Cognitive Keynesianism: Heritage conservation as a platform for structural anti-cyclic policy. The case of the Halland Region, Sweden

Guido Ferilli a,1, Christer Gustafsson b,2, Pier Luigi Sacco a,c,*

a IULM University, via Carlo Bo, 1, 20143 Milan, Italy
b Uppsala University, Cramérsgatan 3, Visby, Sweden
c Harvard University, Bayston Hall, Cambridge, MA 02138, USA

ABSTRACT

The paper presents the case study of the so-called Halland Model, a pioneering example of strategic inter-sector coordination focused upon cultural heritage conservation, which has solved a major structural crisis of the local economy in the early 90s through an original public administration-driven, capability building-centred approach. We argue that this example can be taken as the prototype of a more general, structural approach to counter-cyclic policies that we call Cognitive Keynesianism (CK), and that CK in turn can be usefully read in the context of the more general class of culture-led local development models known as System-Wide Cultural Districts (SWCD). The paper analyses how the Halland model case fits into the CK and SWCD frameworks, and draws implications in terms of directions for future research and policy design in the current context of Europe’s low-growth trajectories.

1. Introduction

Non-industrial cultural, and more specifically heritage, sectors are often regarded by both policy-makers and the public opinion as centres of cost in permanent need of funding [1]. The recent neoliberal global turn that increasingly questions the size and role of the taxpayers-funded public sector, and the global financial crisis have further exacerbated these positions [2]. Heritage management poses unique challenges with respect to other physical assets, and its conservation is a very complex, multifaceted task, which typically calls for substantial public resources. To cover costs, but also to boost the touristic attractiveness of their territory, many local administrations have focused upon the revenue-generating potential of their heritage, promoting its use as a venue for tourism, meetings and conventions, an exhibition space, movie shooting or fashion runway location, and so on [3]. However, the massive exploitation of heritage as an economic resource raises substantial issues [4]. On the one side, there is a threat to its physical integrity caused by an intensive and sometimes improper use – and over-crowded heritage sites and cities sadly provide plenty of examples in this regard [5]. On the other side, turning heritage into an ‘entertainment machine’, and thus prioritizing tourist appeal over memory and meaning, fatally affects the social recognition and transmission of its historical and cultural significance [6] – and may be conducive to a very dangerous ‘theme park’ effect, where heritage becomes a mere lifeless back-stage of consumerist leisure. And again, far too many popular heritage destinations provide clear illustrations of this condition [7].

Many forms of heritage-related revenue-generating activities, therefore, seem to entail a loss of social knowledge: Understanding the complex historical and cultural context that is uniquely crystallized into a specific heritage item is a major challenge for tourists and residents alike, and requires sophisticated interpretive abilities, which are not a central concern of the globalized tourism industry [8]. Furthermore, the more people grow accustomed in experimenting heritage in stereotyped forms, the less they are prepared to alternative, better informed, more insightful types of access [9]. As a consequence, a social attitude prevails where the historical and cultural subtlety of heritage is confined to be the province of a small number of specialists and cultivated tourists, which, if not properly countered, results in a huge loss of societal knowledge and heritage-related capabilities [10]. In this scenario, experimenting with alternative ways of generating positive economic impacts from heritage which not only do not destroy

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knowledge, but possibly create it, are especially called for, as an alternative to the most widely adopted, knowledge-destroying forms of heritage use, and also as a way to reaffirm a dynamic, open-ended role of heritage conservation as an engine of social innovation and change [11]. One promising avenue is certainly the use of advanced digital technologies to motivate visitors to explore knowledge-rich experiences of heritage, for instance through augmented reality and gamification [12,13]. But another less known one may be that of turning heritage conservation itself into a knowledge edge and income generating activity that benefits, at the same time, both the level of activity of the local economy and its knowledge and skills pool, also enabling the design and deployment of better, more knowledge-intensive forms of heritage access for visitors and users.

The purpose of this paper is to explore an instance of this second line of research and practice, building on the analysis of a case study that can be regarded as the prototype of a more general approach to economic policy-making where heritage and culture play a driving role, and that we call Cognitive Keynesianism (CK). The basic intuition behind the CK approach is the following. It is well-known that productive public spending on economically and socially valuable assets, including human capabilities, enhances productivity and competitiveness [14]. But what sectors benefit more from capability-driven structural improvements? Typically, those affected by under-investment in capacities, and at the same time knowledge-intensive. There are few sectors that match this profile better than culture. Under-investment is systematic here: As already noted, cultural public budgets are periodically slashed by cost-containing manoeuvres. The cultural sector is moreover haunted by job precariousness, low remuneration of specific human capital, and poorly developed labour markets – a constellation of factors that can hardly encourage investment in specific capacities, only partially compensated by the self-consumption motive that stimulates cultural workers to develop their abilities irrespectively of market demand and valuation [15]. On the other hand, the cultural and creative sectors are among the most vital and counter-cyclical of the whole economy, and can play an important role in overcoming conjunctural stagnation [16,17], whereas their knowledge-intensive character is hard to deny. Therefore, a counter-cyclical policy that is centred upon heritage-related capability building has not only the effect of injecting new spending capacity into a stagnant economy, but also that of creating the structural conditions for the emergence of new heritage-related activities and markets that can further boost the economy as it enters the recovery phase. Moreover, this way of creating of economic value through heritage does not rely as usual on touristic over-exploitation of heritage sites, but promotes alternative uses, building upon as yet untapped forms of local, heritage-related comparative advantage [18]. Contrary to the usual policy-making mantra that spending in culture should be slashed during a crisis, the CK approach illustrates how devoting extra resources during a downturn to non-industrialized cultural sectors such as the heritage one, may be an effective way to stimulate the economy, provided that such spending entails creation of capabilities with a potential, under-recognized market value.

In this paper we present and analyze in depth a case study, the so-called Halland Model (HM) [19]. The HM provides an ideal basis for understanding how the cultural sector, and the heritage conservation sub-sector more specifically, are the natural laboratory of a Cognitive Keynesian approach to both counter-cyclical and structurally oriented policies. At the same time, the HM illustrates how heritage conservation may function as a powerful driver of culture-led local development according to the logic of the so-called System-Wide Cultural District (SWCD) framework [20,21].

2. Research aims

The purpose of this paper is to lay the basis for a new, stronger complementarity between heritage conservation practices and local economic development. The Halland Model case provides an example of how the creation of new professional capacities in the heritage sector may provide a powerful, counter-cyclical impulse to the local economy, opening up new possibilities of usage of the heritage which are unlocked by the newly created capabilities. This example can be generalised in terms of what we call a Cognitive Keynesianism approach, by recognizing a highly specific feature of cultural non-industrial sectors, and of the heritage sector in particular: Being characterized by a systematic under-investment in sector-specific capabilities, which creates unique developmental opportunities in moments of crisis when market-driven sectors become unprofitable. What is commonly regarded as a major weakness of the heritage sector by economically-oriented policy-makers, namely, its inability to operate as a full-fledged industry, becomes a strength in moments of crisis, in that making use of public money to support the creation of new heritage-specific capabilities does not threaten fair competition on existing markets, thus allowing both an injection of new spending capacity and an expansion of the local knowledge and human capital. If such investment is conducive to the creation of new business opportunities, both the sector and the whole economy will benefit. A more systematic integration of this approach in heritage management strategies will therefore improve the sustainability of the heritage sector and will create new opportunities for heritage professionals and experts. In the remainder of the paper, we illustrate in detail an example of how this mechanism functions, and introduce a general methodology to evaluate its impacts.

3. Theoretical background. Built heritage conservation as a catalyst for regional development: the Halland model

3.1. Cognitive Keynesianism as an alternative approach to counter-cyclical policy-making

In the current context of global economic and financial turbulence, and in the difficult situation of the Euro area, Keynesian counter-cyclical policies as an antidote to economic stagnation are often invoked as a way out of the vicious circle of deflationary debt-reducing cuts to public spending. Public debt in the Euro area is at times the cumulative result, among other factors, of self-serving, unproductive public spending. Looking for a Keynesian exit strategy from the crisis thus seems to beg the basic issue. Governments and central banks are in search of non-Keynesian growth recipes, based on supply-side driven innovation/productivity/market liberalization virtuous circles, possibly reinforced (spending cuts permitting) by education-driven endogenous growth mechanisms.

However valuable, supply-side policies have a major shortcoming: They need time to be effective, as a logical consequence of their acting on structural factors whose modification can only be achieved through lengthy, gradual processes. On the other hand, faced with economic stagnation that threatens households, small businesses and sometimes even large companies, ready-to-act recovery measures are needed to provide a quick stimulus that boosts economic activity and the confidence of consumers and entrepreneurs. A too supply-side oriented approach, then, is at risk of kicking in too late to serve the purpose.

Are there viable alternatives to this impasse? We argue that a promising one can be found in a sector that is often targeted as the obvious candidate for budget cuts: Culture, and in particular cultural heritage. In this paper, moving from the analysis of a specific policy example, we introduce a new policy approach which jointly
leverages upon Keynesian and supply-side mechanisms as part of a both anti-cyclical and structural policy approach. Among the supply side factors, we focus in particular on a certain type of sector-related specialized skills creation. We propose to call such an approach, for reasons that we explain below, Cognitive Keynesianism (CK).

The traditional Keynesian approach prioritizes stimulation of effective demand, with its multiplier effects, so that even unproductive public spending – the famous “dig holes in the ground and then fill them up” recipe – could bring about the desired effect on the real economy, without modifying in any way the economy’s productive capacity, and its skills pool in particular. But unproductive public spending is the key target of debt-curbing efforts of most countries – and a major cause for taxpayers’ concern. Thus, despite its possible short-term benefits, this solution is today mostly eschewed by policy makers, and especially so in the current context of the Euro area with its tight macroeconomic constraints. On the other hand, if public spending were not regarded as a mere impulse on demand, but directed at carefully selected supply-side growth factors – thus increasing households’ spending capacity in the short term, but also enhancing the country’s factors of competitiveness in the medium-long term – there would be no trade-off between expenditure and structural investment priorities. The same spending impulse would have both an immediate, counter-cyclical effect, and a long-term productivity effect, by simply replacing unproductive public demand with specific forms of carefully chosen skills building expenditure.

In policy terms, there is a typical trade-off between short-term, anti-cyclical demand-side impulses aimed at giving new momentum to a stagnant economy, and long-term, structural impulses aimed at consolidating the economy’s productive potential and capacity. Spending in investment goods is a way to reconcile both targets into the same policy action, but investment in physical capital takes time to build, and to deploy its multiplier effects as compared to expense in consumer goods. What distinguishes the Cognitive Keynesianism approach that we introduce here, is the combination of four elements that together provide a way to overcome this dilemma:

- an investment expenditure in human capital (and in particular, in the creation of a critical mass of individual, intangible skills of a specific type) rather than in physical capital goods;
- qualifying investment in new skills as a critical access condition to short-term additional expenditure for households;
- a selection of the skills pool that is the object of investment, to enlarge the spectrum of local production capacities in a relatively mature sector, rather than simply strengthening the production capacity for the current spectrum of production options;
- a focus on sectors that are at the same time knowledge-intensive, under-capitalized in terms of knowledge assets, and characterized by strong but so far un-explored complementarities with other productive sectors, to propagate the impulse as much as possible across the economy.

Enhancing the skills pool takes a shorter time to build with respect to physical capital, and at the same time exerts a more direct and more evenly distributed impulse on demand. The crucial aspect, however, is not merely increasing the general level of the skills pool, but rather reaching a critical mass of a previously under-developed set of skills that significantly alters the local production structure. Expanding rather than merely strengthening the spectrum of productive possibilities creates new conceptual and structural links between sectors, thus pointing attention towards previously un-noticed or simply un-exploited strategic complementarities, which act as a propagation mechanism both in structural terms and partly also in anti-cyclical ones. The reason why we speak of Cognitive Keynesianism here is that the double sided anti-cyclic/structural effect is caused by a significant reshaping of the local economy’s cognitive environment as a consequence of the introduction of intangible skills, and the ensuing cognitive focus on new production possibilities and on previously latent social needs and demands. The ‘cognitive’ dimension of this policy approach is therefore twofold: On the one hand, in terms of the accumulation of a new human capital (embodied knowledge) asset; and on the other hand, in terms of the rethinking of the cognitive mapping of the relations between the sector, which is the object of intervention, and the other ones, as an effect of the achievement of the critical mass of new skills, with the consequent possible emergence of innovations of product, process, and meaning.

The range of application of a Cognitive Keynesianism policy paradigm is not limited in principle to cultural sectors, but such sectors clearly represent one of the privileged fields of application. Not incidentally, the case study that has provided the conceptual basis for the development of the new paradigm, that is, the HM, comes not only from the cultural sector, but from a specific subsector that is generally disregarded in a macroeconomic perspective: Heritage conservation. Here, we analyze in detail how a targeted investment in the creation of a critical mass of new skills in the heritage conservation sector has led to the creation of new strategic complementarities with the traditional building sector, in the specific context of a local economy where such complementarities were previously simply non-existing, because the heritage conservation sector itself was significantly under-developed – and conceptually under-recognized.

In different local contexts, a CK policy approach could in principle focus on both the same kind of skills, sectors, and strategic complementarities (as it has been the case in subsequent applications of the HM in other regions and countries in the Baltic Sea and Central Europe areas), and on suitably chosen combinations of different skills and/or sectors and/or strategic complementarities. However, the heritage sector is clearly one major area of application of the CK paradigm, and is potentially conducive to other developments of interest – for example, in targeting the skills pool of anti-seismic conservation and construction techniques (and in its full deployment to the existing built heritage of seismic areas [22]), or the skills pool of low carbon-emission conservation and construction techniques [23]. We consider the above topics as especially promising areas of future research and policy design.

As we shall see below in some detail, HM clearly deploys an ante-literarum CK developmental logic in the context of a stagnant economy, leveraging upon a knowledge-intensive cultural sector with low levels of investment in human capital: Conservation of historic buildings. The case study concerns in particular built heritage in Sweden, starting from the large national crisis of the real estate sector in the early 90s. In this circumstance, the design and implementation of a proto-CK strategy has allowed several concurrent goals to be reached: Stabilizing and regenerating the labour market; preserving and promoting craftsmanship skills for the conservation of historic buildings; recovering such buildings for both public and private initiatives; and giving new impulse to the whole construction sector. The model’s success has favoured its exportation to other Baltic Sea and Central Europe regions, identifying a prototype policy model that today we may regard as anticipating the basic principles and functioning of a CK approach by means of a varied repertoire of good practices.

The SWCD framework lays the conceptual basis for the application of the CK strategy to cultural and creative sectors, allowing a deeper interpretation and understanding of the policy implications of the HM, of its potential strategic complementarities, and of its application to other contexts, also outside the specific sphere of built heritage. Although the HM and the SWCD approach have both been presented before, this is the first contribution in which their connection is analytically explored, discussed, and framed into the
new, wider perspective of CK, which we formulate in the present paper for the first time. Rather than formalizing CK at length from a theoretical point of view, here we prefer to present its basic conceptual blocks through a detailed, focused discussion of the HM case study. We plan to develop the CK approach into a formal macro-economic dynamic model in future research.

3.2. The Halland model as a prototype of Cognitive Keynesianism

Across the second half of the twentieth century, the focus on historic buildings as monuments has been gradually replaced by the concept of cultural heritage, including both its tangible and intangible dimensions. Heritage conservation as a well-defined theoretical and professional discourse, as well as a multi-disciplinary platform, has gained wide acceptance, while being integrated in planning strategies at various levels, and most notably in participatory planning processes [24], as a means for cultivation of local identity and community development, also through the appreciation of its intangible dimensions [25,26].

Conservation is typically connected to at least three kinds of interrelated interests: Political, economic, and cultural. Political interests often relate to issues of self-representation and identity, pointing to the cultural dimension or at least to its most politically expendable parts. In times of crisis, however, both the political and cultural dimensions tend to be overcome by the economic one, and in particular by issues of economic viability, effective management, and efficient usage to minimize taxpayers’ burden [27]. Reconciling these diverse viewpoints into a single, integrated functional approach [28] is a difficult exercise, although its relevance is bound to increase, and not only in Europe, given the growing interest paid to conservation issues in emerging countries. It is clear, however, that such an integrated approach needs to feed upon a multi-disciplinary pool of expertise and practice [29], and finds a natural conceptual and policy platform at the intersection between cultural heritage and sustainable development issues [30]. Such an endeavour is neither simple nor uncontroversial: Unlike other fields whose social and cultural relevance is widely acknowledged, in the case of conservation one has always to ask why, and for whom, things are conserved – and answers are rarely straightforward or univocal. Muñoz Viñaz [31] defines the contemporary theory of conservation as based on negotiation, equilibrium, discussion, and consensus. The values of cultural heritage are analyzed and described as in a perpetual state of flux, and thus conservation issues should cease to be regarded as a self-referential discourse that, in policy terms, becomes the exclusive province of sectors experts. Heritage conservation should rather be embedded into the wider policy context of a social and economic Trading Zone, where the objective is to manage an ongoing process of negotiation among stakeholders to reach some form of inclusive agreement, which at the same time meets the conservation goals and promotes new forms of economic and social value creation [19,32].

In periods of stagnation, the construction industry is one of the sectors that is likely to suffer the most, and this in turn implies increased unemployment, especially in segments with relatively low educational qualifications, thereby causing dangerous social and economic effects. In Europe, EU Structural Funds have often been employed to cope with such sectoral fragilities, and to foster new competitiveness models based on strategic reorganization of cross-sector links. In this perspective, sectors that provide an effective counter-cyclical response and ignite new kinds of multiplier effects attract policymakers’ attention – and this is what happened with the historical building conservation sector in Sweden from the early 90s, as an innovative platform of sustainable regional development [33].

The most concise way to introduce HM is by referring to a major building conservation scheme, which was carried out in the 1993–2003 period in the Halland region. At the beginning of the 90s, Sweden underwent one of the country’s greatest recession periods. The crisis within the finance and real estate markets led to an almost complete stop of the investment in construction of new residential housing. This sharp deceleration of the real economy caused a dramatic impact on the labour market, moving in a short lapse of time from full employment, with a tendency to even erode frictional unemployment, to a 30–40% unemployment rate in the construction industry. Such an emergency situation led to cooperation at the national level among the National Labour Market Board, the National Heritage Board, and the Swedish Construction Industry Training Board. The aim was to kick off public temporary employment and labour market training programmes, where unemployed construction workers were invited to participate in conservation or restoration works on historic buildings through specifically committed funds for employment support [34]. The HM programme was based on conservation and restoration of approximately one hundred buildings, whereas almost one-third of the construction workers in the region were trained in traditional building techniques. If the size of the intervention could be regarded as small in absolute terms, it is certainly quite relevant for the scale of the local economy. It therefore required a real system-wide alliance through a close collaboration among several public administrations, private enterprises, NGOs, and researchers [35]. Such a cross-sector, trans-disciplinary network functioned according to a multi–problem-oriented approach, implying that conservation of historic buildings was meant not as an isolated initiative, but as a structural catalyst for job creation, training and education, increasing the region’s attractiveness and competitiveness, but also reinforcing democratic participation, knowledge orientation and sustainable development [19]. This may be therefore considered the first instance in Sweden where the concept of conservation became part of a wider strategy of socio-economic development. The basic idea is simple, and very Keynesian in flavour: Increasing the total volume of construction projects in the region via public investments in conservation of historic buildings at risk. The real difference here is the focus on historic buildings, and not on the ordinary construction market, that is, on a sub-sector which was to date not simply under-developed, but cognitively under-recognized as such. The need for local skilled workforce to restore historic Halland buildings was almost non-existent at the time, and therefore the indispensable counterpart of the investment was a massive training programme to enable workers with the necessary skills. Unemployed building construction workers and apprentices would then be trained in traditional building techniques, and practice on historic buildings at risk under the supervision of skilled craftsmen and conservation officers. After having completed the conservation work, the premises would be used in turn for regional sustainable development policy-related activities. Several objectives could thus be reached at the same time: Historic buildings at risk preserved from demolition and made available for productive use; traditional craftsmanship techniques saved from oblivion and transmitted to a younger generation; new jobs created in knowledge-intensive sectors; strong impulse given to the regional economy: A win-win deal made possible by targeted investment in a previously neglected cultural production sector, which was in this way both legitimized and boosted. The engine of the process, however, was not investment per se, but the unemployed workers’ new skills acquisition that came with it, and the achievement of a critical mass that made space for activities that were previously unfeasible on the basis of the available local stock of capabilities, while at the same time re-focusing the employers’ attention and interest towards the potential of the new skilled workforce [36]. HM can therefore be regarded as a pioneering example of a Cognitive Keynesian strategy as defined above: It changes the cognitive representation of the local
production space, paving the way to new possibilities, and does this through the creation of an intangible knowledge asset of significant size for the local economy.

Building multi-problem-oriented networks puts up special demands on the level and extent of cross-sector co-operation [37]. This is why a basic step of the process was developing a comprehensive planning framework involving all partners, and the creation of an atmosphere of cooperation, responsibility and mutual respect, which required in turn a willingness to partially give up single priorities to make space for shared ones, while maintaining full commitment to the project. To this purpose, effective negotiation was indispensable.

The steering committee was responsible for the selection of buildings to be conserved and restored. The actual selection was supported by careful preparatory work. The involved partners agreed that the chosen buildings would have to meet several criteria. First, they should have a documented historic value. If the buildings were in such bad condition that there was a threat of immediate collapse or demolition, there was no obstacle to inclusion in the programme. More generally, to be included the buildings would be in need of conservation efforts beyond normal maintenance requirements. Time was a value of trade in the negotiations between the conservation sector and the labour market sector. The intervention upon the building should then also fulfill training goals and allow training practice to a substantial extent for both apprentices and unemployed construction workers. In addition, it was crucial that the conservation works did not affect the existing construction market or create crowding-out effects via the labour market policy, where unemployed workers with subsidized jobs took opportunities away from other unemployed workers in the ordinary labour market. Moreover, the buildings should preferably have public or semi-public owners: The State, the Region, municipalities, as well as foundations, associations or other comparable non-governmental or non-profit organizations. If buildings were privately owned, or owned by a company, a separate contract with the property owner was made, where the owner was pledging to keep the restored premises open to the public and to pay back the subsidies from the Government in the event of a possible future sale. Finally, apart from the specific interest in carrying out a certain conservation task on a given building for the intrinsic goals of the project, the destination of the buildings after the completion of conservation works was of crucial importance for selection purposes. Priority was given to activities which were opened to the public and thereby increased the availability of the buildings in the general interest.

As a closing note, it must be remarked that the priorities of the model have been adapted to circumstances when appropriate, e.g. depending on specific needs of local public administrations, on complementarities between an ongoing project and other possible ones, and so on. Sometimes, the necessity to draw upon very specific skills and their limited availability have also conditioned the choice and implementation of some projects. At other times, external circumstances have called for special measures, such as when the end of military leave of a specific cohort was going to impact significantly on the local level of unemployment. The steering committee also had to pay attention to the evolution of the business cycle, to the availability of resources from the involved parties, and to the progress of the already ongoing projects.

4. Evaluation methodology: System-Wide Cultural Districts as a paradigm for Cognitive Keynesianism

The System-Wide Cultural District (SWCD) paradigm has emerged from the study of an international benchmark of cases of local development in which culture seemed to play an especially relevant, strategic role [21]. In all such cases, physical agglomeration clearly played its part in the local development mechanics, as it is typical of district (or cluster) models; however, on the other hand, such mechanics was not driven by forms of vertical integration along a given value chain (or more generally a relatively narrow spectrum of functionally complementary chains), but rather by new forms of horizontal integration where cultural and creative production played a special, unprecedented role as a system integrator, linking together heterogeneous sectors which, although lacking specific, pre-existing functional complementarities shared a focus upon (soft) forms of radical, knowledge-intensive innovation and smart adaptation to changes in the socio-economic context [38].

This strategic potential of the cultural and creative sector has been long overlooked in planning practice, although there currently seems to be an increasing interest in it [39]. The SWCD approach frames culture-led development cases into a common theoretical paradigm, elucidating the critical conditions that determine success vs. failure, and more generally the system integration actions that culture performs while fostering local development [20]. The SWCD concept has little to do with the classical notion of a cultural district, that emphasizes the physical clustering of cultural and creative activities into one specific urban milieu, with the well-known effects (and criticalities) in terms of economic revitalization and social reanimation. Within-sector urban proximity effects are only part of the picture. It is the coalescence of socially and economically diverse activities that creates the ‘cultural atmosphere’ [40]. On the other hand, the SWCD approach is not based upon a single mode of system integration as the driving force of local development, as in the well-known approaches of Florida [41] with attraction of talent, Porter [42] with competitive restructuring and Sen [43] with capability building. It is the interplay of the three modes, and their embedding in a local/global networking sphere, that identifies a viable socio-economic mechanism of culture-driven development [44].

The case studies from the original SWCD benchmark offer a wide spectrum of options in terms of the role of local public administrations in spiking the development dynamics: Sometimes they act as the initiator, and sometimes as the follower, by supporting the initial impulse given by some other local actor. But in any case, the role of the public administration is always crucial at some point, and especially in a time of structural economic crisis. The SWCD provides public administrations with a roadmap to design and implement CK strategies, functioning as a system regulation tool [45]. In particular, the SWCD paradigm shows how to design spending plans targeting capability building, so as to improve one or more dimensions that are crucial for culture-led development: Which one is chosen largely depends on the existing local conditions and on the policy strategy to be implemented. The SWCD paradigm identifies twelve such dimensions, as follows:

1. Quality of cultural supply: I.e. the existence of a cultural scene that is able to keep up with, and connect to, the international debate and circulation of ideas (QSC);
2. Quality of production of knowledge: The presence of leading educational, research and knowledge transfer centres providing state of the art knowledge in a variety of fields (QPK);
3. Quality of local governance: Forward looking, visionary public authorities which can act as project facilitators and, when necessary, leaders (QLG);
4. Development of local entrepreneurship: Abundance of opportunities for company creation and development in knowledge-intensive activities (DLE);
5. Development of local talent: Abundance of opportunities of skills development for local creative talents, and of promotion of their professional careers (DLT);
6. Attraction of external firms and investments: Attracting, through appropriate social, economic and legal conditions, non-local firms and investment in knowledge-intensive sectors (AEF);
7. Attraction of external talent: Attracting non-local talents by providing stimulating conditions for creative and professional development (AET);
8. Management of social criticalities: Developing a community attitude that refers to culture as a platform of mediated and conflict resolution in all sorts of socially critical conditions (MSC);
9. Capability building and education of the local community: Promoting a programme of community learning and skills building that enhances active citizenship in knowledge-intensive activities (CBE);
10. Local community involvement: Promoting widespread participation in community-building, knowledge-intensive activities that generate valuable forms of social capital (LCI);
11. Internal networking: Favouring a cohesive networking among local actors through the building of coordination and cooperation skills and the acknowledgement of complementary strategic interests (INW);
12. External networking: Encouraging the development of stable long-range interactions with external actors and milieus following a similar developmental logic (ENW).

These twelve dimensions identify in turn five macro areas: Quality (QCS, QPK, QLG), Development (DLT, DLE), Attraction (AET, AEF), Sociality (MSC, CBE, LCI), and Networking (INW, ENW). One can regard macro areas as targets for corresponding typologies of CK strategies. Of course, complex cases of CK strategies intersecting more areas are possible and, in the case of advanced culture-led development models, likely.

It is, for example, possible to imagine a CK strategy making space for new generations of creative entrepreneurs and talents and basically leveraging upon the QCS, DLE, DLT and MSC dimensions, e.g. by launching incubators for cultural and creative production which stimulate young creators to develop entrepreneurial skills, while enabling the renovation of socially deprived areas through the transformation of local unused architectural spaces into creative production hubs – a scheme that involves real estate developers, venture capitalists, as well as non-profit organizations and even social enterprises. Once again, unlike common examples of cultural renovation of post-industrial cities, here the focus of the project is not the instalment of creative factories into abandoned industrial spaces per se, but the creation of a learning and professional skills development platform for young talent, which as a consequence transforms the area into a creative hub. The actual scheme chosen depends to a large extent on local specificities, and one distinctive feature of the QLG dimension resides in the ability to allocate available resources to the right mix of actions (and dimensions) to unleash the dormant local CK growth potential.

On the other hand, the SWCD framework can also offer public decision makers a testing ground to evaluate the real systemic scope of their CK strategies, in terms of efficacy upon the targeted dimensions, and of diagnosis of possible structural holes and strategic deficiencies in the policy action.

5. Results: the Halland model as a paradigmatic example of Cognitive Keynesianism, and as a viable culture-led development model

Making a mutually advantageous deal in a deep recession is no easy task. The involved parties represent different interests, and each sector, business, or industry involved is pursuing its own priorities and objectives, keeping into account their reference values, needs, resources, traditions, policies, networks, regulations, and laws, as well as their own organizational culture, language, and mentality. This creates objective obstacles not only to the achievement, but even to a shared definition of cross-sector goals. But the pressure for change determined by the incumbent crisis opened up new opportunities in this respect, and made space for the development of a viable ‘Trading Zone’.

5.1. Structural impacts

As already remarked, at the beginning of the 90s just before the crisis, the construction labour market was heated by an excess demand for labour, and by the consequent need to attract more workers into the sector. In the turn of a few months, however, there was a desperate need for policies to support a large pool of suddenly unemployed construction workers, through the creation of new jobs and the launch of new projects to keep them busy long enough, so as to stabilize the job market to some extent. To offer unemployed construction workers and apprentices emergency support jobs and trainee posts, the Labour Market Board needed a buffer of time-consuming activities, and the conservation sector stood up as a natural candidate. From a labour market policy viewpoint, the lengthier and more complicated the activity in a given conservation site, the better. Moreover, in the absence of external market pressure, this abundance of time created ideal conditions for training the unemployed in new techniques and having them practice on site. To this purpose, a regional database/catalogue of historic buildings at risk was created, and the most appropriate conservation projects could therefore be screened, analyzed, and selected. This implied that the conservation sector became involved in the planning strategy from the very beginning, an absolute novelty in Swedish economic policy. A perfect match was thus established: the Labour market policy needed time, and the historic conservation sector would provide artefacts that called for time-consuming building renovation works.

Since no-one had previously made any investments in maintenance or conservation of the historic buildings at risk presented in the catalogue, they could be regarded as not belonging to the ordinary construction market. Publicly funded investments targeting them would then not affect the ordinary market with crowding-out effects. Instead, the whole construction market, including subcontractors, consultants, material suppliers, etc., was stimulated by the new initiative, since the programme was providing real projects to work upon, and hereby jobs could be saved in the whole construction sector value chain. In such special circumstances, the Labour Market Board could then access huge financial resources, build experience from planning and realization of major construction projects, and develop an extensive network of key decision-makers on the local, regional, as well as national levels. On the skills creation side, it must be realized that knowledge about cultural built heritage, historic environment and historic buildings, as well as building conservation techniques, is a highly specialized one, of which the conservation sector is the only owner and depositor. But on the other hand, investing in such a very specific, sector-focused pool of skills produced effects on the whole regional economy. The conservation and restoration works also improved the knowledge of the conservation officers in the region regarding traditional building techniques and materials, as well as with regards to craftsmanship in general. The available financial resources, together with the improved knowledge and organizational skills of the participants, caused improvement in the quality of the conservation works with respect to the ordinary sector quality standards – an effect that can be in itself a driver of regional development [46]. Other sources of skill creation and improvement were linked to participation in multi-disciplinary projects.
involving different specialists and competences, in terms of both acquisition of new information and knowledge, and development of cooperation and coordination abilities, a task made simpler by the long experience in the field on behalf of the County Labour Market Board, which had already built networks of decision-makers, policy-makers, stakeholders and end-users.

The HM had an important impact on the employment and training in the construction industry, on the conservation sector and on other sectors in the region. During the 1993–2002 period, approximately 1100 of the region’s 3600 construction workers were trained in traditional building techniques and then employed in conservation projects, and approximately 100 historic buildings were conserved or restored. To make sense of these figures, at the beginning of the 90s, in the Halland region there were no more than 10–20 craftsmen who could properly handle conservation projects. The programme covered most of restoration or re-construction costs, which significantly prevented the property owner from dramatically increasing the rent, as its part of cost financing was largely abated. This implied that the tenants could spend their budget on production activities, mostly pertaining to the cultural sector, instead of rent, with an extra indirect economic impact on arts and culture from public investments in labour market policy and the construction industry.

The County Labour Market Board was the biggest supporter of HM. The total cost of operations (over 350,000,000 SEK, approximately € 36,000,000) were covered as follows:

<table>
<thead>
<tr>
<th>County Labour Market Board</th>
<th>Property owners</th>
<th>Cultural heritage sector</th>
<th>Other</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>approx. € 26,500,000</td>
<td>approx. € 5,000,000</td>
<td>approx. € 4,000,000</td>
<td>approx. € 130,000</td>
<td></td>
</tr>
</tbody>
</table>

The programme had an obvious impact on the labour market: 310 new jobs were created for construction workers, 786 unemployed construction workers were trained and re-employed, and 140 apprentices received their vocational certificate through practicing. The programme also had a discernible impact on private enterprises, e.g. in the period 1998–2002, 88 consultancy orders were received, and 1,316 contractors and suppliers were hired. Approximately 300 further new jobs were created by the new activities in the restored historic buildings, or in improved premises in the immediate vicinity of them. Altogether, 69,000 workdays were provided by construction workers over the period 1993–2002.

5.2. Systemic implications

The most distinctive characteristic of HM as an anti-cyclical programme is not just that it spends public money on capability building, but that the specific nature of the capabilities being built is what makes bargaining among the involved parties feasible, while at the same time attaining a new level of social coordination among local players, and creating a socially and economically valuable knowledge asset. In the model, capability building responds to the need of carrying out time-consuming activities, with productive implications, which do not trade-off against ordinary market activities. At the same time, the model provides public funding to be used to secure support to the unemployed through professional training or re-training, blending local and external knowledge assets, and through pro-active moderation of subjective job insecurity. In other words, the key feature of HM is not simply that public money is spent on training, but that such a capability building component is an essential feature of the project, without which the project itself falls apart. In the present case, the choice of the conservation sector is somewhat consequential given that the purpose of the project was the revitalization of the stagnant construction industry. But is this a mere contingent feature, or is it the reflex of a more systematic phenomenon?

It is not mere coincidence. Cultural and creative activities (and conservation is part of the creative industry, more specifically of its architectural component) are knowledge-intensive activities which typically suffer from under-investment, i.e. the market is often incapable of providing adequate incentives to exploit opportunities related to cultural and creative value chains. Therefore, applying a Cognitive Keynesian logic to as yet under-developed cultural sectors is particularly effective. Being such sectors typically overlooked by the market, preferentially stimulating them does not crowd out already ongoing activities, and therefore does not prompt vetoes from incumbents. The Halland example concerns in particular a creativity-intensive, underdeveloped component of a non-creative sector (the construction industry), and is again an instance of a more general phenomenon: Culture-driven CK schemes may apply to both cultural and creative sectors, and to cultural and creative components of non-cultural, non-creative sectors – with a largely untapped potential impact on the innovative capacity of the local economy.

Even more generally, the cultural and creative sectors are garnering global attention as a platform for innovation and competitiveness, and as a substantial component of an advanced economy [47]. Therefore, the application of a CK scheme that improves culturally-related capabilities and skills of the workforce is a promising basis for new local development strategies, within the theoretical framework of the System-Wide Cultural District.

A good test for the SWCD framework as a basis to analyze and interpret CK strategies is clearly offered by the HM itself (see [19] for a detailed description of the HM-related activities discussed in this section). On which dimensions does HM strategy build, and how? Clearly, by addressing primarily the locally unemployed, it has a bearing on both DLT and DLE: The creation of a new skills pool has paved the way to new businesses and professional careers in conservation of historic buildings and in related sectors. But the strategy also dealt with converting previously unused buildings to entirely new functions, many of which strongly connected to cultural and creative production, once again directly impacting upon the already mentioned dimensions, plus at least QCS: The local scene has been enriched by new, state of the art spaces for cultural production which have boosted the region’s cultural vibrancy. A definite impact is also found in the QLG dimension: Designing a pioneering CK strategy in the early 90s is in itself a marker of QLG, but moreover the project implementation has added substantially in terms of governance experience by the public administrations, also through continuous adaptation to changing circumstances, and constant fine tuning for mutual advantage of the involved parties in the Trading Zone. Another dimension of relevance is certainly MSC: Facing a sudden rise of unemployment to 30–40% from a situation of full employment causes a dramatic social shock, and seriously challenges the habits and expectations of households. Through HM, such social criticality has entirely been tackled in terms of capability building, without employing resources in passive subsidization schemes that would have provided a short-term patch, leaving households helpless in the long-term. Finally, two more specifically addressed dimensions are the networking ones: INW is practically HM’s other side of the coin, which has been pursued through the stable, networked cooperation of all of the locally relevant actors. But also ENW has played an important role, by exporting the model in other parts of the Baltic Sea Region, with which meaningful relationships have been developed, also leading to successful participation to EU projects (see below).

What are, on the contrary, the dimensions that have not been addressed by the scheme? One is QPK: The project has not led to the creation of major new educational institutions for building conservation techniques that could qualify Halland as an international reference in the field, although a training centre of good quality has been established in Falkenberg. Partly as a consequence of this, also
the attraction dimensions (AET, AEF) have been modestly affected by the scheme. In terms of the social dimensions, LCI and CBE were addressed in specific projects, but they did not play a primary role, thus exposing a potential fragility of the model. HM can then be considered in many respects a precursor of a culture-led development process, but on the other hand its strategic articulation has not been rich enough to guarantee that the impulse of the scheme on the coalition of local actors would be stably transmitted to the entire regional economy. The cause of this failure may be found in the specific scope of the scheme, i.e. the revitalization of a certain sector of the local economy rather than of the local economy as a whole, although some general effects have been achieved even beyond expectations. Also, the difficulty of making the region attractive for external competences and talent has further contributed to keeping the scheme in a circumscribed social and economic circuit. Nevertheless, the pioneering role of the model can hardly be denied, and its wide replication across the Baltic Sea region and Central Europe is a proof of its effectiveness.

It is also interesting to ask how single conservation projects in the programme targeted specific SWC dimensions, a micro-level analysis that provides further insight on the overall strategic coherence of the scheme. The QLG, MSC and INW dimensions do not need a special illustration in this respect, as practically all of the realized projects are inherently built on them, and could be taken as examples of their relevance.

On the QCS side, the most interesting examples in terms of impact on the local cultural scene are Grimeton, whose cultural value after conservation has brought it in the UNESCO World Heritage List; Tjölösholm castle, which after conservation has become a major centre for cultural events, and the Laholm Drawing Museum, currently the only such museum in Scandinavia, hosted in a conserved fire station. The Laholm project has been entirely carried out by female construction workers, an experiment in making the construction sector more gender-balanced from its previous male-dominated situation. As to QPK, the effect has been less spectacular, apart from the new training school in Falkenberg, but it must be remarked that as a consequence of the success of the scheme, many researchers from major national universities such as Göteborg University, Chalmers University of Technology, Uppsala University, and Jönköping International Business School have shown interest in the Halland built cultural heritage. On the DLE level, the Slottsmöllan industrial site has been converted into a creative hub where hundreds of workers are today employed in the cultural and creative industry fields. The Kronobränneryet site has instead become a cradle for young creative talent (DLT) and for new creative businesses, as well as start-up companies. In terms of AEF and AET, the major result so far has been obtained in Rydöbruk, where an indoor design company has moved with 50 employees to a preserved and conserved artist village, thereby bringing in the region fresh competences and talent (an example of private investment in built heritage [48]). On the ENW level, HM has been successfully exported in the context of the EU Baltic Sea Network project, which has involved, in addition to Halland, 4 regions in Poland, 2 regions in Lithuania, and 1 region in Russia, and which has won a nomination by the United Nations as one of the 100 world’s best sustainability projects during the World Summit 2002 in Johannesburg. More related projects have been carried out in the UK, Italy, Iceland, Hungary, Estonia, Latvia, Slovakia, South Africa, and presentations of the case study have been given at several conferences at the highest global academic and institutional levels (including United Nations, the World Bank, UNESCO, ICOMOS, ICCROM, the European Commission, and the Hungarian Parliament). These further applications of HM can be rationalized as ways to pursue regional innovation strategies through increased levels of institutional coordination and policy leadership. Once again, together with the relatively weak effect on the attraction dimensions, the LCI and CBE social dimensions have been less targeted by specific projects of special interest, and this is, in perspective, one of the major weaknesses in the applications of the HM so far [49,50].

6. Discussion

What positive and negative lessons can we draw from HM as a defining example of a local CK strategy? The main positive lesson is its clear illustration of how a targeted anti-cyclical educational investment, once put in the proper context, may generate a (sector-specific) phenomenon of mass flourishing in the sense of Phelps [51]. For CK mechanisms to bite, some critical threshold must be crossed in terms of injection of new capabilities, so as to fuel significant social transmission effects. HM, and more generally the CK paradigm, focuses upon the creation of missing sector-specific skills, but it cannot be excluded that also a massive injection of more general-purpose capabilities may have some systemic effects in creating a socio-cognitive environment that favours the generation of new ideas through blending [52] – although it is likely that they will be more difficult to track, measure, and organize into a clear-cut policy approach. In an economy where production of, and access to, knowledge skills and assets has reached an unprecedented scale, the long-term growth and collective welfare effects of a public expenditure programme targeting mass training and education as a key empowerment priority in a systemic perspective still have to be fully appreciated, also in terms of their effects on inequality, and thus on the whole functioning of the economy [53]. The HM example is in this respect both revealing and deceiving at the same time in a CK perspective: It provides an effective illustration of the basic principle, which is, however, only an instance, although a representative one, of the full spectrum of possible CK development mechanisms that can in principle be deployed in a SWCD framework, where the fundamental (in a CK perspective) pool of sector-specific skills may combine and synergize in various ways with additional pools of various kinds of general-purpose skills – a point that calls for further exploration, classification and discussion in future research.

Reading the HM experience in the SWCD perspective allows for a more balanced appreciation of its implications. All the most successful examples of SWCD culture-led development feature some systemic capability building strategy, although at different levels of articulation [20]. Cultural policies that stimulate active, generalized cultural participation may be especially useful, even if rarely meant in this vein [54]. A full-fledged CK approach must therefore integrate cultural, educational and labour policies within a same, strategic capability-building perspective, which overcomes the silos mentality that typically characterizes policy design in each of these sectors.

Of special interest are potential experimentalizations of this paradigm in regions and countries affected by ‘socio-cognitive bottlenecks’, whose growth prospects are impeded by lack of capacity to create jobs for the highly skilled and to make extensive use of knowledge assets for economic value creation [55]. The cognitive restructuring effects of CK can be particularly well appreciated in these kinds of contexts. It is an open question whether such regions and countries are also characterized by especially low levels of active cultural participation and lifelong learning. If this turned out to be the case, CK could qualify as a game-changer policy approach against ‘socio-cognitive poverty traps’. But this requires in turn a deep rethinking of the role of educational and cultural policies, whose biased perception causes the structural problem in the first place – a far from easy task for policy makers, as testified by the common propensity to cut, rather than to increase as a CK perspective would suggest, spending in the educational and cultural...
fields in times of crisis, also in most socio-economically advanced countries [56].

7. Concluding remarks

In this paper, we have introduced a new policy approach, Cognitive Keynesianism, and presented its main tenets through a focused interpretation of a case study, the Halland Model, that can be considered a pioneering example of its logic. In discussing the strategic unfolding of HM in a CK perspective, it may be useful to point out how, despite the fact that the initial focus of the project was the pursuit of employment and conservation targets per se, over time the issue of the functions and usages of the restored buildings has acquired increasing importance. This strategic shift clearly illustrates how the logic of the scheme naturally moved from tackling the crisis to providing new modes of activation of the local economy. In the changed context, the choice of devoting the newly available facilities to cultural and creative production has been consequential, and the policy attention towards this sector of the regional economy has strengthened as an unplanned consequence of the success of the scheme. This is a clear illustration of the restructuring of the cognitive map of the targeted sector, in its relation to the whole structure of the socio-economy, that occurs as a characteristic consequence of the successful deployment of CK.

Before the HM launch, regional strategic development was characterized by huge, bureaucratically cumbersome projects. The new scheme introduced flexible and pro-active cross-sector cooperation at various territorial levels, built upon a multi-problem-oriented approach. Beyond the mere investment in capability building, the HM has introduced in the regional economy a different culture of capability building, much more adaptive and diversified according to circumstances and goals, in place of an old culture based on static, one-size-fits-all training programmes, devoid of strategic vision.

The HM experience can thus be considered a milestone in the elaboration of a general canvas of CK-driven local, anti-cyclical/strategic strategies, and is open to further development and hybridization with other ongoing SWCD culture-led local development experiences. The major issue here is, one could say, a matter of socio-cultural computation: How can (mostly) culture-based, (entirely or partly) sector-focused capability building help mobilize existing resources in new combinations, in order to re-enable the economy to generate social and economic value in stable, socially sustainable ways? The CK + SWCD framework is a viable basis for experimentation in this vein, both in terms of research and policy design work.

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