

Changing geography of the creative economy in Hungary at the beginning of the 21st century

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United Nations Conference on Trade and Development (UNCTAD): Creative Economy Report (2008; 15)

The **creative economy** is an evolving concept based on creative assets potentially generating economic growth and development.

- It can foster income-generation, job creation and export earnings while promoting social inclusion, cultural diversity and human development.
- It embraces economic, cultural and social aspects interacting with technology, intellectual property and tourism objectives.
- It is a set of knowledge-based economic activities with a development dimension and cross-cutting linkages at macro and micro levels to the overall economy.
- It is a feasible development option calling for innovative, multidisciplinary policy responses and interministerial action.
- At the heart of the creative economy are the creative industries

Charles Landry and the creative city



Developer of the creative city concept

The creative city: A toolkit for urban innovators (1995, 2000)

Comedia (communication and media) – 1978

Beginning of the 1980s – research on cultural industries

Since the mid-1980s – research on creative economy and
creative and stimulating milieu

Since 1994 – research on creative cities

Russel Southwood, Ken Worpole, Franco Bianchini, Geoff Mulgan (DEMOS), Peter Hall, Carol Coletta (CEO's for Cities)



Richard Florida and the creative class

Developer of the creative class concept

The rise of the creative class (Florida 2002)



"Within the field of urban policy the notion of a creative city has spread like wildfire, but unlike a wildfire, it appears that everyone wants to have a creative city." (Pratt 2010:14)

3T (Talent, Technology, Tolerance)

Creates businesses, jobs and brings economic growth

Cities and regions should attract creative people and not creative firms

Creatives work for creative firms or found such companies

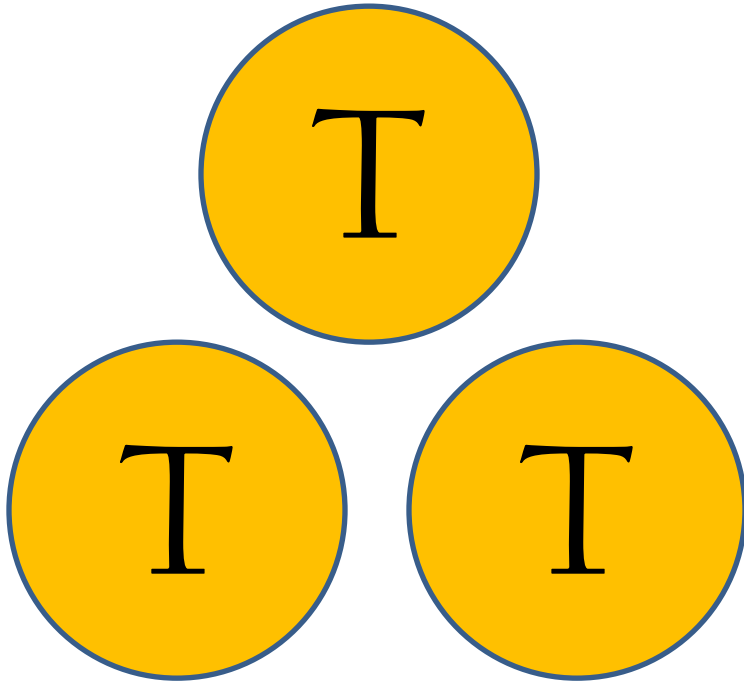
Specific spatial concentration of the creative in cities and metropolitan regions



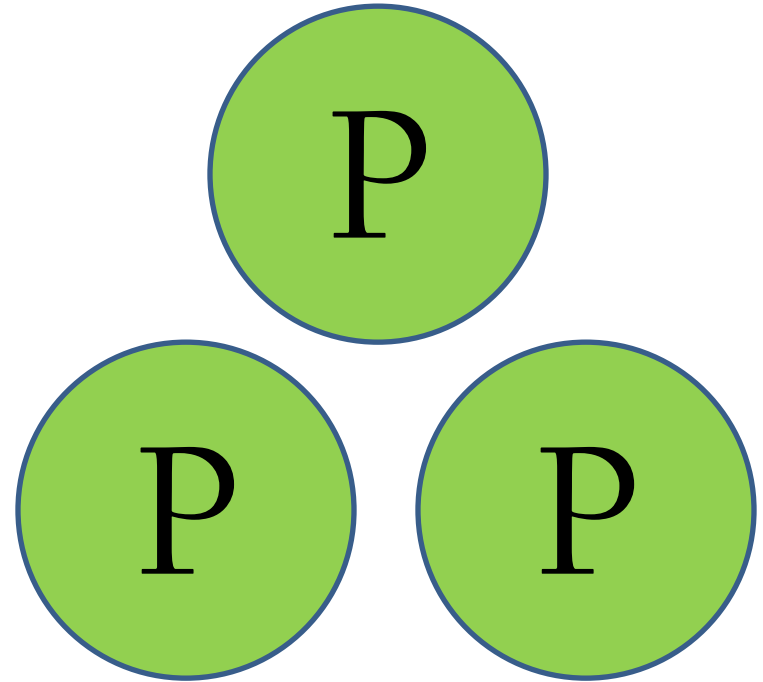
Critiques on Florida's theory

- Not skills, but firms and agglomeration economies) drive growth (STORPER & MANVILLE 2006)
- Florida is merely a neo-liberal hype (PECK 2005)
- Building innovative cities takes time (HALL 2004)
- The geographical context of the theory is weak (MARTIN-BRELOT et al. 2009)
- Human aspects and personal trajectories are neglected (GÁKOVÁ & DIJKSTRA 2014)
- The European creative class is less mobile, in accommodating creative workforce personal trajectories and hard factors are decisive, soft factors play rather a subordinated role (MUSTERD & MURIE 2010; BOROSS *et al*, 2016; PÁTHY 2017)

3 P's as an alternative for 3 T's



Talent
Technology
Tolerance



Pathway
Place
Personal networks

The urban bias of creative economy

- Creative economy is closely linked to urban areas, especially in its higher value added sectors (PRATT & HUTTON (2012))
- Its urban bias sharpens interregional employment and income disparities (POWER & NIELSEN 2010)
- The distribution of the creative class follows the rank-size rule, but it has a steeper overall slope than the total population (LORENZEN & ANDERSEN 2009)
(i.e. with the size and rank of the city, the size of the creative class grows more rapidly than the city's population and the curve is shallower towards the settlements on the lower levels of the hierarchy characterised by diseconomies and poor services)

Why?

Creatives have special preferences for consuming services and specialized jobs

Challenges for creative and knowledge intensive industries in ECE cities

- Lack of cooperation between local/regional authorities and actors
- Lack of clear strategies
- Immature civil society
- Ethnic and cultural intolerance
- High level of bureaucracy and corruption
- Outflow of talent



UNESCO Creative Cities Network

Established in 2004, currently 180 creative cities
in 72 countries

United Nations
Educational, Scientific and
Cultural Organization

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- Crafts & Folk Art
- Design
- Film
- Gastronomy
- Literature
- Media Arts
- Music



European Capital of Culture

Started in Athens in 1985, 52 cities have been designated so far.

2015 Mons (Belgium) and Plzen (Czechia)

2016 Donostia-San Sebastian (Spain) and Wrocław (Poland)

2017 Aarhus (Denmark) and Paphos (Cyprus)

2018 Leeuwarden(The Netherlands) and Valetta (Malta)

2019 Plovdiv (Bulgaria) and Matera (Italy)



MEDIA (1990-2013) – support for audiovisual industries

Culture2000 programme (2000-2006)

Culture programme (2007-2013)

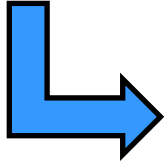
Creative Europe framework programme (2014-2020)

Foreseen for the period of 2014-2020 merging the Culture, MEDIA and MEDIA Mundus programmes

Support for 250,000 artists and cultural experts, 2,000 cinemas, 800 films and 4,500 book translations.

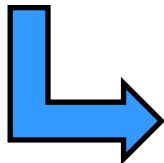


Main strands of research and publications focusing on creative economy in East Central Europe



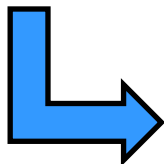
International comparative research

SÁGVÁRI, B, and DESEWFFY, T, 2006; MUSTERD, S, AND MURIE, A, 2010; LAZZERETTI, L, 2012; MUSTERD, S, AND KOVÁCS, Z, 2013; CHAPAIN, C, AND STRYJAKIEWICZ, T, 2017



Country-based statistical analyses on the macroeconomical position and regional aspects of creative economy

KASPRZAK, R, 2015; RATALEWSKA, M, 2016 Lengyelországban; SLACH, O, *et al*, 2013 Csehországban; VITÁLIŠOVÁ, K, *et al*, 2013 Szlovákiában; MUROVEC, N, and KAVAS, D, 2012b Szlovéniában; TOMA, S-G, *et al*, 2018 Romániában



Spatial characteristics of creative economy in cities and metropolitan regions

NAMYŚLAK, B, 2014; STRYJAKIEWICZ, T, és MĘCZYŃSKI, M, 2010 Lengyelországban; BACULÁKOVÁ, K, 2018; PETRIKOVA, K, *et al*, 2015 Szlovákiában; BEDNÁR, P, and GREBENÍČEK, P, 2012 Csehországban; MUROVEC, N, and KAVAS, D, 2012 Szlovéniában; LENGYEL, B, and SÁGVÁRI, B, 2011; KOVÁCS, Z, *et al*, 2007; EGEDY, T, and KOVÁCS, Z, 2009 Magyarországon



Methodological background of the research

1. Delimitation of creative economy based on ACRE 2006-2010
2. HCSO National Accounts: firms, employees and revenues 1999, 2004, 2007, 2011, 2015
3. Statistical analyses on spatial and settlement hierarchical context

Sector	2-4-digit TEAOR'08 (NACE) codes		Branches
Creative industries	13, 14, 15, 581, 182, 4751, 4753, 4754, 4759, 4761, 4762, 4763, 474, 4771, 4772, 4778, 4779, 6201, 5829, 711, 731, 742, 8211, 8220, 8299, 741, 591, 60, 592, 900, 920, 932, 6391		Architecture, Advertising, Publishing, Motion pictures, video, radio and television activities, Software consultancy and supply, News agency activities, Entertainment and recreational activities, Manufacture of textiles, wearing apparel, luggage, handbags, saddler, harness and footwear, Tanning and dressing of leather, Retail sale of new and second hand good,
Knowledge intensive industries	ICT	262, 2823, 261, 263, 264, 273, 332, 61, 62, 631, 951	Telecommunications, Computer related activities, Hardware consultancy, Data processing and database activities, Manufacture of office machinery and computers, insulated wire and cable, television and radio, telephony and line telegraphy, video recording or reproducing, Maintenance and repair of office, accounting and computing machinery;
	Finance	64, 65, 66	Financial intermediation, Insurance and pension funding, Activities auxiliary to financial intermediation
	Law and business	69, 70, 78, 80, 712, 732	Legal, accounting, book-keeping and auditing activities; market research, Technical testing and analysis, Labour recruitment and provision of personnel, Investigation and security activities
	R&D and higher education	72, 8542	Research and development, Research and experimental development on natural and social sciences, engineering and humanities, Higher education



Creative economy = creative industries + knowledge intensive industries

Creative industries

Market research, advertising, architecture, arts and antiques, crafts, design, designer fashion, video, film, music, photography, visual and performing arts, publishing, computer games, software and electronic publishing, radio and TV



Knowledge intensive industries

Infocommunication technology (ICT)
Financial sector
Law (legal sector, accounting, bookkeeping, auditing etc.) and business
R&D and higher education

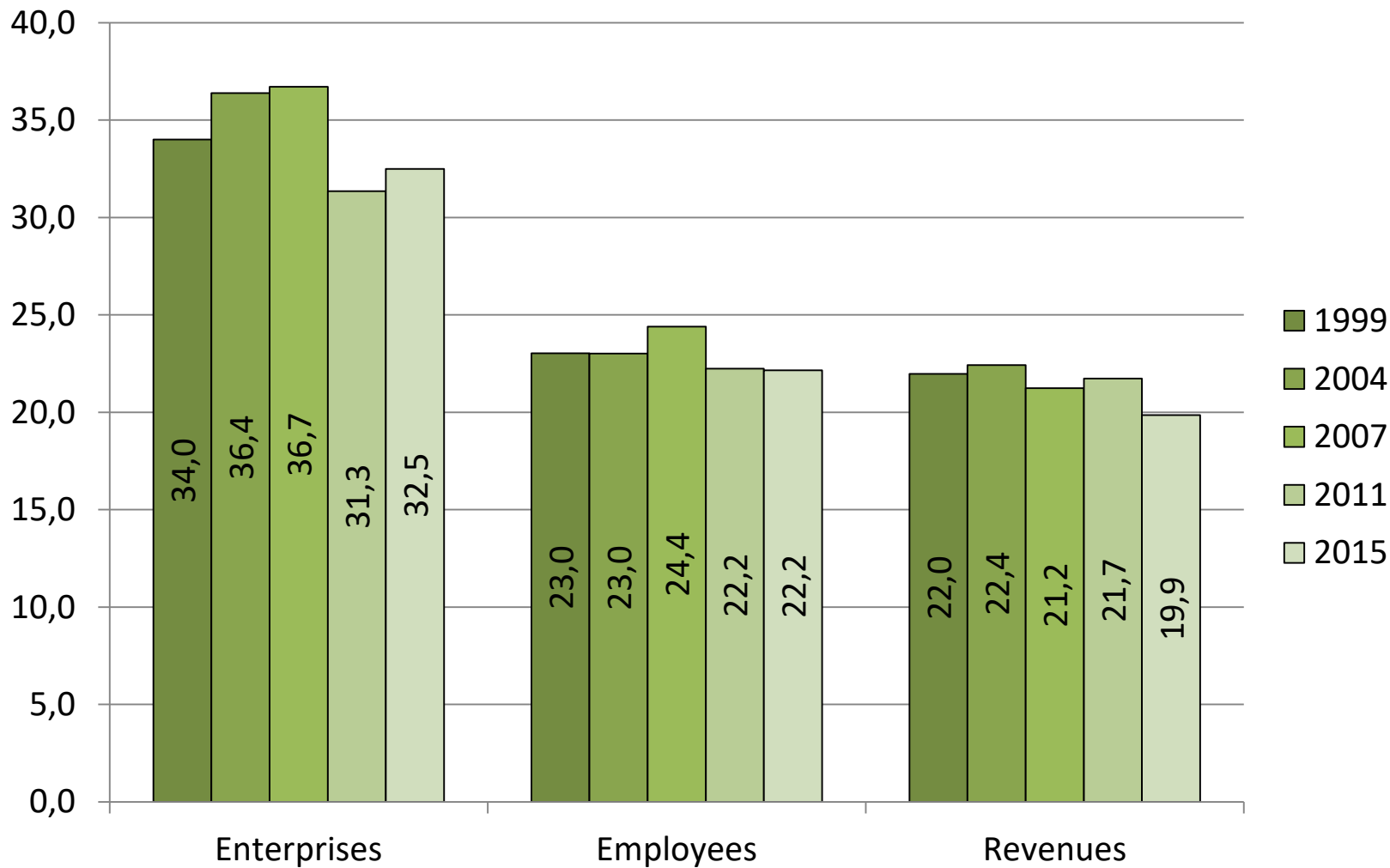


Main indicators of the creative economy in Hungary (2015)

	Enterprises	Employees	Revenues
	number	persons	billion EUR
Budapest	80800	408910	34,3
Agglomeration	26180	69350	3,9
Budapest metro region	106980	478260	38,2
Country total	221635	845242	59,5



The share of creative economy in Hungary (1999-2015)



Effects of the global economic crisis

Between 2007 and 2011 appr. 45 thousand creative firms stopped operating.

The number of employees in creative industries decreased by ca. 130 thousand out of which 40 thousand were sole traders (self-employed).

The crisis hit most hard

- **software consultancy**
- some parts of **business services** (e.g. graphic design, potography, call-center activities)
- **retailing** (e.g. specilised and second-hand goods, retail of books, newspapers and papergoods).

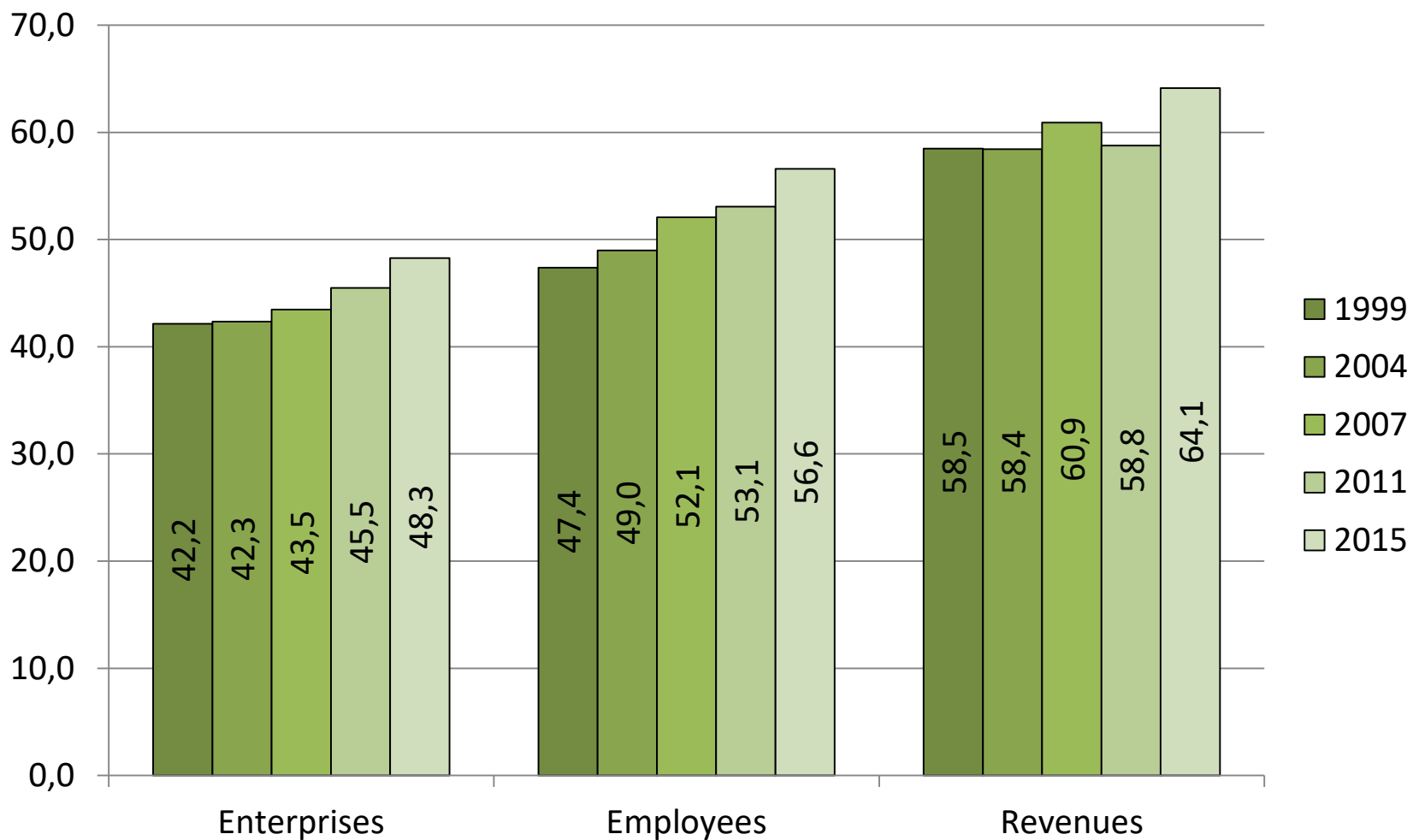


Changing composition of the creative economy in Hungary (1999-2015, %)

	Enterprises	Employees	Revenues
Creative industries	-13,9	-16,1	-11,3
Knowledge intensive industries	13,9	16,1	11,3
Infocommunication (ICT)	3,6	3,9	-2,3
Finances	2,6	1,2	8,8
Law and business services	6,2	12,8	4,1
R&D, Higher education	1,4	-1,8	0,6



The share of Budapest Metropolitan Region in the creative economy of Hungary (1999-2015, %)



The weight of the Budapest Metropolitan Region within the creative economy in Hungary (2015)

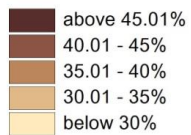
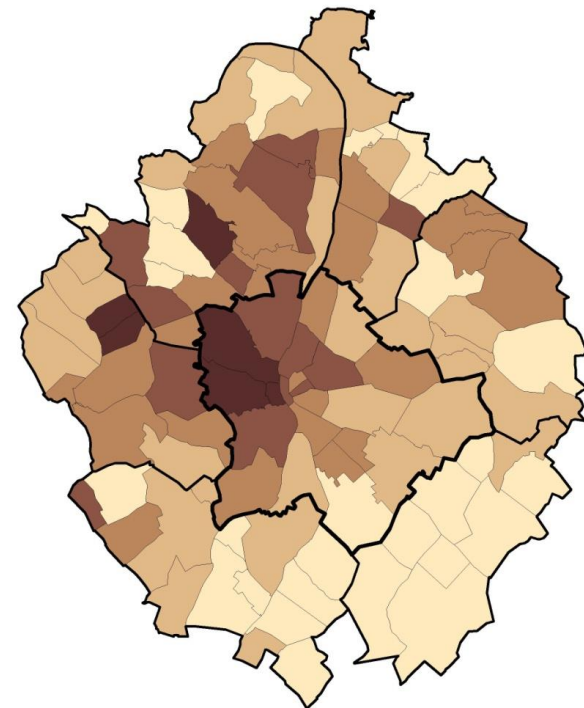
	Enterprises	Employees	Revenues
	%	%	%
Creative industries	47,5	49,6	69,7
Knowledge intensive industries	49,0	60,8	61,6
Infocommunication (ICT)	57,9	57,1	41,9
Finances	32,0	70,9	95,5
Law and business services	51,4	62,2	60,3
R&D, Higher education	49,5	50,7	78,7
Creative economy	48,3	56,6	64,1
Economy total	38,5	43,2	52,8



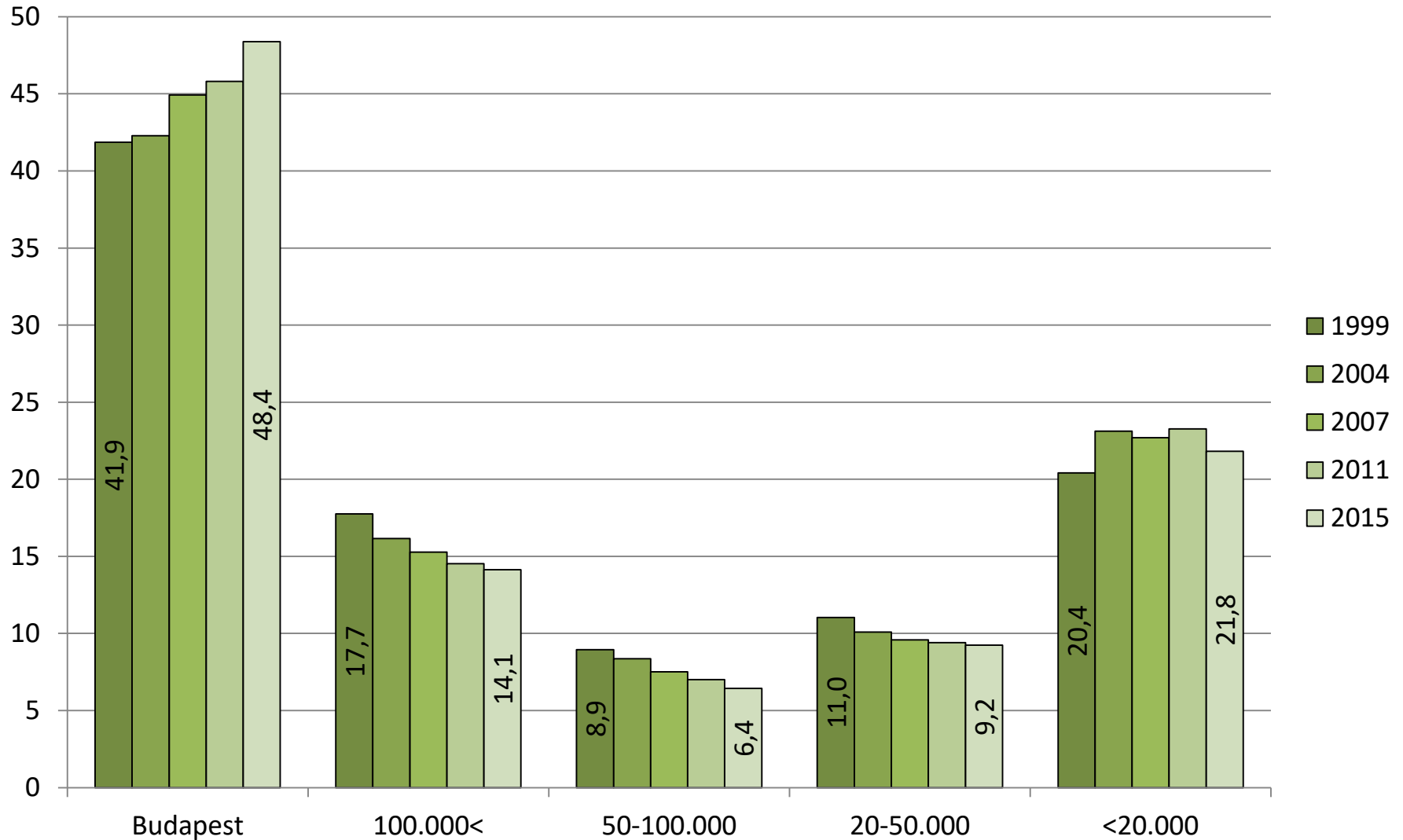
Districts and settlements with the highest ratio on creative firms in the Budapest Metropolitan Region (2015)

12. District	51.8%
1. District	49.8%
2. District	49.6%

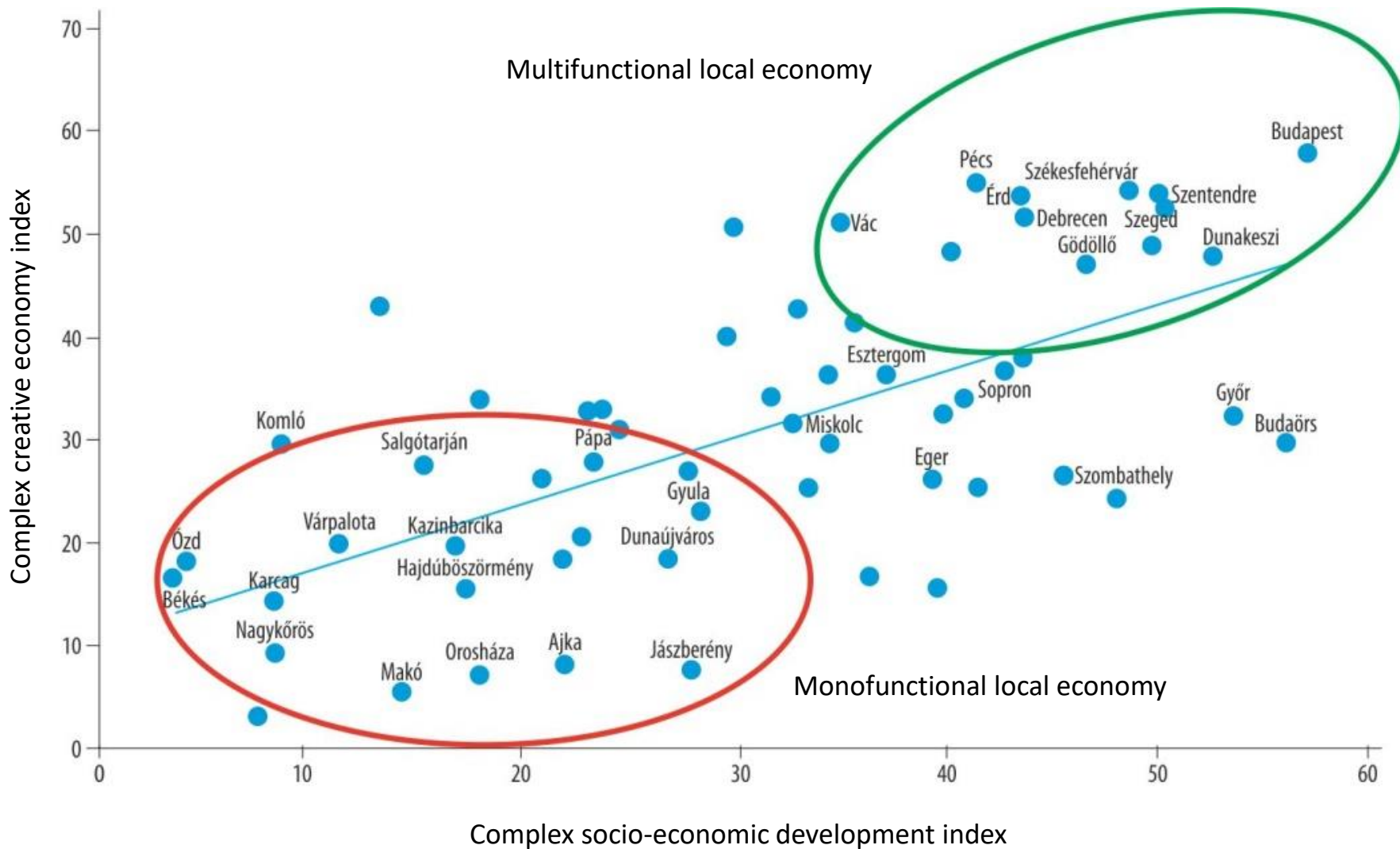
Budajenő	W	53.6%
Telki	W	52.1%
Pilisborosjenő	NW	48.2%



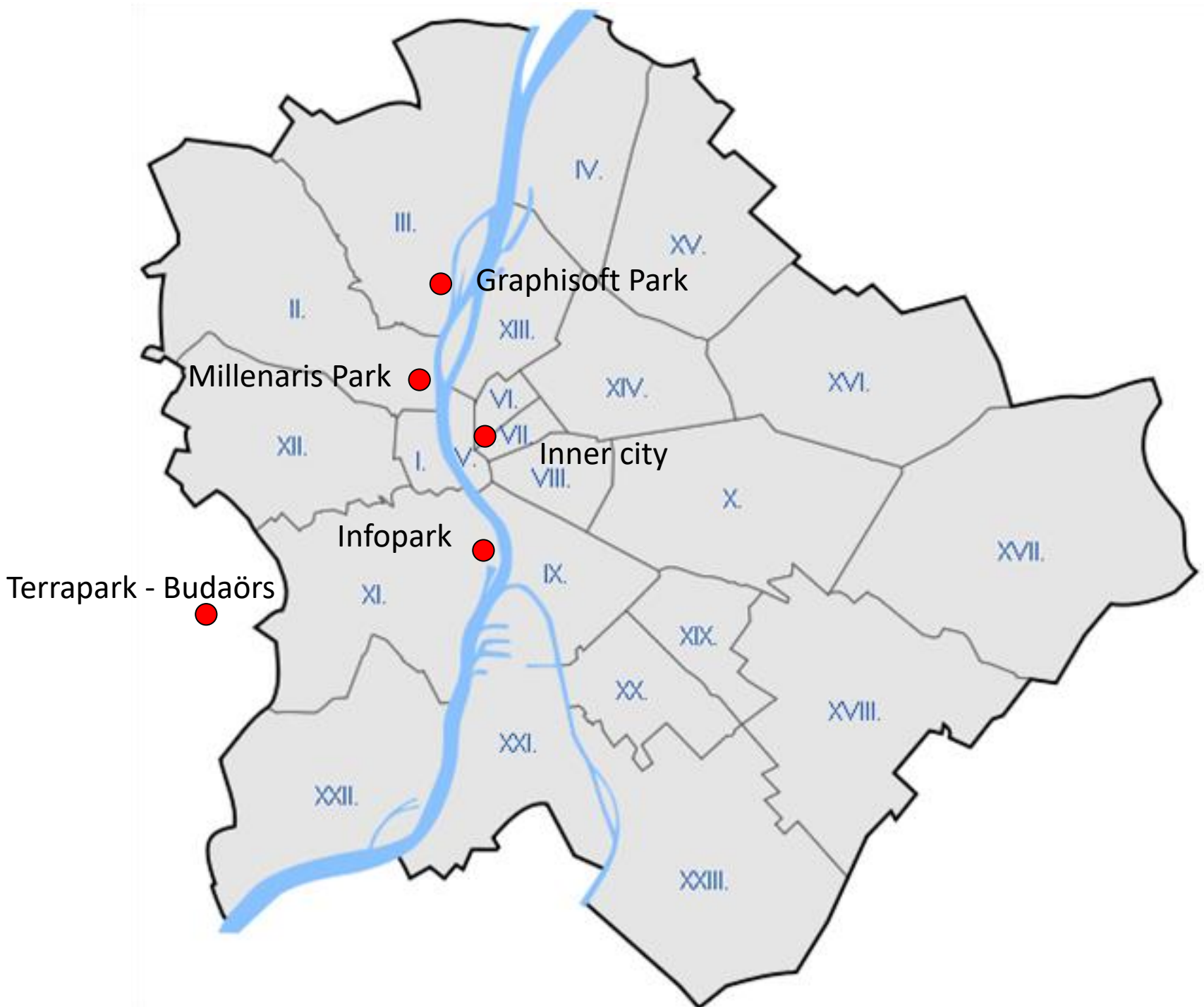
Distribution of employees of the creative economy by settlement categories in Hungary (1999-2015)



Correlation between socio-economic profile and performance of creative economy in the Hungarian cities above 20,000 inhabitants



(ratio of enterprises in industry, building industry and mining in 2015 , number of joint ventures per 1000 inhabitants in 2015, volume of industrial tax-income in 2013 ; population change between 2011 and 2015 , share of university graduates in 2011, level of unemployment in 2015)



Graphisoft Park



Millenaris Park



Infopark



Ruin pubs and creativity



Aquarium Club



FessNeki @ Terasz

Július 25



Heineken 5STARPARTY w/
Fedde Le Grand (NL) @
NagyHall

Július 25



FessNeki @ Terasz

Július 19



Made Inn Vol. 5. @ VOLT
Music Bar

Július 17



FessNeki @ Terasz

Július 12



VMB Special w/ Dansor
(HU/NL), Meszi @ VOLT
Music Bar

Július 10



Einsürzende Neubauten
@ NagyHall

Július 9



FessNeki @ Terasz

Július 5



Girlz Cruisin After @ VOLT



BPES x Technokunst:
Kenny Larkin (USA),
Cosmin TRG (RO), Answer
Code Request (UK) @



BPES x Bladerunnaz: D I



BPES: Gold Panda (UK) @



Terrapark Budaörs



Conclusions

Research on creative economy started in the mid-1980s.

The creative city concept flourished in the second half of the 2000s.

Creativity is still continuously supported by the European Union.

ECE countries joined the research on creative economy after the millennium.

Restructuring within the creative economy towards knowledge intensive industries in ECE countries.

Close correlation between the weight of creative economy and the position in the urban hierarchy.

Growing core-periphery relations in the spatial pattern of creative economy.

The previously dominant east-west dimension has been replaced by the factor of 'distance from Budapest', or 'distance from the nearest regional centre'.



Thank you for your attention!

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