Clusters and the Creative Class in Urban Strategies
Two European Cases

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Abstract

The present thesis is analyzing the influence of two popular theories on urban strategies. The Cluster Theory established by Michael Porter and the Creative Class Theory associated with Richard Florida are both dealing with the issue of fostering economic development. They are very popular at the moment, but choose a contrary approach. While Porter is concentrating on fast productivity growth through a network of interrelated companies which might attract well educated employees in return, Florida is emphasizing the need for attracting creative people in the very first step, in order to stimulate the development. A case study shows the manifestation of the theories in urban strategies. The implementation is based on political considerations and attitude more than scientific based reasons. The theories have different supporters throughout the political scene and are transformed in reality. They are mixed with other concepts and some terms that appear in the theories are even used for recognition only, because they are fashionably. Urban strategies do not draw entirely on one theory, but use a mix of adapted concepts, even if they have a contrary approach.
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Introduction

Many cities in the western world provide a long-term strategy in order to influence their future development and to orientate their daily work. Long-term strategies are functioning as common goals for politicians, but also companies, private initiatives, and citizens are influenced by such documents. Here, theories play a crucial role by formulating the way of achieving self-imposed goals. Cities have to decide which approach fits their objective and must implement theories, which includes concrete considerations and decisions.

The Cluster Theory established by Michael Porter and the Creative Class Theory associated with Richard Florida are both concepts that play an influential role in today’s urban strategies. Both appear as two sides of the same medal. Used as a policy tool, their goal is a growing economy. But on the one hand, Porter’s approach is company respectively cluster based. His theory suggests basing all efforts on increasing productivity faster than other regions. In his view, competitive companies are the key to success, which will in return increase the employment rate. Specific links between companies support the regional development. Connections of this kind attract new companies and encourage spill-overs within regions. On the other hand, Florida is focusing on people. He argues in favor of attracting creative, talented employees to achieve prosperity. A cosmopolitan city is necessary, both to attract and to stimulate the so-called Creative Class. In his opinion, a well educated labor pool will in return create and attract new companies. Expressed in simplified terms, Porter states, ‘people go to jobs’, whereas Florida declares, ‘jobs got to people’. Both try to create preconditions for growth through their own way.

Throughout this thesis the terms ‘theory’ and ‘concept’ are used synonymic. Probably, both theories can not be called a closing ‘economic theory’. They are still maturing and transformed by other authors. However, both are very conceptional theories, because they present factors mostly and provide scattered hints to the mechanisms only. Hence, the terms are used depending on context and chosen by appropriate sound only.
Florida describes the advantages of his theory by referring to the city of Dublin. In his view, the city is very successful in attracting creative people and to stimulate them. The presence of famous artists in Dublin - like the band U2 - underline Florida’s approach. Furthermore, the city is considered to be creative in others opinion too (e.g. Landry, 2008, p. 25). On the other hand, Hamburg is basing its strategy mainly on clusters, as official documents demonstrate. Within Germany the cluster concept gets great support and Hamburg was one of the winners among a nationwide competition initialized by the federal government (hightech-strategie.de, 2009).

The purpose of this thesis is to analyze similarities and differences in the manifestation of theories in urban strategies. Two prevailing theories and two compatible cases within Europe have been chosen. Both theories are very popular and have a different approach at the same time. Hamburg is committing its policies clearly on clusters and plays a prominent role in doing so. On the contrary, Dublin is a representative example for the creativity concept throughout literature. In order to assess the influence of the theories in reality a case study seems appropriate. The thesis will analyze urban strategies in Hamburg and Dublin based on both theories. Afterwards, conclusions on how cities include theories into urban strategies will be presented as well as remarks on both theories in action. The last point seems reasonable, because both authors use examples by describing their findings and provide only few suggestions only on how to turn their theories into a proactive approach. Both are able to explain the status quo, but they are not recommending any detailed action.
Cluster Theory

In 1990 Michael Eugene Porter published his book ‘The Competitive Advantage of Nations’. It is recognized as the foundation for the Cluster Theory. His book deals with the issue why nations succeed in a particular industry for decades or even more than a century. Porter comes to the conclusion that the question of competitiveness of a company is influenced to a large degree by its surrounding partners, rivals and other institutions in a nation. He adds that no nation can be competitive in everything, because the pool of human and other resources is limited. Ideally those resources are deployed in most productive uses possible which leads to a specialization. Porter saw that “international advantage is often concentrated in narrowly defined industries and even particular industry segments.” (1990, p. 6-10). He states: “[...] a nation provides an environment in which firms improve and innovate and continue to do so faster and in the proper directions compared to their international rivals.” (p. 70). Porter calls the concentration of companies a cluster respectively clustering - when it comes to the process.

From his background, Porter is a distinguished researcher on company strategy. He is the director of the ‘Institute for Strategy and Competitiveness’ based at the Harvard Business School and focuses in his academic objective on how a company and - nowadays - a region can build a competitive advantage. Although Porter’s book is recognized as the foundation for the Cluster Theory, his main objective was not aiming on clusters. As a basis for his book he describes determinants for competitiveness in which clustering is an additional advantage respectively an outcome. A definition for proximity or a limit of distance for clusters was not part of his interest. However, today within the Cluster Theory this is getting essentially important in order to define such systems. Clusters can be seen as a byproduct from Porter’s book due to a broad scientific objective. The focus on clusters and the geographic perspective was added later on in the scientific discourse. Therefore, the term ‘cluster’ is not well defined. Many definitions can be found and some authors criticize the ‘confusion of definitions’.

Originally, Porter developed his theory on the national level, but he adds that “competitors in many nationally successful industries, and often entire clusters of
industries, are often located in a single town or region within a nation” (1990, p. 154). Later he states: „The geographic scope of a cluster can range from a single city [...] to [...] even a group of neighboring countries.” (2000a, p. 254). In the beginning, the spatial dimension was not important for Porter due to his scientific background, but with the involvement of politics, geographic aspects became increasingly necessary. Porter adds that western nations are getting similar compared in education and infrastructure for example. Therefore, a shift in scope from national to regional level takes on prominence. However, in his view, globalization is both narrowing and widening the size of clusters.

In 2000 Michael Porter defines cluster as “geographic concentrations of interconnected companies, specialized suppliers and service providers, firms in related industries and associated institutions (e.g. universities, standards agencies and trade associations) in particular fields that compete but also cooperate” (2000a, p. 253). Overall Porter’s definition remains vague, because the terms ‘interconnected’ and ‘geographic concentrated’ are not explained sufficiently and are defined differently in many studies. This problem will be discussed later on. However, Porter states that clusters provide advantages for companies and do attract them. They stimulate innovations and encourage spill-overs. Porter’s theory became popular very fast and is widely discussed in scientific literature. But the early attempts to influence or even build clusters where difficult, because research did not made enough progress in such a short time. Additionally, the early involvement of politics made the concept fuzzy.

Porter’s perception as a researcher on company strategy might appear to be problematic. He deduces the competitiveness of a nation from the competitiveness of its companies, but nations are not competing or rather they are not functioning like a company. The problem here is that business-management is catching into governance, ignoring differences in both fields. Furthermore, Porter’s description on how companies are organized in clusters may be right, but an attempt of implementation by the government contains hidden barriers. A pro-active intervention causes many effects - not only the desired a government is aiming for. However, the concept is very popular and is used by executives all over the world.
Diamond of Determinants

Porter highlights “four broad attributes of a nation that shape the environment in which local firms compete that promote or impede the creation of competitive advantages” (1990, p. 71). He calls this attributes ‘determinants of national advantage’ or ‘the diamond’, because they are all connected to each other and look like a diamond in a picture. The determinants create the environment in which a firm is born and competes. They reflect Porter’s basic understanding of competitive advantages and are the basis for his Cluster Theory. Additionally, they are able to explain the growth of a cluster. Until today, the Cluster Theory has been transformed heavily and other factors became important, but for Porter they still form the basis for his concept. He enumerates: “(1) Factor conditions. The nation’s position in factors of production, such as skilled labor or infrastructure, necessary to compete in a given industry. (2) Demand conditions. The nature of home demand for the industry’s product or service. (3) Related and supporting industries. The presence or absence in the nation of supplier industries and related industries that are internationally competitive. (4) Firm strategy, structure, and rivalry. The conditions in the nation governing how companies are created, organized, and managed, and the nature of domestic rivalry.” (p. 71)

Factor conditions sums all inputs necessary to compete in any industry. They can be divided into human resources (e.g. skills, cost of personnel), physical resources (e.g. water, timber deposits, as well as climate), knowledge resources (the nation’s stock of technical and market knowledge), capital resources (capital available), and infrastructure (e.g. transportation system, health care, as well as cultural institutions). Porter highlights that the standard theory of trade rests in this first determinant - factor conditions. He also points to the fact that factor endowment is getting more complicated, because people move among nations for example. Home demand gives local firms an early picture of buyer needs. Local firms first of all try to focus their attention on success in meeting needs on the home market. Next, related and supporting industries have many benefits. Porter highlights the ‘process of innovation and upgrading’, due to close relationships and even formal alliances. The exchange of ‘research and development’ and joint problem solving leads to fast and efficient solutions, he writes. Both determinants - a high demand
and relationships that motivate and force to innovate and upgrade - represent Porter’s early idea of a successful cluster. In the last of the four determinants, Porter emphasizes the differences in management practices, attitudes toward authority, social norms of behavior, etc. among nations. They form the context in which firms are created, organized and managed as well as the nature of domestic rivalry. Porter’s last determinant is rarely used in today’s Cluster Theory. Those variables expand into practice through other concepts. For example ‘trust’ and ‘culture affinity’ were added through the geographic perspective.

Beside those four determinants two additional variables influence the national system: chance and government. Chance events are mostly outside the power of firms (and government) and shape the environment for competing. For example, acts of pure invention, political decisions by foreign governments, and wars. By using the cluster concept as a policy tool, chance events have to be recognized as an important part of economic development. Even though they are unpredictable, chance events provide opportunities for the economy. Governments are able to improve or detract from the national advantage through policies, because they influence each of the four determinants. Subsidies or policies towards education for example are shifting factor conditions. Also governments are major buyer of products, like defense goods. Porter did not say anything about influencing clusters directly at that time, because of the analytical character of his concept. The role of government was limited to stimulate and decelerate the system indirectly. (1990, p. 69 - 130) Today many governments try to play a powerful role within assumed clusters due to the popularity of the theory. This approach will be discussed later on.

For Porter, the diamond represents the determinants of national advantage. At the end of his discussion, he refers to leaders, as a popular subject in analyses of success and assumes that leaders understand and believe in the determinants more than other individuals. Overall, he comes to the conclusion that “the diamond is an interactive system in which the parts reinforce each other” (p. 130). All determinants influences each other. If one is changed, all others appear in a different condition. Finally Porter states: “a consequence of the system of determinants is that a nation’s competitive industries are not spread evenly through the economy
but are connected in [...] clusters consisting of industries of various kinds.” (p. 131)
This citation demonstrates Porter’s early view on clusters as a consequence rather
than a key policy tool. Again, no geographical aspects are mentioned. Clusters
seem to be an elemental outcome of economic development, in Porter’s view. To-
day the diamond is rarely used in practice. Executives try to bridge the Cluster
Theory with other concepts (learning region, creative milieu, regional innovation
system). Hence, factors like ‘learning’ and ‘culture affinity’ are becoming more im-
portant and transform the whole theory into many directions.

**Porter’s Clusters**

Agglomeration advantages have been described by Marshall in 1890 already. He
was introducing the concept of industrial districts and identified three main bene-
fits: a specialized labor pool, specialized suppliers and technological spill-over ef-
fecteds. One hundred years later, Porter looks on clusters from his perspective as a
researcher on company strategy. He states that “nations succeed not in isolated
industries, however, but in clusters of industries connected through vertical and
horizontal relationships” (1990, p. 73). Porter adds the idea of ‘vertical and hori-
zontal relationships’ to the pure agglomeration advantages mainly. A vertical con-
nection may be to a supplier or to a buyer, a horizontal connection may be to a
company on the same level in the value chain in order to run a joint research pro-
ject for example.

Proximity does not play any role in Porter’s considerations, but is becoming impor-
tant of course during implementation. Unfortunately, Porter is not defining the term
‘connected’, but gives the above-mentioned examples only. This weakness affects
the whole definition of ‘cluster’. Hence, Martin and Sunley complain: “In reality
there are probably very few firms that do not have horizontal and vertical links [...] of
some sort with another loosely-defined geographically proximate firm. Does this
mean that virtually every firm could be considered part of a ‘potential’ cluster?”
(2001, p. 17). However, for Porter boundaries are necessary and he suggests a
‘creative process’ in order to identify them, because linkages differ among clusters,
as he states. Unfortunately, this again is a weak statement and is not satisfying
most critics. Summarizing, Porter suggests an individual approach for every cluster and does not prefer any method for identification: “The appropriate definition of a cluster can differ in different locations, depending on the segments in which the member companies compete and the strategies they employ.” (1998a, p. 205).

Hence, identifying a cluster is very vague. Porter puts the responsibility on executives. A narrow definition might lead to a limited view on a cluster as a simple value chain. In case of a broad definition of ‘connected’ - and in return a wide-stretched cluster, including many companies and employees - a pro-active approach would not be different compared to a traditional economic policy. Kiese characterizes seven fundamentally different methods for identification. They not only differ in factors of measurement like specialized employment concentration, dynamics of development, input-output-models, but also in general approach. Today, due to the marketing effect of clusters, some politicians even label clusters without the attempt of a scientific proof. (Kiese, 2007, p. 22 - 27) This leads to assume: where there’s a will there’s a cluster. Probably the involvement of politics is stretching the cluster concept to no end, but finding a scientific boundary for a cluster is also demanding and - as Porter states - has to be based on its context. Once more, the lack of clear boundaries, both economical (with its vague defined term ‘interconnected companies’) and geographical is the most important critique on Porter’s concept. Van der Linde (2002) identifies clusters with about 50 employees within eight companies up to very big system with more than 30.000 employees. This problem occurs often in literature and is solved differently in reality.

In Porter’s view, clusters are influencing competitive advantage in three broad ways: “first, by increasing the (static) productivity of constituent firms or industries; secondly, by increasing their capacity for innovation and thus productivity growth; and thirdly, by stimulating new business formation that supports innovation and expands the cluster” (2000a, p. 259). Static productivity may increase due to different reasons: Clusters provide access to specialized inputs and employees such as “components, machinery, business services, and personnel” (p. 259). Information and knowledge are easier to access: personal relationships and trust facilitates information flow both between units of the same company and within the whole cluster. Information and knowledge flows both vertical (e.g. buyer needs)
and horizontal (e.g. research findings). Those effects can be found partly in Marshall’s concept already and undoubtedly do play a big role. Porter’s finding of ‘increasing capacity for innovation’ is caused by sheer pressure to innovate, as he notes and due to rivalry within the cluster. But Marshall already highlighted the disadvantages of industrial districts which is also true for clusters. Competition within the cluster might be harmful for some companies. Porter is not responding to this issue. A crisis in the whole industry might have fatal consequences, because of specialization. Marshall recommends to rely on more than one industrial district in this case, but specialization still remains risky in this case.

According to Porter, clusters stimulate innovation, because participants learn early about evolving technology, machinery availability, marketing concepts due to face-to-face contacts. On the other hand sheer pressure makes companies innovate to remain competitive. Hence, both the opportunity and the need for innovation are potentials of a cluster. Porter’s last point - stimulating new business formation - is referring to the well-liked spin-offs which are founded by former personnel. Individuals who work near or in a cluster perceive gaps in products, services, or suppliers and - due to this insight - are more readily to fill them. However, new business will form within existing clusters or relocate sooner or later into clusters, because of the advantages. The idea of influence between companies appears in many concepts, like learning regions, creative milieus or regional innovation systems. But Porter’s mix of innovation and specialization might also be mutually exclusive. Specialized experience might narrow the view and space for innovation. In this case, difference and a critical mass is missing in order to get pioneering ideas.

Porter’s concept is highly criticized, particularly today when it is used as a key policy tool and executives try to draw upon the theory. The pro-active step involves many risks. The former analytical tool described very conceptional the process of clustering. But “the rush to employ ‘cluster ideas’ has run ahead of many fundamental conceptual, theoretical and empirical questions” (Steiner, 1998 cited in Martin and Sunley, 2001, p. 5). For example, in reality clusters occur in different phases and emerging clusters do not need the same handling as mature ones. Hence, the process of clustering is getting more important during the implementation, rather than a static analysis. Those considerations where made during the
first implementations initially. As aforementioned, executives also have to keep in mind that actions by the government always cause unexpected effects which are not part of Porter’s analysis and his early idea of clusters as an explanation for enduring economic success of nations. Interventions may formalize relationships (inter-connections) within clusters for example and people do not meet by chance anymore, which seems to be important for innovation. In return initiatives lose verve.

Kiese states that there is no proof regions with clusters are more successful than without, which is serious critique of course. Surprisingly, clusters can be found in more traditional regions with slow dynamics in its industries, he states. Negative examples for clusters can be found also: for example the Manufacturing Belt in the 70s and 80s with its old industry and the Ruhrgebiet. They both could not provide a guaranty for enduring success. On the other hand, the region of Austin attracted high-tech employees between 1988 and 1991 - more than any other region in the US - without any characteristics of a cluster (unfortunately Kiese is not explaining the ‘characteristics of a cluster’ in this case). Summarizing, he states that evidence for the advantage of one ore more existing cluster in a region is still missing and most deductions rely on anecdotic evidence like Silicon Valley or Third Italy. (2008, p. 27 - 31)

But even if the lack of boundaries is a big problem, the concept is widely used. In Martin’s and Sunley’s opinion (2001), the popularity of Porter’s concept is not only based on scientific significance. Porter’s ‘business- and policy-friendly’ writing style, at once both accessible and common-sense, is undeniable seductive […] His reputation combined with his self-confident, authoritative and proselytizing style, lends his cluster concept an apparent authenticity and legitimacy that policymakers have found difficult to resist.” (p. 10) Furthermore, they criticize his concept as highly generic and deliberately vague. Martin and Sunley bemoan that exactly “the very definitional incompleteness has been an important reason for its popularity” (p. 11). This critique is fundamental too and cannot be dismissed out of hand. But problems of this kind cannot be discussed here, because of their fundamental character. However, Porter probably has a point, when he is referring to connections within a cluster, but his theory needs proof strongly.
Finally, Porter highlights the advantage of marketing effects due to the presence of a group of firms in the same field. The effect can be triggered by the government, by simply identifying a cluster. Hence, cluster-based policies first of all do have the effect of pointing on competence. The marketing effect might be an additional explanation for the enduring success of nations in one industry, because ‘Made in ...’ is influencing buying decisions. Summarizing Porter’s ideas, clusters consist of interconnected actors which should be addressed by economic policies rather than whole industries. His concept is a mix of Marshall’s ideas on agglomeration advantages and a specialization process due to competition. It includes vertical and horizontal connections between all actors within a cluster. The connections define its boundaries. Additionally, clusters run through a life cycle which has to be recognized during implementation. Even though the concept is highly criticized, it is very popular and used all over the world.

**Urban Development Practice**

In Porter’s opinion, the main role of the government is to achieve stability, both macroeconomic and political. Furthermore, its role is to improve the determinants in the diamond (e.g. education, infrastructure), establish microeconomic rules and incentives in order to stimulate productivity growth and to develop as well as implement a long-term action program to mobilize all actors. Apart from those more traditional actions, Porter suggests a new important role: “facilitating cluster development and upgrading” (2000b, p. 26). He highlights this step as essential in order to move beyond factor cost competition. Porter states: “The process of cluster upgrading involves recognition that a cluster is present and then removing obstacles, relaxing [human resource, infrastructure, and regulatory] constraints, and eliminating inefficiencies that impede productivity and innovation in the cluster.” (p. 26). Those actions can be addressed to private initiatives partly, but must be supported by the government through incentives for collective action. The main steps that Porter recommends are recognition and removing obstacles. Recognition involves bordering the cluster including the above-mentioned problems. Removing obstacles includes identification of the obstacles and a careful way of removing them. Porter illustrates his ideas within his diamond pattern in the following picture.
Regarding factor conditions, Porter suggest to specialize education, foster university research efforts and support information flow towards the needs of the cluster. His main idea here is to create human capital within the region, which meets the cluster needs. Further, he suggests to reduce regulations in order to stimulate early adoption of new techniques in combination with independent testing of the cluster’s products. Porter tries to foster the advantages of a cluster of innovation and upgrading. He suggest industrial parks as well as attracting foreign investments and promoting exports. Those ideas are not entirely new, but Porter integrates them into his diamond and promotes his idea of focusing onto clusters. Unfortunately, his suggestions remain obvious and limited. Apart from well known strategies he suggests his new view on clusters rather than on industry and companies. Those issues can be addressed mostly to the regional government with the assistance of the national government. His ideas sound promising, but will need a much more difficult step of differentiation in reality.
Porter emphasizes the need for a constructive dialogue between companies, government and local institutions. They ideally lead to a cluster-based economic development initiative which is organized in a public private partnership. But Porter adds that a private sector leadership will have a better chance of success due to better insights and the absence of political content. (p. 26 - 30) The above-mentioned suggestions should be adopted by the initiative. But Porter also highlights the difficulty in balance of power within the initiative, which should be observed by the government.

Critiques state that clusters lead to a specialization which is a risky strategy due to its liability to a crisis. Moreover, while the risks are known, the case for higher returns is unproven, as described above. (Martin and Sunley, 2001, p. 44 and Sternberg, 2005, p. 125) Another reason why focusing on one area only is not recommendable: it might narrow the space for innovation. Hence, cities need an adequate amount of companies to base their efforts on several clusters which all hold the critical mass. Probably most cities do not have the appropriate size, but regions or nations do. But Porter should not be blamed for unrealistic expectations. The concept of clusters is not in his hand only. Authors seize the idea and developed it in many directions. Lagendijk states in this context that “[...] the concept of clusters itself has become a cluster of concepts and approaches [...]” (1999, p. 64).

Summarizing, Porter’s suggestions for the government remain limited and on the other hand too obvious. What is really new, is his idea of concentrating on clusters. But Porter does not differ between emerging and existing clusters in his above-mentioned picture. Hence, Porter’s suggestions seem embryonic. By looking on the cluster concept, the advantages come to the fore. Governments should keep in mind also negative effects. Furthermore, cluster management is pointing on competence, which includes a recognition within the region and contains a marketing effect. The cluster is getting more attention by the government and will be supported. The recognition also activates endogenous potentials. Cluster identification in this case is partly a self-fulfilling prophecy of success and should not be ascribed to the power of the cluster only. Governments are able to initiate and support joint private actions with above-mentioned goals, but should be very careful
not to support damaging actions. Finally it must be said that the pro-active approach of cluster management is still an unexplored field and research did not made enough progress till now. The cluster concept is applied different in many regions all over the world.

Based on Porter’s findings the following ideas are points for successful economic development practices within regions. They should:

• improve determinants of the diamond,
• stimulate productivity,
• propose policies that focus on clusters instead of industries,
• facilitate cluster development and upgrading,
• initiate prudent cooperations between the government and companies,
• use an integrated view (e.g. cluster-based education).
Creative Class Theory

In 2002 Richard Florida published his book ‘The Rise of the Creative Class’ which is since then very influencing in the political scene as well as academics working with issues of regional development. In 2005 Florida published ‘The Flight of the Creative Class’ and ‘Cities and the Creative Class’. All three books are the basis for the theory of the Creative Class in this context. The main idea is the importance of creative people at one place for economic success. The values of the creative determine where jobs will be created and where future investments will be directed. Florida speaks in favor of focusing on new incentives regarding people rather than classical strategies like firm-based concepts.

Most western countries cannot compete on traditional labor intensive production because of high labor cost caused by a high welfare and income level. The production cost is much higher compared to Eastern Europe or Asia. In addition decreasing cost in transportation have made industrial production less dependent on distance. Florida argues that by moving into a knowledge based economy, creativity becomes more important. In order to maintain the current level of welfare creative people are becoming fundamentally necessary for the economy. Creativity and people who use it in their daily work are the driving force for the local economy (Hansen, 2007, p. 1). Florida emphasizes that creativity is the source of growth and it has come to be valued. In his view, systems have evolved to encourage and harness it. But creativity is not intelligence. It involves the ability to synthesize combinations that are new and useful. The creative process is elusive, but uses a consistent method, as Florida describes. It contains four steps: preparation, incubation, illumination and verification or revision (Wallas, 1926 cited in Florida, 2002). Furthermore, there are three basic forms of creativity: technological (innovation), economic (entrepreneurship) and artistic as well as cultural creativity, which are deeply interrelated.

Florida agrees with the idea of the knowledge economy, but in contrast to other authors he sees creativity as the key driver in creating useful new forms, as he states. In his view, knowledge and information are the tools, but creativity always was the economic force in history. Creativity belongs to the knowledge economy,
but needs more attention today. Nowadays we are living through a large-scale economic transformation: the creative transformation. Economic growth is stimulated to a great extend by creativity. Successful places have to foster and harness human creativity, in order to maintain the current level of welfare. Florida sees this development in contrast to the former so called organizational age. If Florida’s findings are crucial different to the concept of knowledge society is open to discuss.

He observed that creative workers are moving away from traditional corporate communities into creative centers, which are the winners of this age. The creative centers have a high level of innovation, high-tech industry growth, an increase in regional employment and population. They succeed largely because creative people want to live there, not because of natural resources, transportation routes, tax breaks or incentives to lure business. They provide an eco-system where all forms of creativity can take root. Creative people are looking for communities with high-quality amenities and experience, an openness to diversity and the opportunity to express their identities (Florida, 2002, p. 218). In Florida’s opinion peoples’ decisions, where to live, are becoming more important for cities, because even companies base their location decisions on employees’ choices. However, Florida cannot proof his findings. What he describes, is a process that can be observed in American cities today, but the reasons remain unclear.

The Creative Class

According to Florida fewer than 10 % of American workers were doing creative work in 1900. Most of the persons employed were working on farms and in factories for example. Today already one third of the employed in the US and in Western Europe are creative workers. They are forming a new social class including people working in the field of science, education, arts, entertainment and similar professions. They all use creativity as a key factor in their daily work and are the driving force for the economy. Florida calls the creative workers the ‘Creative Class’ which he subdivides into two groups - the Creative Class consists of the Super-Creative Core (12 % of the workforce in 2000) and the Creative profession-
als (18 %). The Super Creative Core includes scientist, university professors, poets and novelists artists, entertainers, actors, designers, architects, nonfiction writers, editors, cultural figures, think-tank researchers, analysts and other opinion makers. The Creative Professionals work in the wide range of knowledge-intensive industries, high-tech sector, financial service, legal and health care professions or business management. According to Florida they engage in complex problems solving, independent judgement and have a high level of education (2002, p. 328 - 329). But the distinction remains unclear. Florida does not explain the criteria used for his classification. Unfortunately, he only describes his picture of creative people.

The Creative Class is considered to be the norm-setting class of the new age, with its individuality and the will to express oneself. Further creative people have a 24/7 workday, because creativity cannot be switched on. Florida states that it is not important when creative people work, but that their work is intensive and that they are able to deliver. The Creative Class is only payed to create and earns twice as much on average as other persons employed. It is strongly oriented to large cities and regions that offer a variety of economic opportunities. Only a few work for the same large company for life. They balance financial considerations against the ability to be their-selves. For the Creative Class this bears the risk of stress, less time and technology-invaded live, but they are willing to take this restrictions and see themselves as a creative force. (2002, pp. 8 - 14 and 67 - 82) Florida likes to explain his ideas by pointing on smart examples including his own private life, but he is not presenting any empirical findings in this case.

The rest of the employed belongs either to the ‘Service Class’ (43 %) which contains food-service workers, janitors, groundskeepers, personal care attendants, secretaries, clerical workers, security guards, computer support specialists, people without background and training to be part of the new system. Interestingly, Florida notices that they are “de-creatified”, because, for example, food-service workers are asked to use standardized phrases to take an order. They also live in constant fear of loosing their job. The last group consists of the former Working Class (26 %), including the fields of construction and extraction, installation, maintenance, repair, production, transportation, material moving occupations, farming, fishing
and forestry occupations. Both latter groups are not part of Florida’s further analysis.

Summarizing, Florida identifies a group of people as the driving force of economic development. The distinction is based on profession and involves a wide range of different jobs in the fields of science, education, arts and entertainment. Florida’s differentiation within the Creative Class might be based on income, but also self-reliance and a high position in the company’s hierarchy. But overall Florida’s classification is not explained and the high amount of professions within the Creative Class appears to be problematic. Hence, the concept is becoming vague and based on smart examples.

Additionally, work and leisure time in the Creative Age has changed dramatically, according to Florida. Money is just a way to keep score and the motivation of creative people only comes from passion. Intrinsic rewards are far more effective in motivating creative people, extrinsic rewards are actually counterproductive. Florida is pointing on an anecdotic example of academic scientists which earn a quarter of what they could earn in the private sector only, in order to do basic research (2005a, p. 77). Furthermore, creative people don’t stay tied to one company anymore, but change their job constantly. Companies no longer provide security, but much more important - social identity.

Florida likes to emphasize the atmosphere in which creative people are working and were the best conditions for the creative process can be found. In contrast to the former organizational age, today employees are allowed to wear what they prefer, no dress code is mandatory. The buildings are often old and reused, like old hospitals for example. The space is traffic oriented rather than hierarchical, visually interesting and often a bit raw, for instance: open surfaces with exposed pipes and beams. Florida admits that look and feel may not be everything, but it matters and it may give the company the status of a front-runner. He often refers to Jacobs who said in this context: “Old ideas can sometimes use new buildings. New ideas must use old buildings.” (1961, p. 188) Unfortunately this citation does not suit every example of Florida. The Silicon Valley has rather view reused buildings and old buildings like in San Francisco do play a minor role. Google employ-
The people of the Creative Class are working on average nearly 50 hours a week. The use of time changes rapidly in the Creative Age by speeding up activities. For example one hour of spinning instead of a three hours biking tour (an example of Florida’s own life). Substituting leisure activity is necessary, but also detailed time planning and multitasking are important, like eating and working or driving and talking on the phone. Companies provide basic services for their employees, for instance: offering free food or a dry-cleaning service. The Creative Class prefers new genres of sport and they see their body as art and an area for creative expression. Fitness is becoming very important, as well as tattooing and piercing to express individuality. But when it comes to place, distinct kinds of thinking, different habits and hobbies require a supportive environment in order to stimulate the members of the Creative Class.

One problem with Florida’s theory is, as mentioned earlier, his broad range of professions and different people within the Creative Class. When it comes to lifestyle, people of the Creative Class do have a vast variety of interests. The atmosphere in which people like to work probably differs more than Florida admits. Common interests and demands of creative people can not be found and they remain too general. Examples mainly focus on small parts of the Creative Class. Hence, recommendations for authorities are nearly impossible, apart from some general statements, like being tolerant. Here, Florida runs the risk of anecdotic evidence and theoretical vagueness. The case of Google employees in the Silicon Valley has shown that contrary examples can be found easily too.

**Attractive Cities**

Due to Florida, nothing can be further from the truth than the statement „geography is dead“. Today, high-tech firms concentrate in specific places: He cites Carley Fiorina, the CEO of HP, who said, „Keep you tax incentives and highway interchanges; we will go where the highly skilled people are.“ (2000 cited in Florida,
2002, p. 6). According to Florida the rules of economic development have changed. Financial and other incentives are not the center of the action anymore, but people. High human capital individuals, their ideas and creativity are the key to success and economic growth. The ability of attracting and translating that underlying advantage into economic outcomes is the new task of the economic development agencies. In his opinion sociological factors are as relevant as economic factors in generating advantages in the creative economy (2005, p. 68). Florida attaches importance to strengthening the ‘quality of place’. Creative people are looking for diversity and signs of it, when evaluating communities of their choice. It doesn’t have to be a big city necessarily, but a cosmopolitan one and they look for authenticity. Chain restaurants, chain stores or chain nightclubs have a negative effect, but local music for example plays a big role in making a place authentic. Identity is becoming a defining feature in an insecure, constantly changing world. Creative people want to be involved in their communities in order to establish their own and contribute in building places (Florida, 2002, p. 223 - 234).

Florida has no instructions in order to build creative cities based on his findings, but formulates ideas in his books and articles to give the reader a sense of what is important in his opinion. “Large number of visibly active young people, easy access to a wide range of outdoor activities, a vibrant music and performance scene with a wide range of live-music opportunities, a wide range of night-life experience, including many options without alcohol, a clean, healthy environment and commitment to preserving natural resources for enjoyment and recreation, a lifestyle that is youth-friendly and supportive of diversity.” (2005a, p. 83) In Florida’s vision a city needs to be active, pulsating and a little bit fun-oriented in order to stimulate the Creative Class. He (2000, p. 12) measures attractiveness by radio broadcast time devoted to classical music, public library book acquisitions, non-profit art museums, galleries, bars and nightclubs per capita as well as the amount of gay peoples within a city for example. Florida even expresses his idea of adequate architecture and interior design in order to attract creative people (2002, p. 123): “open office design and layout, high ceilings, exterior wall circulation path (everyone owns the view), communal spaces (well designed, located and appointed), abundant ‘hang out’ spaces, no clutter, lots of concealed storage, an experimental envi-
ronment (high-quality design, bold colors, exposed structural elements, etc.), indirect lighting, abundant art.”

Additionally, Florida’s view of creativity and cities revolves around a formula he calls the 3T’s of economic growth (2005a, p. 6 - 7). Like other authors he emphasizes the importance of technology - his primary “T”. Successful cities are centers of new technology innovations and have a high expenditure on research and development mostly. Talent is a precondition for growth and augmenting other talented people. By describing this issue, he refers to the human-capital theory. Tolerance finally is the key factor in enabling places to attract technology and talent: for example tolerant attitudes towards minorities and rational as well as secular values. Universities play a big role in this concept by creating (technology), attracting (talent) and evolving open mind-sets (tolerance). Florida (2000, p. 33) sums up his ideas by stating: „The implication for economic development policy and practices is that cities and regions should place less emphasis on firm based strategies and focus instead on developing strategies to generate and attract talent, improve their quality of places and reduce barriers to entry for talent.“ In his view a city needs to be cosmopolitan and authentic to attract creative people, which is the most important goal.

**Urban Development Practice**

Florida’s ideas have strong relations and overlaps to other concepts. Lucas saw that regional growth stems from the accumulation of human capital in places and also the „new growth theory“ associated with Romer calls attention to human capital, knowledge and their connection to economic growth (Florida, 2005a, p. 89). Florida also refers to Ake Anderson who wrote about attracting creative people in his book „Creativity and Regional Development“ already in 1985 as a central factor of regional development. But apart from other authors Florida’s ideas differ from these theories. First of all, he identifies a type of human capital: the Creative Class as being the key to economic growth. Second, he tries to identify the underlying factors that shape the location decisions of the Creative Class. These decisions are the important factors for growth and may be influenceable.
Critics state that Florida describes his ideas without a stringent structure and does not provide a valid measurement for his indicators (for example ‘talent’). As already mentioned above: the distinction of people who belong to the Creative Class remains unclear. Hence, Florida’s books and articles give the reader only a picture of his ideas. He seems to be a talented writer, but the scientific stringency is open to discuss. As aforementioned, Florida’s thoughts are a description of the present undergoing changes in many American cities rather, than an economic theory. Furthermore, the degree of mobility in North America is not one-to-one comparable to Europe, because the social welfare system in most European countries does not force people to move around (Hansen, 2007, p. 5).

Florida’s „jobs go to people phenomenon“ is a chicken and egg issue. He had to admit this problem in a discussion (2008) and he already said in 2000 (p. 16): „Market factors like demand clearly matter. People certainly migrate to jobs.“ Creative people prefer a thick labor market in order to change jobs and need to move into certain areas like the Silicon Valley in order to be successful. Criticizing Florida’s findings regarding this issue, Glaeser (2000) also points to the fact that population growth has a stronger influence on talent than indicators like tolerance, creativity and innovation. Peck argues that street-level culture and renewed buildings might be as much a consequence of economic growth as a cause of it (Hansen, 2007, p. 7 - 10). The Creative Class is also much more subdivided as Florida likes to admit. Suburban areas and down town areas attract different members of the Creative Class. They do not share the same taste and they need different kinds of business as well as people climate (Hansen, 2007, 10 - 11). As mentioned above, due to the broad field of professions and different people who belong to the Creative Class, recommendations to authorities are nearly impossible. But Florida has a point and his idea of influencing peoples decisions where to live, seems very reasonable.

The following points for successful economic development practices are based on Florida’s findings. They sum up his ideas and will be used for further studies in this thesis. Successful cities have:

- recreation possibilities including outdoor activities,
• vibrant authentic cultural life with local music and no chain stores,
• openness to diversity and new ideas including low bureaucracy,
• participation and involvement with a chance to create communities,
• talented people in order to attract and augment other talented people,
• clean, healthy environment and a commitment to preserving natural resources,
• adequate architecture and interior design,
• high expenditure on research and development to promote technology.
Strategy of Hamburg

According to Hamburg’s own marketing profile, its economic policy is cluster-based. The city is focusing on five clusters: harbor and logistics, IT and media, life sciences, China-competence and aviation. (hamburg.de, 2009) Hamburg is both a state - in the federal structure of Germany - and a city with about 1.7 mill. inhabitants. Both fields are represented by the same government which currently consists of a coalition between the Christian Democratic Union and the Green party. In their coalition agreement they both commit themselves to a cluster-based economic policy.

Looking onto the economic strength, Hamburg’s logistic power is highly visible. The harbor is the second biggest after Rotterdam (measured in volume of container), Hamburg offers a major rail-bound transportation hub towards Scandinavia, has an intercontinental airport and many logistic companies which are located here. In Germany, the city is well known for its many media companies in the fields of printed news, television, music and advertising. Other strength can be found in IT, Airbus production and universities.

In 2002 the model ‘Metropolis Hamburg - Growing City’ was presented, a long-term strategy that is based on clusters regarding the economic field. It is promoting the idea of ‘strengthening the strength’. In 2007 the model was expanded to include the aspect of ‘creativity’ in order to attract talented people (welt.de, 2008). The second document which will be analyzed is the above-mentioned ‘coalition agreement 2008’. It represents the shared will of both governing parties.

Cluster-Based Policies

In 2002 the model ‘Metropolis Hamburg - Growing City’ was adopted by the government. Clusters are defined very abstract as a regional agglomeration of companies and institutions within one industry which cooperate (2002, p. 20). Proximity - in this definition - is answered very simple: all relevant companies within one region. The definition does not specify any areas in the city of Hamburg, but the outwards boundaries are definite. Hence, the clusters are limited by the adminis-
trative boundaries of Hamburg. This is not reflecting Porter’s understanding of course and is criticized also by the Chamber of Commerce in Hamburg (2006, p. 68). It is a decision made by the government, ignoring actual boundaries and limiting cluster policies to the border of Hamburg. The use of the term ‘within one industry’ is irritating and reflects a different approach regarding clusters compared to Porter, because he includes more than one industry. Furthermore, the definition only speaks in favor of cooperation and excludes competition, which is a political decision. All together, the definition reflects a politicized cluster concept, because clusters are limited by administrative boundaries, companies of one cluster are limited to one industry (no big change to industrial policy) and competition is not mentioned on purpose.

Labeling of clusters in Hamburg illustrates the importance of a marketing strategy within this concept. While Porter is concentrating on industry clusters, Hamburg is using ‘cluster labels’ to point on competence also. IT and media as well as life science are typical clusters which can be found in other cities too. On the other hand ‘China-competence’ is pointing on expertise, but not on a specific economic field. Here, companies from China and companies that have connections to China are gathered, but the actual system of the cluster respectively the aspect of ‘interconnected’ remains unclear. Hence, the first clue to a marketing instrument rather than an economic policy tool according to Porter’s understanding shows up.

In the monitor report of the model, Hamburg avoids evaluating cluster policies, because the connections between the actors are simply not measurable, as the report states (2005, p. 9). The only indicator that is used, is data from the labor market. In conclusion, success is measured by growth of employment. This again does not reflect Porter’s understanding of success, because he is measuring success through productivity growth. Cluster policy in Hamburg is aiming on the labor market. In Porter’s view, employment growth can be an outcome of a successful development, but is not the goal in the short run. The statement (connections are not measurable) emphasizes the critique on the cluster concept. In conclusion, the city of Hamburg needs to define clusters sufficiently and has to create an adequate evaluation tool in the next step. Without, Hamburg runs the risk of acting for the sake of acting.
The coalition agreement 2008 formulates common goals of both governing parties in Hamburg. It is not an urban strategy, but it is prepared in order to clarify controversial points. However, it also expresses the shared will which includes a cluster-based policy. It says: economic fields of the future shall be identified and - based on that - a focus-cluster will be build which should become the leading one within Europe (measured by innovation). Furthermore, already existing clusters and the ‘economic fields of the future’ should be fostered by strengthening present application-oriented research institutes or even new foundations should be build. (2008, p. 25) The paper dose not provide any definition of the term ‘focus-cluster’. What is meant in this context, is a cluster which is getting most attention from the government and cluster-based economic policy is focusing on its behalf. The goal setting in this case reflects the understanding of clusters in Hamburg, but on the other hand, above-mentioned critique on the entire clusters concept is becoming clear.

The ambitious goal of forming the most successful cluster in one field in Europe seems to be utopian, especially because of the governmental leadership in this case - Porter advices against a governmental leadership. Furthermore, the objective of building a powerful cluster is also much more challenging than to promote existing ones. Probably this statement is more led by political will and commitment than actual belief. The intention in the coalition agreement of strengthening existing clusters, shows the conservative outcome of cluster-based policies. Only successful economic fields are promoted which in return conserves economic structures. Porter’s original description of enduring success of a nation in one field, is now supported by the government additionally. The critique on clusters as a risky and harmful economic strategy is becoming clear. Cluster-based strategies may weaken the will to innovate as described before. The conservative character and intense governmental support may decelerate economic development - comparable with the negative effect of aid in developing countries, which are flooded by free goods which in return is harming for the national economy.

Looking on ‘Hamburg@work’ which is a cluster initiative for media, IT and telecommunication shows the governmental involvement. The cluster initiative consists of public and private actors. The members of the association are partly work-
ing for the government and for companies. There are no limits for a membership which costs up to 2 500 Euros a year. The goal of the initiative is described on its website (hamburg-media.net, 2009): information, service and support, networking and events. Main focus is set on networking for its members and marketing outwards. The association sees itself as the ‘bundle of competence’. Remarkably, prominent members - like banks - are also part of the association. On the other hand very small media firms are probably not members of the association. In conclusion, companies that are willing to pay and do have time capacities to influence the goals of the association are part of the cluster. Porter warns against this risk, as aforementioned. Boundaries of this kind are probably not reflecting the true structure of the cluster. The whole cluster initiative appears like a lobby organization rather than reflecting the will of all media, IT and telecommunication companies in Hamburg respectively the cluster.

The coalition agreement states that a cluster for the creative economy should be established following the example of ‘Hamburg@work’ (p. 16). The understanding of ‘cluster’ in this case is again: pointing on would-be competence and strengthening associated companies through networking and marketing. Summarizing, cluster management in the case of Hamburg is not a sophisticated technique, but lobbying with the assistance of the government. Porter’s ideas of removing obstacles and easing constrains for example, are processed only, if the association which is representing the cluster identifies those targets and gets a majority for this kind of action. Hamburg commits policies to the slogan ‘strengthening the strength’ in the field of cluster management (hafencity.com, 2009). It illustrates the conservative character, which is not flexible and might be harmful in the long run. As aforementioned, the identification of ‘strength’ is not as easy as it seems at first. The slogan, as well as the whole cluster management concept (in the coalition agreement and in the model) is hiding a big problem in the very first step: the identification of the strength respectively the ‘promising fields of the future’. Looking on the status quo and ‘fields of the future’ is a risky strategy in order to stimulate economic development. It might be the best to take everything as a process (clustering) with an open outcome. The idea of identifying promising fields is not new, but should be seen very critical. It is mostly narrowing the region’s focus and the possibilities to innovate. Furthermore, several academics warn against a policy of
picking winners’, because the government is not able to predict the future or the demand (timeshighereducation.co.uk, 2009).

Summarizing, Porter’s ideas are reused in reality. It seems that Hamburg is focusing on clusters, because of the prominent and conservative character of the concept. As expected, definitions, clear borders for clusters and the evaluation methods are kept limited. Additionally, the government of Hamburg does not differentiate between stages of clusters as Porter recommends. The concept is mentioned in the model ‘Metropolis Hamburg - Growing City’ of 2002 and in the following documents. But in reality the concept appears as a mix of Porter’s ideas and classical economic efforts. Promising thoughts are used and the whole approach is labeled as a cluster policy. For example, Porter’s idea of ‘information flow’ within clusters is supported through networking events for members of the cluster. On the other hand, administrative boundaries for clusters as well as strong political involvement should be seen very critical regarding Porter’s descriptions. His ideas - illustrated in the diamond pattern (Figure 1) - are used where it seems necessary, but Porter’s specific suggestions of independent testing of products for example are not applied. Competition is rarely mentioned in the documents also due to political reasons.

Creative Class perspective

The report ‘Talent, Technology and Tolerance – Where Germany Has A Future’ undertaken by the Berlin Institute for Population and Development comes to the conclusion that Hamburg is second regarding creativity in Germany right after Berlin and offers great potential for growth (spiegel.de, 2007). Hamburg has the highest gay rate in Germany which is an indicator for tolerance according to Florida and even a gay governing mayor (faz.net, 2009 and mopo.de, 2003). Since the Green party is in power, elements of the Creative Class Theory are influencing politics in Hamburg, because they are a great supporter of the creativity concept (hamburg-kreativestadt.de, 2009).

In the model ‘Metropolis Hamburg - Growing City’ from 2002 no commitment to the creativity concept can be found. The Cluster Theory is dominating the report
throughout the economic parts. Only at the end of the paper, culture is described as an important concern, because of marketing effects. (p. 77) It is seen as a soft location factor, but also as a tool in order to express identity. Here, some of Florida’s ideas are used even though they probably don’t arise from his work. In contrast to Florida, culture is not described as a stimulating tool, but as a location factor only. At the moment, Hamburg is using culture as a pure marketing instrument. The Green party is promoting the creativity concept and would like to rewrite the whole model in order to include such ideas. But until today the Greens could not win out over the Christian Democratic Union.

Summarizing, the Creative Class Theory is not part of Hamburg’s strategy. The cluster concept is dominating the model and Hamburg’s economic policies. Even though the creativity concept is recognized and well known, it gets no majority. Political decisions might be the reason. The Christian Democratic Union is identifying with the cluster concept and the Greens rely on the creativity concept, but because the Christian Democratic Union holds the majority only the cluster concept is adopted. The above-mentioned conservative character of the Cluster Theory suits the Christian Democrats and also the the Greens like to see themselves as creative and cosmopolitan which fits the ideas of Florida. It can bee assumed that different concepts are preferred through the different parties. Depending on how the majorities are set, long-term strategies are influenced by different concepts. In this case the Cluster Theory has the majority.

**Conclusion**

At the first glance, the Cluster Theory seems to be dominating Hamburg’s urban strategy in the parts regarding economic development. Hamburg’s main focus is clearly on clusters, as the document states. But the implementation moves away from Porter’s original suggestions. Hamburg seems to be using a supposedly powerful concept in order to demonstrate strength, but the understanding of a ‘cluster’ in Hamburg is different from Porter’s perception. The term is used for a group of companies in the same industry. The combination and additional labeling
of the group as a cluster is used for marketing reasons mainly. Further steps, which are recommended by Porter, are kept limited.

Cluster initiatives like ‘Hamburg@work’ are influenced to a large degree by politics as well as big companies, what in return reduces Porter’s understanding of a cluster. The cluster perspective seems to be important in Hamburg, because of political attitudes. As aforementioned, Kiese states that clusters can be found in traditional regions very often. Hamburg tries to strengthen traditional clusters like harbor and logistics, what fits his assumption. Additionally, Hamburg is basing on prestige industries like life science as well. The creativity concept does not seem important for the model.
Strategy of Dublin

Florida (2000, p. 300) refers to Dublin as “perhaps the best example of the mix of strategies required to build a Creative Community”. It is the capital of Ireland and with more than 500 000 inhabitants, it is also the largest city of the country. Due to ‘the Global Financial Centers Index’ Dublin is one of ten Global Financial Centers. In Europe only London, Zurich, Geneva and Frankfurt got a higher rating and Dublin “climbed three places in the rankings despite recent worries about the Irish economy as a whole” (City of London, 2009, p. 7) since the last report half a year ago.

Brewing was once the most often associated industry of the city, because of Guinness. Since then many global pharmaceutical companies as well as information and communications technology companies have located in Dublin including the surrounding counties, for example: Microsoft, Google, Amazon, eBay, PayPal, Yahoo!, Intel, Hewlett-Packard and Pfizer. Many of them located their European headquarters here. Banking, finance and commerce are also very important for the city’s economy as aforementioned.

About 40 % of the Irish population are under 25 years old - Dublin’s number is even higher with almost 50 % (The New York Times, 2007). Dublin has several academic institutions: Trinity College Dublin (TCD), University College Dublin (UCD), Dublin City University (DCU), Dublin Institute of Technology (DIT), National College of Ireland (NCI) and “around 90 percent of Irish high school students go on to higher education, compared with a figure of just 37 percent for Germany.” (Spiegel Online, 2007)

In 2007 a conference was held in the city of Dublin about culture, creativeness and diversity. It was a joint event of Dublin Employment Pact and Dublin Regional Authority with Richard Florida as one of the keynote speakers. The participants discussed possibilities of Dublin in a creative economy and the decision makers of the administration department including the chamber of commerce made no doubt that they address themselves to this issue.
Florida’s perception

In Florida’s view Ireland’s success story - from a tiered economy with high unemployment rates and brain drain at its best to the fastest growing economy in the OECD and one of the largest exporter of software in the world - is based on the formula of the three T’s. Florida describes that the Industrial Development Authority recruited high-tech giants with financial and tax-related incentives and based its strategy on the “thick talent pool emerging from the country’s world-class universities” (2000, p. 300). Further, the government supported entrepreneurship and venture capital. Remarkably Florida refers to traditional economic development efforts by explaining the success story of Ireland, but he insists that they “would not have worked if Ireland did not buttress them with a major lifestyle effort” (2000, p. 300): In a first step the government offered “tax breaks to culturally creative people and a high-quality of place” (2000, p. 301). They also managed retaining the native celebrities as well as playing host to international stars. The second step “revolved around building true quality of place grounded in history and authenticity” (2000, p. 301). An agency funded by the government employed young Dublin architects to draw up guidelines for revitalization. This was the basis for a renewed district in Dublin (Temple Bar) which is according to Florida hipper and more energetic than ever before, but still authentic without chains and Euro-Disney architecture. Florida (2005b, p. 176) emphasis: “Transforming the city itself into a lifestyle destination has been an equally crucial part of the equation.”

In conclusion, Florida first of all describes the classical success story of Ireland with barely no relations to his own theory. Second, he emphases the importance of a ‘lifestyle effort’ the city of Dublin made. He tries to proof his statement by naming bands and native celebrities who live in Dublin: “U2, Van Morrison and Liam Neeson” as well as one international star: “Andrew Lloyd Weber” (2002, p. 301). The question is: Is this really surpassing for the capital of Ireland? It seems that economic growth is the reason for changes in lifestyle - not the other way round. As mentioned above, Glaeser (2000) points to the fact that population growth has a stronger influence on talent than indicators like tolerance, creativity and innovation. Ireland’s capital shows the same distinctive features like other capitals in Europe.
Florida’s perception of Dublin draws from conversations with his colleague Anita Sands, a trip to Dublin and two New York Times articles from 2000 mainly. But in the same articles Mary Corcoran, a sociologist at the National University of Ireland, says: “An area with a bohemian ambience and low rents for alternative-arts people very quickly became a developers’ paradise, with swanky new apartment buildings. The bohemian element feels pushed out -- it’s not really an indigenous vernacular community anymore.” Also Michael Smith, the National Heritage Trust president, bemoans the loss in the same article. “Only one Temple Bar pub out of every two dozen has retained its character. [...] A lot have been plasticated [...] It’s a drinking mile rather than a cultural quarter.” (New York Times, 2000). Florida does not respond to those voices in his books.

Summing up, Florida’s perspective on Dublin suffers from a single side view, because he looks on positive signs which match his theory only and he does not respond to other voices. As already mentioned above, the development which Florida is observing in Dublin in the last two decades is probably not related to his ideas of how to successfully govern a city. Ireland’s late national urbanization process and economic growth play a bigger role in explaining the undergoing lifestyle changes. Fast growing cities attract creative people likely, because of their vital dynamics and job opportunities. It seems that Dublin is a perfect case for an anecdotic example.

**Dublin’s Urban Strategy**

The Dublin City Development Board (DCDB) is a “partnership bringing together representatives of Local Government, Statutory Agencies, Local Development and Social Partners” (dublin.ie, 2009). It was formed in 2000 as “one of 34 County and City Development Boards which emerged as the key recommendation of the Taskforce Report on the Integration of Local Government and Local Development” (dublin.ie, 2009). In 2002 the Dublin City Council formally adopted a strategy developed by the DCDB and committed itself to follow the agreement of the strategy. In contrast to Hamburg the document is addressed to the citizens mainly. Overall, it includes many chapters which are all influenced by different concepts. Overlap-
ping between the goals of the strategy and Florida’s ideas on how to develop a city, which is attractive for members of the Creative Class, are huge, because of Florida’s broad approach. Hence, only those points of the strategy will be mentioned which can be clearly related to Florida’s findings. Certainly the paper is a mix of ideas. The questions is to what extend is the strategy affected by Florida’s ideas?

The DCDB Strategy is divided into 17 sections. The first section ‘A City of Neighbourhoods’ has just some relations to Florida. One strategic objection of the strategy is - amongst others - to “carefully design and develop public spaces and places so that vibrant communal interaction and an individual sense of belonging can be encouraged and sustained. For example, neighborhood street/squares/parks should be used for outdoor cafes, art exhibitions, music, markets, community gardens, Play-Days, Home-Zones, parties, events, theatre, awards etc.” (DCDB, 2000, p. 30). Even if this objective is only a tiny part in the section ‘City of Neighbourhoods’ the citation reflects pretty much the ideas of Florida when it comes to a vibrant and pleasurable city with recreation possibilities. Neighborhood development is a common planning tradition, but has some bonds to Florida’s ideas.

The section ‘A Diverse and Inclusive City’ states a vision of “celebrate and embrace difference” (p. 33) and in the part of ‘An Integrated City’ it says: “It will be a city that integrates people, place, communities and organizations that maintain the richness of diversity while achieving greater efficiency through improving integration.” (p. 47). Furthermore, it says in the section ‘A Democratic and Participative City’: “Dublin will be a city of [...] facilitating citizen participation [...] and strengthening democratic representation.” (p. 55). All three sections have some links to Florida’s ideas, but do not base on his theory. They are common goals within many city strategies. Also the part ‘A Safe City’ has some relations to Florida, when it comes to a peaceful but vibrant nightlife.

The section ‘A Healthy and Active City’ promotes improving the “quality of life” and states the importance of “changing attitudes towards health and promoting active lifestyles” (p. 89). The objective is to create a culture of health, the necessary in-
frastructure and that “everyone has access to health, sports and recreational services” (p. 91). This corresponds to Florida’s ‘recreation possibilities’ mainly. The Creative Class needs possibilities to balance its life after being creative.

The part ‘A Cultural and Enjoyable City’ has probably the most relations to Florida. It says: “In 2012, Dublin City will be a place where culture in the broadest sense and artistic expression as an element of culture, creatively shape the lives of residents and visitors, contributes to a sense of shared values and space, facilitates social inclusion and contributes to economic development.” The objective of culture in this case is to creatively shape the lives of residents, which is exactly what Florida postulates. In the end of the citation the main goal is to transform culture into economic development, to allow people “to express their own cultural identity” and it is made clear that “cultural and creative industries are important for the city economically, in terms of employment diversity, […] regeneration, and the contribution […] to the city’s image and vitality”.

In the end of the DCDB strategy, the section ‘An Enterprising City’ has some relations to Florida, because it attaches importance to research and development, which lies in the hand of the central government in Ireland. In the part ‘A Community-Friendly City’ the strategy admits that people increasingly belong to a greater number of communities, both geographic and based on shared interests and it says: “Dublin will be a vibrant city with an array of communities of interest that reflect the true diversity […]” (p. 127).

In conclusion, the DCDB strategy clearly has relations to Florida’s ideas, but the overall approach is a mix of strategies, including ‘neighborhood development’, ‘learning city’, ‘eCity’ and so on. Many objectives can be found in most other city strategies too. Both Florida’s ideas and the DCDB strategy are diffuse and therefore connections can be found easily. There are no areas that do not fit into Florida’s theory, because his statements are broadly phrased. Only the direct connection between culture and economic growth is outstanding. But the first book from Florida, published in 2002, seems to be influenced by the DCDB strategy (2000) rather than the other way round, because of the date of publication. This may give rise to the impression that objectives in the DCDB strategy expand into Florida’s
thinking. Later on he proofs his finding by referring to Dublin again. This accusa-
tion is getting weird by thinking about Florida’s performance as a keynote speaker
in Dublin in 2007, confirming the authorities a good strategic approach due to his
theory.

The DCDB strategy is not going an unusual way in order to attract human capital
(respectively the Creative Class) compared to other cities. There is no obvious
reason to connect the achieved success of economic growth in Dublin with Flor-
ida’s ideas of a successful economic development practice. As already mentioned
above, Glaeser (2000) points to the fact that population growth has a stronger in-
fluence on talent than indicators like tolerance. This is probably the case for Dub-
lin. Hip districts in Dublin seem to be a consequence rather than a cause for eco-
nomic growth.

Overall, Florida’s ideas are too fuzzy in order to find relations in the DCDB strat-
ey. All points for a successful economic development practices based on Flor-
ida’s findings - as concluded in the last chapter - can be found in the paper. But
only the ideas about culture and economic development have visible correlations.
The fact that the DCDB strategy is focused rather on people’s demands than on
companies is due to the overall strategic concept of this paper as a “Economic,
Social and Cultural Strategy” and not uncommon. But overall Florida’s creativity
concept still sounds promising. He is focusing on development without catching
into company’s business. In contrast to the cluster concept, he tries to improve the
labor pool and decrease brain drain. Focusing on talented people’s need is an im-
portant contribution and he is able to explain the importance beyond pure soft lo-
cation factor considerations. Unfortunately, the concept remains fuzzy and needs
more elaboration of the whole system and its interrelations in order to base an ur-
ban strategy mainly on those ideas.

**Cluster perspective**

Commitments to clusters in Dublin’s DCDB strategy are rare, but can be found in
three sections. In contrast to Hamburg, the economic strategy is not based primar-
ily on clusters and the term ‘cluster’ is rather mentioned in passing. Nevertheless,
the government of Dublin does include Porter’s idea into the long term strategy. Beside mentioning the term ‘cluster’ traditional efforts like ‘upgrading the infrastructure’ are elements of document and fit into Porter’s diamond and into his idea of ‘the role of the government’. The part ‘A Connected and Informed City’ might have some overlapping with Porter’s information flow between the actors of a cluster, but in this case the DCDB strategy is focusing more on access for everyone to technology, in order to fight exclusion in society.

The section ‘A Learning City’ promotes lifelong learning “to ensure that change in the City is value-led, respects diversity, and is committed to sustainability” (p. 111). Again the focus is more on citizens and to ensure an adequate personal development rather than on cluster-based education. But in the end it says: “Develop ‘clusters of excellence’ especially in the knowledge, biomedical and other areas relevant to economic development.” and “agree and designate specific research and awareness roles to specific institutions around clustering of expertise” (p. 114). Apart from the problem of identifying ‘future trends’. Those statements are not explained in the following. They do not answer questions of how to identify and develop a cluster.

The part ‘An Enterprising City’ refers to the national level and their efforts in order to “attract investors” and to “increase international competitiveness” (p. 121). In contrast to Hamburg, Dublin is not a state and therefore places different emphasis in its strategy paper. However, in the same section the goal is to “develop the concept of industry clusters in the City”. But apart from this statement no further explanation is presented. Maybe the citation reflects an early stage of the cluster implementation (“develop the concept”). Remarkably, the section ‘A Cultural and Enjoyable City’ speaks about clusters too. “Develop […] clusters of cultural excellence in the City” (p. 100.). Here, a link between Florida and Porter can be found and both findings overlap. The idea is to support “cultural and creative industries” (p. 100) through clustering. Summarizing, the DCDB strategy speaks about clusters, but does not define the term or provide any further explanation. Hence, important questions remain unclear. Overall, ideas of Porter and Florida show up here and there, but remain unclear respectively are placed for recognition only.
Conclusion

Even though Florida refers to Dublin as a great example for the Creative Class Theory, the urban strategy provides only few visible links to his concept. One of the 17 chapters is expressing mainly his ideas, but interestingly other chapters are dedicated to other concepts too (e.g. Learning City, City of Neighbourhoods). The chapter describes the importance of culture and its contribution to economic development. Without a doubt, this is what Florida emphasizes. But - like Florida - the urban strategy is not explaining the implementation process. However, Florida’s ideas can be found in every chapter, because of his vagueness. For example, a pulsating and active city is an overall goal in mainly every chapter and nothing someone would disapprove.

The concept of the Creative Class or the idea of attracting a specific group of people is not used. Also, the formula of the three Ts (talent, tolerance and technology) is not adopted, even though every single point is included in the urban strategy on its own. Dublin’s attractiveness can be explained through its role as a capital in the booming state of Ireland, but not by referring to a smart urban strategy. Summarizing, Florida’s theory or the strategic considerations Florida seems to identify in Dublin, do not play a big role in the urban strategy. Clusters are mentioned in the document, but are rare and not explained.
Conclusions

Urban strategies do not draw entirely on one theory, as both cases have shown. They represent a mix of ideas of more than one theory. Cities first of all try to identify their problems, to define long-term goals and to find a way for achieving their objective. The results depend on individual weighting of the issues and political attitude. Hence, in the very first step some pre-decisions about available theories are made already. But another way seems to be used also: The creativity concept is very fashionable at the moment. Currently many cities try to implement elements of this kind into their urban strategy without any deeper meaning. Fashion in this case depends on political attitude again.

Interestingly, the Creative Class and the Cluster Theory have different supporters throughout the political scene. The case of Hamburg has shown, conservatives tend to support the Cluster Theory, while more liberal politicians in Hamburg trust the Creative Class Theory. The reasons seem evident: the conservative character of the cluster concept and on the other hand elements like ‘tolerance’ for example within the creativity concept that fit progressive peoples’ self-perception. Depending on the majorities within the parliament theories get different support, they are not chosen through scientific assistance. The Cities of Dublin and Hamburg are including both elements of the cluster and creativity concept into their business. But the case of Dublin has shown intelligibly that most cities include several theories and do not concentrate on one approach only. Executives mix them depending on political majorities and popularity into their long-term strategies.

However, the impression is given that even some terms, like ‘cluster’ or ‘creativity’, are used for creating a sense of well-being and professionalism occasionally. They are placed for recognition (name-dropping). However, the Creative Class Theory and the Cluster Theory are not mutually exclusive. Cities are able to include both into their strategies and even mix them: ‘clustering of creative’. But both concepts are transformed in reality. Porter’s diamond is barley used. Hamburg uses the Cluster Theory mainly in order to label would-be competence and for marketing reasons. Culture is used as a soft location factor in Hamburg, whereas Dublin tries
to harness culture in a economic way. Both ideas of the theories pop up in city strategies where needed.

Apart from political decisions other preconditions have a big influence on which theories are chosen. Ireland’s economic model is closer to Florida’s considerations about American cities. Most of the other European states do not force people to move around that much, because of the social welfare system, which is an important premise for Florida’s considerations. On the other hand, Germany’s institutionalized economy seems very appropriate for an implementation of the Cluster Theory. Moreover, the Cluster Theory needs an certain amount of companies, which in return favors a focus on regions instead of cities. Hamburg is more than three times bigger than Dublin measured by inhabitants and offers a better chance of a critical mass. At last, Hamburg is a state in the federal structure of Germany which seems to be an additional advantage, because of more political power. Porter’s analysis of enduring success of nations seems to be suitable for a state like Hamburg rather than a city like Dublin.

Finally, the purpose of those documents has to be kept in mind. Whereas Dublin’s strategy is catering to citizens and in return seems more playful, Hamburg’s model is basically defining a way of achieving economic growth and is aiming on important actors and politicians mainly. The use of this documents is different also. Dublin is evaluating its strategy and creates short-term action programs based on the greater strategy. Hamburg is using the model as a general principle. Even though the city is evaluating its achievements, the case has shown that Hamburg avoids an assessment of cluster-based effects for example. Dublin’s way seems more open for its citizens, because they have been involved during preparation and they are directly addressed. But a detailed comparison of both cases does not make sense in this case due to the unlike character of those documents. Nevertheless, Hamburg seems to have a lack of public participation within its model compared to Dublin. On the other hand, Dublin probably provides other economic policies too beside its DCDB strategy which are not prepared with the involvement of citizens. But at the same time, the DCDB strategy and the model of Hamburg are both the most important documents for the city’s development.
In conclusion on the theories, both Porter and Florida highlight that their concepts - translated into action - are able to move beyond factor cost competition. Clusters are attracting companies, even though factor cost might be lower in other regions and the Creative Class is moving into cosmopolitan and appealing cities, not where the jobs are. Both try to give an answer on how to compete in a globalized world, but unfortunately they explain their findings by referring to well-known examples very often. Hence, the considerable risk is, that they rely on anecdotic evidence. Florida has to be criticized much more for taking this risk and furthermore, for being so vague at the same time. Both theories have difficulties when confronted with reality, because of contrary examples and Florida (2008) admits that his theory is not able to explain the case ‘Silicon Valley’. But even if the theories remain conceptional, they both formulate promising ideas for economic development in cities.

In both cases, the author’s background plays a crucial role, but in a different way. Porter was - and still is - a researcher on company strategy. His focus was not aiming on clusters in the beginning in 1990. In the scientific discussion other authors reduced the concept to clusters and had to deal with new problems, like proximity for example. Ever since, Porter did not put much new into the discussion and the concept has been transformed into many directions. But the original focus remained: economic polices that are based on clusters are aiming on company strategy. They are aiming on the need of existing companies. In return, such policies are inevitably conservative and might reduce the space for new things. Florida, on the other hand, is influenced to a large degree by his belief and his time at university. Examples from his personal life can be found all over his books. Therefore, a scientific proof of his findings remains difficult.

As aforementioned, the implementation of both theories into an urban strategy bears hidden risks. Porter and Florida are describing a status-quo mostly, but they provide scattered and vague hints only for an implementation. Therefore, cities have to close the gap on their own. However, this issue is also leading to a discussion about the use of pro-activeness in city strategies. A policy of ‘picking winners’ in Hamburg seems risky, because the government is not able to predict the future. Betting on the wrong horse might be a dangerous outcome. On the other hand
pro-activeness in this case advertises strength and the government is giving the impression of knowing what to do (assurance). Labeling a clusters can active endogenous potential and includes a marketing effect. But in this case, Hamburg and other cities are aiming on the creation of new jobs, which is not the role of a government usually, but the role of companies. The government might be well advised rather to improve the preconditions for creating new jobs. This is what the Creative Class Theory suggests partly.

Finally, it should be noted that both theories still need prove. They both run the risk of a chicken and egg issue. Florida’s talented people are attracted by talented people, as he states and maybe he has to add a fourth ‘T’ (temperature, respectively the climate issue), if he wants to explain examples like the Silicon Valley. But also Porter’s clusters need boundaries to avoid arbitrariness. Are companies really attracted by his highlighted advantages? Talented people and companies arise and are attracted from booming cities and dynamic centers. A prosperous culture and maybe even company initiatives are the outcome - and at the same time the reason for a growing economy. What remains is: success breeds success.
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