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normalità e una  
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Patrimonio, attività e servizi  
culturali per lo sviluppo di  
comunità e territori attraverso  
la pandemia



IL CAPITALE CULTURALE  
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# Diagnosi e indirizzi di metodo

# The Cultural Heritage – Territorial Capital nexus: theory and empirics\*

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## *Abstract*

The potential role of cultural heritage in local development has been extensively recognized, both at the academic and institutional level. Its conservation and valorization, however, have been at the center of a lively debate between those who see preservation policies as a mere moral duty and those who see them as part of a wider forward-looking strategy to support economic evolution and performance. This is especially the case now,

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with the Covid-19 pandemic casting additional doubts on the most effective schemes to face and overcome the current crisis. Within this context, the present paper aims at discussing the relationship between cultural heritage and local development in an original manner. Overcoming the traditional idea that the linkage takes place merely through touristic activities, this work puts forward the idea that Cultural Heritage represents one of the multiple elements of what is called “territorial capital” (TC), i.e. the set of territorial assets – material and immaterial, public and private, cognitive and relational – that generates endogenous development. The effects of Cultural Heritage on local development stem from its interaction with the other elements of TC, and in particular from the intermediation of intangible territorial elements like creativity, identity and quality of governance. The paper explains the reasons for such linkages and provides empirical evidence in this sense.

Il ruolo potenzialmente ricoperto dal patrimonio culturale nell’influenzare lo sviluppo economico locale è stato ampiamente riconosciuto sia a livello accademico che istituzionale. Tuttavia, conservazione e valorizzazione del patrimonio culturale sono al centro di un vivo dibattito tra coloro che considerano le politiche di conservazione come mero dovere morale e coloro che invece riconoscono tale attività all’interno di una più ampia e lungimirante strategia a supporto delle dinamiche di sviluppo economico. La pandemia di Covid-19 ha insinuato ulteriori dubbi riguardo le strategie più efficaci per affrontare e superare l’attuale crisi. Il lavoro proposto in questo articolo ha l’obiettivo, all’interno di questo contesto, di discutere il legame tra patrimonio culturale e sviluppo locale proponendo un approccio originale. Superando la tradizionale idea secondo cui tale legame si concretizza esclusivamente attraverso le attività turistiche, il nostro lavoro suggerisce l’idea di patrimonio culturale come uno dei molteplici elementi facenti parte del cosiddetto “capitale territoriale” e cioè quell’insieme di elementi territoriali – materiali e immateriali, pubblici e privati, cognitivi e relazionali – che genera sviluppo endogeno. Gli effetti del patrimonio culturale sullo sviluppo locale derivano dalle sue interazioni con gli altri elementi di capitale territoriale, e in modo particolare dalla mediazione di elementi territoriali intangibili quali la creatività, l’identità e la qualità della governance locale. L’articolo spiega le ragioni di questi legami e ne fornisce una corrispondente evidenza empirica.

## 1. *Introduction*

The relevant role of cultural heritage for individuals, communities, countries and supranational identities seems to be nowadays fully recognized. Several beneficial effects are associated with the presence of cultural heritage such as societal cohesion, individual well-being and knowledge creation among others.

The economic spillovers deriving from the presence of heritage have also been increasingly acknowledged. Citing from the report *Getting Cultural Heritage to Work for Europe* «cultural heritage must be seen as a special but integral component in the production of the European GDP and innovation, its growth process, competitiveness and in the welfare of European society»<sup>1</sup>.

<sup>1</sup> European Commission 2015.

However, cultural heritage often suffers from scarce political priority, lack of available resources for conservation and preservation or poor management strategies. The Covid-19 pandemic further exacerbated these issues. Due to a severe socio-economic crisis and a substantial change in individuals' habits driven by the pandemic, cultural assets and services face a challenging and uncertain situation.

Recognizing – and empirically proving – the potential role of cultural heritage as a catalyst for local socio-economic development may be useful in this context, especially because it could, *inter alia*, represent a viable support to community resilience and a contribution to overcome the current crisis at the local level. In fact, if the endowment of cultural heritage favors and benefits economic evolution, its preservation and valorization – rather than being a mere moral duty – develops into a wise and forward-looking strategy for local development<sup>2</sup>.

The main channel through which this favorable effect is supposed to take place is the touristic one. Although undeniably relevant, the main idea in this work is different: (cultural) tourism is not the only way in which tangible cultural heritage can affect the local performance as there can be some more intangible and sophisticated mechanisms at play. As pointed out by Della Torre, it is fundamental to understand that Cultural Heritage is a relevant driver of curiosity, of the capability to doubt, to learn and to innovate<sup>3</sup> and consequently can represent a crucial enhancer of development in the cultural, social and economic domains.

According to this perspective, the present work aims at discussing the nexus between cultural heritage and local economic development with the aim to go beyond the direct effect of tourism. The main idea is that Cultural Heritage interacts and operates synergistically with all the other tangible and intangible local growth assets, recently synthesized in the concept of *territorial capital*<sup>4</sup>, generating relevant – and more interesting – indirect effects on economic development.

Cultural heritage is not neutral to the territorial environment in which it is located: it represents an integral element of territorial capital and, as such, it might be able to influence local economic dynamics<sup>5</sup>. It shapes cultural and psychological attitudes of local communities; represents an important component of local social and identitarian capital; enhances creativity of the local intellectual and artistic *milieu*. In synthesis, cultural heritage enriches the different typologies of mainly immaterial capital. In turn, territorial capital influences and determines competitiveness and development potential of places.

<sup>2</sup> e.g. Bowitz, Ibenholdt 2009; Ashworth 2013; European Commission 2015.

<sup>3</sup> Della Torre 2010.

<sup>4</sup> Camagni 2008, 2019.

<sup>5</sup> Capello, Perucca 2017.

Therefore, we believe that the full potential of cultural heritage as a catalyst for development is reached through synergies with the other elements of territorial capital, particularly its intangible and soft components, creativity and identity above all. The positive role of cultural heritage on development is mediated and reinforced by the presence of these last two components, analyzed in depth in this work, together with the other, more general, components such as human capital, efficient administration and good governance styles. By emphasising the inspirational role played by tangible cultural heritage on local creativity and the psychologically cohesive role on local identity and sense of belonging, cultural heritage acts on economic performance through the generation of original ideas and solidarity.

The paper is structured as follows: Section 2 presents the theoretical framework for territorial capital and the role of tangible cultural heritage, creativity and identity within it; Section 3 highlights the different intangible channels through which cultural heritage shows economic spillovers; Section 4 and Section 5 are respectively dedicated to creativity and identity and discuss definitions, measurement issues and empirical results on their relationship with cultural heritage and local development. Finally, Section 6 concludes.

## 2. *The territorial capital concept and its relationship with cultural capital*

The relatively new concept of territorial capital refers to all geographically-bounded assets of a territorial nature – natural or artificial, material or immaterial, cognitive, social, cultural or identitarian – on which the competitiveness potential of regions and places reposes<sup>6</sup>. It finds its theoretical sources in the convergence of two main streams of literature: on the one hand the formalized approaches of the long tradition of supply-based explanations of growth, emphasizing the role of capital, labour, local resources and infrastructure; on the other hand the theoretical heritage of the endogenous development literature – industrial districts, *milieux innovateurs*, local production systems – which directed regional scholars' attention to intangible, atmosphere-type, local synergy and governance factors – what in the last two decades were re-interpreted in the form of social capital, relational capital, knowledge assets and quality of institutions.

The result of this convergence is twofold. On the classificatory side, the set of assets and production factors is widened and encompasses side-by-side traditional tangible factors and new intangible ones, of a mainly relational nature. This allows the construction of a tentatively comprehensive taxonomy of the different elements of territorial capital, crossing the two dimensions of materiality (material, immaterial and mixed goods) and rivalry (private goods,

<sup>6</sup> Camagni 2008, 2019.

public goods and impure public goods or collective goods) (Tab. 1). Nine categories of territorial capital assets emerge, each of them presenting its own specific laws of accumulation, de-cumulation, inter-generational transfer and possibly re-use.

On the technical and methodological side, the increasing availability of data on these different categories of territorial capital allows the construction of spatial production functions with heterogeneous capital assets, where the non-material terms explain the “residual” with respect to traditional, material production factors. This residual, which emerges thanks to increases in efficiency and productivity of the single factors as a consequence of their interactions in space, might be called the “*territorial relational surplus*”. It plays, in a spatial dimension, the same role that ‘technical progress’ plays in a time dimension, shifting the curve of marginal productivity of factors upward<sup>7</sup>.

Observing the full taxonomy at a glance, we see more traditional, well-known elements at each corner of the Table: material public goods (*a*), private fixed capital stock (*c*), human capital (*f*) and social capital (*d*). On the other hand, in the internal cross, we see rather new and more interesting elements, which generally require more complex governance styles: impure public goods, subject to congestion and opportunistic behaviour (“the tragedy of commons”) and “club goods” (bringing advantage only to the members of the club) (*b*); relational capital, represented by voluntary, inter-individual cooperation links (*e*); formalized cooperation networks in private/public partnerships and governance institutions (*h*); private relational know-how (*i*); agglomeration economies and accessibility/connectivity (*g*).

Subject to availability of reliable data at the regional level (regions, provinces or metro areas) – something that is increasingly assured at the European scale for immaterial goods thanks to the European Value Surveys – it is possible to build territorial production functions and to run advanced econometric analyses<sup>8</sup> in order to define in a quantitative way the contribution to development of each element of territorial capital and to pinpoint the synergy effects among couples of elements. This last possibility proved to be particularly interesting for the interpretation of the role of immaterial elements, which lies in the enhancement of the efficiency of material elements of TC<sup>9</sup>.

Due to the specific aims of this work, which focuses on the economic role of cultural heritage, its different forms were included into the former drafts of Tab. 1. In fact, cultural heritage represents a localised – and therefore “territorial” –

<sup>7</sup> Camagni 2019.

<sup>8</sup> The MASST Model – Macroeconomic, Sectoral Social and Territorial econometric model, built by the Regional and Urban Economics Group of Politecnico di Milano increasingly utilises the concept of TC in its successive drafts for the forecast (or, better, conditional quantitative foresight) on European regional development. See, Capello 2007; Capello *et al.* 2011; Capello *et al.*, 2017; Capello, Caragliu 2020.

<sup>9</sup> See: Perucca 2014; Capello, Caragliu, Nijkamp 2011; Capello, Perucca 2017.

<b>Rivalry</b>	<b>High rivalry</b>	<u>Private fixed capital stock</u> Pecuniary externalities (hard) Toll goods (excludab.) c	<u>Private relational know-how in:</u> - firms' external linkages - transfer of R&D results - university spin-offs i	Human capital: - entrepreneurship - <b>creativity</b> - private know-how Pecuniary externalities (soft) f
	(private goods)			
	(club goods)	<u>Proprietary networks</u> <u>Collective goods</u> (commons): - landscape (rur./urb.) - <b>cultural heritage</b> ("ensembles": historical centres) b	Cooperation networks: - strategic alliances in R&D and knowledge - p/p partnerships in large develop. schemes <u>Quality of institutions</u> <u>Governance on land and cultural resources</u> h	<u>Relational capital (associationism):</u> - cooperation capability - collective action capability - collective competencies - <b>Identity</b> e
(impure public goods)				
(public goods)	Resources: - natural cultural (punctual) Social overhead capital: - infrastructure a	<u>Accessib./Connectivity</u> <u>Agglomeration and district economies</u> <u>Local receptivity-enhancing conditions</u> <u>Agencies for R&amp;D</u> transfer/transcoding g	<u>Social capital (civiness):</u> - institutions - behavioural models, values - trust, reciprocity - reputation d	
<b>Low rivalry</b>				
	<b>Tangible goods</b> (hard)	<b>Mixed goods</b> (hard + soft)	<b>Intangible goods</b> (soft)	
	<b>Materiality</b>			

Tab. 1. A theoretical taxonomy of the components of territorial capital (Source: adapted from Camagni 2019)

capital; similarly to all capital goods it is accumulated and maintained at a cost, including the opportunity cost of renouncing to short-termism in its use and to opportunistic behaviour; supplies a repeated service in the form of flows of utility, profit and (land) rents; is subject to depletion and decay.

Single elements of material cultural heritage, such as single monuments or museums, belong to the class of public goods. On the other hand, the set of elements, both public and private, that together constitute a well defined “ensemble”, such as an historic urban centre, are classified with impure public goods, as they are subject to opportunistic behaviour by single owners and to congestion effects. The appropriate management of these complex goods cannot refer only to strict regulations but at the same time has to resort to incentives, moral suasion, public-private agreements or, even more interestingly, to community action – something which is more easily achieved in the case of small communities<sup>10</sup>.

In the process of local development, the presence of cultural heritage determines, as already said, direct growth effect through the attraction of tourism. But, at the same time, its presence involves multiple and complex

<sup>10</sup> Ostrom 1998.

processes of interaction and synergy with many other elements of local territorial capital, and, through this indirect pathway, determines different extra-effects on economic development. On the one hand in fact, the coexistence of material cultural heritage with other local territorial capital elements – such as accessibility, entrepreneurship, good local governance of public services, etc. – enhances the efficiency and the quality of the overall tourism services, boosting local incomes. On the other hand, and more interestingly from a scientific point of view, the presence of cultural heritage is supposed to impact on many immaterial elements of the local context and atmosphere, on a mainly psychological and cultural dimension. Attitudes of open-mindedness, hospitality, curiosity, cosmopolitanism; diffused sense of belonging and proudness about local cultural and social traditions; sensibility, (good) taste and love of beauty, artistic and scientific creativity, general education of people and knowledge; all these elements find a favourable environment for their flourishing in heritage-rich local contexts and, on their turn, can become the drivers of new forms of (qualified) development.

This last logical pathway is analysed here in depth, with special attention on the role of two main elements: **creativity** and **(local) identity**, two special forms of immaterial territorial capital, indicated in bold in Tab. 1, which are supposed to act as intermediary factors in the cultural heritage – development link.

### *3. Cultural heritage and intangible elements of territorial capital: synergies and economic spillovers*

As an integral element of territorial capital, cultural heritage constantly interacts with the territories in which it is located, their individuals, communities, environments and, more generally, their founding dynamics. Both tangible and intangible forms of heritage serve as a trans-generational link representing a vehicle for collective memory to be passed down. Cultural heritage is an instrument for gaining a broader knowledge of the world we live in and for promoting historic awareness and ethic of citizenship<sup>11</sup>. In other words, cultural heritage influences and is influenced by several aspects of communities and places.

Aiming at providing a comprehensive method to assess the multiple relationships that cultural heritage entertains with the territories that host it, the European report *Cultural Heritage Counts for Europe* (CHCfE, 2015) presents an holistic approach including four domains of impact and interaction between heritage and sustainable development: economic, social, environmental and cultural. Rather than being independent, these four areas interact with each other creating intersections and crossings. The main idea underlying this

<sup>11</sup> Settis 2015.

	ECONOMIC	SOCIAL	CULTURAL	ENVIRONMENTAL
IMAGE AND SYMBOLS CREATION			X	
VISUAL ATTRACTIVENESS			X	
ARCHITECTURAL LANGUAGE			X	
CREATIVITY AND INNOVATION	O		X	
SENSE OF PLACE	O	X	X	X
CULTURAL LANDSCAPE	O		X	X
REDUCING URBAN SPRAWL				X
PRESERVING EMBODIED ENERGY				X
LIFECYCLE PROLONGATION				X
EDUCATION	X	X	X	
SKILLS	X	X	X	
KNOWLEDGE	X	X	X	
CREATION OF IDENTITY	O	X	X	
REGIONAL ATTRACTIVENESS	X		X	X
SOCIAL COHESION	O	X		
COMMUNITY PARTICIPATION	O	X		
CONTINUITY OF SOCIAL LIFE		X		
PLACE BRANDING	X	X		
LABOUR MARKET	X	X	X	
REGIONAL COMPETITIVENESS	X	X	X	X
REAL ESTATE MARKET	X			
GROSS VALUE ADDED	X			
RETURN ON INVESTMENT	X			
TAX INCOME	X			
HOUSING STOCK MANAGEMENT	X			X

Tab. 2. Potential areas of cultural heritage impact (*Source*: Authors' elaboration on CHCfE 2015. "X" areas introduced by CHCfE, "O" areas added by these authors)

perspective stems from the recognition of heritage as a fundamental element contributing to local sustainable development in its broader sense. Tab. 2 shows the four-domain approach proposed in the report.

Focusing on the economic domain, several transmission mechanisms through which heritage interacts with economic dynamics are mentioned. Some of them exclusively relate to economy, while some others are also linked to the social, strictly cultural, or environmental dimensions.

Overall, both the public debate and the academic community have recognized, identified and tried to measure the economic effects deriving from the presence of cultural heritage, the main channels so far discussed by the literature being basically represented by the elements identified by the CHCfE report in Tab. 2 (and marked with "X"). As evident, the economic domain is mainly related to mechanisms linked to monetary flows (i.e. return on investment, real estate market, gross value added). However, non-monetary flows are also considered in terms of occupation generated by cultural activities, place branding or regional competitiveness and attractiveness.

Although these transmission channels are certainly relevant, we believe that also from synergies between cultural heritage and other – more intangible in nature – socio-cultural elements of territorial capital (marked with “O” in Tab. 2 and explored within the present paper) positive economic consequences might emerge.

Our feeling is in fact that the convincing message conveyed by the CHCfE report overlooks however the economic effects of characteristics of society such as creativity, sense of place, territorial identity, social cohesion and community participation (or implicitly implies the impossibility of any economic measurement).

What is more, we propose the idea that the endowment of certain elements of territorial capital can reinforce and/or mediate the role that cultural heritage plays in socio-economic development. A similar perspective has been proposed by Capello and Perucca<sup>12</sup> that focused on the effects of local cultural environment in fostering the economic return of tangible cultural assets. Adopting an innovative approach, they proposed – and empirically tested – the idea that the nexus between built heritage and local economic dynamics is not place-neutral. In fact, the endowment of intangible cultural assets (e.g. social cultural values, individual cultural attitudes, sense of identification with cultural symbols or institutional behaviors related to culture) affect the potential of built heritage as a catalyst for local development. In other words, «the role of tangible elements of cultural capital on economic growth is reinforced when they are embedded in specific cultural environments»<sup>13</sup>.

We extend here the reasoning to include other intangible elements of territorial capital, namely creativity (box *f* in Tab. 1) and identity (box *e* in Tab. 1). The CHCfE report (Tab. 2) does not deny the importance of the identification to a place and creativity, however these associations seem to produce effects on the social and cultural domains only. We instead strongly believe that synergies and interactions between cultural heritage, creativity and identity contribute to local economic development as well. Without the presence of certain soft or intangible territorial conditions, in fact, tangible assets may play only a limited role in socio-economic dynamics.

In particular, we do analyze creativity and identity as the soft elements of territorial capital that, combined with cultural heritage, foster local economic development. Several reasons support this choice.

Firstly, while the role of human capital and relational capital in economic development have widely engaged the scholars' interest<sup>14</sup>, creativity and identity,

<sup>12</sup> Capello, Perucca 2017.

<sup>13</sup> *Ibidem*, p. 110.

<sup>14</sup> For human capital see, among many others, Lucas 1988; Barro 2001; Dakhli, De Clercq 2004; Rodriguez-Pose, Crescenzi 2008. For the relational capital, see the literature on the *milieu innovateur* theory, namely Aydalot 1986; Aydalot, Keeble 1988; Camagni 1991; Id. 1995; Maillat *et al.* 1993.

respectively belonging to the same boxes as human and relational capital in Tab. 1, have been explored to a lower extent by the economic literature.

Secondly, both creativity and identity can build specific territorial conditions potentially able to influence economic dynamics, thus providing the environmental pre-conditions for the prosperity of local areas.

A creativity-rich environment, for instance, reflects strong inclinations to innovation and generation of original ideas. Besides, a more creative place might find fresh ways to manage built heritage, acknowledging its full potential. A virtuous cycle according to which cultural heritage inspires creativity and creativity valorizes heritage can thus emerge and generate positive economic consequences. In this sense, the peculiar local creative environment could work as a catalyzer of the positive impact cultural heritage may have on economic development.

Likewise, identification and attachment to places benefit the productivity of a community through the presence of collective and cooperative behaviors stemming from the recognition of a certain correspondence between private and public interests. Furthermore, if the role of cultural heritage as a source of new knowledge and recognition of other cultures is fully appreciated, the presence of multiple territorial identities makes places more fluid, future-oriented, open-minded and capable of change, positively influencing economic dynamics. An environment in which a cooperative approach instilled by territorial identity is present will be more likely interested in preserving and managing well its cultural heritage endowment.

The following sections (Section 4 and Section 5) will be dedicated at respectively explaining the proposed definitions and measures of creativity and territorial identity and at presenting the empirical results on their role within the cultural heritage – development nexus.

#### *4. Cultural heritage and local development: the mediating role of creativity*

##### *4.1 Creativity: definition and measurement*

Defining creativity is one of the most challenging issues within the study of its role in the territorial context and of its effect on local development. In fact, several disciplines in recent times have approached this particular topic. Psychology, philosophy, urban studies, design, architecture and economics have all addressed the subject, each bringing in its own perspective.

Overall, the concept is extremely fuzzy and difficult to grasp. Some existing definitions are based on the *content* of creativity and see it in the ability to

synthesize<sup>15</sup>, in problem finding and problem solving<sup>16</sup> or in the capability to sustain the continuity of the process of knowledge creation<sup>17</sup>. Some other definitions focus instead on the *outcome (or product)* of creativity, highlighting the importance of *novelty* in determining its notion. According to UNCTAD for instance, it is «the use of ideas to produce new ideas»<sup>18</sup> while several other authors – especially within the psychology field – also stress the relevance of *usefulness* in a creative product<sup>19</sup>. Finally, many works consider creativity as a *process*<sup>20</sup> related to discovery, innovation and links between old and new ideas.

In addition, the available literature on the topic has started to recognize the existence of different types of creativity<sup>21</sup>. While the concept was in fact initially exclusively linked to the artistic domain, it is nowadays widely acknowledged that creativity blossoms and develops in many more fields.

The recognition of the presence of different kinds of creativity also allows to reason on their potential joint role. This interpretation can be partially based on the literature on *recombination*, in terms of reconfiguring old ideas into new ones<sup>22</sup>, and much more on the strand of works highlighting the role of *synergy* between diverse sorts of creativity<sup>23</sup>. In particular, Camagni – based on Andersson *et al.*'s «cosmo-creativity» – referred to «mental cross-fertilization» across different disciplines, also stressing the importance of cooperation and social interaction<sup>24</sup>.

In this work, creativity is defined as *ideation based on local talents. Such talents can be of different types, namely:*

- artistic creativity (art/culture based, involving imagination and mainly expressed through text, sound, dance and images)<sup>25</sup>;
- scientific creativity (science-based, involving curiosity and willingness to make new connections in problem solving)<sup>26</sup>, and
- economic creativity (related to entrepreneurial skills and expressed mainly through new business ideas).

Each local area is characterized by a particular combination of creative talents, which can interplay at the territorial level, generating different types of local creative specialization (Fig. 1). This work stresses in fact the importance of *synergy* between different types of creativity – presented in Fig. 1 in the

<sup>15</sup> Florida 2002.

<sup>16</sup> Santagata 2002.

<sup>17</sup> Cappellin 2009, p. 80.

<sup>18</sup> UNCTAD 2010, p. 4.

<sup>19</sup> e.g. Simon 1985; Id. 2001; Sternberg, Lubart 1999; Simonton 2000.

<sup>20</sup> e.g. Pratt 2004; KEA 2006; Landry 2008.

<sup>21</sup> e.g. Howkins 2007; UNCTAD 2010.

<sup>22</sup> e.g. Weitzman 1998; Fleming 2001; Singh, Fleming 2010.

<sup>23</sup> e.g. KEA 2009, p. 114.

<sup>24</sup> Andersson *et al.* 1993; Camagni 2011, p. 187.

<sup>25</sup> See also UNCTAD 2010.

<sup>26</sup> *Ibidem.*

interaction of the three spheres – since it is how the most original and innovative ideas are generated<sup>27</sup>. This mechanism can be seen indeed as a trigger and an enhancer of local economic development.

Being very difficult to define, creativity is of course extremely hard to measure, too. In the existing literature there are in fact two main approaches to the measurement of this intangible and elusive concept: the *creative industries* approach and the *occupational* approach<sup>28</sup>. The first relies on the identification of so-called “creative sectors” and then measures their employment and/or value added, while the second – which can be originally attributed to Richard Florida – focuses on the creativity embedded in the tasks performed by a “creative class”.

Both approaches present in fact some weaknesses, the *creative industries* one also including people who do not perform creative tasks and the *occupational* one, although able to discern “creative people”, often encompassing too many workers. In addition, both methods are based on an *ex ante* (and somehow discretionary) selection of what sectors or occupations can be deemed creative.

Since the *occupational* approach to the measurement of creativity in fact overcomes some of the limits of the industrial approach, the first is here taken into account as the starting point for quantifying artistic and scientific creativity, also trying to include some sectoral considerations. Drawing on Italian Census data, indeed, *artistic creativity* is measured as the share of people performing creative tasks in artistic sectors and *scientific creativity* as the share of people performing creative tasks in scientific sectors. Finally, *economic creativity* is measured as trademarks applications *per capita*, being trademarks an expression of new and original business ideas.

Exploiting this measurement method, and with reference to the conceptual framework proposed in Fig. 1, in a previous work the Italian provinces (NUTS3 level) were classified according to their particular creative specialization, as shown in Fig. 2.

Given the approach to the definition and measurement of creativity explained above, the next section will explore in greater depth the mechanism through which creativity can work as a catalyzer of the effect of tangible cultural heritage on local development and will present the econometric evidence obtained in some previous works about such relationship.

#### 4.2 *From cultural heritage to development through creativity*

Creativity is intrinsically linked to the territory where it germinates and develops, being importantly determined by the surrounding social and historical

<sup>27</sup> A report by the European University Association (EUA 2007) on Creativity in higher education also stresses how a combination of disciplines is favourable to creativity.

<sup>28</sup> For a measurement method that tries to consider both perspective the reader can refer to European Commission 2016.

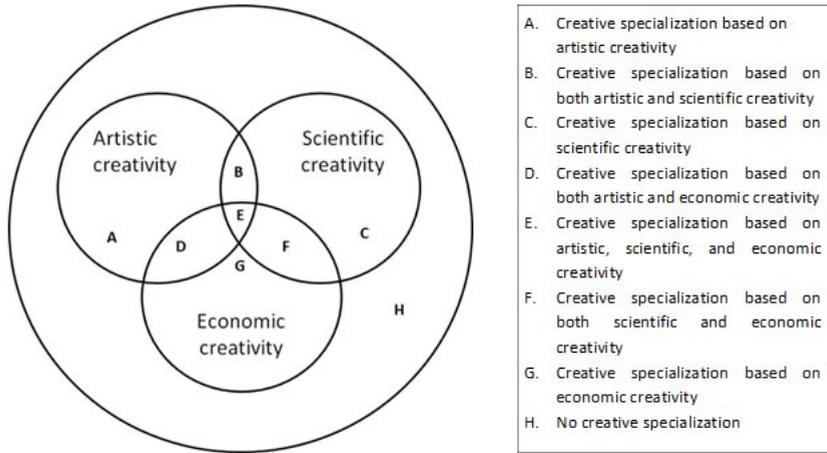


Fig. 1. A visual representation of possible combinations of creativity endowments in a local area (Source: Cerisola 2018a)

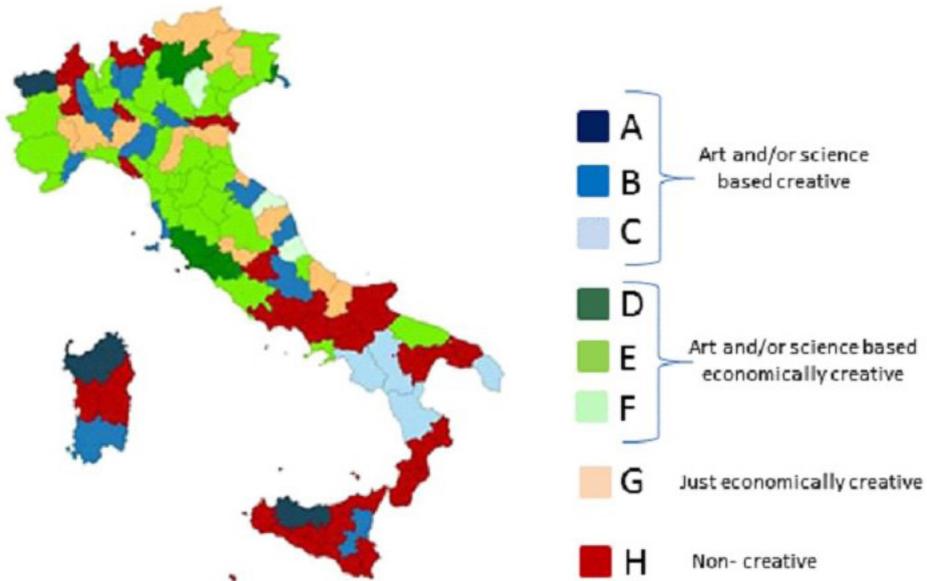


Fig. 2. Patterns of creative specialization: distribution of Italian provinces in 2011 (Source: Cerisola 2018b)

*milieu*. The creative capacity of a place is in fact shaped by its history, its culture, its physical setting and its overall tangible and intangible characteristics<sup>29</sup>. However, one additional element that enriches local creativity is the presence of cultural heritage. Through its *existence* (heritage is valuable simply because it exists) and *aesthetic* (referred to the visual qualities of heritage) values<sup>30</sup>, it *inspires* (and therefore positively affects) local creativity, according to the idea that the physical environment deeply affects our thoughts and feelings<sup>31</sup>. Such richness of creative and inspiring ideas exerts its positive effects on local development<sup>32</sup>.

Such cause-effect chain was econometrically proved in the case of Italian provinces<sup>33</sup>: tangible cultural heritage seems to be not only an important determinant of artistic creativity – as could be easily anticipated – but also of scientific creativity, through its capacity to trigger critical thinking and new and innovative ideas. Moreover, as expected, creativity acts indeed as a mediator (catalyzer) between cultural heritage and economic development, affecting how smoothly the inspiring presence of tangible cultural heritage can translate into regional performance, when it manifests itself through its synergetic interactions between the different types of creativity.

The presence of cultural heritage, hence, indirectly and positively affects regional development through its decisive role in shaping artistic and scientific creativities and thus the local creative specialization in Italian provinces.

## 5. *Cultural heritage and local development: the reinforcing role of territorial identity*

### 5.1 *Territorial Identity: definition and measurement*

As it is true for creativity (see Section 4) defining identity is a challenging and ambitious endeavor taken over by a multiplicity of disciplines. Identity can in fact be related to individuals, collectivities, societies, territories and political systems. It is plural, manifold and elusive and multiple identities can coexist. Furthermore, we cannot refer to identity as something given, fixed or

<sup>29</sup> see Landry 2011.

<sup>30</sup> See Throsby 2001; Mason 2002.

<sup>31</sup> Csikszentmihalyi 1996.

<sup>32</sup> Cerisola 2019a.

<sup>33</sup> Cerisola 2019b. Cultural heritage was measured in terms of number of units of tangible cultural heritage per square km (data from the *Carta del Rischio*, provided by the Italian Ministry of Cultural Heritage, Cultural Activities and Tourism), while regional economic development was measured as employment growth. The empirical results described in this section are reported in Annex 1.

unchangeable but rather as a social construct and as an abstraction through which different elements are combined and unified and others are ruled out<sup>34</sup>.

The main focus of our work is targeted to *territorial identity* defined as the identification of people with the territorial unit(s) they live in. More specifically, territorial identity concerns identification with the social territorial system including people, traditions, culture and landscape and it embraces emotional links between the inhabitants and the territory<sup>35</sup>. A bare physical geographic area is not enough to instill territorial identity which instead involves territorial consciousness and emotional ties between the inhabitants and their spatial context.

Two fundamental elements need to coexist to feed feelings of territorial identification and attachment: similarity and solidarity<sup>36</sup>. Similarity is related to shared geographical borders, historical memories, common institutional and economic frameworks. Similarity represents the necessary objective conditions on which territorial identities might arise. To complete the process of territorial identity formation, inhabitants characterized by territorial similarity need to feel solidarity towards the others and their community. Solidarity mainly takes place when individual and collective interests overlap to a certain extent originating reciprocity and supportive mutually beneficial behaviors.

The same two elements of similarity and solidarity might refer to different territorial levels (e.g. the neighborhood, the city, the region, the nation, the European Union). Therefore, multiple territorial identities are nested within each other and geographical or physical borders appear as porous lines rather than clear division lines. Multiple political and cultural identities overlap in the same territory resulting in complex configurations and compositions<sup>37</sup>. It can be argued that inhabitants entertain relationships and interactions at various territorial levels. These interactions can be referred to as founding networks which may have multiple spatial reach (e.g. local, national, European).

Taking into considerations the previous mentioned complexities, a taxonomy is proposed in the attempt of classifying different ways in which territorial identity(ies) might occur (Fig. 3). The taxonomy has been built combining the two founding elements of identity – similarity and solidarity – with the potentially multiple spatial reach of the founding networks.

Four modes of occurrence of territorial identity have been identified:

- a) *Individualistic localism*: the inhabitants of these territories are characterized by objective similarities only resulting from living in the same place and sharing geographic borders, institutional frameworks, economic regulations or formal norms and duties. Without solidarity

<sup>34</sup> Paasi 2002; Fearon 1999.

<sup>35</sup> Raagma 2002.

<sup>36</sup> Capello 2018.

<sup>37</sup> Prokkola *et al.* 2015; Fligstein *et al.* 2012; Diez Medrano, Gutierrez 2001.

territorial identity is not active and individuals or group solely coexist without forming an actual collectivity. Besides, the already weak perception of sameness and sharing does not cross the local frontiers.

- b) *Parochial localism*: a strong and active territorial identity is present in this category. The inhabitants form an actual community, share common interests and feel loyalty to the place they live in. However, the exclusively local reach of the founding networks results in a closed community in which space for inclusion is limited.
- c) *Place-less cosmopolitanism*: sense of belonging to the place is very low in this category and togetherness or loyalty feelings are absent. As opposed to category a) though, simultaneously local and European spatial reach of the founding networks makes this category more permeable and open to supranational and global dynamics.
- d) *Inclusive cosmopolitanism*: similarity and solidarity coexist in this category together with a simultaneously local and European spatial reach of founding networks. Territories experiencing this type of category benefits from full activation and potential of territorial identities.

As in the case of creativity, being territorial identity an intangible asset of territorial capital, it is remarkably difficult to measure. We exploited Eurobarometer data to assign to each European region one out of the four identified categories of territorial identity<sup>38</sup>. More specifically, as a measure for founding elements of identity individuals answering “*Solidarity, support for others*” to the following question “*In the following list, which are the three most important values for you personally?*” have been taken into account. For the spatial reach of founding networks, answers to a question related to the feeling of EU citizenship have been considered (*You feel you are a citizen of the EU. Answer: 1 – No, definitely not; 2 – No, not really; 3 – Yes, to some extent; 4 – Yes, definitely*).

The following figure (Fig. 4) shows a map of the European regions classified according to their specific territorial identity category.

## 5.2 Cultural heritage, territorial identity and socio-economic development

As highlighted in Section 2, territorial identity is a relevant element of territorial capital and it is mainly related to relational capital. Where a full expression of territorial identity is present, territories are imbued with cooperation capabilities, mutually beneficial reciprocal behaviors and collective competencies. Cultural heritage represents an essential element of territorial capital as well, being an expression of collective memory and inextricably linked with narratives, images and identity of places.

<sup>38</sup> Eurobarometer numbers: 87.3, 88.3, 89.1, 90.3.

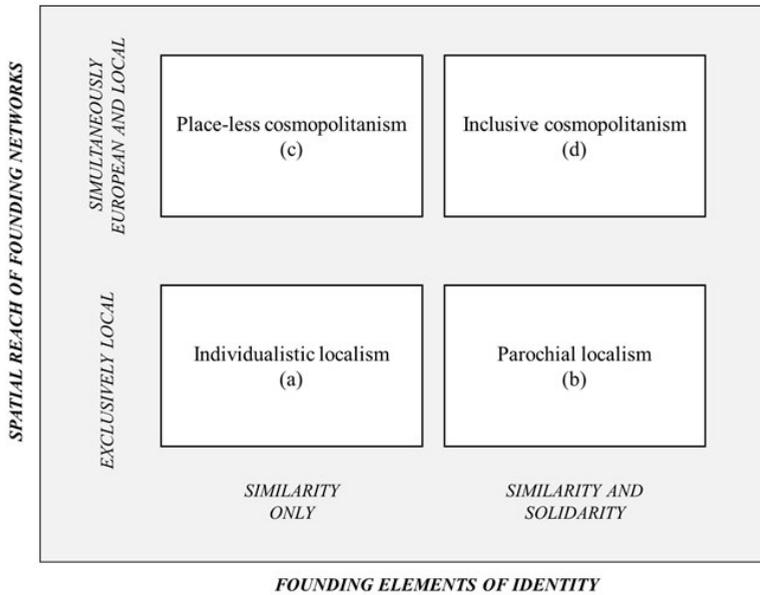


Fig. 3. A visual representation of the proposed taxonomy of modes of expression of territorial identity(ies) (Source: Panzera 2020)

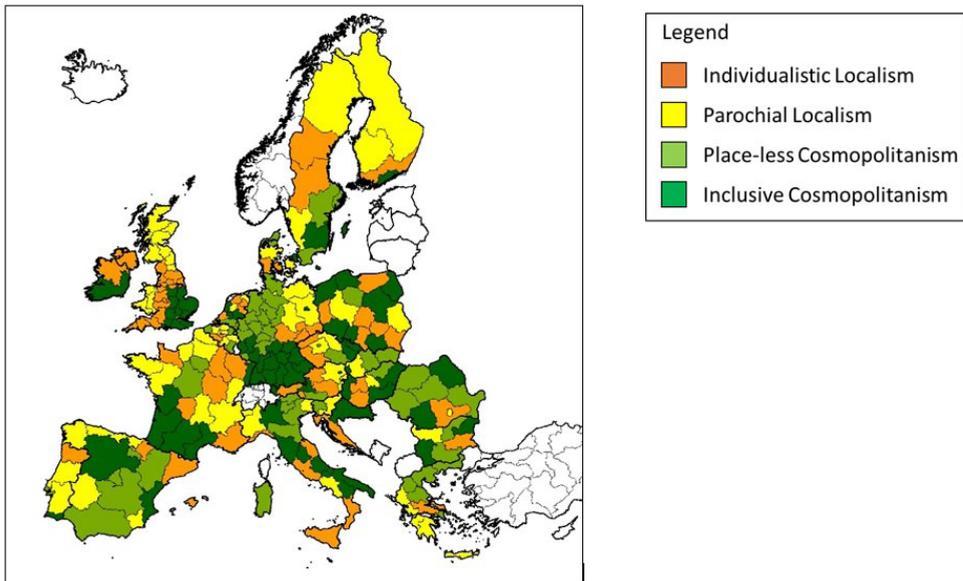


Fig. 4. The four modes of expression of territorial identity(ies) in European regions in 2017-2018 (Source: Panzera 2020)

The main idea proposed here is that – within the overall territorial capital framework – cultural heritage and territorial identity do interact and generate synergies. More specifically, we believe that these synergies set up favorable conditions for local socio-economic development. In other words, the relationship between tangible forms of cultural heritage and territorial socio-economic dynamics is not neutral to the typology of territorial identity in which heritage is located.

Cultural heritage is both source and outcome of present territorial identities, collective values and common beliefs. As a physical support for local collective memory, it turns the past into something accessible and visitable<sup>39</sup>. The interactions between cultural heritage and territorial identity concerns both the two dimensions used to build the taxonomy presented in Section 5.1. In fact, cultural heritage presents synergies with both the inception of solidarity feelings and the rise of an open mindset able to welcome multiple territorial identities.

The nexus with solidarity concerns the fact that built heritage offers a sort of *spatial membership* evoking something common and shared among individuals. Common interests and enthusiasm are shared also with unknown people during the experience of visiting heritage sites. Furthermore, the endowment of cultural heritage adds to a place's landscape a specific and unique physiognomy which, besides as acting as an attractor for tourists and entrepreneurial centers, inspires civic pride and social solidarity among inhabitants<sup>40</sup>. Being solidly linked with the territory in which it is located, tangible expressions of heritage can foster a strong sense of place and generate great local awareness<sup>41</sup>. Social cohesion and inclusion might arise through renovation and regeneration activities related to cultural heritage and through projects involving local communities<sup>42</sup>.

The endowment of heritage is also related to the spatial reach of founding networks. Cultural heritage represents in fact a core element of European way of life being able to foster feelings of attachment with and recognition of wider or supranational territorial levels. Being cultural heritage also a source of new knowledge, greater awareness of local but also external heritage generates higher appreciation and curiosity towards common culture.

On the other hand, being territorial identity a *soft architecture* herald of different levels of shared mindsets, common interests and relational dynamics, it is able to influence the way in which cultural heritage is managed, preserved and valorized. Different typologies of territorial identity might lead to different heritage-related governance approaches with consequences on the good quality of policies and appropriate treatment of built heritage.

<sup>39</sup> Cerisola 2019b; MacDonald 2013; Vecco 2010.

<sup>40</sup> Article 167 of the EU Treaty; MacDonald 2013; Gospodini 2007.

<sup>41</sup> ESPD 1999.

<sup>42</sup> Faro Convention 2005.

Supported by empirical evidence, we can confirm that the endowment of cultural heritage is not neutral to the territorial context in which it is located<sup>43</sup>. In fact, a cosmopolitan type of territorial identity is needed to trigger the role of built heritage as a catalyst for economic development. In other words, places characterized by inclusive values, open mindsets, flexibility and adaptability are the ones able to valorize cultural heritage as an engine for local economic development. The strongest association between cultural heritage and economic dynamics happen in inclusive cosmopolitan territories in which the full potential of both cultural heritage and territorial identity is revealed and disclosed. On the other hand, territories characterized by individual localism and parochial localism seem to lack the ability to enjoy the full potentialities of their cultural heritage.

The role of cultural heritage in shaping local economic dynamics is strongly related to the specific mode of occurrence of territorial identity in which it is embedded. Essential is a wider spatial reach of founding networks. On the one hand, this characteristic might reflect both a more dynamic and forward-looking valorization strategies of cultural heritage. On the other hand, more openminded and inclusive ways of fruition of heritage might mirror this characteristic. When solidarity is also present, a deeply rooted acknowledgement of cultural heritage as a common good generates environment in which inhabitants are willing to participate in valorization and conservation strategies reducing free riding risks usually associated with cultural heritage. Therefore, synergies between tangible forms of cultural heritage and inclusive cosmopolitanism represent the most valuable combination for a sound heritage-economy nexus.

## 6. *Conclusions*

With the aim to overcome the traditional interpretation of tourism as the mediating element between material cultural heritage and local development, the main idea in this work was to conceptually discuss the role of territorial capital assets as transmission mechanisms between cultural heritage and development, and to prove it empirically.

In particular, innovative, sophisticated and intangible transmission mechanisms have been discussed and empirically measured, namely the interaction of cultural heritage with local creativity and territorial identity. On the one hand, in fact, the overall reasoning took into account the inspirational role played by tangible cultural heritage in determining (multidimensional) local creativity, which in turn pushes the economic performance through the generation of original ideas. On the other hand, considering identity, tangible

<sup>43</sup> Technicalities are presented in Annex 2.

cultural heritage acts synergistically with solidarity feelings and the rise of an open mindset and can foster a strong sense of place as well as local awareness, trust, cooperation, civic engagement and civic responsibility. These are all channels supporting regional development.

Both mechanisms were empirically tested and confirmed, thus showing how cultural heritage can benefit local performance also through less obvious and more complex processes than what traditionally assumed and studied.

With its conceptual framework and empirical results, the work, therefore, stresses the importance of conservation and valorization of cultural heritage not only as a moral duty but also as an effective strategy for supporting local economic development. In particular, the present paper highlighted the role of cultural heritage, which is however here considered as a completely “passive” element. This leads to think that, through the “activation” of cultural heritage in terms of greater engagement of local stakeholders, the results could be even stronger. This outcome could be achieved also exploiting different and innovative financing and management models such as public-private partnership (3P) schemes<sup>44</sup>, tax breaks, differentiated VAT rates, grants, and loan programs (European Commission 2015).

In this sense, the efficient use of the existing cultural heritage through policies built on the available local tangible and intangible assets and through the involvement of the resident population can foster local economic development and, within the current particular period of global crisis, also be considered as a strategy for favoring community resilience during and, even more so, after the Covid-19 pandemic.

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<sup>44</sup> Along this line of reasoning and according to a participatory perspective meant to involve and to engage local communities, Boniotti, Della Torre 2016 suggest that the 3Ps can become 4Ps if we add the contribution that could be given by People (citizens, the nonprofit sector and end-users), who are indeed the main stakeholders.

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## Annexes

### *Annex 1: From cultural heritage to development through creativity – Empirical evidence*

Cultural heritage, measured in terms of number of units of tangible cultural heritage per square km (data from the *Carta del Rischio*, provided by the Italian Ministry of Cultural Heritage, Cultural Activities and Tourism), resulted as a relevant determinant of artistic and scientific creativities.

In turn, while single creative talents (either artistic, scientific, or economic) do not seem to have any significant impact on local economic development (measured as employment growth), their interaction positively affects regional performance.

Therefore, cultural heritage indirectly benefits regional development through its *inspirational role* on local creativity.

### *Annex 2: Cultural heritage, territorial identity and socio-economic development – Empirical evidence*

	(1)	(2)	(3)	(4)
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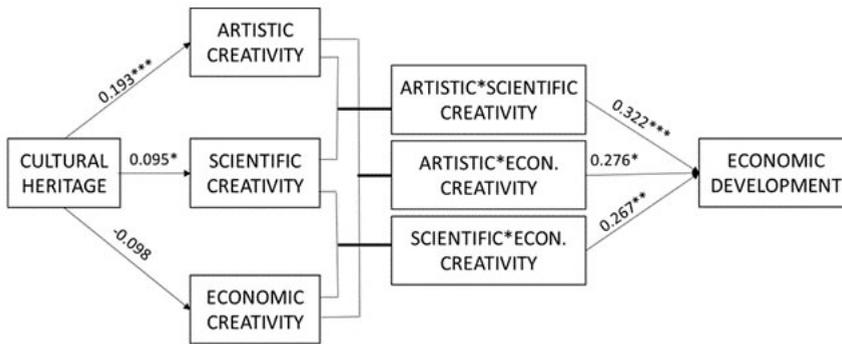


Fig. A1. From cultural heritage to development through creativity: summary (Source: Cerisola 2019b). Standardized coefficients. Robust standard errors. Significance levels \* 10%, \*\* 5%. \*\*\* 1%.

VARIABLES				
GDP per capita	-0.644*	-0.651*	-0.792**	-0.787**
	(0.358)	(0.358)	(0.374)	(0.378)
Multimodal Accessibility per capita	0.241	0.247	0.217	0.200
	(0.183)	(0.183)	(0.183)	(0.188)
Employment (level)	0.019	0.023	0.033**	0.033**
	(0.015)	(0.015)	(0.014)	(0.014)
Education	5.869**	5.525**	5.864**	5.477*
	(2.473)	(2.453)	(2.660)	(2.806)
Population Density	-0.013	-0.020	-0.014	-0.016
	(0.014)	(0.013)	(0.015)	(0.016)
Manufacturing (Share active population)	-7.219	27.349	169.437	155.945
	(240.606)	(245.078)	(252.833)	(257.465)
Innovation	-0.067	-0.062	0.015	0.018
	(0.071)	(0.072)	(0.079)	(0.081)
Number of tourist arrivals per capita			0.001**	0.001**
			(0.001)	(0.001)
Cultural Heritage (Monuments)		2.932**	1.696	-2.001
		(1.258)	(1.356)	(2.520)
2. Parochial Localism			-0.001	-0.001
			(0.001)	(0.002)
3. Place-less Cosmopolitanism			-0.001	-0.001
			(0.002)	(0.002)
4. Inclusive Cosmopolitanism			0.001	-0.001

			(0.002)	(0.002)
2. Parochial Localism* Cultural Heritage				6.441
				(5.522)
3. Place-less Cosmopolitanism* Cultural Heritage				4.196*
				(2.857)
4. Inclusive Cosmopolitanism* Cultural Heritage				12.809*
				(6.562)
Regional Fixed Effects (NUTS1)	YES	YES	YES	YES
Time Fixed Effects	YES	YES	YES	YES
Constant	0.023***	0.024***	0.022***	0.024***
	(0.007)	(0.007)	(0.007)	(0.007)
Observations	786	786	746	746
Number of nuts2_code	262	262	249	249

Table A2. Empirical results

Robust standard errors in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.15

The dependent variable is the GDP *per capita* at constant prices growth rate in three distinct time spans: 2014-2016; 2015-2017; 2016-2018.

Cultural heritage is here measured as the regional number of monuments per square kilometers standardized by country. The source of the number of monuments is the ESPON project 1.3.3: *The role and spatial effects of cultural heritage and identity* (2004-2006).

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