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THE IMPACT OF CULTURE AND URBAN LIFE-CYCLE ON THE ECONOMIC DEVELOPMENT OF CITY

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Abstract:

Cities are so relevant to modern economy and society and it is argued that their performance determines the destiny of entire regions. Conversely, sustainable development requires that cities themselves are sustainable (Jones and Watkins, 1996). Cities are the places where unbalance in the use of resources is most evident (they consume more resources than they generate), but at the same time they are the core of economic and societal innovation (Petrevska, 2012). One such aspect is culture. Culture is an engine of social development and economic growth, but at the same time it may be affected or even destroyed in the process. Sustainable urban development makes it necessary to strike a balance, achieving

the maximum of development opportunities and preserving at the same time the assets and the intangible elements that constitute the cultural identity of a city.

The paper focuses on the conceptualization and analysis of the effects of culture on the economic development of City of Skopje. It moves from the recognition that culture is a key ingredient of post-industrial, information-intensive economic activity. A culture-oriented economic development is subject to strong endogeneity, modifying continuously the original conditions that make places culturally rich and viable as creative hubs (Landry, 2000). Thus COED is potentially short-lived and may bring to irreversible changes in the urban environment: the erosion of social capital, the dispersion in space of cultural activities and the consequent decreasing of clustering effects, and ultimately the fading of local cultural identity and “uniqueness”. Urban policy should be careful to accompany the COED process making sure that these limits are never reached. Physical and cultural planning, social and educational policies, infrastructure projects and the implementation of innovative forms of governance and networking may achieve these objectives, but the policy context is made fuzzier and more complex by the unconventional nature of economic and social processes underlying cultural activities and creative production.

From the reference to the COED model, cities can learn what should be the philosophy of initiatives in the public realm, what results may be expected, and what is the time-horizon that needs to be adopted in policy documents.

Key words: culture, city, COED model, economy, benefits, Skopje.

1. Introduction

Development plan with aim promotion of a city as attracting place is the principal planning policy which for are interested all those involved in development of the place that is promoting. It recognizes that achieving urban regeneration is dependent on creating an attractive and safe environment within the city, by using high-profile projects. This benefits the existing residents and businesses and attracts new investment, particularly in the city centre. Cities pursue these types of tourism strategies as a tool to give some competitive advantage in an increasingly globalized and interdependent economy. In the interrelation between tourism and interurban competition, globalization decidedly affects the way in which policies for tourism are formulated and put into practice. Destinations (in this case, cities) face increasing pressure to raise their “place identity” in order to position themselves competitively in the global context. Improvement of the physical environment, will promote the city as an attractive and enjoyable place to visit, to invest in, and to live in.

So its normally to connect the development of the city and the economic benefits for the country also, since we know that this will increase the tourism productivity.

2. Importance of City-Image Development

Many cities are combining the use of high-profile projects with enhanced tourism policy to seek to revitalize economic decline and improve their urban physical structure. These high-profile projects are developed in city centers, and comprise prominent conference centers and meeting places; museums and other leisure destinations; and concentrations of restaurants, bars and nightlife. They are often linked to special events such as art performances and festivals, and place specific marketing strategies. The use of high-profile projects alongside tourism policy also aims to promote a positive city image in order to attract inward business investment. Central to the majority of these initiatives is a reassessment of the image that the city projects (Stevenson, 2003), which then becomes a key element in an urban regeneration strategy, for employment creation, increasing tourist expenditure and improving the physical urban structure, in a context of high interurban competition for potential inward investment. City image is the subjective view or perception of a city and it has been argued that a positive change in image may encourage business investment and business activity, though much of the literature on the topic has not clearly defined what kind of inward business investment/investor might be encouraged due to such a change in the city image. The government continues to pursue a policy that promotes high-profile projects with tourism policy, and upgrading the image of the city, where is underling the significance of the influence on inward business investment.

3. City Image and Tourism Strategy

Today, here are increasing numbers of countries that focus on promotion and development of high-profile projects combined with tourism policy. A high profile project also has aims to encourage business investment from outside the locality and to upgrade the image of the particular place to potential investors and tourists. Promoters of these projects seek additional spin-off benefits that result from employment and capital creation at the city-wide level. Smyth (1994) comments that a flagship project comprises three elements:

1. development in its own right that may or may not be self-sustaining;
2. grouping opportunities for further business investment; and
3. promotion of an image.

High-profile projects are closely associated the promotion of a locality to the outside world (Stobart & Ball, 1998). Local city administrations use place marketing to make their cities attractive as a place for inward investment and for visitors. From this point of view, these places that are promoted seek to make their service, commercial, or prestige functions stand out from those competing for the same investment on the basis of similar urban character. The projects are usually a form of property-led urban regeneration and are dominated by prominent new buildings and/or reconstruction, land reuse and infrastructure development with attention to building, urban design and spaces at the macro or city-wide scale (Hubbard, 1995). Also the investment in these kinds of projects is both socially and politically

attractive – the selling of the place as a location for investment and activity depends heavily on the creation of an attractive imagery, which is of interest to politicians and other stakeholders. Tourism policy, for example cities, is pursued because it is seen as a fast growth industry; it can provide job opportunities; and may contribute to environmental improvement, especially in combination with major physical urban regeneration projects. Thus, tourism development seeks to create revenue and employment opportunities for city authorities and residents. It may increase the tax base and earnings from incoming tourist expenditure, and there may even be multiplier effects (Law, 2002; Shaw & Williams, 2002). Thus start the process of place promotion, and on national level too. Tourism development seeks to improve the urban physical structure through the reuse and adaptation of historical buildings or brownfield land in cities, especially in areas located in waterfronts, historical districts or run-down areas to the benefit of both tourists and local residents. Improvement of the physical environment, together with major planned cultural events, such as organizing festivals as part of a tourism strategy, will promote the city as an attractive and enjoyable place to visit, to invest in, and to live in (Bramwell & Rawding, 1996; Garcia, 2004). City authorities pursue these types of tourism strategies as a tool to give some competitive advantage in an increasingly globalized and interdependent economy. In the interrelation between tourism and interurban competition, globalization decidedly affects the way in which policies for tourism are formulated and put into practice (Costa, 2001). Destinations (in this case, cities) face increasing pressure to raise their place identity in order to position themselves competitively in the global context (Hughes, 1999). Using tourism strategies as a tool to regenerate urban areas has substantial implications for the interests of groups within urban areas (Hall, 1994).

In this context, there is a mixed development approach that includes retailing, tourism, leisure, offices and residential use is currently practice, which has involved very substantial high-profile projects. For example, in a research made for London, concretely for Birmingham, the historical data show that in the early 1980s, unemployment rates in Birmingham were among the highest in the country. So this was the reason for their City Council to start to think about the regeneration of previously run-down physical structure of the city centre and to expand the city's economic base, which had suffered from the decline of manufacturing. For success of the business tourism development, and the significant potential for modern conference facilities, the City Council initiated the International Convention Centre (ICC). From the perspective of the City Council, the construction of the ICC, together with the adjacent associated complementary developments have provided major attractions for both existing residents of the city and visitors alike. Taking this Council and their approach as an example for tourism development and nation branding, could be summarized some activities and strategy as advantages that are useful to implement. In this way, forming some Centre for tourism development and promoting a place and make it attractive, is essential in means that it has a role for holding conference for presenting events, exhibitions, and in this way bringing a lot of visitors. Thus this Centre will become venue for many high profile events and will position in the national and international conference market. The agenda of the conference could implement and so play a role in attracting tourists through hosting a wide variety of prestigious international concerts. Another activity is organizing business events, entertainment spectacles which

also bring visitors. Opening museums, gallery, restaurants, shops, bars, canal-side developments and public squares which represent mixed-use scheme, are all attractive to visitors. Other important tourism recourse is theatre that provides important cultural activities.

4. Tourism development and historic value – restore the past for building the future

High-profile projects with tourism development also include representing a historic value of the place and important buildings and features have been retained, which are attractions to visit. As a project in that kind of place with historic value could include cafes, restaurants, pubs, retail, outlets and an attractive pedestrian route. These projects together have strongly shaped tourism activities around the world. They provide the venues for staging exhibitions, conferences, concerts, sporting and entertainment events, eating, drinking and shopping. Indeed, their development provided the major business, tourism and cultural focus, which and Birmingham as one example. Development plan with aim promotion of a city as attracting place is the principal planning policy which for are interested all those involved in development of the place that is promoting. It recognizes that achieving urban regeneration is dependent on creating an attractive and safe environment within the city, such as by using these high-profile projects. This benefits the existing residents and businesses and attracts new investment, particularly in the city centre. In addition, the physical structure of the city centre has been improved greatly throughout. The creation of an improved physical environment is critical for the promotion of tourism. Results “talk” about facts. In this way, the high-profile projects recreate the identity of the city, help the city’s renaissance and demonstrate how the city can change and that an added benefit is to raise the profile and improve the image of the area. Here are believes that the reconstruction of the older buildings is a positive step and that when the high-profile projects arise; they stimulate further development and enable the city to bring in new architecture. This keeps visitors interested and coming, and thus the momentum for new development continues, and increased tourism thereby helps to increase the market. Tourism policy is a key part of the city’s plans for economic regeneration. Tourism represents one of the most buoyant sectors of the economy and in terms of jobs and wealth creation. It has the ability to stimulate regeneration and change in other areas and to increase confidence and civic pride in the city. Strategies that come from high-profile projects raise the potential for economic and employment growth. This potential is linked to the proposed expansion of the region’s key industries, including motor vehicles and components; high technology knowledge-based industries; business and financial services; tourism, media and culture.

5. A Model of Culture-Oriented Economic Development (COED) for the City

How can we conceptualise the role of culture as an engine of sustainable economic development for cities, and evaluate the full range of its effects? A few analytical steps are needed to develop an integrated analytic framework:

- Understanding what are endogenous forces that are behind the development of an urban cultural cluster

and that determine its evolution

- Understanding how culture affects the “rest” of the urban economic environment
- Understanding how the consequent changes in the urban structure feed back on the development of cultural activities.

The literature identify three “impact areas” of culture on the local economic environment: direct economic impacts from employment and value generation in the cultural industries and indirect expenditure effect, which are so much larger the more “embedded” in the local are cultural professions:

- induced effects of cultural activities on the quality of a place, among which the tourist attractiveness, which leverages additional visitor expenditure, but also the location amenities for companies
- “creative inputs” accruing to the local networks of production (both to products and processes of production, or organisational models). These are “cultivated” in a lively and stimulating cultural environment where a creative class develops, attracted by tolerance, openness, educational and social opportunities.

6. The Model Framework

According Culture-Oriented Economic Development (COED) model for the city, is an inherently dynamic process, continuously altering the capital assets that determine the pace and shape of such developments. It is thus a question for urban policy to keep the process of development in balance, achieving “sustainable” urban development.

In the scheme of Figure 1 we can see the model at work. The three impact areas devised in this model are:

1. The development of a selected number of cultural clusters may be the lever for the development of a widespread creative production sector.
2. A creative economy improves the competitiveness of the urban environment.
3. Culture-oriented urban economy is sustainable if spatial balance, social permeability, and cultural identity are preserved in the growth process.

Evidence from the case studies will serve to test and articulate these hypotheses. This study is primarily policy-oriented, and those issues are to be investigated primarily in terms of cause-effect relations between specific government activities and the development of cluster dynamics as specified above, highlighting limits, best practices, and governance structures that are more likely to achieve these objectives.

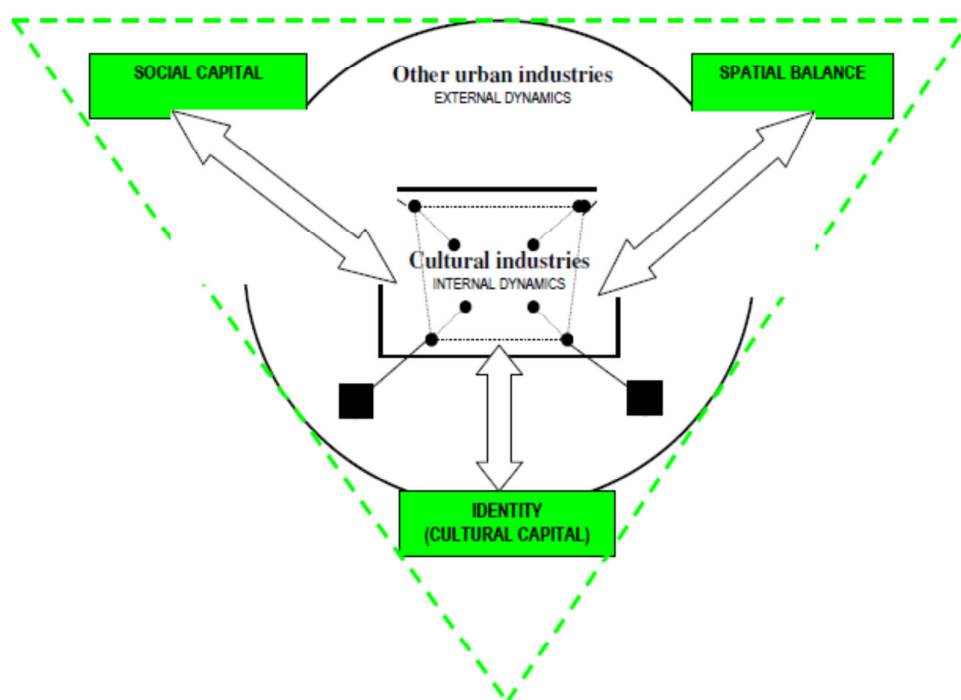


Figure 1: Model framework (COED) (Borg and Russo, 2005)

The scheme in Figure 1 can be utilised as a reference framework to evaluate the role and effects of culture on the economic development of cities. A list of qualitative and quantitative information may be used to compare the degree of achievement of each city, with reference to the three aspects mentioned.

A. The “economic strength” of the cultural cluster. Sector data as the number of jobs generated by the cultural industries directly and indirectly, their level of economic success (sales) and the return on public expenditure, when available, may be read - in historical trends as an illustration of a city’s trajectory, or comparatively across the cities in the sample - as indications of the state of development of the cultural sector (Borg and Russo, 2005).

B. The “fertilisation” of the local economic milieu from culture and creativity. This aspect entails an evaluation of the creative talent embedded in local economic sectors, of the innovativeness of local enterprises, of the value of knowledge transferred from the cultural sector to the creative industries and along the chain of value to the mainstream economic sectors, of the attention and support that culture receives from the business community (Borg and Russo, 2005).

C. The “sustainability” of the process of economic growth as determined by cultural activities and projects, which involves the level of participation of local residents and other groups to cultural activities, the ease of access, the spatial scale and distribution of cultural activities and their relation with urban regeneration projects, the state and promotion of the heritage assets (Borg and Russo, 2005).

7. Cultural Image of Skopje

Skopje is the capital of the Republic of Macedonia, the City that lies in the heart of the Balkan Peninsula, at the crossroad of important communications, a city with a 2000 years old tradition. Skopje is a modern city with population of almost one million and presents Macedonia's major political, economical, educational and cultural center. It continues to be a focus for new residents, economic development, construction and refurbishment. Skopje urban area extends across the Skopje valley for approximately 30 kilometers (18.75 mi) in width and comprises 10 municipalities.

Skopje also is a very attractive tourist destination with its fortress, cultural and historical monuments, archaeological sites, sport halls, caves in the canyon of the River Treska and Lake Matka and a health spa in the eastern part of the city. Skopje is steadily becoming a vital regional route for international flight operators. The town with the beautiful quay of the Macedonian river "Vardar", the narrow streets in the Old Bazaar which is the biggest bazaar preserved in the Balkans today, the town is internationally famous for being the birthplace of Mother Teresa. He has blossomed into a thriving, stimulating city to explore, defining itself as an exciting tourist destination with the 1500 years old fortress Kale and monastery St. Pantelejmon with the fresco "Lamentation of Christ", with the first signs of the Renaissance, the Islamic monuments Sultan Murat's- Hjukar Mosque, the Daut Pasha's bath.

7.1. History and Culture

In its 2,500 years of existence, Macedonia's welcoming capital city has had many different embodiments. All of them – from Roman to Byzantine, from Ottoman to Yugoslav – have left permanent traces on the city as is evidenced by Skopje's varied architecture and its mix of cultures. Yet in addition to its strong historical associations, Skopje is a forward-looking city offering an abundance of modern amenities and attractions. Apart from being the capital of the modern Republic of Macedonia, Skopje has always been a center of power yearned for by various empires. Situated on the banks of the River Vardar, a vital trade route is being founded by the Dardanians in the 3rd c. B.C known as "Skupi", a much prized city for its strategic location. When the Romans ruled, Skopje was made administrative center of the Dardanian Province. The city's prestige started to grow when the Orthodox Church made it an Episcopal seat during the early Byzantine Empire. Slavic tribes who migrated from the Carpathians in the 6th c. A.D changed both the city's name and the origin of its people as the descendants of the ancient Macedonians were assimilated by the Slavic newcomers. Throughout the remaining centuries of Byzantium Skopje continued to be an important mercantile center, situated as it was at the crossroads of Balkan trade and communications routes. It was celebrated for its urban life and fortress and distinguished for having the most beautiful church in the region. At the very end of the 14th c., Macedonia fell under the sway of the Ottoman Turks. In the centuries to come, the town's profile was altered by the construction of many mosques, Turkish baths, bridges and other buildings attesting to the new Oriental influence. Today, the Ottoman legacy remains visible in Skopje's architecture and present among the Islamic minority. This latter tendency reached its zenith in 1963 when a catastrophic earthquake destroyed much of the regal old city.

After Macedonia was liberated from the Turks' sway in the early 20th century, it became a Republic of the Yugoslav Federation with Skopje as its capital. At the time, the prosperous city boasted many neoclassical buildings laid out harmoniously in a more or less Central European style. However, in 1963 a dreadful earthquake destroyed much of the regal old city. An international competition to redesign the city was won by Japanese architect Kenzo Tange. Skopje was reborn in a imaginative, futuristic style. His creations, such as the National Theater with its sloping roof of concrete, have shaped Skopje's modern skyline. To this very day, the clock on the remaining wall of the old railway station remains stuck at 5:17 - the moment when the earthquake hit.

8. Capital city contributions for Macedonian economy

Macedonia is a country with enormous tourism potential, with attractive and very diverse scenery in many places, interesting old towns and villages, a good local cuisine and welcoming people. However, tourism, especially international tourism, i.e. the export of tourism services, is extremely competitive, and standards of facilities offered elsewhere, including in neighboring European countries, the most natural competitors for Macedonia, have risen substantially in the past two decades. Macedonia has not matched this progress. Moreover, is not an especially easy country to reach by air, with very few inexpensive flights, and has sub-standard road and rail links with most neighbouring countries. Quite clearly, the 2001 political crisis in the country, a time of serious tension between the country's ethnic Albanian and Macedonian populations, had a major negative impact on tourism. The number of tourists visiting Macedonia was generally over a million for each year of the 1980s, with total bed-nights averaging over 3.5 million per year. In the 1990s there was already some decline, but numbers collapsed in 2001 to 333,000 tourists and only 1.25 million bed-nights. Since 2001, numbers of tourists have come up again, reaching about half a million in 2006, with 1.9 million bed-nights. Even now, therefore, tourist numbers have only recovered to about half their 1980s levels. Moreover, within all the above totals, foreign tourist numbers fell further and have recovered less well than have domestic tourists. However, a study which emphasis the economic influence of tourism in Macedonia is shown by Petrevska (2012). The author's analysis show empirical evidence that tourism contributes to Macedonian economy and might be classified as important industry. The results suggest that Macedonia was not immune to negative shocks and it is normally to continue to face numerous and unexpected challenges in future. The undertaken in-depth analyses confirmed that tourism in Macedonia was infected by the world financial crisis. More specifically, the negative impacts were detected in the GDP created in tourism, as well as within the employees from tourism industry, thus producing series of damaging effects on the overall economy. Also, Petrevska underline that the domestic tourists, as well as the foreign ones, were faced with rapid decrease in consumer landing which consequently led to reducing the tourist inflows and outflows for 30% and 40% respectfully. Although some governments decreased taxes referring tourism and hospitality services in the line of assisting their tourism industries easier and quicker to recover, that was not the case with Macedonia. Regardless the discouraging shocks of the last financial recession and the declined projections for the current year, the forecasts predict that the upward trend in tourism development in

Macedonia will continue.

Given this background, planning a better future for the tourism sector should entail at least the following steps within the framework of the recently adopted tourism development strategy which include promoting itself actively as a safe and welcoming tourist destination like city; building infrastructure relevant to the tourism industry; upgrading the skills needed for the tourism industry through well targeted training programs focusing on language skills, service standards, etc.as well the financial infrastructure of the country (need for establishing upgrading modern standards that international visitors increasingly expect.

9. Conclusion

Cooperation programs and high-profile projects will support the efforts of a city to improve benefits for the development and implementation of sustainable tourism policies and programs. Improving the competitive city image, will bring investment support and promotion, product development and strengthening linkages between tourism and other sectors of economic activity. That's why there is need for a fundamental consideration of factors that influence the location of business and can help highlight the decisions that potential business investors and developers make. In addition, the necessity of the marketing principle in image promotion is an important issue. Cities are different from one another, and it could be argued, city marketing must reflect this difference. The considerations of these marketing approaches in and of themselves can help to improve city strategies for inward investment and provide a focus for work on city image and potential target businesses. Internationally, the promotion of a place (as city in this case) by city authorities and donor organizations has typically aimed at encouraging private sector investment, macroeconomic growth and also foreign exchange earnings. In addition, place marketing planning needs to design the right sort of urban features, set attractive incentives for potential users of urban products and services, deliver these urban products and services, and promote the urban values and images so that the users know what the city's distinctive advantages are. Seeking to attract inward business investment by targeting specific types of industry through effectively operating the marketing principles should guide inward investment strategy. Tourism has the potential to empower communities and the sustainable tourism agenda needs to focus on how to bring this about. Understanding tourists and tourism processes is the first stage to empowering the local community to make informed and appropriate decisions about their tourism development. Considerable investments are required in communication and trust building between the actors in tourism. In this context to make successful development of tourism and place promotion is necessary to understand the importance of activities and tourism strategy as tools for tourism business success. In this way, tourism businesses have been identified as essential actors for creating jobs, tourism - city destination development and generally growing the economy.

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