Policy as Conversation

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Abstract: The Basilicata regional administration and the Italian government, faced with the problem of designing and implementing workspaces for the local creative industries, renounced the default top-down technocratic approach and styled their policy as a conversation with the Basilicata creative community. The latter was found to embed fine-grained local information about cultural products and markets that were elusive, but essential for the workspaces to be successful. Policy as conversation required challenging the prevailing narrative on public policy in Italy's Mezzogiorno, which is one of aid dependency, inefficiency, corruption and mutual distrust. In order to achieve this, the Visioni Urbane project insisted on transparency, service to the community, a "cool" and creative style, and provided carefully micromanaged online and offline interaction loci. While several problems remain, a viable solution did emerge and win the support of both the creative community and the administration.

1. Introduction

In early 2007 the Basilicata regional administration was facing the problem of implementing one or more "creative workspaces". While the regional government was committed to providing physical infrastructure for local creative people to express themselves and funds had been allocated, the policy remained otherwise vague. It had not been determined how many workspaces to build, or where; it was unclear where creative activities to take place therein would come from, what kind of equipment they would require, and who would carry them out. Further, available funds were earmarked for brick-and-mortar capital expenditure, whereas no current expenditure had been budgeted for. This required "creative expression" to be economically sustainable if workspaces were to function at all. A joint project group comprising experts from both the regional administration and the (central government) Department for Economic Development was charged with the task of drawing a comprehensive proposal to use up the funds (4.3 Meuro) to endow the region with creative workspaces that could function well culturally and achieve economic sustainability. I was appointed to lead the DED team, which had an advisory role - the regional administration being responsible for the policy.

The group decided that its only chance of solving the puzzle was to mobilize the fine-grained wealth of information about cultural markets in Basilicata (a region of Italy's Mezzogiorno, with stunted growth problems and a high unemployment rate) embodied in the local creative scene. But this by itself would not be enough: an effective solution would require Basilicata creative people to contribute substantially to manning and running workspaces. Inputs of state-of-the-art cultural management expertise would be needed to make the point that sustainable cultural/creative activities are even possible; and to find out under what conditions they might be achieved. In other words, we needed help. Policy as single-handed, top-down, rational decision making and implementing was out of the question. The group therefore proceeded to structure the policy as a conversation.

This entailed a major redesign of the roles played by the regional administration, the creative people, and experts from outside the area. In particular, the need was recognized

for the administration to establish itself as a credible, respectful partner that local creative people could work with; for creative people to see themselves as a community rather than as self-referential agents; for outside experts to promote a peering ethos; for non-local experts to highlight the potential for change; and for the project to provide online (blog) and offline (workshops) many-to-many interaction loci where the administration and the creative people could meet and work together.

One year into the project, a viable solution seems to have been found that local creative people and the administration can and would support. Both the solution structure and the collaborative design iterations that brought it about look very much like an embryonic Living Lab-type regional governance process. What's more, this process seems to call for even more Living Lab-type governance in the near future. This paper recounts that experience. Rather than on the solution itself, the focus is on the process of cooperative online-offline policy design that yielded that solution.

2.   Rethinking Policy (and the People Within It)

The project group was supposed to come up with a proposal for successful creative workspaces. This was a formidable challenge, because no funding had been allocated for ongoing activities. Therefore, whatever activities were to take place in those workspaces had to be (at least partially) economically sustainable. This would not be easy, given that:

- The local markets for cultural products and services are very thin. Basilicata is sparsely populated (population is only 600,000 spread over 10,000 square kilometres; its two main cities, Potenza and Matera have only 60,000 inhabitants each) and badly connected to Italy's transport infrastructures.

- The region's creative people suffer from the problems of self-referentiality and lack of entrepreneurship usually associated with lagging regions [1]. Their revenue structure is often dominated by direct public subsidies to cultural activities. This makes it rational to compete by building and maintaining political connections to get a front seat in the allocation of public funding.

The project group recognized that the dilemma was impossible to solve by technocracy, no matter how competent and enlightened. Sustainable creative workspaces required substantial product innovation: coming up with something that could be sold to some kind of cultural market. This could only be done with the fine-grained knowledge of the region's cultural identity embedded in the Basilicata creative people. Also, the only credible candidates to running these workspaces in a sustainable way could clearly come from the ranks of the creative people themselves. Their active involvement was therefore essential, not just in the design phase, but also in the operational phase. For the project to be successful, they had to learn a new, sustainability-oriented approach to their jobs. More: they had to want to learn it. We needed to sell them a new deal, in which the regional administration would provide a far better infrastructure for cultural and creative activities in return for the local creative people's involvement in making the workspaces into lively, sustainable spaces. For this to happen, four things were clearly necessary.

First, we would need to rethink policy. Rational decision informed by data collected on the ground was not going to be enough: we need to let creative people do a certain amount of agenda setting, to campaign for decision criteria as well as provide data. We needed to give up some amount of control and share our information with them; in one sentence, to treat them as thinking, trustworthy adults. We needed policy to become a conversation, in which the regional administration would still be a key player, but not the only one. This did not look easy. The relationship between local authorities and the creative scene tends to be rough in lagging regions like Basilicata. Given the weakness of the local economy and the lack of private donors supporting the arts, local artists and cultural organizers tend to regard

local and regional authorities as their main customers, and are generally assumed by politicians and civil servants to be at best aid-dependant, and at worst rent-seeking.

Secondly, we would need to solve a credibility problem. The prevailing narrative on public policy in Italy's Mezzogiorno is that it is inefficient and corrupt. Even if we could overcome our own view and reassess local creative people as an all-important resource, it remained to be seen whether we could persuade them they could work with us.

Thirdly, we would need Basilicata creative individuals and organizations to recognize each other as potential allies, and in any case colleagues worth of respect. Given the high fixed costs of cultural workspaces and the thinness of the local markets, it was obvious that workspaces used by single arts organizations would be inefficiently allocated and unsustainable, and therefore we would need cooperation between creative people. Unfortunately, as is fairly common in Italy, decades of zero-sum competition for public grants allocated with less-than-transparent criteria had fostered a deep mutual mistrust between local creative people. This was not just a misperception problem: indeed, some of the artists and arts organizations in Basilicata do owe their fortunes to a close connection with local politicians, and they do deliver a bad product while draining resources that other, more capable creative people could use a lot better. The problem was to convince creative people that not everyone else was like that, and that it would be in principle possible and profitable to build and alliance of the "good guys".

Fourthly, we needed everyone involved to recognize that change (at least within the nrrow limits of this particular policy) was indeed possible. For extra credibility, this needed to be endorsed by recognizable figures from outside the area. I and the other DED team members took on this role in the early stages of the project; we called on high profile experts to join in later on.

The result of these multiple reassessments did not look like textbook policy. It looked like a conversation, in the same sense attributed to markets by the Cluetrain Manifesto [2].

3.   Signalling for Mutual Recognition

We established a project brand (Visioni Urbane) and identity, as separate from the regional administration's, and connote it to disrupt the existing narrative. A separate brand fitted well with the project's ownership structure: Visioni Urbane (henceforth VU) is a joint initiative of the regional administration and the central government. The active involvement of a central authority was unprecedented with Basilicata creative people, and helped to sell them a new narrative: that change was indeed possible.

The key word in the above paragraph is "connote". In order to disrupt the prevailing narrative, and make VU a conversation between peers rather than a standard top-down decision making process, the group would need to burn its bridges, publicly committing itself to a strongly transparent, meritocratic, knowledge sharing-oriented ethos. We would need not only to be different from standard practice in the Mezzogiorno, but to look different as well. This decision, in turn, led the group to:

- Adopt a non-onthological definition of the creative community. Rather then use existing databases of arts organizations and filter them through a definition, we started with a list of about 20 artists and arts organization who had successfully cooperated with the administration in a previous occasion and asked them to name other local artists/arts orgs that they held in high esteem. We then got in touch with them, and asked them the same question: our database, therefore, was compiled virally. After a few iterations, new names stopped popping up and we (provisionally) terminated the routine at 91 creative organizations. This method is extremely inclusive, because an interest in the project and the willingness to cooperate end up being almost the sole access criteria. Interestingly, it led to stretch the initial definition of "creative community" to include

hi-tech small businesses, bloggers and communication professionals, who entertained various kinds of relationship with the arts organizations.

- Structure the creative community relationship with the project as very clearly unselfish. We explained that there would be no payoff for taking part in VU; that the 4.3 Meuro were to be spent in brick-and-mortar cultural hardware, not in any activity that local creatives could be charged with and paid for. The Regional administration, their main or only customer, was not in VU to buy, but to seek help. Creatives were expected to turn in valuable inputs, and they would be rewarded only by the administration's gratitude. This was meant to drive away from VU people who were not interested in this kind of cooperation, and it worked very well: several of the more established arts organizations left halfway through the first meeting, and did not come back. Conversely, the more altruistic part of the scene selected itself to participate in the project.

- Run most of the project through a blog [3]. This allowed the group to signal its ethos and style of work in various ways. For example, taking on board the Cluetrain Manifesto [2] mantra, we decided to "speak with a human voice". This entailed making each member of the VU team personally recognizable (for example by posting pictures and short profiles on the blog), and insisting on each person using his or her own personal writing style when posting. The blog went live in September 2007, and was from the start open to comments, which was a very explicit commitment to transparency. Also, this allowed many-to-many interaction (see below).

- Associate ourselves with high profile figures which did not come from Basilicata. Starting December 2007, we began to invite to our public workshops world-famous intellectuals (American futurist Bruce Sterling) and artists (Catalan theatre group La Fura dels Baus), brilliant territorial strategist (former Torino Internazionale director Paolo Verri) and "model" arts organizations (Fondazione Cittadellarte, OZU).

This strategy was successful in establishing a healthier policy climate, in which artists and arts organisations could talk to the administration and to each other. The openness of the blog was used very responsibly: there was only one flame exchange, in October, and even that was very civilized.

4.   Harvesting and Sharing Information

Having gained fragile credibility with the Basilicata creative people, the workgroup tackled the problem of designing the creative workspaces. These entailed diagnosing the strenghts and weaknesses of the local scene, and trying to correct the latter; spotting and investing in the most likely candidates for successful cultural product innovation in Basilicata; and do this while re-establishing ourselves as a credible partner and campaigning for the scene to perceive itself as such. This would require fine-grained access to the body of tacit knowledge of the local creatives. From October 2007 on, we proceeded to:

- Provide occasions for offline- as well as online many-to-many interaction. We organised five workshops over the October 2007-early May 2008 period. These were carefully micromanaged to build a shared perception of the Basilicata creative scene as more than the sum of the individuals, firms and organizations taking part in it. We did this mainly by styling meetings as reporting sessions. Workgroup members would propose an interpretation of the problems Basilicata was facing and the available strategies to tackle them; creatives were asked to comment. The report would then be amended for their comments, resulting in a structured piece of shared knowledge we could all agree with, which would be coded into slides and published onto the project's blog. Two young videomakers would interview attendees at the end of each meeting, collect the best soundbites and make them into a five-minutes, no-budget video [4]. Uploaded onto YouTube and embedded into the blog, videos conveyed the idea that

creatives in Basilicata were "one nation"; they shared similar values and ambitions. This helped improving the project's climate.

- Raise the level of the debate. This was intended to break the mould of the "impossible change" narrative, and consisted of two steps. The first one was exposing Basilicata creatives to "culture shocks" (as when Sterling described the Matera caves seen through the eyes of a futurist); the second one was feeding them several examples of successful creative workspaces in Italy and abroad. While these were obviously not replicable, they did provide hints and inspiration, while signalling that VU "thinks big" - and wants Basilicata creatives to do the same.

- Insist on the process having a social dimension. Offline meetings were designed to include long lunch and coffee breaks, and often "happy hours" at the end. In one occasion a member of the workgroup and one of the creatives deejayed for the rest of the crowd. Cracking jokes in blog comments was tolerated and even encouraged, with workgroup members taking part in humorous exchanges. After a rather tense beginning, Basilicata creatives began to perceive themselves as a largely homogeneous interest group, and even to enjoy each other.

5. Developments

The diagnosis phase was over by October 2007. The VU workgroup proposed that Basilicata creatives were reasonably competent to produce culture, but needed to improve

- their cultural marketing and communication skills
- their command of (especially internet) technology to produce more and better culture and to communicate with markets
- their business management skills
- their business networks mostly with each other (recall that bloggers, ITC and communication small firms had by then been involved in VU).

Another key issue (negatively) influencing competitiveness on cultural markets was out of the control of the creative scene: the lack of integration of cultural policy with other sectorial policies. For example – contrary to both best practice and common sense - tourism policy in Basilicata was and still is totally disconnected from cultural policy.

The community subscribed to this picture. Workshops on technology for culture, management models for cultural workspaces and communication of cultural events were consequently set up.

Almost from the start the project's blog established itself as a very effective interaction environment. While some of the Basilicata creatives were clearly more at ease than others with the instrument, the blog ended up being very closely watched by almost everyone involved; at times of peak activity it had more than 100 unique visitors per day, which meant that everybody involved in the project was visiting it every day. 88 posts and 618 comments were published over the September 2007- May 2008 period. Data traffic peaked immediately before and after offline workshops, signifying a close complementarity between online and offline participation. At the same time, possibly as a side effect, some arts organizations got interested in blogging and started their own blogs.

Meanwhile a new idea was taking roots among the workgroup: now that we had scared the rent-seekers off, we could divert part of the funds from bricks-and-mortar onto intangible assets, such as injecting marketing skills onto the creative scene and funding development of innovative cultural products that would be the workspaces staples in a startup phase. It was clear that sustainable creative activities in Basilicata needed these assets more than they needed workspaces. In February 2008 the workgroup felt strong enough to ask creatives to propose ideas for activities that could be imagined taking place

in a workspace, or otherwise using one. 14 proposals flowed in, and were posted onto a special blog page.

At this point, we were in the position to propose a solution to the initial dilemma, which creatives subscribed to: a network of five workspaces in as many subregions. They would be multifunctional (for versatility, hence lower fixed costs to total costs ratio) but thematic (for fostering product innovation on the themes on which the Basilicata creative community seem to be most advanced). They would also form a network with a sophisticated governance model, designed to build into the system a constraint to thinking strategically and therefore challenge the existing tradition of opaque, piecemeal cultural spending.

A key feature of the proposal was to select buildings that only needed minor redevelopment to free up significant resources (1.3 Meuro in the first draft) for investment in intangible assets. Most of these would be assigned to local creatives to develop innovative cultural products along the directions identified as most promising.

Table 1 – The Proposed Solution: Creative Workspaces by Area and Theme

Theme	Location
The high tech cave	Matera city
Reinventing the future	Potenza city
Socially inclusive art	Vulture area
Roots	Pollino area
Basilicata in the world, the world in Basilicata	Metaporto area

As we drafted the proposal, Basilicata creatives insistently demanded for their involvement in running the workspaces to be subject to high quality standards. People who contributed high profile ideas did not want them to be associated (by sharing the same physical space) with low level ones. In April 2007 our proposal was formally run before the regional president, who approved it practically without conditions. No other stakeholder, within or without the VU conversation, appeared to have any viable alternative to offer.

6. Lessons for a Regional Living Lab Governance

The solution offered by VU to the initial problem, and the collaborative design iterations that brought it about, both have implications for the design of a regional Living Lab governance.

On the level of the policy design process, it seems clear that the lack of funds available each year to support cultural activities have played a positive role. It forced the administration to focus on economic sustainability of culture; cultural hardware and maybe some startup investment could be provided, but after that the creative scene would have to support workspaces by selling product. Demand for innovation followed, some of it more technology oriented (the high-tech cave), some of it less (socially inclusive art). The focus is on sellable innovation, not technical change: this attitude contrasts with the "innovation supply" approach generally prevailing in Living Labs. Just what exactly is sellable in the particular context of Basilicata creative business is a very tricky question; indeed, it was one that the VU workgroup had felt close to impossible to answer reliably in the early phases of the project. Only by gaining the creative scene participants' – with their fine-grained knowledge of the cultural patterns, and of the (often very weak) market signals concerning them – did a solution emerge. When it did it was one we shared with most of the creative community, and therefore largely uncontroversial. Further, adopting a "no surrender" attitude on meritocracy helped forge an alliance among the brightest and hardest

working members of the community, whose common interest is for high quality standards of creative activities to take place in the workspaces.

On the level of the policy solution, the workgroup felt the need more and better "policy as conversation" for the regional administration and the creative community to engage in. Therefore, a great deal of attention was paid to devising a governance structure for the proposed network of creative workspaces. In essence, this structure revolves around a yearly cultural strategy conference for Basilicata, to which the following agents would participate:

- The creative community iself, with the role of raising issues and proposing solutions. As a support to the community in this capacity, our proposal includes the development of the blog into a full-fledged social network as a platform for many-to-many interaction among creatives.
- A "council of the wise", formed by high profile national or international personalities, with the role of assessing Basilicata's cultural activities each year, putting them into a strategic perspective, connecting such a strategy to relevant trends elsewhere in the world, and serving as independent policy advisors, endorsing the most convincing proposals being brought to the attention of the conference. The role of the "council of the wise" is in part moulded on that of the Science and Technology Advisory Group (STAG) in shaping Taiwan's technology policy [4].
- A committee formed by the managers of the workspaces, charged with preparing a yearly report on cultural hardware and organizational and economic issues.
- The regional administration itself. We recommended involvement at the most senior level possible, with direct participation of the president to the cultural strategy conference.

Such a structure is designed to ensure that many voices are heard, and that civil society agents are next to impossible to totally ignore. The "council of the wise" wields the prestige of its components; the creative community is representative of a fair number of opinion leaders, potentially influencing many (especially young) voters. Given this, it seems likely that all of these agents will want to take part in "talking strategy" with each other, and that the resulting conversation will be diverse enough to explore alternative, spot solutions, foster innovation.

A major shortcoming of the VU project was the failure to get other departments of the regional administration involved, for reasons that are not yet totally clear. Consequently, despite being part of the same administration (and enjoying the privilege of a very short chain of command, with the workgroup answering directly to the regional president) we were unable to internalize policy externalities. We could not correct for negative externalities that the creative community was complaining about (for example: lack of planning in cultural expenditure, with the culture department announcing only late in each year its grants for that year); nor could we exploit positive externalities (for example: we could not find ways to work together with Lucania Lab, the region's tourism initiative on Second Life [6]). Insistence on senior level involvement of the administration in the cultural strategy conference is meant to try and correct for his failure, establishing the creative community and the conference itself as valuable tools for making policy other than cultural (i.e. Regional marketing, tourism, information society etc.).

7. Conclusions

Faced with a difficult policy problem, the Department of Economic Development-Basilicata regional administration workgroup elected to reassess the local creative community as a valuable partner. Visioni Urbane - Basilicata's policy on creative workspaces – was styled as a conversation with this partner rather than as making a top-

down, informed decision. This move helped to break the mould of mistrust between the administration (and, indeed, government institutions in general) and the creative community. In the new climate, the administration could mobilise the fine-grained knowledge about local arts organizations strengths and weaknesses; cultural markets; and promising cultural product innovation direction. In the course of the resulting conversation, a shared proposal emerged. Interestingly, it entails building a network of creative workspaces into a tool of different policies (cultural policy, region marketing policy, tourism policy etc.), also to be structured as more (information rich) conversations.

Policy as conversation in Basilicata has also helped to bring into the light a hitherto implicit demand for product innovation. Public investment in innovative cultural products can now be undertaken with a reasonable certainty that there will be some kind of market for them. This approach seems to have attractive allocative efficiency properties, and I propose that it be considered for Living Labs as an alternative to the traditional Living Lab governance model, based on funding supply of innovation. Most regional and local authorities in Europe (an certainly in Italy, blessed – or burdened, if you prefer to see it that way – with a staggering amount of heritage buildings) have the problem of finding new, meaningful uses for old buildings (like former manufacturing plants in urban centers). The URBAN programmes were remarkably successful at renovation, much less so at turning those buildings in a social asset, empowering creativity and innovation in local economies. The Cluetrain Manifesto-like attitude of Visioni Urbane might be generalized to other contexts to help solve that problem.

Despite these early successes, policy as conversation has a long way to go to become a solid, dependable tool. In particular, Visioni Urbane has so far failed to ensure interdepartmental cooperation within the regional administration, and therefore to internalize the numerous – and mostly negative – policy externalities affecting the project from outside. Ironically, tt seems that VU has been unable to get other departments in the Basilicata administration involved into the policy conversation. Further work is recommended to explore this issue. Meanwhile, policy designers involved in regional Living Lab governance design should be warned to actively engage in getting third-party departments involved. Assuming that they will pay attention just because they are part of the same administration does not seem a safe assumption in the light of the VU experience.

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