Leipzig's universities and extra-university research institutes to establish networks and gain knowledge for successful start-up businesses in different branches<sup>9</sup>.

Another example for co-governance from the field of the creative industries gives the Gallery for Contemporary Art and its project *Carte Blanche*, which started in January 2008 and ended two years later. Here the museum set up a Public-Private Partnership with agents from outside. The project aimed at exploring the relation between public and private engagement in the field of art and culture and the consequences that emerge from this involvement. Enterprises, gallery owner, and collectors were invited to introduce their position and reason for their engagement in arts practically. The invited institutions or people received a *carte blanche*, meaning that it was totally up to them to decide what they wanted to exhibit, or whether they wanted to work with curators from the museum or from outside. The only duty they had was the covering of all costs, such as heating, electricity, curators, or insurance. The museum developed the conceptual frame for the Public-Private Partnership and presented the results after every presentation of one agent from outside<sup>10</sup>.

#### 4.1.3 Self-governance

One example for successful self-governance in the area of the creative industries is the model of so called warden houses, an instrument which has been developed against the urban deterioration of Leipzig. The principle of this instrument is the preservation of houses through usage. This development is the result of a dualistic process one can observe in the city of Leipzig since the collapse of the GDR: the reconstruction of around 80 per cent of its old dwelling houses and the loss of more than 100 000 inhabitants (Heck and Will 2007 p. 25). Although the number of inhabitants has increased since 2001, Leipzig still had around 43 000 empty dwellings in 2007<sup>11</sup>. Economic and demographic forecasts predict that it would need several decades to reconstruct and use all these empty buildings.

Especially the handling of around 2 500 old buildings of the *Gründerzeit* is an urgent issue for the city. These dwelling houses are mainly located at central main roads. Due to their unattractive location they often remain empty and unused which leads to a constant decay. This has negative consequences for the image and infrastructure of the surrounding neighbourhood and its city quarters (Heck and Will 2007 p. 24). The warden houses enable the "wardens" to receive a house for little money, which they can shape following their needs

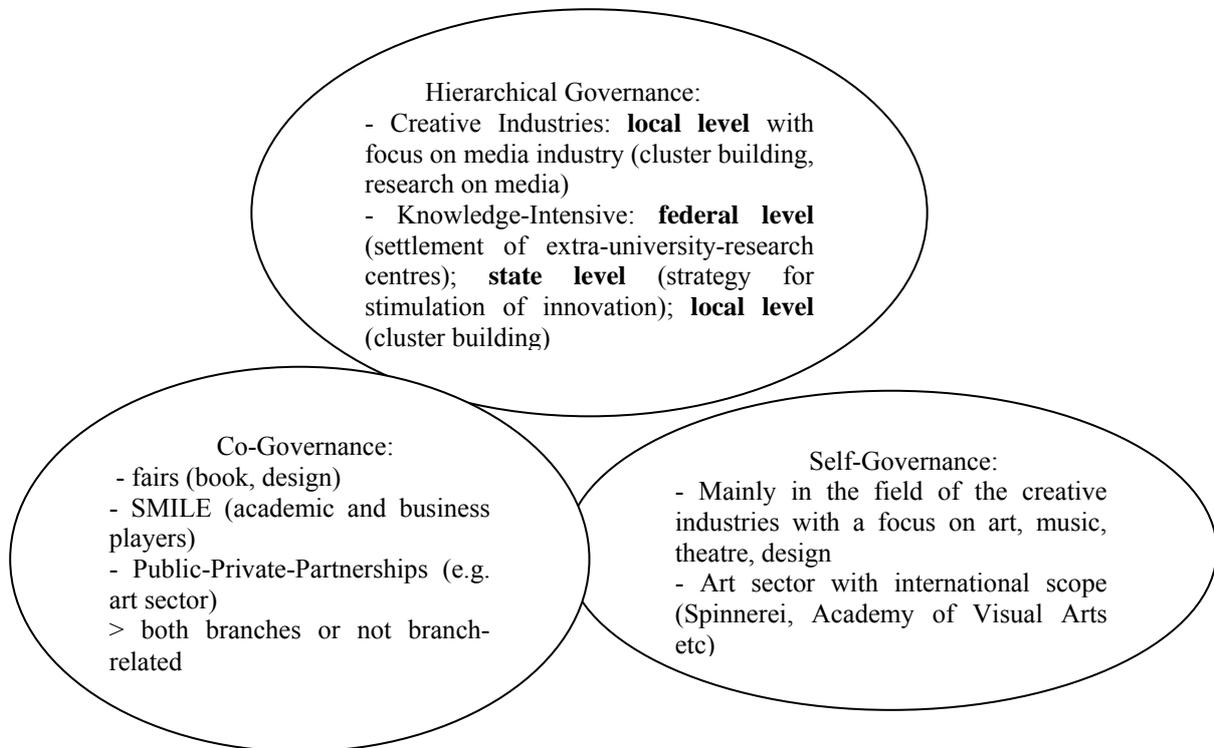
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<sup>9</sup> <http://www.smile.uni-leipzig.de/index.php>, last visited: 07.01.2010.

<sup>10</sup> <http://www.gfzk-3.de/index.php?cmd=show&id=37&search=>, last visited: 13.01.2010.

<sup>11</sup> See [http://www.leipzig.de/imperia/md/content/61\\_stadtplanungsamt/monitoringbericht\\_2008.pdf](http://www.leipzig.de/imperia/md/content/61_stadtplanungsamt/monitoringbericht_2008.pdf), p.14, last visited: 15.12.2009.

and ideas. At the same time they have to pay the running costs and are responsible for keeping the house in a good condition and for removing damages. Especially social, cultural and commercial users, which exercise a certain appeal on the quarter, are potential wardens<sup>12</sup>.



Source: Own draft

<sup>12</sup> See [http://www.haushalten.org/de/waechterhaeuser\\_modell.asp](http://www.haushalten.org/de/waechterhaeuser_modell.asp), last visited: 11.12.2009.

## 4.2 Forms of interaction between stakeholders

Chapter 4.2 will present shortly different growth coalitions one can identify on a local-national and on a local-government-business level which are relevant for the creative and knowledge-intensive industries in the metropolitan region Leipzig.

### Local-national growth coalitions

- RKW Qualification Centres for Creative Industries: The Centre for Rationalisation and Innovation of the German Economy promotes on behalf of the Federal Ministry for Economy and Technology since November 2009 the federal initiative „Creative- and Cultural Industries“. The aim is to strengthen this branch and to enable economic success within these branches. Therefore eight regional centres will be established, in Leipzig the centre for *Mitteldeutschland*. These regional centres shall bundle and interlink regional competences. The consultancy shall enable freelancers and start-ups of the creative industries to establish their business in the region<sup>13</sup>.
- Eurocities: European city network, Leipzig is a member since 1992. The network cares about strengthening local/regional aspects within the EU-context and offers a supranational network which bundles all specific issues of the cities of the network<sup>14</sup>.

### Local-government-business growth coalitions

The city of Leipzig invests in different projects, institutions, and initiatives and enables activation and generation of different businesses and networks. This investment is not only based on financial support, but also structural, and personal. Amongst others there are:

- Mediacity: complex for media production, in vicinity to the MDR- regional TV-station
- Fairs: Book Fair, Designers Open and others
- Games Convention Online
- Reconstruction of buildings for cultural use (warden houses, Spinnerei)
- Tapetenwerk, Werk II, Westwerk and others

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<sup>13</sup> <http://www.rkw.de/projekte/kompetenzzentrum-kultur-und-kreativwirtschaft/>, last visited: 10.02.2010.

<sup>14</sup> <http://www.leipzig.de/de/business/wistandort/international/eurocities/>, last visited: 10.02.2010.

## 5 CRITICAL EVALUATION OF STRATEGIES AND POLICIES

### 5.1 Debates and public controversies surrounding current policies and strategies

Ongoing debates and public controversies concerning current policies and strategies can be illustrated by the analysis of press articles and documents. For Leipzig, especially the monthly magazine *Kreuzer - Das Leipziger Stadtmagazin*, the daily newspaper *Leipziger Volkszeitung (LVZ)* and the online newspaper *Lizzy - Leipziger Internet Zeitung* play a decisive role for the reflection of these debates.

In the last four years (since 2006) we find several themes that concern policies and strategies discussions, mainly related to the creative industries or the cultural positioning of Leipzig in general. Especially four topics were discussed and reflected:

**1. Plan for Cultural Development for the city of Leipzig 2008-2015:** The Department of Culture formulated a plan for the development of the cultural scenes of Leipzig for the years 2008-2015. One of the main characters of this plan is the aim to maintain the cultural heterogeneity in the municipality (Department for Culture 2008). In 2006, the *Kreuzer* started a controversial discussion on the first draft of this plan. Since July 2006, independent cultural actors and experts discussed its aims and strategies – mostly with a critical approach concerning different themes covered by the draft: for example Reinhardt (Schaubühne Lindenfels – independent cultural centre in Leipzig) criticises the focus on developing Leipzig as a city of music and the uneven funding of independent and municipal cultural institutions (Reinhardt 2006); Haselbach (professor for Sociology and consultancy ICG kulturplan Berlin) points out that it is important to develop few policy guidelines, which give orientation and that it is not all about money (Haselbach 2006); Augsburg (Pop Up – Leipzig’s pop-music fair) mentions the strong focus on high culture and the parallel ignorance of the heterogeneity of Leipzig’s culture; the outdated understanding of culture with its focus only on traditions and missing knowledge concerning young target groups (Augsburg 2006).

**2. Funding of Leipzig’s independent art and culture scene:** A resolution of the city council from September 17<sup>th</sup> 2008 provides for the successive rise of the budget for the independent art and culture scene to 5 % of the municipal budget for culture until 2013. The resolution has been discussed controversially; mainly the debate between the two actors – the municipality and the independent cultural players - was reflected in the local press.

Although the council resolution was not adopted until September 2008, *Lizzy* discussed the upcoming conflict already in April 2008: the committee on finance debated on the plans to increase the budget for Leipzig’s independent culture scene in 2008 on 2.5 per cent. But due to tax losses in 2007 and increase of salaries in 2008 the aim could not be fulfilled (Julke 2008a). Another article reflects the process of the agreement to increase the budget for the

independent cultural scene – it was the result of an initiative of independent cultural agents called “Leipzig plus culture” from 2001, who initially formulated the aim to have a budget of 5 per cent for the scene. The article also points out the relevance of the independent and culture scene for the development of the city of Leipzig (Julke 2008b). An article from November 2008, after the adoption of the council order, makes once more clear how difficult the implementation of the order was and still is. A central point is the numbering of the budget for the culture in Leipzig – depending on the definition and in-/exclusion of institutions. The investigation of *Lizzy* reveals a budget of 103,98 million € (Freitag 2008). The latest article on this topic published by *Lizzy* refers to a petition of the fraction of the Social Democratic Party of Germany (SPD) Leipzig, concerning a call for the increase of the budget for the independent and culture scene in 2010 up to 0.5 per cent (Julke 2009).

The *Kreuzer*, similar to the *Lizzy* article points out that it is not clearly defined who belongs to the independent art and culture scene Leipzig, which means that it is not clear who is going to receive the provided funding (Veyder-Malberg 2009).

Interesting is also the homepage of the initiative “Five for Leipzig”, including its central demand: five per cent of the municipal budget for culture for the independent art and culture scene<sup>1</sup>. Here, all information on the topic is collected; it is also possible to sign the petition of the initiative. The initiative has formulated and published seven central demands for the scene:

1. Agreement of service contracts with the cultural- and community centres for at least five years.
2. Provision of a budget for the improvement of their structural conditions and their technical facilities.
3. At least five per cent of the municipal budget for culture for the promotion of the independent art and cultural work.
4. Flexible funding for projects, lasting longer than one calendar year.
5. Simplification of the administration.
6. Standardisation of different funding guidelines of the municipality.
7. Generation of one central clearing centre for all funding of the municipality<sup>2</sup>.

The *LVZ* reported from the initiative “Five for Leipzig” and had an article on a two-day festival of the independent art and culture scene in September 2007, where independent cultural players demonstrated their potential and importance for the development of the metropolitan region Leipzig. They established a cultural programme including films, concerts, theatre plays, and discussions (Daniel 2007b).

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<sup>1</sup> See <http://www.fuenf-fuer-leipzig.de/die-zukunftskampagne/>, last visited: 13.01.2010.

<sup>2</sup> See <http://www.fuenf-fuer-leipzig.de/die-zukunftskampagne/unsere-forderungen/der-gesamte-forderungskatalog/>, last visited: 14.01.2010.

**3. Leipzig's creative industries:** The *Kreuzer* has been focussing on the working and living conditions of creative players several times, it was the teaser of three issues since May 2007 (also October 2007, March 2009). The articles have different approaches: they explore the potential and the special context of Leipzig for the development of self-governed creative and cultural projects; it declares these developments from the bottom as typical phenomena for Leipzig, which are often connected to social deficits. Several projects try to integrate long-term unemployed, young offenders, or migrants. The special context of Leipzig includes favourable living-costs, a lot of young people due to around 30 000 students and empty dwellings, which give the opportunity for civil and creative engagement. The article points out the difficult relation between the independent cultural players and the high cultural institutions, the missing funding of the city, and limited market accession for the creative players in the metropolitan region (Veyder-Malberg and Schimke 2007). The article from October 2007 has a more positive view on the creative players and explores the (economical) chances of the creative industries for the metropolitan region Leipzig. It explains the appeal the region has for creative players, and the missing acknowledgement in the municipality how to make use of this potential for a prospering development of the creative industries. The article closes with seven concrete approaches to attract creative players to come and work in the metropolitan region Leipzig. Among them is the call for more intercultural exchange, the establishment of an institute for creative industries for coaching and consultancy, and the support with knowledge for start-ups in the creative industries (Nießen 2007). The article from March 2009 is the most critical one and focuses on precarious working conditions of the creative players in the metropolitan region Leipzig. The article sees the reasons for the exploitation within the creative industries mostly on the side of the creative actors that often sell their products and services under value, have a lack of knowledge concerning the price for their product or service, and the missing transparency concerning average prices within the branches (Veyder-Malberg and Schimke 2009).

The *LVZ* reflected on the creative industries in different articles: An interview with Dr. Bastian Lange from the ACRE team Leipzig revealed the potential the creative industries have for the metropolitan region Leipzig and missing marketing efforts, interlocking between the Department for Culture, Economy and Planning, or instruments like micro-credits offered by the municipality for creative players (Daniel 2007a). An article on cultural networks from 2008 revealed the importance of self-governance in this field. The example of several network communities like *IG Pop*, *Verein Kulturnetzwerk* or the *Bandcommunity* shows that there is a need for network building. Nevertheless, the article reveals the still missing interlocking between these different networks due to different approaches and aims the networks follow. The consequences: simultaneous taking places of parties, meetings, and festivals (Wöbking 2008). The latest was an article on co-working spaces, using the example of the *Betahaus* in Berlin. The article explains this trend, mostly relevant for the creative industries, but does not mention Leipzig, where already some co-working spaces exist<sup>3</sup>, although not yet so professionalised like the *Betahaus* (Lohner 2009).

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<sup>3</sup> Like the Familienbüro or Lumalenscape HQ.

**4. Development of a former brewery into a cultural- and entrepreneurial centre:** The development of the so called *Feinkost*, a former brewery in the Südvorstadt, a young, growing, and cultural-rich quarter in the south of Leipzig, has led to a lot of debates since 2004. The *Kreuzer* has traced these conflicts from the very beginning (Maas 2004; Augsburg 2005; Augsburg and Achenbach 2005; Augsburg 2006; Tepper and Achenbach 2006; Achenbach 2007; Raabe 2007). The conflict arises from three parties and their different positions. There is the "Interest Group Feinkost (IGF)", consisting of leasers of the *Feinkost*, the TLG, a real estate company, and the *naTo*, a neighbouring cultural centre of the *Feinkost*. The TLG planned to demolish huge parts of the *Feinkost* area and to build 2 000 square metres of sales area. As a consequence, the leasers of the *Feinkost* formed their interest group fighting against the plans. They formulated their goal to develop a regional business- and cultural centre on the area. In October 2004, the TLG registered that they could not realise their plans and conveyed the area for a symbolic price to the IGF. The property then was divided into two parts: one part for the cultural facilities, under responsibility of the *naTo*, and the other part for the development of regional business, under responsibility of the IGF. Then the conflict escalated, due to different time plans, funding, and plans concerning the development of the area. In December 2006 the plan for the revitalisation of the *Feinkost* area came unstuck, the *naTo* withdrew as a partner and the TLG came back to conduct negotiations directly with the IGF to buy the whole area at a reasonable price.

The online newspaper *Lizzy* also covered the topic of the *Feinkost* with several articles (Editors 2007a; Julke 2007a; Editors 2007b; Julke 2007b; Julke 2007c). It reflected the whole process, the ongoing debates and emerging conflicts. It criticises the TLG for not being the right partner when it comes to develop a culture and regional business centre, the municipality for the low funding of its independent cultural institutions and the wasted chances for developing a new cultural centre in Leipzig (see above). Finally it reflects the new agreement arranged at the beginning of 2007 between the municipality, the TLG, and the IGF: the TLG conveyed the area gratuitously to the municipality and the IGF buys it back for 150 000 Euro from the municipality. The municipality integrates the money in its fund for the independent art and culture scene. The IGF realises an art-, culture-, and regional business centre. *Lizzy* points out that the IGF does not have the competences to develop a culture centre and therefore thinks about providing premises to the culture centre of the Kulturstiftung *Feinkost* (Foundation for Culture *Feinkost*), an affiliation of the cultural institutions *naTo*, Lofft (theatre), Cinematheque (cinema) und Dancing Theatre Leipzig. Moreover *Lizzy* criticises the plans of the IGF to find leasers at unrealistic prices for their premises in order to earn more money to cover the costs. Nevertheless on October 30<sup>th</sup> 2007, TLG, IGF, and the municipality signed the contracts and the reconstruction of the area began. *Lizzy*'s latest article on the topic concerns the finalisation of the first step of reconstruction.

Semi-structured interviews to be conducted with some people in charge of the implementation of policies (mostly LOP's?) / people who can account for the functioning of the urban government system.

Here we should in particular insist on the social dimension that could be neglected in a strategy that mainly focuses on urban economic competitiveness

## 5.2 Confrontation with the results of the surveys

The previous chapters have gathered policy matters concerning the metropolitan region Leipzig. Chapter 5.2 relates these matters to the empirical surveys of WP5 (employees and graduates), WP6 (managers and freelancers), and WP7 (transnational migrants). The aim is to reveal their worries and expectations (employees), their opinions about existing and planned policies (managers), and their opinions about the metropolitan region Leipzig (migrants). The results shall point out the strengths and weaknesses the city and its policies offer to different target groups who are either related to the creative- or the knowledge-intensive industries.

### Worries and expectations of creative and knowledge-intensive employees and graduates

As a reminder, WP5 focused on people working in creative and knowledge intensive sectors (such as radio and TV, software and games development, E-publishing, law and other services, finance sector, ICT, etc.), who are supposed to play a central role in making a place competitive in the global network of regions. Furthermore it paid attention to graduates from Leipzig's educational institutions. The general aim was to reveal why employees and students come to the city, how they like it and if/why they are planning to stay or to leave.

For this study a total sample of 200 employees (75 knowledge-intensive, 75 creative) and graduates (50 from both branches) was surveyed using a standardised questionnaire. WP5 showed that most of the interviewees came to Leipzig because of study or job opportunities. Generally, the hard factors have not been outweighed by soft factors; employees are mostly worried about their job situation and fear unemployment, because in the metropolitan region Leipzig the job availability is insufficient and the wages are low compared to other German regions. Soft factors, therefore, play a subordinated though not unimportant role. The employees and graduates evaluate positively cultural events and institutions based in Leipzig. The various public and private theatres, cabarets, opera, and concert halls as well as the lively club and bar scene, the summer open air events and lots of different festivals make employees and graduates enjoy public life in the city, which lets them develop at least basic levels of identification with the city.

The empirical survey revealed that personal trajectories such as proximity to friends and family play also a significant role as attracting and retaining factors (see chapter 3.1). This personal sphere is one of the major driving forces for people to stay in this region although economic and career opportunities might be better in other regions. The employees therefore contradict, in their spatial practices, the theoretical concepts stressing a rising mobility of creative talents related to economic and career prospects. These personal networks are used to compensate economic disadvantages. The employees indicate that these personal networks are also a necessary condition for accessing new jobs in a tense regional labour market. Often based on private interests the social networking aspect in the city could be considered as an informal way of knowledge and information exchange which helps people in the city region to survive and improve economically.

As the overall economic situation in Leipzig indicates, the knowledge-intensive and creative employees show rather low levels of income. Nonetheless they tend to be satisfied with their working and job situation and their general life in Leipzig. One third of the respondents indicate an overall friendliness to be one of the reasons why feeling comfortable here.

Another important fact is the affordability of high quality housing. Other important reasons for feeling at ease with Leipzig are its cultural diversity, and the diversity of leisure and entertainment facilities (Lange, Burdack et al. 2008b p. 81-83). Concerning the micro level of the neighbourhood the interviewees acknowledge the atmosphere and quality of their neighbourhoods, which gives them a feeling of personal safety. Furthermore the possibility of maintaining personal networks is a relevant fact, which in the Leipzig economic context is of major importance for the creative knowledge workers in order to get good business information.

Consequently, more than half of the interviewees indicate not to have the intention to leave the city. The Leipzig situation simultaneously forces and enables political leaders to experiment with unconventional and often pragmatic solutions. Therefore the administrative staff of the City of Leipzig is open to suggestions from all directions of civic engagement (Lange, Burdack et al. 2008a p. 1-3).

### **Opinions of creative and knowledge-intensive managers and freelancers about existing and planned policies**

WP6 provides the outcomes of a second survey, focussing on managers and freelancers working independently in creative and knowledge intensive industries. The central intention was to understand which factors influence location decisions of creative and knowledge intensive firms. Four sub-sectors of creative and knowledge intensive industries were chosen: business and management consultancy; 'old' media (radio, TV, movies); 'new' media (web design, e-publishing, PC, video games), and design activities. 24 interviews with managers and freelancers of the four different sub-sectors revealed the determinants for the location of creative entrepreneurial activity and therefore the competitiveness of the metropolitan region Leipzig.

The empirical findings reveal that a distinction has to be made across all sectors between established markets and companies, and young start-ups in emerging markets. Established businesses are leaning to more classic hard factors, like economic environment, sufficient client base, infrastructure, and accessibility of the region. The small firms and freelancers in emerging creative industries rather tend to appreciate a good quality of soft factors as much as hard factors. It could be supposed that this is due to a looser connection (less institutional integration, smaller market volume, no established career paths etc.) into their own market. Private life aspects play a stronger role for location decisions as in established industries. Therefore communicative 'third places' as meeting points for business partners and friends and family are important, because the frontier between private and business life blurs. This leads to a stronger commitment to the region, even in difficult economic conditions, as those found in the metropolitan region Leipzig.

For the competitiveness of the city region of Leipzig this means that the focus on attracting creative professionals and creative enterprises has to be extended to issues of retention. The local base of creative micro-firms and freelancers, and the large potential for start-ups and university spin-offs, should be paid more attention to. Their special requirements should be a key issue for policy strategies. In times of increasing competition between the metropolitan regions in the global market, the weak economic base of Leipzig is a major threat to attract foreign investment. In contrast, the high degree of vacant, available, and cheap office and

production facility space, the image of a liberal and open city, and an open-minded citizenship are some of the major attraction and retention factors. They outweigh economic disadvantages especially for young creative and knowledge intensive entrepreneurs who come to Leipzig to find a business. The enhancements of the latter factors are major keys to competitiveness when it comes to developing a durable economic base in Leipzig.

### *Can politics promote creative industries at all?*

The empirical survey of WP6 reveals that there seems to be a great mismatch between the needs of the creative knowledge actors and the rigid structures in administrative systems. This became obvious in the design sector in Leipzig. When the designers came to register in the Chamber of Commerce, they could not find suitable categories of registration. This is only one example among several. Obviously, categories of creative thinking do not easily fit into administrative categorisation.

First of all it has to be clarified what kind of measures one is looking for - direct measures or indirect programmes? The interviewees revealed that they only seldom make use of direct public funding in their different phases of business development. Start-ups and small established firms in creative knowledge industries operate in highly dynamic markets, which to a large degree depend on other economic sectors. So the market climate is very sensitive to what happens in other economic sectors. Therefore the business entities (firms, associations, programmes, networks) must be able to react quickly and flexible. Since the creative sector is very fragile, public promotion can not be done by rigid long-term funding.

Indirect measures seem to be more appropriate for politics and creative industries. It leaves freedom to creative actors and it gives investment security to public representatives. A possible way to do so would be to install a specific representative for 'creative industries' in the local administration. Such a mediating expert could help to translate between administration and creative industries, or even keep up the dialogue with an independent, not yet economic creative scene.

### *Implications for competitiveness of city*

From the results of the empirical survey some important implications for the competitiveness of the city region of Leipzig can be derived: One issue concerns the city's setting of hard location factors. As the interviews have shown, hard factors still play an important role also for creative knowledge entrepreneurs. The deficits which threaten Leipzig's future development have to be seen in an international context. In a worldwide competition of regions, international visibility and accessibility become more and more important. Leipzig's technical infrastructure is already well developed, but it should be observed how these infrastructures are used. Input factors such as capital, creative people, or office branches could easily be located in Leipzig, but they could rapidly be relocated as well. Probably, a next step is not only to think about attracting and locating but also to think about new modes of short term factor mobility. Today, the place of living and the base location of working must not necessarily be the location of providing a creative or knowledge intensive service anymore. Then it becomes more and more important to think about reducing travelling times and making travelling time more effective. Therefore regions have to look for service providers

who offer the accessibility of places with their services. Here, Leipzig faces serious problems when it comes to airway connections.

The very competitive hard factor, the availability and affordability of office, production facilities, and living space is one of Leipzig's biggest potential, now it is important to develop ideas how Leipzig can maintain this potential which makes it unique compared to other European cities. A general development paradox could be seen in the contradiction between the objectives of redeveloping, renovating, and reselling old, degenerated, and vacant locations and the objective of keeping this competitive advantage of cheap space. Not only vacancy is a basic condition, but also the possibility to occupy vacant buildings and spaces, even if only for temporary use.

A final issue concerns the external image of Leipzig and its surroundings. On the one hand the city is communicated as open-minded, attractive place to live and work in, having succeeded in transforming from the socialist heavy industries centre into a hotspot of creativity. On the other hand the city still faces problems of structural post-transition long-term unemployment, generating insecurity in certain parts of the society. This insecurity lets right-wing extremism become a serious topic. These tendencies could menace the positive developments realised so far. The external representation of the city tends to become more ambiguous between 'good news' (hotspot of creativity and open culture) and 'bad news' (hotspot of xenophobia and intolerance). The problem of right-wing activities has to be put on the agenda on local and regional levels (Lange, Burdack et al. 2008b p. 83-85).

### **Opinions of transnational migrants concerning the metropolitan region Leipzig**

The third empirical survey concerned transnational migrants, working either in the creative- or the knowledge-intensive industries in the metropolitan region Leipzig. Due to a specific historic, political, and economic constellation, Leipzig has only a small proportion of transnational migrants, compared to other cities in Western Germany. This situation make perceptions and articulations of the transnational migrants relevant in order to evaluate recent efforts of knowledge-based and creative institutions to attract the 'creative class' to Leipzig. Central interests of WP7 concerned the driving forces to come to Leipzig and the migrants' considerations whether to stay or to leave the region after a certain sojourn. Following the snow-ball principle the ACRE team Leipzig conducted 25 interviews with transnational migrants (Lange, Burdack et al. 2009a p.1-5).

When surveying transnational migrants living and working in Leipzig, it becomes obvious that one has to distinguish between the creative and the knowledge-intensive branches as well as within the branches: For every branch we can identify (at least) two main types. These differing perspectives and opinions are very much influenced by the personal situation of the migrants even if they work in the same branch. The personal situation determines the role one takes into consideration when living and working in a new context. In the creative branches we find a more active established and a more passive, limited-staying type. The active type established himself in Leipzig, but at the same time realises jobs throughout the world because by this he can actualise his artistic themes and interests. His global network makes it possible for him to be economically independent of Leipzig and the local job situation. At the same time he notices that the city of Leipzig offers good living situations concerning low living costs, wide range of dwellings, and the size of the city which makes it possible to

establish networks easily. These networks at the interface of personal and professional contacts are essential for people within the creative industries. As they are not so much integrated into professional networks like people working for the knowledge-intensive industries, they have to establish their networks on their own, in order to receive social contacts.

The network issue is also important for the limited-staying, passive type of the creative industries. Nonetheless his network might lead him to new places because he tends to be in an educational phase where it is important getting to know new places and people in order to receive new inspirations. This leads to a rather passive role in Leipzig because he knows that he will leave this place sooner or later. At the same time this type of migrant appreciates the living situation Leipzig offers although he also mentions critical issues like social disparities and disintegration of migrants.

Like in the case of the creative industries, the group of transnational migrants working within the knowledge-intensive industries present a heterogeneous group with different stages of commitment towards the city of Leipzig. This commitment is determined by the degree of being established in Leipzig. The first type is again a more active and established one, who has settled in Leipzig and takes an active role into account. He would like to improve different issues in Leipzig by his engagement in networks. He is mainly concerned with economic problems. That means that networking for him is also important like for the migrants of the creative industries. Yet in the case of the transnational migrants of the knowledge-intensive industries there is a clear cut between personal and professional networks due to their degree of integration into their working place networks. The second type within this branch presents similar results: although he is much more passive concerning his commitment to Leipzig he also develops stable networks in his working sphere. He knows that he will leave Leipzig after a limited period of time and is therefore not so much concerned with problems of the city, because for him it is not relevant (Lange, Burdack et al. 2009a p. 58-62).

In WP7 four types of transnational migrants, two in the creative, and two in the knowledge-intensive industries, were identified for the metropolitan region Leipzig. The process of interpreting the interviews lead to five central categories that reveal the opinions and views the migrants have on the metropolitan region Leipzig:

- Networks/ Networking
- City of Disruption
- Xenophobia
- Definition of home
- Internationality

*Networks/Networking*

This category presents an often discussed issue when dealing with changing production processes and new forms of working routines.

The networking of the transnational migrants of the knowledge-intensive industries can be related to the theory of transnationalism which assumes that transnational social spaces emerge inter-nationally. In this branch, universities, the sciences, transnational institutions, and corporations take over the function of providing information and support for the incoming transnational migrants (Pries 2001). According to the logic of transnational movements, only those who have economic capital or/and build up strong networks (social capital) will settle and engage in the further development of a city.

In comparison to the transnational migrants of the knowledge-intensive industries who are integrated into a network which mainly is shaped by their employer or scientific institution, the transnational migrants of the creative industries are integrated into a creative-artistic milieu. When moving to a new place they mostly settle in specific urban sub-districts and connect themselves with concrete spaces (Musterd, Bontje et al. 2006 p. 18). They are not integrated into transnational social spaces as described above they are linked to aesthetic-creative themes, and are hardly integrated into international companies or organisations. They are building up their networks both on a local as well as on a global level.

The established migrants of the creative industries have established their networks along private and artistic themes and participate in the international community of Leipzig.

The limited-staying migrants of the knowledge-intensive industries are less engaged in the city and establish their networks mainly around working themes. Nevertheless they expect the locals to show interest and integrate them into the city. This might be a result of their experiences they have had in other countries they were living in.

In comparison, the limited-staying migrants of the creative industries tend to participate at least in their city district they are living in. Their engagement is mainly focussed on cultural and social themes.

*Leipzig – a city of disruption*

In terms of perceiving Leipzig as a city of disruption, the established migrants of the knowledge-intensive branch identify disruption in terms of history as legitimation for their active role within the city Leipzig. Furthermore they perceive disruptions in terms of society, because getting in touch with locals is described being difficult, in terms of politics and the initiatives taken by the city concerning the economy, and reports on xenophobia, because they perceive a discrepancy between the image the city wants to establish, and the economic and social problems which are part of the city. Their first spatial contact with Leipzig is closely associated with their working place and -network. The longer they stay, the more heterogeneous their spatial contact with Leipzig becomes.

The established migrants of the creative industries tend also to have their first spatial contact within their working place and -network. In comparison to the knowledge-intensive branch, they rather remain in this space, or reduce their spatial contact to “creative” spaces. They identify disruption in terms of history because of different architecture and symbolism. In terms of society they perceive on the one hand social disparity, and on the other hand image

campaigns of the city of Leipzig which exclude this problem, and in terms of politics, they perceive xenophobia and a lack of integration of foreigners.

The limited-staying migrants of the knowledge-intensive branch tend to have a homogenous spatial use of Leipzig – within their working places and -networks. They perceive historical disruption in terms of different political systems and social disruption as they observe poverty and unemployment.

The limited-staying migrants of the creative branch can be described similarly: homogenous spatial use of Leipzig, social disruption in perceiving poverty, cultural disruption as Leipzig offers high and sub cultural activities, and spatial disruption as Leipzig still has a lot of vacancies.

### *Xenophobia and right-wing violence*

This is an often discussed subject when dealing with Eastern Germany. The statistics reveal the problem although not explaining it: almost 50 per cent of all right-wing criminal acts registered in Germany are happening in Eastern Germany although only 21 per cent of the total German population is living there.

The established migrants of the knowledge-intensive industries explain xenophobia in Leipzig with missing job perspectives and economical problems. The established migrants of the creative industries in contrast explain the problem with social and integration problems the city has. At the same time they cannot combine the problem with their own experiences within Leipzig. In general both groups want to commit themselves to solve this problem. Their networking patterns also present this active participation.

In contrast the limited-staying migrants of the knowledge-intensive and the creative industries tend to be passive and perceive xenophobia as an issue one has to accept. The migrants of the knowledge-intensive branch often perceive this problem in connection with the spatial images they have from Leipzig. They explain the issue of xenophobia with social problems. The migrants of the creative industries often tend to have a certain expectation concerning xenophobia. They have been influenced by the media and mostly by German friends not living in Leipzig. They explain xenophobia with social problems resulting from unemployment. Therefore the locals tend to make foreigners responsible for their unemployment in order to have a scapegoat.

### *Definition of home*

This category is related to the question whether transnational migrants, who are used to live and work in different places, tend to have a rather traditional recognition of home or if they develop new individual theories on home.

All migrants, except the limited-staying migrants of the creative industries, have established a new definition of home; home is no longer defined by the place of birth. The established migrants of the knowledge-intensive industries first of all label themselves as Europeans or world citizens. This might be connected with their living and travelling experiences. At a second glance it becomes clear that home for them is a place which can be selected actively. This definition explains their participation in different networks in the city of Leipzig.

On the other side the established migrants of the creative industries also identify themselves as Europeans or citizens of the world. But they evolve a different theory on home: for them home is no longer connected with a concrete place. They have developed a transnational identity through their connectedness to the artistic world or an artistic theme. In contrast the limited-staying migrants of the knowledge-intensive branch have a rather practical strategy. Due to their integration into global temporary knowledge networks, they have established a limited identification with Leipzig as home. They will give up this identification when they will be moving to their next working station.

Only the limited-staying migrants of the creative branch present a quite conservative and traditional definition of home. Due to their individuality and the strong competition among artists, they tend to identify themselves with their home country or the place where their families and friends live

### *Leipzig – an international city?*

Although Leipzig is aiming to regain a top position on an international level and to develop its global competitiveness, several (institutional) problems still prevent reaching this aim. Amongst others Leipzig still fails to attract a high number of high qualified human resources. Although Leipzig offers attractive educational facilities the city cannot bind talented people after their qualification phase due to missing job perspectives and economical problems.

The interviews reveal institutional problems. They show the gap between the perception by the migrants and the image Leipzig wants to establish concerning its international atmosphere. The established migrants of the knowledge-intensive branch describe Leipzig concerning the internationality of its culture as divers, but not in terms of the people living here. In general they have not experienced any institutional problems. This might be connected to their age, habitués, and position they have. Additionally they have been receiving a lot of informal help when coming to Leipzig by their enterprise.

The established migrants of the creative branch, in contrast, perceive Leipzig as an international city due to their integration into international networks and their divers working experiences – the majority has been working in different contexts in Leipzig. They also mention the establishment of large firms like BMW, Amazon, and DHL in Leipzig. On the other hand they mention institutional problems they have experienced in Leipzig, for example with the Immigration Office and the International Bureau in the City Hall. This might have to do with a lack of informal help and the non-integration of the transnational migrants of the creative industries into enterprises which tend to organise the stay of the migrants. The limited-staying migrants in general do not perceive Leipzig as cosmopolitan or international. The migrants of the knowledge-intensive branch have not experienced institutional problems due to their integration into their companies, which organise the stay for the migrants.

The migrants of the creative branch who tend not to be integrated into a proper working place have experienced institutional problems over all with the Immigration Office. Their perception of Leipzig as non-international might also have to do with their general exotic status as artists and foreigners (Lange, Burdack et al. 2009a, pp. 66-72)

## 6 CONCLUSION AND DISCUSSION

This report presented an overview of existing policy recommendations and strategies of the metropolitan region Leipzig related to the creative and knowledge-intensive branches. It described the existing policies and their impact on both branches. Additionally we related these findings to the empirical results from WP5, WP6, and WP7. Thereby we wanted to find out how the target groups evaluate the policy strategy of the metropolitan region concerning their individual needs and situation.

The results from WP10 shall enable us to evaluate the position of the city within the ACRE project concerning its ability to attract and retain creative and knowledge-intensive industries. The results are the bases for a common typology within the ACRE context and enable us to formulate policy recommendations, as it is planned for the next report, WP11.

In order to formulate a common typology it is useful to look back at WP3 (Kovacs, Murie et al. 2007). Here, different questions were formulated so that all 13 participating cities could be evaluated on a common basis. Among them were the following questions:

- 1) Is the city known as national or international political and economic decision making centre?
- 2) Does the city have good leadership and governance structure?
- 3) Does the city have good financial and organisational resources?
- 4) Does the city have an active innovation and technology policy?

By answering these questions it became obvious that Leipzig, an Eastern German city, has a similar status like the Eastern European cities: Budapest, Riga, Sofia, and Poznan. These cities are marked by a harsh transformation and still show lacks concerning the attraction and retention of creative and knowledge-intensive branches, but they also show positive developments (Kovacs, Murie et al. 2007 p. 24).

*“East European cities seem to be in a relatively disadvantageous position because of the inadequate level of city governance, lack of proper financial, and organisational resources and the weakness of innovation policy. Nevertheless, the entrepreneurial spirit, detected in most of them is positive and gives Eastern Europe great potential for the future.” (Kovacs, Murie et al. 2007 p. 25).*

In addition to the findings made in WP3 we formulated three aspects which we consider as important for the evaluation of the metropolitan region Leipzig concerning its policy strategy and recommendations:

**Focus of policies in metropolitan region Leipzig:** We have to distinguish between the two branches. The knowledge-intensive industries are mainly shaped by hierarchical governance structures on the federal as well as the Federal state level. The creative industries are shaped by all three levels: The media branch is mainly shaped hierarchically by the Federal state level. At the same time we find a lot of self organisation and initiatives which promote and develop overall the creative industries within the region. These bottom-up initiatives stand in contrast to the continuing top-down efforts by local and state authorities concerning knowledge-intensive industries.

**Matches and mismatches of policies:** Here we find the cooperation between established and less established actors, like representatives of different departments of the City and creative players. We also find temporary activities like the *Stadtwerkstatt*. This annual event is organised by the City administration and aims at bringing together experts, citizens, and the administration in order to discuss topics related to the city development. The 11<sup>th</sup> *Stadtwerkstatt* for example dealt with Leipzig and its creative milieu. The city seeks to find out which role do creative milieus and the creative industries play for the city development (see (Stadt-Leipzig 2008b)).

**Failures of policy activities:** One failure one can observe on the city level is unclear competences of different departments especially concerning the promotion of the creative industries.

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