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Culture, Historic Preservation and Economic Development in the 21st Century

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As the world quickly passes into the 21st Century the context and environment of local economic development is rapidly evolving. The purpose of this paper is to identify some of the elements of that evolving context, establish some principles that will underlie economic development in the 21st Century, enumerate the "Five Senses" that each community will need to be competitive, and suggest that the preservation of the historic built environment, far from being a hamper to economic growth, can be a critical vehicle to make it happen. This paper is not intended to be an exhaustive discussion of any of these issues, rather it is hoped to be a checklist of economic development components against which a variety of specialists can consider their own areas of expertise.

Realities of the 21st Century Economy

1. The 21st Century will be a globalized economy. This will effect every national economy regardless of political or economic system.
1. The most significant impacts of the global economy will not be at the national or even the provincial level. The biggest impacts will be local. Akito Marito, founder of Sony, calls it "Global Localization"
1. There will be a rapidly growing demand for products world wide. But the manufacture of those products will require fewer and fewer people. Likewise the need for agricultural products will only increase with world population growth but fewer agricultural workers will be necessary to grow that food.
1. The areas of the economy that will grow, both in output and in employment are these:
 - Services
 - Ideas
 - One-of-a-kind products, individually produced
 - Culture
 - Entertainment
 - Travel
1. For each of the above growth areas, quality and authenticity will be major variables in consumer choice
1. For all of the potential benefits of a globalized economy (and there are many) it carries with it the substantial risk of a globalized culture, of which there are few if any benefits, *BUT*
1. It is NOT inherently necessary that a globalized economy leads to a globalized culture, in fact it is crucial for economic as well as other reasons that it does not, *BUT*
1. That will require decisions at the local and regional level to make sure a globalized local culture does not occur
1. In parallel to the above the "modernization" of local communities in infrastructure, public health, convenience, and quality of life *does not* necessitate the "westernization" of the built environment.
1. The copy of a built environment from elsewhere will never be as good as the original. An imitative strategy for the built form quickly leads a community from being "someplace" to

"anyplace". And the distance for "anyplace" to "no place" is short indeed.

Principles of 21st Century Economic Development

The communities and their citizens which will be successful in the next century's economic development will be those that recognize the realities above and respond by embracing five principles.

1. Globalization. To ignore the reality of a globalized economy, or to recognize it but not respond will make many communities the victim rather than the beneficiary of globalization. To adopt globalization as a principle allows a local community the opportunity to identify its own characteristics that can be competitive in the global marketplace and to establish measures that mitigate the adverse impacts that a globalized economy can carry.
1. Localization. The definition of what "economic development" means needs to be a local one. It needs to be specific and measurable. Many local economic development yardsticks in the 21st Century will be qualitative rather than quantitative. Localization will always necessitate identifying local assets (human, natural, physical, locational, functional, cultural) that can be utilized to respond to globalization. Those assets need to be first identified, then protected, then enhanced.
1. Diversity. The concept of diversity has three different facets in relation to economic development principles:
 - As populations are more mobile and more diverse even on the smallest local level, there will need to be an accommodation of human diversity in economic development and an appreciation of the valuable alternative perspectives that diversity can provide in an economic context
 - Communities will have to have a diverse local economy to provide protection from the volatile patterns of demand in the marketplace. Excessive reliance on a single source of employment, production, and economic activity leaves communities inordinately vulnerable.
 - With economic globalization as a given, the extension is that potential customers for goods and services will be exceedingly diverse. Successful economic development will recognize and customize to meet the needs of a diverse markets rather than standardize and homogenize thereby ignoring customer diversity
1. Sustainability. Sustainability in economic development has for sometime been recognized by the resource industries – the necessity to pace extraction or renew resources so that the local economy is sustainable over the long term. A broadened principle of sustainability recognizes the importance of the functional sustainability of public infrastructure, the fiscal sustainability of a local government, the physical sustainability of the built environment, and the cultural sustainability of local traditions, customs, and skills.
1. Responsibility. While in most parts of the world there will be provincial, national and international resources that can occasionally be tapped for use in enhancing a local economy, the vast majority of the efforts will take place at the local level. This, then, requires that each community takes a large measure of responsibility for its own economic future. Certainly local government has a part to play in that process, but so does the private sector when it exists, NGOs, and citizens at large. Each must recognize the responsibility at the local level to define and pursue a community-wide economic development strategy.

The Five Senses of Quality Communities

In the past the economic fate of a given community was largely driven by locational and resource factors. Is it near a port? Is there timber to be cut? Is transportation available by waterway? Is there copper that can be mined? Certainly these and similar factors will continue to play a major role in the economic future for many locations. But in the 21st Century there will also be variables that will influence local economic opportunity that are not locationally driven. These are referred to as the Five Senses of Quality Communities and will, in the intermediate and long term, have considerable impact on the economic health of individual communities.

1. Sense of Place Both the built and natural environment should be used to express the particularity of *this* place. That this community is neither "anyplace" nor "no place" but "someplace," unduplicated anywhere.
1. Sense of Identity In economics it is the differentiated product that commands a monetary premium. A community which in the long term wants to be a "valuable place", however that is defined, needs to identify its attributes that add to its differentiation from anywhere else
1. Sense of Evolution Quality, living communities will neither be frozen in time as museum relics nor look like they were built yesterday. The physical fabric of a community should reflect its functional, cultural, aesthetic and historical evolution.
1. Sense of Ownership If there needs to be responsibility exercised at the local level to create and benefit from economic health, then there has to be a sense of ownership of the community by each of the sectors. This does not mean ownership in a legal or property sense, but ownership more broadly, a feeling of an individual stake arising from that particular place and fellow citizens.
1. Sense of Community A sense of ownership acknowledges an individual benefit from, an individual stake in, and an individual responsibility for one's place. A sense of community acknowledges the obligations to and interconnectedness with the other residents of that place.

Historic Preservation as and Economic Development Strategy

Historic preservation has often been portrayed as the *alternative* to economic development – "either we have historic preservation OR we have economic growth." This is absolutely a false choice. Increasingly around the world historic preservation is becoming a uniquely effective vehicle for economic growth.

Historic preservation has moved from being an end in itself (save old buildings in order to save old buildings) to being a vehicle of broader ends – center city revitalization, job creation, small business incubation, housing, tourism, and others.

Utilizing historic preservation in this fashion, however, requires the recognition of certain verities:

- Major landmarks and monuments need to be identified and protected, *BUT*
- Historic resources are far more than monuments and often are vernacular buildings
- Groups of buildings rather than individual structures are often what is important
- The vast majority of buildings of "historic importance" have their importance defined by their local significance, not national or international
- Adaptive reuse of buildings is central to an effective historic preservation as economic development strategy
- Authenticity is an important element in sustainable historic preservation based success

With those understandings a historic preservation based economic development strategy has several measurable benefits:

- Job creation. The labor intensity of building rehabilitation generally means that there is a greater local economic impact in jobs and income than with the same amount spent on new construction
- Job training and skills passing. The local craftsmanship of the building process can often be nearly lost in a generation but instead can be passed on through historic preservation, creating jobs and skills simultaneously
- Import substitution. A central strategy in building a sustainable local economy is

import substitution – creating locally what otherwise would have to be purchased elsewhere. Almost by definition historic preservation is locally based, using expertise, labor, and materials from the local market. Often new construction is the opposite, requiring the importation of expertise, materials, and often labor from elsewhere.

- Compatibility with modernization There are certainly many historic buildings that don't currently meet today's standards for comfort, convenience, and safety. But over the last two decades great strides have been made around the world in the methods of bringing historic buildings into compliance with modern demands without harming their physical structure or their architectural character. Most components for modernization – water and sewer lines, telephone cables, electric wires, even high speed computer data transmission lines – can be put in place almost invisibly – often underground – without jeopardizing the individual historic resources or their important context and interrelationships.
- Compatibility with evolution Once there is an acknowledgement that effective historic preservation isn't just museums and the concept of adaptive reuse is adopted, historic buildings have proven themselves remarkably versatile in responding to the demands of the widest imaginable range of uses.
- Reflects product differentiation In economics it is the differentiated product that commands a monetary premium. If in the long run a community wants to attract capital, to attract investment, it must differentiate itself from anywhere else. It is the built environment that expresses, perhaps better than anything else, a community's diversity, identity, individuality, in short its differentiation.
- Most effective venue for cultural goods and services For communities that have cultural assets and crafts products that represent economic opportunity, historic buildings often constitute the most appropriate physical locations for the sale and display of goods and the presentation of productions. The physical context of the historic building adds to the sense of authenticity, originality, and indigenouness of the art.
- Natural business incubator for small enterprises Regardless of a nation's overall economic or social system, entrepreneurship nearly always begins on a small scale – a one or two person operation. The size, location, character, and often pricing of historic buildings means that they frequently serve as natural incubators of emerging enterprises.
- Opportunity for tourism While tourism will be one of the fastest growing segments of the world's economy in the 21st Century, not every community can or should look to tourism as a major portion of its economic base. There are cultural, economic, logistical, sometimes even religious reasons why tourism isn't appropriate for every locale. Further, it would be a mistake to inflexibly connect "historic resources" and "tourism" – there are far more avenues by which historic buildings can be used. In the U.S., for example, 99% of all of the historic resources in productive use have nothing whatsoever to do with tourism. That having been said, *when* tourism is identified locally as a component of an overall economic development strategy, the identification, protection and enhancement of the community's historic resources will be vital for a successful tourism effort.

Public Policy Reasons for Historic Preservation as Economic Development

Historic preservation also has numerous attributes which warrant using preservation as an economic development tool from a public policy perspective.

- Targeted areas Historic buildings are usually located in areas that are otherwise determined as appropriate targets for public intervention – center cities, close in

residential neighborhoods, rural villages.

- Not a zero-sum game Many approaches to economic development are essentially zero-sum games. That is to say, for community A to succeed community B has to lose (a factory recruited from place A to relocate to place B, for example). Because nearly every community has its own historic resources that can be used to house a variety of activities, for one community to benefit from the adaptive reuse of its historic structures in no way precludes another community from doing so as well.
- Geographically dispersed Related to the above, public officials and NGO institutions do not have to limit a strategy to a single geographic area (city instead of village; coast instead of inland, for example). Because communities are geographically dispersed throughout a province, an economic development strategy based on the use of historic resources also automatically becomes a geographically dispersed strategy.
- Range of project scales A variety of factors will affect the public sector's ability to implement plans on a large scale. Financial constraints, political factors, environmental concerns are all reasons that the "big project" is often delayed or shelved. Historic preservation, however, can be done at virtually every scale, from the smallest shop building to the massive revitalization of areas in large metropolitan regions. The smaller projects can proceed while larger ones are still on the drawing board.
- Counter-cyclical Even non-market economics are not immune to the ups and downs of world wide economic cycles. Because of their scale, cost and labor intensity, historic preservation projects are often possible even in down cycle periods, providing a measure of job and income stability to a local community.
- Incremental change It isn't inherently change that seriously adversely affects a local economy and its culture; it is change that is rapid, massive, and beyond local control. Historic preservation by definition is an incremental strategy within the framework of an existing community, not an immediate and overwhelming type of change which often leads to feelings of powerlessness locally and a decline in the sense of community.
- Good base to build NGOs Non-governmental organizations (NGOs) have proven themselves to be singularly effective in responding to serious issues on a grass roots level in every corner of the globe. They have tackled and solved local problems that neither government nor, in market economies, the private sector have been able to effectively address. In historic preservation in particular, the NGO sector has been most effective in advocacy, in education, and in the creative reuse of historic buildings. If it is public policy to encourage and support a strong NGO sector, historic preservation activities can be an effective means to do so.
- Modernization without Westernization Historic preservation as an active public policy is an effective way to allow for modernization to meet the public safety, comfort, and convenience needs of citizens without the Westernization of the local built environment and the concomitant loss of local character.

Conclusions

Historic preservation as an economic development strategy is consistent with all five principles of 21st Century economic development: globalization, localization, diversity, sustainability, responsibility.

Historic preservation reinforces the five senses of quality communities: sense of place, sense of identity, sense of evolution, sense of ownership, and sense of community.

Historic preservation can meet the test of both "quality" and "authenticity" that will be critical elements in economic development in the next century.

The cultural assets of a community – dance, theater, music, visual arts, crafts, and others – are inherently influenced and enhanced by the physical context within which they were created and evolved over the centuries. If cultural resources are to become and remain an economic asset for a community, then the physical context that has always influenced their creation needs to be maintained. Otherwise more than just the physical buildings are at risk; the quality, character, differentiation, and sustainability of the other assets are in jeopardy as well.

Historic preservation allows a community to participate in the positive benefits of a globalized economy while resisting the adverse impacts of a globalized culture.

Historic preservation allows a community the opportunity to modernize without having to Westernize. More than that – historic preservation is the irreplaceable variable to achieve modernization without Westernization.

For the 21st Century only the foolish community will make the choice between historic preservation and economic development. The wise community will effectively utilize its historic built environment to meet the economic, social and cultural needs of its citizens well into the future.