CALVERT FORUM

A creative future:
Who will build Russia’s future economy?

14 September 2013, State Hermitage, St Petersburg

Summary note
Introduction

The Calvert Forum is a new collaborative project between the London-based Calvert 22 Foundation and St Petersburg State University Department of Liberal Arts and Sciences (Smolny College). Operating as a think tank, as well as a digital and physical forum for discussion and learning, the Calvert Forum aims to explore the impact of creative industries on economic, social, and urban development, and generate new solutions capable of unlocking the creative potential of Russian and Eastern European cities. In addition to exploring the effect creative industries have on people, places, and growth, the Calvert Forum will lead research into the various factors that contribute to the successful development of a dynamic creative economy.

Over the coming months, the Calvert Forum will launch a programme of research learning: producing original reports, hosting round table events, and organising public lectures exploring and promoting the creative industries. The Forum’s research and learning programme will be designed to provide policy makers with key lessons derived from global best practice and help creative professionals find ways to grow their enterprises. The ultimate aim of the Calvert Forum is to develop and disseminate innovative solutions to the challenges faced by creative industries and their stakeholders.

This document provides a summary of the public event held at the State Hermitage Museum to launch the Calvert Forum. In addition to the main points raised by each speaker, this paper gives an overview of the discussion sparked by interventions and questions from the audience, the results of a short survey conducted at the event, and an overview of the Calvert Forum’s next steps in delivering its forward plan.
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Hermitage launch event

On September 14th, an audience of nearly 400 gathered in the newly renovated General Staff Building of the State Hermitage Museum in St Petersburg for the launch of the Calvert Forum. At the centre of the occasion was a discussion on the tremendous potential of Russia’s oft-ignored creative industries. The Forum brought together international experts, researchers, creative and cultural professionals, artists, entrepreneurs, policy makers, journalists, thought-leaders, academics, cultural consumers, and interested members of the public, which set the stage for a lively discussion and debate on Russia’s creative economy.

The purpose of the event was twofold. First, it marked the beginning of a new collaborative project between the Faculty of Liberal Arts and Sciences of St Petersburg State University (Smolny College) and the London-based Calvert 22 Foundation. Serving as the launch of this collaborative project, the event was a statement of purpose, designed to raise the profile of the city’s creative industries and to establish an immediate rapport with the community. Second, the event provided an opportunity for a frank public discussion about the state of Russia’s creative industries, the challenges they face, and the potential they hold for the country’s economic and social development.

One of the first questions the event addressed was, ‘why hold such an event in St Petersburg?’ One of the primary aims of the Calvert Forum project going forward is to look at the power of creative industries in developing Russia’s regional cities. Creative and cultural industries can power economic development, but also work to attract investment and talent for other sectors of the economy as well.
However, it was not simply a desire to look beyond Moscow that brought the Calvert Forum event to St Petersburg. The city has a strong cultural infrastructure that serves as an ideal foundation on which creative industries can build. St Petersburg’s world-class cultural institutions like the Hermitage, Mariinsky Theatre, and Russian Museum provide an enviable creative and cultural context for the city.

St Petersburg’s impressive cultural infrastructure has, perhaps more than most cities, the potential to be an ideal incubator for creative industries. St Petersburg already has a budding creative economy and there is a sense that it is close to reaching a critical mass, which, once achieved, would see the city’s creative economy grow at a rapid rate.

Additionally, the region around St Petersburg, North West Russia is leading the nation in new business growth. In 2012, the number of new SMEs in North West Russia grew by 33%. As creative industries are overwhelmingly SMEs, a region supporting their growth is likely to be a good environment for new creative firms.

The event featured a diverse, distinguished, and international panel of speakers including former Russian Finance Minister Alexei Kudrin; Dmitry Ozerkov, director of the Hermitage Museum’s Contemporary Arts Programme; Ruth Mackenzie, director of the London 2012 Cultural Olympiad; and Robert Eysoldt, Berlin-based creative consultant.

While the future of Russia’s creative industries served as the principal discussion thread, the international composition of the panel gave the conversation a distinctly global perspective, highlighting lessons from abroad that could help spur the development of economies in Russia’s regional cities – particularly St Petersburg.

The event maintained a strong international element by focusing specifically on the case of Berlin – asking the question, ‘how did Germany’s once-divided capital transform itself into a global hub of creative and cultural industries?’ In doing so, the Forum invited comparison between Berlin and St Petersburg. While at first glance the connection may seem a stretch, a more studied juxtaposition reveals the pairing bears further consideration.
Why compare Berlin and St Petersburg?

To be clear, there is much that separates the respective now and former capitals of Germany and Russia, but they do share a set of commonalities that make for an interesting comparison. Both have been rebuilt twice. Once physically in the wake of the Second World War, and then again forty years later when reunification and the fall of communism required a second ‘reconstruction’ of sorts. Both Berlin and St Petersburg have a shared history of experiencing socialism, and the subsequent transition from planned to free market economy.

Berlin’s economy has fared better than St Petersburg’s during this transition. Berlin’s economic output reached US$ 133.7 billion in 2011, while St Petersburg’s is less than half that at US$ 56.6 billion. Berlin has also managed to attract nine times the amount of foreign direct investment as St Petersburg, with the cities receiving US$ 9.8 billion and US$ 1.1 billion respectively. Berlin is also home to more new businesses. In 2011, 128 near businesses per 10,000 residents were created in Berlin, whereas 93 new businesses per 10,000 residents were created in St Petersburg.

Looking at their cultural offerings, Berlin and St Petersburg both boast an enviable cultural infrastructure, with world-class institutions that bestow a global cultural status. Where Berlin outperforms St Petersburg is at the smaller end of the spectrum. There are 580 galleries in Berlin, compared to St Petersburg’s 315. St Petersburg does outpace Berlin in at least two cultural areas: number of libraries and number of students (265 and 400,000 to 88 and 150,000).
In terms of population, Berlin’s 3.5 million people is about a quarter less than St Petersburg’s 4.9 million denizens. The two cities both experienced a decline in population during the late 20th century, but have now returned to population growth, attracting more residents each year.

The Calvert Forum did not set out to argue that Berlin is the perfect city in every conceivable way. Nor did the speakers on the panel suggest that Saint Petersburg should seek to emulate Berlin according to a precise blueprint. Berlin still faces a number of real challenges, from relatively high unemployment, to dealing with major infrastructure projects like the city’s new airport. However, the development of Berlin’s creative industries has been impressive, delivering steady growth in terms of employment and an increasing overall contribution to the economy, currently at 20% of Berlin’s total economic output. This figure is much larger than St Petersburg’s creative industries, which employ roughly 10% of the city’s workers and generate about 7% total economic output.

Because the Calvert Forum sees the inherent potential in St Petersburg’s creative industries, the purpose of the event was to pull out the lessons the city might take from Berlin’s development – not to be replicated wholesale, but to give pause for thought and allow consideration of actions that could facilitate the growth of St Petersburg’s creative economy.
Tackling the tough questions

While there is much that links Berlin and St Petersburg, it is obvious where the cities differ. For starters, the freedom and spontaneity enjoyed by Berliners is conspicuously absent in St Petersburg. But rather than avoid the difficult issues, the speakers, and indeed the audience, addressed many of the challenges facing the city’s creative industries head-on.

As the panel’s first speaker, Alexei Kudrin set an optimistic, yet practical tone for the event’s discussion. He began with a buoyant take on St Petersburg, praising the creative and cultural heritage of the city, while insisting on the importance of the role creative industries and culture play in the development of a city’s economy and society. But as a man renowned for his pragmatism, Mr Kudrin was keenly aware of the barriers faced by St Petersburg’s nascent creative industries and set out a series of potential solutions to aid the development of the city’s creative economy, ranging from reform of higher education to practical support measures for small and medium sized enterprises.

Despite the sensitivities surrounding Russia’s current political climate, the issue of diversity was rightly raised as serious concern for the future development of Russia’s creative industries. Rather than avoid the issue, Mr Kudrin concluded his speech with a nod to a quote from the Strugatsky brothers, saying “when greyness triumphs, dark forces come to power. I support a colourful world.” Following Mr Kudrin’s lead, each of the panellists insisted on the importance of an open society where people are free to be themselves. Diversity, it was argued is a prerequisite for creativity.
Creating the right environment

Much of the discussion explored how Berlin managed the transformation from divided city to global creative hub. Perhaps surprising the audience, the general consensus among the speakers was that rather than a comprehensive grand strategy, the city managed to create the right ecosystem for creative industries. Berlin-based speaker Robert Eysoldt explained, “You can’t schedule creativity, but you can create the ideal conditions to attract the creative class required to develop creative industries and sustainable growth”. Benefiting from strong urban fundamentals like abundant cheap space, good transport, and a strong cultural infrastructure, Berlin’s creative community developed a preternatural capacity for collaboration.

Able to build on Berlin’s existing assets, networks of professionals were the key to growth in Berlin’s creative economy. Often these networks developed naturally, but in some cases, they received a timely boost from Government. Create Berlin, a government-funded organisation helped finance, organise, and support design-related companies and projects throughout the city. This provided a hub to link the various creative companies, helping them organise, communicate, and collaborate to solve common challenges.

Berlin’s creative industries benefited from a strong set of fundamentals, but what government did well was to recognise the momentum and move to support professionals based on the existing strengths of the movement. The government’s decision to support networks – which were already strong, rather than determine a new direction or force development in a direction it was not heading proved wise.

Creating through networks

Building on this theme of networks, both Ruth Mackenzie, and Dmitry Ozerkov spoke to the importance of building trans-national relationships and emphasising the power new ideas and international collaboration have to inspire innovation and creativity. As both Ms Mackenzie and Mr Ozerkov made clear, St Petersburg is an international city, dating back to its very founding – it was a metropolis built through international collaboration and the amalgamation of cultures, ideas, and talents.

The challenge for present-day St Petersburg is to remember that heritage of internationalism and the creative power of an open mind-set. The new contemporary art wing of the Hermitage Museum – the venue of the event – aims to facilitate this process of recalibrating the city’s receptiveness to new ideas and international expressions of contemporary culture.

As Mr Ozerkov explained, contemporary art arrived late in Russia. Cities like London, Paris, or Berlin have always been centres of contemporary art. But owing to Soviet censorship, contemporary art was absent from Russian cultural development. Subsequently, contemporary art still offers a shock to much of the Russian public. But projects like the Hermitage’s contemporary art programme provide a tangible sense of an emerging trend towards greater openness.
Exploring the issues

Following the initial set of remarks from the panel, questions from the moderator and from the audience probed some of the issues raised by speakers in greater depth. The audience also opened up whole new lines of enquiry as they spoke of their own work and the challenges faced by professionals working in the creative industries.

Freedom to express and to experiment

The first speaker from the audience, Andre Popov, talked about the importance of experimentation and creating. Andre explained his work building a cultural laboratory in Suzdel; a project involving voice-overs in Moscow’s Metro and St Petersburg’s too; and a theatre lab that involved students collaboratively writing a play that was eventually staged by professional actors. Mr Popov’s intervention raised the importance of creating an environment that supports culture, and with it experimentation – in short, doing and creating. Small projects have the power to change people’s perceptions, he concluded.

Another member of the audience raised the issue of freedom of expression, and its importance in fostering a creative and innovative environment. “Certain laws, namely the freedom of expression in certain groups should be liberalised,” insisted the member of the audience. It was a blunt rebuttal of Russia’s recently passed laws banning the promotion of ‘homosexual propaganda’, and it was a
sentiment shared by the members of the panel. The audience was reminded of the spirit of tolerance and openness in Berlin. That the German capital is home to tens of thousands of artists working and living there – all of whom feed off of that spirit of freedom – is a testament to tolerance.

Urban planning for creativity

The speakers touched on the process of gentrification in their remarks, and how previously abandoned space can be put to use by creative industries. Building on that, a question from the audience asked specifically about how the panel saw the future process of urban development in St Petersburg, as it relates to creative and cultural industries.

Dmitri Ozerkov addressed this question first, speaking about the many places throughout the city that could provide excellent, affordable space. “There are a number of Soviet era enterprises that could serve as great space and venues,” Mr Ozerkov insisted. He went on to argue that if those spaces could be put to use legally – changing their status – St Petersburg could quickly develop a set of creative and cultural clusters positioned around the city.

There are suitable properties held by multiple owners, even disused property owned by the Ministry of Defence near the Mariinsky theatre, which effectively sit as monuments to wasted potential. Mr Ozerkov explained there are examples of buildings sitting empty that artists have used to stage exhibitions, but usually, authorities step in and will not allow it. There is great potential in St Petersburg’s unused spaces, but legal restrictions and red tape keep people from developing them. Smolny College itself is a great success story of reclaiming neglected property. Addressing this issue would be a boon for the creative economy – and for any small to medium sized enterprises in the city that requires space.

Alexei Kudrin echoed Mr Ozerkov’s thoughts, insisting that the conversion of warehouses or lofts deserves further exploration and should be looked at by government. Mr Kudrin insisted these empty spaces could be used by creative industries. Going forward, the Calvert Forum could work as a platform to discuss the possible changes in legislation and regulations, and there are some laws that should be liberalised. In terms of how these challenges are addressed, Mr Kudrin stated that the Calvert Forum should become a source of new solutions, capable of advocating on behalf of the creative and cultural industries.

As Robert Eysoldt illustrated in his initial remarks, the amount of cheap, empty spaces that Berlin could offer creative professionals and artists was a huge advantage for the city. The freedom to make use of the those spaces through more easy-to-navigate planning regulations helped foster the development of Berlin’s creative industries. How Saint Petersburg might do the same is a crucial question for the future.

Government’s role

There were a set of questions from the audience that dealt directly with problems around regulation, taxes, and government’s overall interest in the future development of St Petersburg’s creative industries. The first of these questions raised the issue of tax legislation for individuals and companies, and how tax policy might be changed to incentivise philanthropy, especially for cultural charities and non-profits.
Another question came from the director of a non-state institution, operating for ten years, and teaching creative and cultural studies. The issue raised was the constant difficulty of dealing with the state regulation body, given the legal configuration of the teaching organisation. They did not file for state accreditation thinking that would leave them free from state interference, but it has not. According to the audience members, dealing with state regulators results in a waste of time and resources for many organisations.

Other questions were asked on government tax policy, as well as questions on the overall efficiency and allocation of local government spending.

Mr Kudrin’s response to the set of questions on government and taxation was concise and direct: there is ample scope to reform the current tax regime. Both the federal and city governments should explore potential reforms on certain taxes. There are different ways that the government could incentivise economic growth in the creative industries. Any such policies would also benefit small and medium sized enterprises in all sectors of the economy. The right regulations and subsidies could help solve the problem of a lack of affordable space. New incentives for philanthropic giving also warrant further exploration, but should be approached cautiously and pursued with a the benefit of an evidence base and an understanding of both feasibility and potential unintended consequences.

Recognising the extent of issues raised, but also the potential for workable solutions to be found, Mr Kudrin offered his support in helping to develop and advocate the best suggestions that could aid the development of the creative industries. Mr Kudrin insisted that the Saint Petersburg Government do want to help, it may simply be an issue of communication.

As Mr Kudrin stated, the Calvert Forum is committed to developing new ideas and engaging with policy makers in the city government and legislature. The ultimate aim is to raise the profile of creative industries, and bring about a more conducive environment for their development.

Calling on her experience as a senior official in the UK’s Department for Culture, Media, and Sport, Ruth Mackenzie argued that while regulation may sound boring, when it is done well, it can have a positive impact on the economy without costing the state anything. Changing regulation is often an easy thing to do, as well. The British government introduced new regulations requiring the BBC to invest a third of its production budget into SMEs. This created a massive stimulus to new companies and entrepreneurs working in video and TV production. It cost the government nothing, but opened the market up to new talent and new companies. Tax incentives can be used – this may cost something, but it may actually give a net benefit to revenues by growing the economy. So by looking at potential changes to regulation, government can make a big difference to creating growth in targeted areas.

While much of the discussion focused on what government can do to help creative industries, the final question from the audience asked ‘what should government avoid doing, as it may be detrimental to the creative industries?’ This question generated a couple of interesting responses.

Robert Eysoldt reiterated his earlier point that ‘Government can’t do it all.’ For Berlin, the success story started with the power of communication and collaboration in the creative industries community. True, a set of favourable conditions existed in Berlin, but without a spirit of openness and co-operation, Berlin would not have the creative economy it does today. The city government did, of course, make some timely interventions. Namely, listening to the community, prioritising their development, producing friendly regulations, creating a culture of tolerance, helping to foster networks, and providing targeted funding for viable projects.
Above all, creative professionals need a government that values creative people. This means a system of politics and policies that foster the right eco-system for culture, creativity, and innovation. If government can deliver these conditions, creative industries are likely to thrive.

Ruth Mackenzie argued that government should not interfere with individuals and their artistic freedom. It sounds simple, but as anyone who has worked at the nexus of government and culture can attest, policy makers sometimes need to be reminded that it is not their job to tell artists what to do. Ms Mackenzie concluded her thoughts saying, “We must protect the freedom of the artist, and fight to keep those freedoms there.”

The role of education

Having spoken on a broad range of topics throughout the discussion, Mr Kudrin concluded by casting an eye to the future. Speaking on the importance of higher education in generating Russia’s future leaders, innovators, and creators, Mr Kudrin stressed the importance of modern education supporting critical thinking. Discussion, dialogue, and debate should be central to higher education in Russia. An education system that values a critical approach, through discussion and debate, will inspire new thought and ultimately creativity. This is what Russia needs to allow creative and cultural industries to flourish in the future.
A view from the people: Calvert Forum’s audience survey

As part of the public discussion at the State Hermitage, the Calvert Forum issued a survey to the audience in attendance. The aim of the survey, which was collected at the end of the event, was designed to get an initial assessment of creative industries in the region, and to identify how the Calvert Forum and its partners can best assist the future development of St Petersburg’s creative economy.

For Calvert, the key objectives of the survey were to:
- Understand the level of development creative industries have reached to date in St Petersburg;
- Assess the perceived economic potential of the city’s creative industries;
- Identify the key challenges faced by creative industries in St Petersburg;
- Identify potential measures that local authorities and creative companies could take to support the development of the creative economy.
Results from the survey support the argument that there is a growing recognition of the importance of creative and cultural industries as a driver of economic growth in St Petersburg. 78% of respondents felt that creative industries had at least ‘some potential’ for future economic impact, with 39% believing they have ‘significant’ potential. The survey also showed the audience believe creative industries have an impact on St Petersburg’s international brand, with 85% of respondents seeing a positive impact.

Although most of the respondents reply that creative industries are still in an early stage of development (76%), there are comparatively few people (6%) who feel that the creative sector in St Petersburg is completely underdeveloped. 11% of respondents think that St Petersburg already has world-class creative industries.
In addition to looking at the overall state of creative industries in and around St Petersburg, the survey also asked respondents about the relationship between government and creative industries. The survey reported that the audience had a mostly negative view of local government when assessing its impact on St Petersburg’s creative economy. 65% of respondents feel that local government have either harmful impact or no involvement whatsoever. In terms of offering some support for creative industries, 34% of respondents thought that local government had a ‘small but positive impact’.

The survey does report some encouraging views on external factors affecting the creative industries. St Petersburg’s cultural legacy is seen almost universally as a positive force, providing a fertile context to grow successful creative companies. The vast majority of respondents (91%) feel that the cultural infrastructure of St Petersburg has a positive impact on the city’s creative industries.

The final section of the survey asked respondents to suggest what changes to St Petersburg’s environment and/or government policy they would find most helpful for the creative industries. From tax incentives for SMEs to nurturing an atmosphere of openness and tolerance, respondents have selected from potential measures that could be taken to facilitate the creative industries growth in St Petersburg. The table below reports the percentage of total respondents who selected each measure. Tax incentives, funding for the arts, new educational initiatives, an atmosphere of tolerance, and more space for cultural venues were the most commonly suggested actions.
The Calvert Forum workshop

Following the Hermitage event, the Calvert Forum organised a half-day workshop to bring together speakers from the panel, specially invited guests, and a group of professionals working in the creative industries in Saint Petersburg and elsewhere in Russia. The purpose of the workshop was to create an opportunity to engage in a much more detailed and in-depth dialogue on the state of creative industries in Russia, and what Berlin’s experience might teach creative professionals working in St Petersburg – both in terms of what works, but also what does not.

The workshop consisted of several sessions, covering an open discussion on lessons from Berlin, the experiences of creative professionals in St Petersburg, the challenges they face, and the best ways for Calvert to be helpful to the community.

On the challenges, the major issues raised included a lack of effective networks, a skills deficit, insufficient or overly expensive work, exhibition, and retail space, and problems related to government and regulations. The issue of government was raised a number of times and in different contexts. The consensus, however, was that government has not yet showed an interest in helping small businesses or engaging with the creative industries. Related to this problem is the lack of a concentrated, organised single voice for the creative industries.
However, the most striking aspect of the workshop was not so much the frustration at the barriers hindering the further development of Saint Petersburg’s creative industries, but the energy, enthusiasm and optimism of the creative community. We recognise that there are very real and daunting challenges to the many small and medium sized creative enterprises that are just starting or have recently formed. However, the Calvert team left the workshop with a real sense of confidence in the potential of St Petersburg’s creative economy.

For the Calvert Forum, the outputs of the workshop were extremely encouraging and the day has served to change our own thinking about how we proceed in the months ahead.
The next steps for the Calvert Forum

The Calvert Forum’s biggest draw was the audience itself. The event brought together St Petersburg’s current and future leaders in creative industries. Through both the panellists’ remarks and the contributions of the audience, the event provided a practical sketch of the challenges creative industries face, and showed the potential they have to power the region’s economic and social development. But driving the change required to unlock this potential will require action, not simply discussion.

Over the next few months, the Calvert Forum will transform from a one-off public event into a long-term international collaboration between the London-based Calvert 22 Foundation and the Faculty for Liberal Arts and Sciences at the University of St Petersburg. The Calvert Forum will produce original research on the development of creative industries, looking at international best practice, and providing practical solutions for regional and municipal policy makers to support creative industries.

The Forum will, however, go beyond the traditional think tank model. Working with creative professionals, the Forum will support the creative economy at the grassroots. With a base in St Petersburg, the Forum will help foster collaboration between creative professionals, offer advice and support, and help empower a coherent network of the city’s creative class to realise their ambitions. As our launch event in St Petersburg showed us, the often-overlooked potential of Russia’s creative industries is very real, it just needs to find a collective voice.
Based on discussions during the St Petersburg event, the Calvert team have been given a great deal of inspiration and new ideas as to how to take the project forward. The insights on the various problems facing St Petersburg’s creative and cultural industries, as well as ideas on how Calvert Forum could help the creative community, have led us to the following conclusions about how to carry the project forward:

1. Establish a presence in St Petersburg to work collaboratively with the community, help on coordination and collaboration, and on lobby on behalf of the city’s CCIs.

2. Aim to organise and drive St Petersburg based project that can showcase elements of the city’s creative industries to wider audience.

3. Help develop a local programme of mentoring, capability building, and knowledge transfer for creative industry professionals.

4. Produce applicable research, bringing international best practice to light.

5. Create opportunities for international collaboration, through network building, events, and international marketing/branding.

We see the implementation of these five strands of work happening simultaneously. The Calvert Forum has already begun the process of scoping and establishing a St Petersburg presence. We are currently exploring how this organisation might be structured, funded, as well as the logistics of working in partnership with Smolny. Additionally, we are planning our second St Petersburg event in early December, looking specifically at the role of higher education in preparing young professionals for careers in the creative and cultural industries.

While working towards establishing a St Petersburg base, we are finalising our research and events programme. Taking on board the points raised in the workshop, we will ensure our research agenda is focused on providing practical solutions to the most relevant challenges, as well as illustrating examples of international best practice.

We would like to thank all of those who supported, attended, participated, or watched the event online. We look forward to working and collaborating with you in the months and years ahead.