

# New Cultural Art Centres in Moscow and St. Petersburg





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# New Cultural Art Centres in Moscow and St. Petersburg

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## **Preface**

### Creative Compass Project

The Institute for Russia and Eastern Europe in Helsinki is running its Creative Compass project for 28 months during 2009-2011. The first phase of the project was launched in the spring of 2009. The Ministry for Foreign Affairs of Finland has allocated neighboring area funds to the Creative Compass project. The project seeks to identify any parties in creative industries in Finland and Russia who are interested in co-operation and mutual projects. In the framework of the project, seminars and practical workshops are organized to discuss activities and developmental opportunities in the creative industries in both countries. The Creative Compass project seeks to examine a variety of issues connected with the creative industries, education, training and entrepreneurship. One of the most important goals is to promote mutual learning and the exchange of experiences in Finland and in Russia. Moreover the Creative Compass project brings together organizations and individuals interested in creative industries and seeks to establish a network between them. The project will be followed by the concrete development of the Northern Dimension Cultural Partnership, which is expected to start operating from the beginning of 2011.

This report on New Cultural Art Centres in Moscow and St. Petersburg is based on cooperation implemented in the two seminars; Viewpoints on Creative Economy organized in Russia and Opportunities of the Creative Compass Project organized in Helsinki. The study was conducted at the Center for Markets in Transition (CEMAT), hosted by Aalto University, School of Economics. The management for the research work was carried by Prof. Riitta Kosonen and Research Head Päivi Karhunen. The author of the study was Dr. Katja Ruutu. The Creative Compass project wishes to thank Director Mikhail Gnedovsky (Cultural Policy Institute, Moscow) for all the assistance provided during the research work, professional consultation and good advice. Moreover the project wants to thank you the representatives of the creative clusters who were interviewed for the study in Moscow and St. Petersburg.

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# 1. Introduction

This study examines the cultural industries in Moscow and St. Petersburg, by focusing on the operation and environment of the new private cultural centres in these cities. The investigation continues and deepens the author's earlier study on "Cultural Industries in Russia, Northern Dimension Partnership on Culture".<sup>1</sup> In the new themes the study focuses on the concepts of a creative city and a creative cluster and their application in the context of Russia's two major cities. The empirical research targets are the cultural centres in Moscow and St. Petersburg which are situated at the old industrial factories and which often call themselves as creative clusters.

The new cultural art centres are a rather new phenomenon in Russia and their arrival, activities and meaning in the urban context have not been studied much. Only after 2005 have these new centres started to appear in old factories in the cities of Moscow and St. Petersburg and most of them are still finalising their operations and activities. Contrary to the cultural centres in Central and Western Europe, which have often started their operation as squats or through direct actions, the Russian ones have started operating via business people linking up with the enthusiasm of the artistic circles. The owners of the cultural centres in most cases belong to the Russian business elite, which also affects their operations. They seem to be more business orientated than the centres which are set up by the artists and designers themselves and which finance their operations with charity funding. The business orientation is also a result of the Russian legislation, which does not support independent cultural initiatives. The independently owned non-profit centres do not receive any governmental subsidies for the daily operations, only for some separate projects.

Despite the fact that there is a lot of abandoned production space in the historical centre of Moscow, very few of them are converted for the specific purposes of exhibiting art projects. The Moscow government has adopted a program to move all production facilities beyond the Moscow Ring Motorway, which has freed up a lot of factory buildings in recent years, many of them of historic and architectural importance. Until now the reorganization process of the industrial areas in Moscow has been driven by the building of expensive and profitable business centres. The renovation initiatives in the industrial areas, developing cultural clusters and quarters, have not fostered broader understanding from the officials of the Moscow city.

Nevertheless, it has been considered that both St. Petersburg and Moscow have good possibilities to develop the concept of the creative city. The cultural resources of the metropolitan centres are strong enough to absorb and influence the global consumption and production, but this needs policy input. The emergence of a small group of independents is not an indication that some effective organization, a strong network cluster, will inevitably emerge and take advantage of any potential market. It has been stated that the cities and the regional governments in Russia would need to think about a re-evaluation

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<sup>1</sup> Ruutu Katja, Panfilo Aleksander, Karhunen Päivi. Cultural Industries in Russia, Northern Dimension Partnership on Culture. Helsinki School of Economics, Centre for Markets in Transition. TemaNord 2009:590.

of commercial and popular culture. They need to consider the wider potential of popular culture in providing valuable emergent markets and a set of new urban dynamics in Russia. It is the smaller, more flexible independent cultural practitioners that would be the key to understanding the dynamics of popular consumption. The small cultural practitioners are capable of creating and adapting innovative new Russian products for an increasingly discerning market. In this context, the new cultural centres in Moscow and St. Petersburg would act as a hotbed for new businesses in creative industries.

The five centres investigated, of which four exist in Moscow and one in St. Petersburg, are all different in their performances, operations, owner bases and goals. Only one of the centres, Proekt Fabrika in Moscow, can be called a non profitable mission driven organization. It is also the only one which belongs to Trans Europe Halles (TEH), which is a network of independent cultural centres that connects pioneering cultural actors in 26 different European countries. The other four cultural centres can be said to be more business orientated, although in their tenant policy they support creative projects which can get spaces for lower rent. An example of this is the Design Centre Art Play, which is building a huge artistic complex on the banks of Yauza River in Moscow and giving lower rent to architects and designers. When the complex is ready it will comprise approximately 200 offices, large exhibition venues, cinema, spa and restaurants. Nearby Art Play is situated Winzavod (Wine Plant), which is the most famous and well known of the new cultural centres in Moscow. It hosts many respected contemporary art galleries and organizes numerous popular exhibitions and public events.

A newcomer in the field is the Flacon design centre which is situated at an old glass factory “Hrustal’ny” in the remote industrial area of Moscow. It is still renovating the premises and setting up its organization and action plan. Contrary to the other centres, Flacon seemed to start developing good relations with the municipal authorities of the city district. The officials of the Butirskyj district where Flacon is situated expect that the centre can affect the cultural resources of the district which at present lacks some cultural amenities, such as cinema. In St. Petersburg Loft ETAGI is a typical example of the cultural centres which combines business and art. It is situated in an old bakery and has attracted a lot of publicity and visitors in recent years. It includes galleries, exhibition venues, a hostel and a vegetarian restaurant. In the absence of a museum of contemporary art in St. Petersburg, Loft ETAGI has become very popular, especially among the young people. All the cultural centres in this study focus on contemporary art, which is still a relatively new phenomenon in Russia and is not yet widely established. Thus, there seem to have been good opportunities as well as a need for these new art centres to set up their activities. For example, Proekt Fabrika in Moscow is a forerunner in the promotion of contemporary dance in Russia. The centre is the only cultural venue in Moscow dedicated to modern Russian dance.

The analysis is based on primary and secondary data analysis. The primary data was collected through interviews with the centre managers and curators. Secondary data was obtained from reports and studies made of these centres in Russia, mostly by the Moscow based Creative Industries Agency. However, it has to be noted that new Russian cultural art centres have not been comprehensively investigated before.

In the beginning of the study, the state of creative industries in Russia is briefly analyzed. Following that, the analysis is broadened by discussing the concept of creative cluster in the Russian context. Cluster based thinking has attracted a lot of interest recently and it is very well suited to creative industries because the nature of the creative industries themselves tends to stimulate clustering. After that the concept of a creative city is introduced and adopted in the context of St. Petersburg and Moscow. An overview of the cultural industries in both cities is presented, before going into a deeper analysis of the cultural centres themselves.

## 2. Creative industries in Russia

Richard Florida's famous book "The Rise of the Creative Class" was published in 2003. It describes a new class of knowledge workers who are driving wealth creation in cities, and in order to be successful cities need to attract this group. The emerging "creative class" in society is a cohort of professional, scientific and artistic workers whose presence generates economic, social and cultural dynamism, especially in the urban areas. The creative class includes people in science and engineering, architecture and design, education, arts, music and entertainment, whose economic function is to create new ideas, new technology and new creative content.<sup>2</sup>

In the later phase, Florida and others have argued that the emphasis should fall not on the creative class itself, but on the creative industries the city is able to generate, attract and host. These in turn would be magnets for creative talents and new creative firms. The presence of a high concentration of creative industries and clusters would therefore be indications of a creative city. Thus, if we want to move beyond creativity to a creative ecology, we require diversity, change, learning and adaption on a sufficiently large scope and scale. It brings groups together and induces economies of scale relative to supplies, information, the exchange of ideas, the concentration of capital, proximity to jobs and employment opportunities.<sup>3</sup>

In Russia, the concept of creative city has not received a great deal of support or understanding from the government of the Russian Federation or the city governments of Moscow and St. Petersburg. The whole creative ideology is quite new and not very familiar to Russians. Unlike many other governments and cities, which have recently been active in developing the creative industries and adopted governmental and municipal programs in creative industries, Russian federal or regional governments have not yet shown any great interest in the sector, despite a certain interest in the tourism sector. The idea that culture could be profitable and generate economic value is a new one in Russia and needs time to be adopted, although according to the statistics the creative industries in Russia have shown growth in recent years. The creative industries' contribution to GDP in 2005 was 6 % which is higher than for example in neighboring Finland, where the amount was 4 % of the GDP.<sup>4</sup>

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<sup>2</sup> Florida, Richard. *The Rise of a Creative Class: And How it is Transforming Work, Leisure, Community and Every-day Life*. Basic Books. 2003.

<sup>3</sup> Strickland, Bill. *Creative City*. Fonseca Reis, Ana Carla and Kageyama, Peter (org). *Creative City Perspectives*, Sao Paulo 2009, p. 43.

It is good to remember that the service sector into which the creative industries are included contributes significantly to the gross domestic product of the Russian Federation, accounting for sixty percent of the total GDP. Pekka Sutela points out that most modern service, ranging from department stores to cafeterias, travel agencies and investment banks, did not exist or were underdeveloped at the beginning of the 1990's in post-soviet Russia. Over the last two decades, these industries have developed rapidly, providing previously unavailable services and creating numerous new jobs. This shift of resources (money, labour and skills) from inefficient heavy industries into more productive manufacturing and modern services has been the true source of Russian growth in recent decades.<sup>5</sup> Thus, the growth of retail trade turnover and the increase in spending among consumers have become the principal motors of the Russian economy and Russian economic growth is expected to accelerate further as consumption remains the main engine of this boost.<sup>6</sup>

Russian designer Aleksey Goncharick states, in his writing published by the Moscow based Creative Industries Agency, that in considerations of the creative industries Russia is faced with a number of problems connected with economic, cultural and political spheres, but also with understanding about the creative industries themselves. Unlike the Western countries, Russia has not followed the road of postindustrial economy, in which the state is guided by the creation of a flexible, adaptive and open economy and the contribution of investments to human capital. On the contrary, the economy of Russia is guided by the raw material sector that creates structural barriers against the arrival of the other "softer" industries, like the service sector in which creative industries are included. The creative industries require stimulus for development, in particular in finances and taxation, which are both needed to improve the socioeconomic development of the whole state. Thus, the creative industries in Russia have not yet become a separate sector of economy, as in many of the developed countries. Instead the creative industries are not an independent sphere of economy, have not become one of the development priorities and have not found support at the state level. In addition, the creative industries are poorly represented in public discourse. Only a few public organizations and businesses are interested in creative industries.<sup>7</sup>

In the Soviet Union, the collective was valued over the individual. This is still seen and the values of creative economy, such as individuality, diversity and openness still need time to fully develop. However, the Soviet era also gave rise to informal networks of trust and mutual help. In the establishment of new types of creative enterprises, strong and informal networks are crucial. The long Russian experience of this way of functioning may prove a useful basis for creative industries. The future development of the social and economic institutions in Russia will provide additional opportunities to develop them and to extend the business value chains. At the same time the business opportunities of the creative industries will attract greater interest.

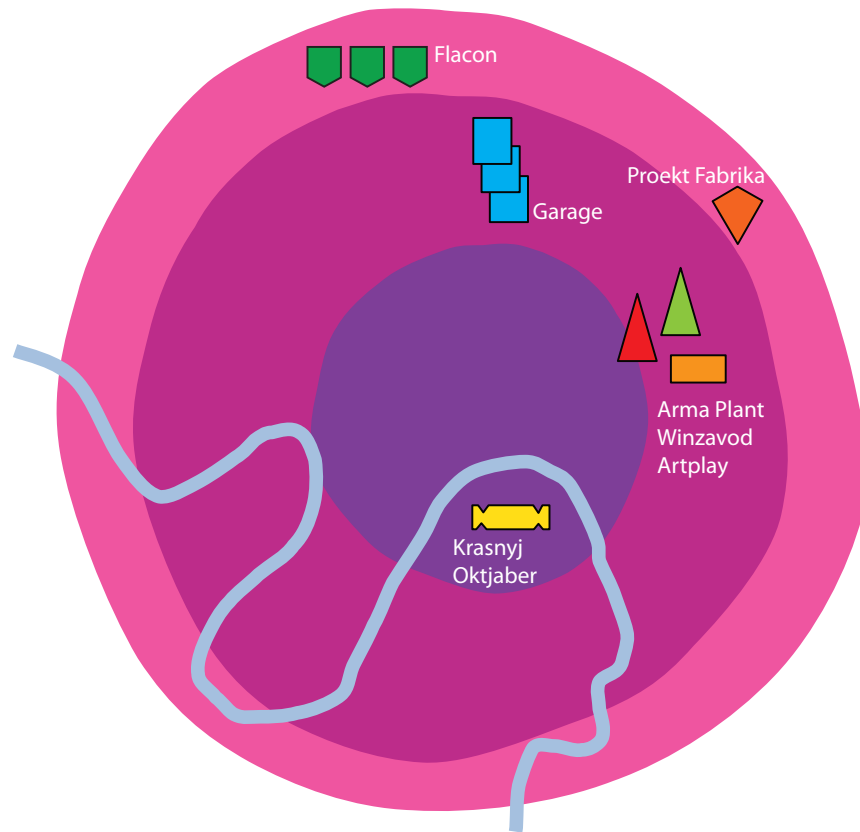
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<sup>4</sup> Creative Economy Report 2008. The Challenges of Assessing the Creative Economy: Towards Informed Policy-making. United Nations, UNCTAD 2008.

<sup>5</sup> Sutela, Pekka, Russian Services PMI, Investment Business VTB 2009.

<sup>6</sup> Boumphrey, Sarah. Top Ten Consumer Trends. Euromonitor 2008.

<sup>7</sup> Goncharick, Aleksey. Politika v oblasti tvortseskih industrij: zarubezsnij onyt ili rossijskie reali. <http://www.creativeindustries.ru/rus/publications>.



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### 3. Creative clusters in Russia

Central to the “creative city” model is the understanding that independent cultural producers operate, as individuals and companies, in networked clusters. According to the widely used definition of a creative cluster, “a creative cluster includes non-profit enterprises, cultural enterprises, arts venues and individual artists alongside the science park and the media centre. Creative clusters are places to live as well as to work, places where cultural products are consumed as well as made. They are open round the clock, for work and play. They feed on diversity and change and thrive in busy, multicultural urban settings that have their own local distinctiveness but are also connected to the world”.<sup>8</sup>

Aleksey Goncharick defines a creative cluster as follows: Creative cluster - a special place, some enterprises, firms and offices incorporated in the general space of the creative industries. In the cluster there is a general, specific and open creative environment for communication and cooperation. As an alternative to the social capital on the basis of exchange of ideas, in clusters new networks of mutual relations are formed. The main feature of the creative clusters is the general atmosphere of creativity and business, promoting the manufacture of a creative product. Clusters help with the development of the spawned industrial enterprises and spaces.<sup>9</sup> In addition to that, in order to identify a

<sup>8</sup> UNESCO Culture Sector. What are creative clusters? <http://portal.unesco.org/culture/en/>

<sup>9</sup> Goncharick, Aleksey. Politika v oblasti tvortseskih industrij: zarubezsnij onyt ili rossijskie reali. <http://www.creativeindustries.ru/rus/publications>.

space as a cluster there needs to be a geographical concentration of cultural and supporting organizations in the area. Also there need to be functional links between the different members of the cluster. They can be consumption or production related.<sup>10</sup>

It has been realized that the nature of the creative industries themselves tends to stimulate clustering. Because of the difficulty of substituting capital for labor in most areas of cultural production, it is difficult to achieve the significant economies of scale in the creative industries. This means that economic advantage must be gleaned instead from economies in scope. Thus, the spatial proximity of producers is typical in culture, which allows them to share production facilities, to draw on the same audience or to have common marketing. Related to this, creative industries operate through a specific spatial logic by which they are strongly linked to the mutual dependency of culture and city. They are dependent upon each other's proximity, as this provides them with competitive advantages through creative exchange and networking. This explains why specifically urban renewal areas in the cities have provided the opportunities for industries to develop and new collaborations to emerge.<sup>11</sup>

Thus, in order to flourish, creative enterprises group together in creative clusters, pooling together resources into networks and partnerships to cross-stimulate activities, boost creativity and realize economies of scale. In some countries, the government and public policymakers have realized the social and economic potential of this development and are playing an important role in creating an enabling environment for these clusters to grow. However, it has also been realized that creative clusters are not the same as business clusters. Common strategies will not work. A cluster of creative enterprises needs much more than the standard vision of a business park next to a technology campus.<sup>12</sup>

The concept of a creative cluster has met a number of problems in Russia. First, there is no official definition of or policies for a creative cluster, or the whole creative industries. Neither do there exist any supporting programs at governmental, regional or local level for the creative clusters. Also the state has reduced state funding to culture and, at the same time, hampered the ability of the state-funded institutions by placing legal restrictions on their commercial and entrepreneurial activities. Many cultural organizations are dependent on state subsidies, when they prefer to be defined as "cultural" and not "entrepreneurial" because according to the laws, the private sector has difficulties in getting state subsidies or governmental loans.<sup>13</sup> The legislation does not favour commercial organizations in the cultural sphere. Thus, it has been more beneficial to be either a governmental organization or a non-commercial organization, a so called NGO. However at the moment "it is difficult to survive in the form of non-governmental organization".<sup>14</sup> The law on NGOs, which came into force in 2006, has strengthened state control over

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<sup>10</sup> Hitters, Erik, Richards, Greg. The Creation and Management of Cultural Clusters. Creativity and Innovation Management, Vol 11, N0 4, December 2002, p.236.

<sup>11</sup> Ibid.

<sup>12</sup> UNESCO Culture Sector. What are creative clusters?. <http://portal.unesco.org/culture/en/>.

<sup>13</sup> O'Connor, Justin. Creative Exports, Taking Cultural Industries to St. Petersburg. International Journal of Cultural policy, Vol 11, No 1, p. 48 2005. See also Ruutu, Karhunen, Panfilo. Cultural Industries in Russia, Northern Dimension Partnership on Culture. TemaNord 2009.

<sup>14</sup> Interview with Vassily Pankratov, June 2009.



the activities of non-governmental and non-commercial organizations. Particularly, the registration requirements have tightened.<sup>15</sup>

According to Elena Zelentsova, the main problem is not the shortage of money, but that the funding is mostly addressed to the state cultural institutions and big cultural events. The funding of state cultural institutions aims to cover salaries, electricity and water bills only. For example, this year in the Moscow region there is no money at all for cultural projects, only for the running expenses of cultural institutions (salary, water and electricity). In parallel to this, the Ministry of Culture of the Russian Federation spends a lot of money on construction. During his last meeting with Prime Minister Vladimir Putin, the Minister of Culture, Alexander Avdeev, reported that several buildings for theatres and museums were built in different regions of Russia, but he said nothing about plays, performances and exhibitions inside these buildings.<sup>16</sup> In this situation, all these new cultural initiatives and centres such as Art Play or Fabrika are extremely popular because they focus on the content and the cultural activities.<sup>17</sup>

It is typical that big official cultural events are funded very well. For example, the state has given a lot of money for the 150th anniversary of Anton Chekhov. In Taganrog alone, which is Anton Chekhov's birthplace, the budget for this anniversary is 34 million dollars.<sup>18</sup> There are thousands of useless and boring events going on in all Russian cities, in many state cultural institutions. Young colleagues from Taganrog said "We have started to hate this great Russian dramatist. Our city is not a mausoleum for Anton Chekhov. We live here and want to express ourselves. We want to have cultural activities of our own and create our contemporary culture".<sup>19</sup>

The rising costs of entering the market and maintaining a business in Russia have been major obstacles to the growth of small and medium sized enterprises. The problem of financing is particularly acute for companies in creative industries, which often do not have physical property to be valued as collateral for loan. Excessive bureaucracy and corruption have been a problem for a long time. Bribes demanded by federal agencies, courts and police are still named by businessmen as one of the major problems. According to the new law on SMEs, the government pledges to grant "equal consideration" to companies when distributing support programs, although it is not stated in the law what the support programs are. The law mentions also tax credits, loosened accounting rules, financial and IT support etc. However, the implementation of these is still unclear.<sup>20</sup>

Elena Tupyseva from Proekt Fabrika states that it is more beneficial for cultural organizations to function on a non-commercial basis because they receive more benefits than commercial enterprises. Also the non-commercial organizations have difficulties in operation.

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<sup>15</sup> See Ruutu, Panfilo, Karhunen. Cultural Industries in Russia, Northern Dimension Partnership on Culture, p.41.

<sup>16</sup> See Alexander Avdeev's talks with Vladimir Putin: <http://premier.gov.ru/events/news/9140/>

<sup>17</sup> Interview with Elena Zelentsova. March 2010.

<sup>18</sup> See: [http://www.yugmedia.ru/jm\\_cultura](http://www.yugmedia.ru/jm_cultura)

<sup>19</sup> Interview with Elena Zelentsova. March 2010.

<sup>20</sup> Heininen, Polina, Mikkola, Olli-Matti, Karhunen, Päivi, Kosonen, Riitta. Yritysmarkkinoiden kehitys Venäjällä. PK-yritysten tilanne Pietarissa. Helsingin kauppakorkeakoulu 2009. B-102.

For example, Proekt Fabrika can not apply for money for daily operations, but it has to apply for money for special projects. Also the amount what they get from the Ministry of Culture is very modest.<sup>21</sup>

The perceived distinctions between commercial and non-profit organizations are reinforced in Russia by the state law that uses the same distinction, giving tax and tax reporting advantage to the state-funded organization. Commercial activity by a non-profit organization is taxable, while for a state organization, it is tax-free. Similarly, donations to a non-profit organization are taxable, but not so if the recipient is a state-supported body. Moreover, restrictions on what counts as non-profit are set by the state and are non-negotiable. This discourages the mix of profit with non-profit activity in the same firm, which makes it difficult to take enterprising approaches to earned income for small mission-driven organizations. The non-profit organizations are allowed to have some commercial activity, but the commercial turnover is limited and the reinvestment of profit is highly regulated.<sup>22</sup> According to the Deputy Director of the Cultural Committee of the City of St. Petersburg, Vassily Pankratov it is impossible for the Committee of the Culture to give rent subsidies for example to a commercial or even a non-commercial company because of the federal law, which forbids it.<sup>23</sup>

While many of the new cultural centres are private projects, Elena Zelentsova, for example, refuses to classify all these projects as purely commercial. It is more like social business in which material stability and social mission are connected. Because of the lack of system of charity funds and government support, it is misleading to separate with the commercial and noncommercial projects. The government supports only traditional culture which does not represent any danger and does not contain any political risks. The development of the creative factories is in many respects against an official cultural policy of the Russian federation.<sup>24</sup>

The lack of clear policy towards the creative industries can negatively affect the future competitiveness of the sector in Russia. The simplification of the legislation and support of the sector at the federal, regional and municipal levels would promote the development of the given sector. In Russia the regions play an active role, and the growth of cities and their identity are connected with the new forms of cooperation between business and culture. Justin O'Connor states that because the Russian state is unable to follow the Chinese model with massive state investments and the creation and control of huge production conglomerates, it needs to think about the importance of the federal and local government promoting the cultural industries. An emphasis on the role of the independent sector as a key source of cultural creativity and innovation is inevitable. Independent and innovative creative clusters are the way towards a flourishing cultural sector which can bring economic growth, too. Yet, Russia has now abandoned democratic civil society where the clusters can emerge.<sup>25</sup>

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<sup>21</sup> Interview with Elena Tupyseva, December 2009.

<sup>22</sup> Moss, Linda. Encouraging Creative Enterprise in Russia, in Henry, C. (ed.) Entrepreneurship in the Creative Industries, an International Perspective. Edward Edgar Publishing limited, UK 2007. p.150.

<sup>23</sup> Interview with Vassily Pankratov, June 2009.

<sup>24</sup> Smirnova, Julija. "Glavkunstprom-2": <http://www.goethe.de/ins/ru/lp/prj/drj/leb/frz/ru4909468.htm>

<sup>25</sup> O'Connor, Justin. Creative Exports, Taking Cultural Industries to St. Petersburg. International Journal of Cultural Policy, Vol 11, No 1. 2005, p.57.



## 4. Creative clusters in the city context

The importance of local authorities in supporting the development of the cultural clusters has been stressed in many researches. It has been stated that successful cultural districts and clusters require effective leadership and intervention by multiple levels of government as well as the private and voluntary sectors.<sup>26</sup> Landry states that the creative class cannot flourish unless the public administration is imaginative, unless there are social innovations and creativity in areas like healthcare or social services, or even politics and governance. In short, unless there is an overall “creative ecology”, it is difficult to be creative in a city. Thus, the creative city calls for encouragement of open-mindedness, imagination and public participation. It is also good to remember that the creativity is context driven. In the 19th century the urban creativity required in the west was focused on issues like public health, while in the early 21st century creativity is needed in order to find solutions to climate change and global warming.<sup>27</sup>

Contrary to the Western and Central Europe where cultural cluster and cultural quarter strategies have developed into something of an urban/cultural development “hype”, Moscow or St. Petersburg have not yet developed a policy of the new cultural centres. Neither, is there yet much cooperation between the city officials and the cultural activists planning the urban transition of Moscow and St. Petersburg. Thus, because of the lack of public support and interest, the development of the new cultural centres is driven more by economic considerations rather than cultural needs. This has also allowed the cultural centres to determine their own cultural strategy and there are few contacts with the city officials. The representatives of the centre want to keep an arm’s length distance from the officials and they are worried about the changes of the attitudes of the city officials towards the centres. Also the land legislation of Russian federation is complex and does not give enough guarantees to the leaseholders. According to the laws of Russian federation, it’s not possible to own land plots privately. The plots are thus rented for a longer period, like 50 years. As an example, one of the centres, Art Play had to move to the new premises because the owner of the land plot wanted to set up a huge business complex and demolished the old silk factory where Art Play was located.

While in Europe the industrial estates take up no more than 1-1.5 % of the city centres, in Moscow the amount is 15 % including the railways. There are approximately 3000 big and medium sized plant facilities in the centre of Moscow, which occupy expensive land and create serious ecological problems in a city which has a surplus of traffic. Moscow government has adopted a program to take over all production facilities beyond the Moscow Ring Motorway, which has freed up a lot of factory buildings in recent years, many of them of historic and architectural importance. Until now the reorganization process of the industrial areas in Moscow has been driven by the building of expensive and profitable business centres. Different investment companies have started the process of reorganization of industrial territories at the heart of city by buying a controlling stake

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<sup>26</sup> Hitters, Erik, Richards, Greg. The Creation and Management of Cultural Clusters. Creativity and Innovation Management, Vol 11, Number 4, December 2000, p.236.

<sup>27</sup> Landry, Charles. The Creative City: The Story of a Concept. Fonseca Reis, Ana Carla and Kageyama, Peter (org). Creative City Perspectives, Sao Paolo 2009, p.13.

before the Moscow government's construction department had started their work. Thus, the investment companies became majority shareholders.<sup>28</sup>

However, there are already examples of the redevelopment of the old industrial factories into cultural purposes in Moscow. One example is the National Centre of Contemporary Art (NCCA) which is federal property and located at the former factory of theatre equipment. Many of the new cultural centres are located at some distance from the centre in an area whose current less than prestigious nature precludes charging high rents, so investing large sums is financially unviable. However, by converting them into so called "Class B offices", the profit margin can be kept as high as possible. And thanks to features such as large windows, high ceilings, wide column spacing, floors with a high load-bearing factor and a good power supply, industrial buildings lend themselves well to such redevelopment.<sup>29</sup>

The "General development plan of the city of Moscow until 2020" stresses the preservation and regeneration of the cultural and historical heritage of the city. This corresponds to the Russian legislation which describes cultural activity as "work to preserve, create, disseminate and teach cultural values". Creative activity is defined as "making cultural values and their interpretation." There is no mention of the creative process; the focus is on its value and interpretation, not creation. Thus, when policy documents refer to "cultural activity", this is understood by government as meaning "valuing and interpreting (not making) culture". The widely-adopted definition of cultural industries by the British government is "those industries which have their origin in individual creativity, skill and talent". It makes the creative process the defining factor, while no mention is made of activities that follow from it. This contrasts with the emphasis of the Russian definitions, which have the conservation and the interpretation of national heritage prioritized.<sup>30</sup>

While the official city plans of Moscow stress the status of Moscow as "a historical city", the concept of "creative city" has already achieved some understanding in St. Petersburg, although not yet in a broader sense. There are some officials in the city of St. Petersburg who promote the idea of the creative city and try to promote the creative industries. Overall there is widespread recognition of the significance of tourism for development and the amount of tourists has grown steadily in St. Petersburg. However, it is admitted that supporting small-scale cultural producers together with appropriate institutional support for the development of culture-related small and medium sized enterprises could diversify the creative economies in St. Petersburg.<sup>31</sup> The Tacis project survey of "Innovative Funding for Stable Cultural Development in the North West of Russia" discovered that creative industries are poorly developed in St. Petersburg, in particular contemporary art,

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<sup>28</sup> Zelentsova, Elena and Gladkih, Nikolay. The Factories of the Imagination or Cultural Conversion: New Cultural Venues Appear in Russia. Creative Industries Agency, research paper. <http://www.creativeindustries.ru>. 2009

<sup>29</sup> Harris, Edmund (chief ed.) Moscow heritage at crisis point 2009, p. 251. SAVE Europe's Heritage 2009.

<sup>30</sup> Moss, L. (2006) Arctic Roll? Cultural Industries and Tourism Development in Russian Karelia: Can It Succeed. The 60<sup>th</sup> Parallel Journal. No 4 (23) December. <http://journal.60parallel.org/en/journal/2006>

<sup>31</sup> O'Connor, Justin. Creative Exports, Taking Cultural Industries to St. Petersburg. International Journal of Cultural Policy, Vol 11, No 1. 2005, p.56.

popular culture and “life style” sectors. Small and creative businesses are growing in the cultural sector of St. Petersburg, but in comparison with Paris and Barcelona, for instance, the differences are still high.

## **5. Cultural economy in Moscow and St. Petersburg in the light of the statistics**

Moscow is a cultural centre of global value. According to the statistics of the city of Moscow there are 93 theatres, 94 cinemas, 23 concert halls, 30 exhibition halls and 61 museums in Moscow.<sup>32</sup> The program of culture of Moscow city lists also 97 ‘houses of culture’ (dom kulturny). The theatres of Moscow, including the Bolshoy Theatre, The Maly Theatre, The Art Theatre, The Theatre named Vahtangov, The Theatre on Taganka are known all over the world. Very famous collections of painting, graphic art and sculpture are gathered in museums, among them the well-known Tretyakov picture gallery and the Museum of Fine Arts named after Pushkin.

The program “Culture of Moscow for the years 2008-2010” lists theatres, concert halls, libraries, museums and show rooms, cinemas, leisure parks for culture and houses of culture. There is no mention of the private cultural centres, cultural quarters or the whole creative industries sector at all. Instead, the houses and clubs of culture and recreation parks are mentioned in the program. It is said that in 2006 there were 90 official bodies of club types where actively worked more than 6000 amateur associations and creative collectives in the Moscow area. The most visited establishments of culture (city - recreation parks -parki kulturni i otdiha) for the last few years became the centres for hosting many socially significant cultural actions (New Year, Christmas Day etc.). The annual attendance at city parks in the years 2008-2009 was more than 10 million people.<sup>33</sup>

Over the last eight years the number of foreign tourists coming to Moscow has increased by 2.5 times exceeding 4 million people, according to the Head of the Moscow Committee of Tourism Grigory Antyufeyev. In the year 2008 the increase amounted to 7%. During the year 2010 nearly 5 million foreign tourists are expected to visit Moscow.<sup>34</sup> The environs of Moscow are also full of cultural, historical and natural monuments. About 2200 tourist sights are officially registered and under protection of the state. Among the attractions of the Moscow area are the monasteries which for ages have been spiritual centres of the country. Moscow is also a scientific world centre. The Russian Academy of Sciences (RAN) has nine departments for different branches of knowledge, including 173 academic research studies institutes and centres located in Moscow. In Moscow there are also 257 universities, of which 60 are state universities.

St. Petersburg is often described as the cultural capital of Russia. While many Muscovites would probably disagree with this statement, nobody would deny the fact that St. Petersburg is one of the most important cultural centres not just in Russia but also in Europe.

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<sup>32</sup> Statistika Moskvyy. Kultura v 2008 Godu. Mosgorstat no 39, Moskva 2009.

<sup>33</sup> Gorodskaja Tselevaja Kompleksnaja Programma “Kultura Moskvyy 2008-2010” Moskva 2007.

<sup>34</sup> The Moscow City Government, [www.mos.ru](http://www.mos.ru).

Being the capital of the Russian Empire for more than 200 years St. Petersburg established a strong position at the forefront of the Russian artistic life. The city's architectural riches are well known – it has almost 8,000 cultural heritage objects placed under state protection. In 1990 the historic centre of St. Petersburg and related group of monuments were placed on the UNESCO World Heritage List.

Today's St. Petersburg also has a large cultural sector. According to city's Department of Culture it includes 62 theaters, 182 museums, 135 art galleries and exhibition halls, 50 cinemas and 2 circuses. Among them are such world famous names as the Mariinsky Theatre, the Hermitage, the Russian Museum and many others. The city's culture attracts a significant number of visitors: in 2008 city's museums received almost 16 million visits, theatres – 2.5 million visits and concerts – 1.7 million.

As a result, the cultural sector plays more important role in St. Petersburg's economy than in the economies of most Russian regions. In 2007 the volume of paid services (sales) rendered by cultural organizations was 10.8 billion RUR or 5.6% of all consumer paid services in St. Petersburg (according to Petrostat). In per capita terms sales of the cultural sector amounted to 2360 RUR. These indicators were several times higher than the corresponding average Russian figures: in Russia the cultural sector provided only 1.7% of all consumer paid services and its per capita sales were 5.7 times lower than in St. Petersburg (412 RUR). Public spending on the cultural sector from the city's consolidated budget was also quite significant and higher, in relative terms, than in most other regions of the Russian Federation.

***Expenditure on culture in St. Petersburg's consolidated budget, RUR million***

	2005	2006	2007	2008
Expenditure on culture, film and the media	4,782	5,545	8,974	14,840
<b>As % of budget expenditure</b>	3.6%	3.0%	3.4%	4.2%

*Source: St. Petersburg's Department of Finance (2009)*

According to data from St. Petersburg's Department of Culture, state-owned and publicly financed organizations in the cultural sector employed 50,230 individuals or 1.9% of economically active population. However, this figure does not represent all employees in the creative industries. For example, it does not include educators teaching subjects in the field of art and culture or designers working in private organizations. The EU technical assistance project aimed at supporting the creative industries in St. Petersburg estimated the total number of workers employed in the cultural sector in to be 90,000 or 3.4% of the economically active population.<sup>35</sup>

In addition to its direct contribution to the economy, St. Petersburg's cultural sector is an important factor that attracts tourists to the city and consequently creates positive spillovers for other industries such as hotels and restaurants. Tourist arrivals to St. Petersburg in recent years have been steadily increasing and reached 4.8 million in 2008. The gov-

<sup>35</sup> [www.creative.leontief.net/abouten.html](http://www.creative.leontief.net/abouten.html)

ernment's program for tourism development estimates that tourism accounts for 10% of city's GRP and 5% of its tax receipts.

The advertising market provides the main source of revenue for most creative industries mentioned earlier. The advertising expenditure in St. Petersburg has been growing very rapidly during the recent economic boom and by 2008 it reached 14 billion RUR or 286 million EUR (using the average exchange rate for 2008). It is approximately 5.6% of the total Russian advertising expenditure and 1% of city's GRP. Federal companies accounted for almost half of the total advertising expenditure.

***St. Petersburg advertising expenditure by medium, RUR million***

	2008	B % κ 2007
Printed media	4600	13%
Outdoors	3800	10%
TV	3500	17%
Radio	1320	12-13%
Internet	540	50%
Advertisement in mass transit	300	10%
<b>Total</b>	<b>14060</b>	<b>14%</b>

Source: AdLife.spb.ru

Rapid growth of their advertisement expenditure helped many of St. Petersburg's creative industries to develop successfully. However, a significant and increasing share of revenues in these industries is taken by federal companies. Also, unlike the city's classical culture, which is based on its rich historical heritage and is globally quite competitive (judging by the growing number of foreign tourists arriving to St. Petersburg), new sectors of the creative economy cannot boast any significant success on the international market.

St. Petersburg is known for its openness to the West. Over the years there have been many formal and informal connections linking artists and cultural entrepreneurs to the cities of the western world. There are emergent tastes for different aspects of Western designer culture and more popular street fashions. There is a well-developed aesthetic sense in graphic, fashion and interior design, as well as musical, visual and performance cultures with long histories and strong institutional bases. In addition, St. Petersburg's strong classical culture gives it a global brand image, which can be an advantage even to the most contemporary products.<sup>36</sup>

<sup>36</sup> O'Connor, Justin. Creative Exports, Taking Cultural Industries to St. Petersburg. International Journal of Cultural Policy, Vol 11, No 1. 2005, p.56.

## 6. Presentation of the centres

The five interviewed centres, four in Moscow and one in St. Petersburg, are all different in their performances, operations, owner bases and goals. However, all of them are new on the artistic and business scene and are still forming their activities and seeking new contacts inside Russia and abroad. The primary materials for presenting the centres were collected from the interviews carried out in the centres in June 2009 in St. Petersburg and in December 2009 in Moscow.

### 6.1 Proekt Fabrika

<b>Proekt Fabrika</b>
<b>Address:</b> Perevedenovskiy pereulok, dom 18 <b>Metro:</b> Baumanskaja
<b>Web:</b> <a href="http://www.proektfabrika.ru">www.proektfabrika.ru</a> <b>Email:</b> <a href="mailto:info@proektfabrika.ru">info@proektfabrika.ru</a>

Proekt Fabrika was launched at the end of 2004 as the first independent not-for-profit contemporary visual art organization in Moscow. It is located in the grounds of the still functioning Technical Paper Factory October, which was originally built in the 1870's. The factory was privatized in the middle of the 1990s. One-third of the plant is still a functioning production site for technical paper. The premises of the factory are divided into three functional areas: production spaces (where the paper is produced), business offices and art centre, which consist of non-commercial organizations and art venues. Thus, the factory is a combination of art, business and industry. Proekt Fabrika is located in one of Moscow's most famous old factory districts. At the end of the nineteenth century, the area east of the centre of Moscow between metros Baumanskaya and Elektrozavodskaya, was a buzzing industrial area.

The director of the whole factory, Asya Filippova, tells about the beginning of the project: "Economic conditions did not promote the development of the manufacture of technical paper. Thus we began to reconstruct and instead of an extensive way of development, we chose intensive. Most of the spaces have been released from the old equipment which was not used. The free space was decided to be given to cultural projects. First I simply planned one showroom. Then the history began to expand, and we included theatre, media, cinema and related subjects ". Filippova continues that "the rules of fair and open experiment exist both in the project, and its partners, which are Kinoteatr Doc, Dance Agency TsEKh and Music Company Avant. "We have come to a conclusion, that our purpose is the creation of spaces for cultural work. There are many people who came to us to do what they could not do in other places. As an example, theatre LIQUID had their first performance with us. For five years they became known and received the Gold Mask which is a nomination of experimental theatre."<sup>37</sup>

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<sup>37</sup> Smirnova, Julija. "Glavkunstprom-2": <http://www.goethe.de/ins/ru/lp/prj/drj/leb/frz/ru4909468.htm>





*Proekt Fabrika*

Thus, Proekt Fabrika originally came about as the result of some simple and obvious ideas which were subsequently combined with the enthusiasm of key people from the spheres of business and art. They realized that there was a need for non-profit independent exhibition space in Moscow, however, there was no space for that. The answer appeared to lie in the fact that there was space at the paper factory named October, which was not used for production any more and could be converted for exhibiting contemporary art. Besides this, the active factory also guarantees the functioning of the cultural centre in the future. Moscow's city's policy is to drive out the factories from the city's centre, but according to the laws a functioning factory can not be evicted. Thus, Proekt Fabrika is a good example of successful industrial conversion in Moscow, which is still going on. The management of the factory is still interested in facilitating and championing the continuation of the conversion project.<sup>38</sup>

The name Fabrika means two things. On the one hand, it is a term for production space and on the other hand it reminds one of Andy Warhol's Factory. Thus, the project composes American and European modes of support for culture. The European tradition is based on government support and financing of cultural projects and museums. The American model is based on foundations of grants and private capital investments in art projects and museums. One of the most important funding resources for Dance Agency TsEKH has been Ford Foundation, which has recently decided to close its office in Moscow. Ford

<sup>38</sup> <http://www.proektfabrika.ru/>

Foundation supported on the annual bases Dance Agency TsEKh. With the money from the grant of Ford Foundation Dance Agency TsEKh pays rent to Proekt Fabrika. According to Elena Tupyseva who is a curator of the Dance Agency TsEKh, the agency does not know how to finance projects in the future. The Ministry of Culture gives a small amount of money, but only for projects; the day-to-day expenses can not be covered with this money.<sup>39</sup>

### 6.1.1 Space and activities

Proekt Fabrika's fields of arts are: dance, theatre, cinema, media, sculpture and music. It is also keen to develop other projects, for example in drama and documentary film and to collaborate with other contemporary art galleries in Moscow. The centre has already started to develop close links with the Moscow House of Photography. Proekt Fabrika also intends to present some international not-for-profit exhibition projects. In 2008, the centre became a member of Trans Europe Halls, which is a network of independent cultural centres. This makes it possible for Proekt Fabrika to have more international contacts and publicity worldwide.

The centre was involved in the EU funded project The Factories of the Imagination: The New Territories of Culture in the years 2008 and 2009. The project aimed at providing the basis for the experience of conversion of industrial sites into multidisciplinary arts and cultural centres in Russia and Europe. The project organized conferences, professional meetings, four festivals of contemporary art etc. The festivals were organized with the foreign cultural centres of the TEH members in Lithuania, France and the Netherlands. In addition, Proekt Fabrika participates in the Moscow Art Biennale. It hosts several contemporary dance festivals and a cartoon festival called Big Cartoon Festival.

Project Fabrika has more than 800 square metres of exhibition space, an international residency and 1000 square metres of venue space destined to accommodate diverse cultural and social events. Thus, the plant includes a venue, a bar, studios, workshops and offices. Companies working in the creative industries are invited to rent a space in the centre. The main venues are: the main exhibition hall Olivie (513 square metres), small exhibition hall Gruntovalnaja Masina (240 square metres) and theatre venue Aktovy Zal (200 square metres). Dance Agency TsEKh initiated and renovated Aktovy Zal, which is one of the spaces at Proekt Fabrika. Aktovy Zal is artistically controlled by Dance Agency TsEKh in partnership with Kinoteatr Doc and several other independent small organizations. Ford Foundation was involved in supporting initiative of Dance Agency TsEKh to open Aktovy Zal at the premises of Proekt Fabrika. Apart from the public spaces there are studios of young and talented members of artistic communities ranging from design and architecture to theatre, cinema, animation and contemporary music.

According to Elena Tupyseva, it is more profitable for the factory to rent the spaces for office use than to keep the paper factory working. There are a couple of small publishing houses and some other offices which pay rent to the factory. It is possible to rent a space

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<sup>39</sup> Interview with Elena Tupyseva, December 2009.



on a long-term basis for an annual fee with an option for prolongation (workshops, offices, studios), or on a short-term basis from one to 15 days for different events, exhibitions, presentations, displays etc. The tenants can design their spaces themselves.<sup>40</sup>

## 6.1.2 Aims

Proekt Fabrika is the first initiative of private capital to support non-commercial art in Moscow. The aims of the project are to create a new independent venue for the presentation of contemporary art, especially modern dance, and to change the cultural landscape of Moscow. Also the project wants to transform the neighbourhood into a cultural zone, to enhance the prestige of the Proekt Fabrika and to attract investors and new partners. Thus, Proekt Fabrika is devoted to inspiring thought and creativity whilst stimulating public curiosity about contemporary art and contributing towards developing the cultural identity of 21st Century Moscow.<sup>41</sup>

One of the exhibitions in Proekt Fabrika has tried to comprehend the end of industrial epoch in the Soviet Union, the past and its influence on us living already during other time. The exhibition was called The Machine and Natasha. The idea was that for 25 years one and the same person worked alongside the machine, Natasha who first came to the factory as a young girl. Curator Arseny Zhiljaev writes that in 25 years the epoch changed from euphoria and hope to disappointment. New machines were built based on totally different principles than in the beginning. Through the prism of this history, artists consider an epoch of historical changes, the problems of material and non-material work, and the destiny of the USSR, which according to the curator Zhiljaev, “has collapsed owing to the impossibility to pass to postindustrial manufacture “.<sup>42</sup>

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<sup>40</sup> Interview with Elena Tupyseva, December 2009.

<sup>41</sup> Zelentsova, Elena, Gladkikh, Nikolay; The Factories of the Imagination or Cultural Conversion: New Cultural Venues Appear in Russia. Creative Industries Agency, research paper. <http://www.creativeindustries.ru>. 2009

<sup>42</sup> Smirnova, Julija. "Glavkunstprom-2": <http://www.goethe.de/ins/ru/lp/prj/drj/leb/frz/ru4909468.htm>

## 6.2 Winzavod

<b>Winzavod</b>
<b>Address:</b> 4-th Syromyatnicheskiy pereulok 1, str. 6
<b>Metro:</b> Kurskaya
<b>Web:</b> <a href="http://www.winzavod.com">www.winzavod.com</a>
<b>Email:</b> <a href="mailto:winzavod@gmail.com">winzavod@gmail.com</a>

Winzavod (the Wine Factory) is said to be one of the most well-known privately owned contemporary art centres in Moscow, and includes some famous art galleries. Winzavod has also been described as one of the most ambitious projects of industrial conversion in Moscow. It was set up in 2006 when the architect Alexander Brodsky converted the old wine factory into a complex of art galleries and exhibition space. The factory Moskovskaja Bavaria used to produce wine in the Soviet times. When, the conversion project started in 2006 the old factory was almost ruined, but Alexander Brodsky managed to persuade developers to preserve most of the old.<sup>43</sup>

Winzavod is located just off the Garden Ring Road and an easy couple of minutes walk from the Kurskaya metro station. In the same area are also other cultural centres like Art Play and Garage, and the area is said to have possibilities to develop into a Moscovite version of Greenwich Village, Montmartre or Prenzlauer Berg. Winzavod consists of seven buildings with a total space of 20,000 square metres located on privately owned, gated property. The heart of Winzavod is its three unique exhibition spaces, each with its own character, history, style and appeal. The old names of the wine stores are preserved in the exhibition halls, which are called Red Hall, White Hall and Arched Hall.

According to the director Sofia Trotsenko, “Winzavod is a project which is carried out from the very beginning under a precise plan.” The founders thought the business project carefully through, as any with business project. They had consultations with the galleries in Moscow and visits to the modern art centres in the UK and Switzerland. The goal was to create a project which would unite the most contemporary aspects of modern art. The arrangements, internal logistics and filling of the centre have from the very beginning been carefully planned. The western experience was certainly taken as a basis, but it was clear that its automatic transfer to a Russian environment was difficult because the western centres were 50-70 % financed by the state. This allows them to consider not only of an infrastructure, but more about programs, development and ideology.<sup>44</sup>

### 6.2.1 Space and activities

Four of the country’s most prestigious contemporary galleries moved to the centre as soon as the space was open: XL, Aidan, M&J Guelman Gallery, and Regina. And five more galleries have recently opened: Proun, Atelier #2 and the photography galleries Popeda, Fotoloft

<sup>43</sup> Harris, Edmund (chief ed.) Moscow heritage at crisis point 2009, p. 251. SAVE Europe’s Heritage 2009.

<sup>44</sup> Smirnova, Julija. ”Glavkunstprom-2”: <http://www.goethe.de/ins/ru/lp/prj/drj/leb/frz/ru4909468.htm>



*Poster of Winzavod*

Gallery and Photographer.ru. At the end of 2009, there were 13 galleries at Winzavod, some of which participate in international contemporary art fairs. The galleries can have their exhibition program, but they are asked to follow the Winzavod style when forming their permanent program.

The galleries act independently without any common management. The staff of Winzavod helps with PR and websites, but they do not organize services for the tenants, like marketing. The staff deals also with the leasing contracts with the galleries. Besides the galleries, Winzavod hosts artists' studios, an advertising agency, an avant-garde clothing store, a styling school, an art supply store, a bookstore and an art-cafe. A famous Russian pop artist, Oleg Kulik has a studio in Winzavod. All the galleries, a restaurant, magazines, a photo agency are privately owned businesses, but they are not very profitable. It is typical that the owners of the galleries also have other more profitable businesses than art. The galleries are organized to work in a simple way; they have a minimum of workers, administration and bureaucracy.<sup>45</sup>

With the support of the Ministry of Culture, Winzavod has organized the photo contest Best of Russia. The contest is open for amateurs and professional photographers in Rus-

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<sup>45</sup> Interview with Nikolai Palazhtshenko, December 2009.

sia. In addition, Winzavod has participated also in organizing the Moscow Biennale of contemporary art, which has been organized three times since 2005 under the aegis of the Russian government. Also other exhibitions and many other events in the spheres of painting, design, sculpture and photography are organized. Some commercial firms also use Winzavod's exhibition halls to present their new products. Thus, the hippest people of Moscow have found the place and are prepared for brave even the squalor of the nearby Kursky Station to get to the opening parties in its many galleries, or go shopping in one of the boutiques.<sup>46</sup>

Winzavod does not have a license to work as a museum although its conditions are better than some of the provincial museums in Russia. However, the lack of the museum certification lowers the costs and gives more freedom to exhibit more experimental things. So, in some way it is better not to have the museum certification, but it also causes some obstacles in Winzavod's exhibition policy.<sup>47</sup>

In practice, Winzavod receives no financial support from the Moscow government. The city government or the Federal Ministry of Culture supports a couple of exhibitions in Winzavod per year, like the Best of Russia, but there is no direct support for the centre. However, there are some possibilities that the City of Moscow would support the centre in the future because it has managed to establish quite a permanent and a popular position among the visitors.<sup>48</sup> The main income for the centre comes from the permanent tenants, like galleries and shops. Also they receive income by renting exhibition halls and from the ticket revenues of some events and exhibitions. However, the financial crisis has affected Winzavod, and some the sponsors have left.

Winzavod has its own lecture program where architects, artists and curators also from the foreign countries give lectures. More than 10 000 people have attended the Winzavod open lecture series. Winzavod has an educational program with the Moscow based Creative Industries agency. The centre has children's program and it organizes art bazaars. It also gives opportunities for young artists to present their works. Winzavod's visitors are representatives of the art-world (artists, art-dealers, critics) professionals in advertising, design, PR, TV etc., students, tourists and everybody who is interested in contemporary culture. An average customer is typically a student, young and interested in art or people who work in art, design, PR, advertising etc.

Sofia Trotsenko defines a target audience of Winzavod as young, active, modern and creative. Visitors are interested in modern art, photography, music, theatre, design. It's typical also that the visitors' interest in modern art has arisen recently. Visitors are pleased with the atmosphere because there is lot of interest all in one location.<sup>49</sup>

According to Nikolai Palazhtshenko, the project is less a business project than an art project, although it functions according to some business principles. In future, it is hoped

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<sup>46</sup> Harris, Edmund (chief ed.) *Moscow heritage at crisis point 2009*, p. 251. SAVE Europe's Heritage 2009.

<sup>47</sup> Interview with Nikolai Palazhtshenko, December 2009.

<sup>48</sup> Ibid.

<sup>49</sup> [www.winzavod.com](http://www.winzavod.com).





*Red Hall in Winzavod*

to make it more business oriented than it is today. The mission of Winzavod is to support contemporary art and artists, to introduce contemporary art to the widest possible audience, and to make art an integral part of contemporary life.<sup>50</sup>

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<sup>50</sup> Interview with Nikolai Palazhtshenko, December 2009.



### 6.3 Design Centre Art Play

<b>Design Centre Art Play</b>
<b>Address:</b> Ulitsa Nizhnaja Syromyatnicheskaja 5/7, <b>Metro:</b> Kurskaya
<b>Web:</b> <a href="http://www.artplay.ru">www.artplay.ru</a> <b>Email:</b> <a href="mailto:info@artplay.ru">info@artplay.ru</a>



Design Centre Art Play, which is one of the oldest creative centres in Moscow, moved into new premises in 2009. The history of the centre started already in 2003 when the conversion of the former dye shop of the silk factory Krasnaya Roza started. The factory, which was built in 1904, was in poor, rundown shape when conversion work to the cultural centre began. Architect Sergej Desyatov emphasized the crumbling and peeling surfaces, impregnating them with special fixing substances to preserve their appearance. The first phase of the project housed a furniture showroom, the office of Desyatov’s firm, a cafe and a restaurant, all under one roof. A second phase, opened in 2005, provided studio-style units, mostly let to architecture and design firms.<sup>51</sup>

The founders of the project knew that the centre could work in the premises of the old silk factory only for a limited time period. Thus, four and a half years after the foundation of the project, the building was demolished. The project united architects, designers and artist. The founders of the centre presented themselves as “the biggest association of independent professional companies working in the field of building and reconstruction of architectural facilities and interior design”.<sup>52</sup>

<sup>51</sup> Harris, Edmund (chief ed.) Moscow heritage at crisis point 2009, p. 251. SAVE Europe’s Heritage 2009.

<sup>52</sup> Zelentsova, Elena, Gladkih, Nikolay 2009, The Factories of the Imagination or Cultural Conversion: New Cultural Venues Appear in Russia. Creative Industries Agency, research paper. <http://www.creativeindustries.ru>.



In April 2008 the centre announced its new project on the site of a former manometre factory on the banks of the River Yauza. When completed, the design centre Art Play on Yauza will be a unique space in the centre of Moscow, which will be organized on a principle of a creative cluster collecting under the same roof architects, designers, artists, engineers, and also suppliers and sellers of furniture, lights, finishing materials and other special equipment. The clients will have the opportunity to have services in one complex, helping them to save essential time and energy.<sup>53</sup>

Design Centre Art Play is a registered trade mark. The owners of the project are two people who are also the founders of the project. Design Centre Art Play does not own the premises, but rents it from the owners. Art Play is the operating company, which operates all processes, beginning with the process the factory reconstruction. Thus, the whole project from planning to realization is carried out according to Art Play's brand.

### **6.3.1 Space and activities**

The space in the old manometre factory totals 75 000 square metres, which is three times the size of the old premises. The new building is a purely functional factory from the 1970s. It has less obvious historical and architectural appeal than the former silk factory had. However, the conversion project is still of great importance for demonstrating how urban revitalization can capitalize on the existing resources and new demonstrations of sustainable redevelopment.<sup>54</sup> The complex includes twelve buildings and their renovation is done step by step, because of the financial downturn. At the end of 2009 two buildings

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<sup>53</sup> <http://pro.artplay.ru/art-kvartal.htm>.

<sup>54</sup> Harris, Edmund (chief ed.) Moscow heritage at crisis point 2009, p. 251. SAVE Europe's Heritage 2009.

were practically completed and rented.<sup>55</sup> There are already opened a big venue (1000 square metres) for the exhibitions, concerts, seminars and PR-happenings. In addition, there are a couple of art galleries and a photo shop opened in the centre. In addition, two music studios and three restaurants are under construction. There are also plans to build a spa and a beauty salon in the premises of the centre. The main functions of the centre, design and architectural services are provided in the sixth floor building. The whole project is expected to be ready at the end of 2012.

At the end of 2009 there were about 200 companies in the premises of the former manometre factory, 60 of them were working according to the concept Design Centre Art Play. Before Art Play moved to the premises of the old manometre factory some of the spaces had been already rented for office use. When the complex is completed, the aim is that all the tenants are members of Design Centre Art Play.

According to Sergei Desyatov, the tenants of the Art Play are provided with the use of the exhibition venues free of charge for introducing their products and services. Thus, these venues can be used for non-profitable and profitable purposes. However, according to the principles of Art Play the exhibition spaces are payable if there are some earnings from these exhibitions. However, charitable events are not charged.<sup>56</sup>

The centre has thought to set up a common internet portal. Desyatov considers it important to commonly advertise the services of the centre, like a real cluster. Thus, besides providing common space, the centre offers common information space and possibilities to seek new customers. Desyatov states that Art Play will be the biggest centre in architectural and design services in Moscow. At the moment there are 15 architectural bureaus in Art Play. The financial downturn is affecting also Art Play, but not so much as the big architectural companies, their design offices and commercial sites. Art Play is taking advantage of the fact that the building of residential houses continues regardless of the financial situation.

The combination of Art Play unites art and business. The centre aims at profit making. The business concept is to combine architectural services and interior design. The idea is to provide everything for the subscriber, from architectural services to construction and interior design as well as design furniture. The cultural component of the centre is related to the principles of earnings and discounts on rents which creative companies are given. The companies which aspire to major sales and profits have higher rents.<sup>57</sup>

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<sup>55</sup> Interview with Sergej Desyatov, December 2009.

<sup>56</sup> Ibid.

<sup>57</sup> Ibid.





## 6.4 Flacon Design Centre

### Flacon Design Centre

**Address:** Bolshoi Novodmitrovskaja Ulitsa 36/4

**Metro:** Savelovskaja

**Web:** [www.flacon.su](http://www.flacon.su)

**Email:** [info@flacon.su](mailto:info@flacon.su)

Flacon design centre was founded in 2009 and it is located in the northern district of Moscow at a former glass factory “Hrustal’ny imeni Kalina” where glass bottles for the perfumes were made during the Soviet times. Flacon design centre is the newest of the cultural centres in Moscow and is still forming its activities and business ideas, which include design, fashion, architecture and other directions of creative business.<sup>58</sup>

<sup>58</sup> <http://flacon.su/>

Flacon is a daughter company of the company “Realogic”, which is an actively developing group of companies in the fields of investments, real estates, wood industry and information technologies. Realogic is also located in the old glass factory which has been partly converted into office use. The company Realogic has had an office and different tenants in the premises for three years. The street Bolshaya Novodmitrovskaya, where Flacon is situated, is full of B-C class business centres. Thus, the company Realogic analyzed the possible uses of the empty industrial space and decided to develop Flacon design centre, taking its creative strategy as a competitive advantage.<sup>59</sup>

Flacon as a name was invented in March 2009 by the landlord and director of the centre Oleg Goncharov, who invited Anna Manyuk in April 2009 to develop the concept and implement it. In the summer of 2009, the markets and target groups were analyzed and those companies they wanted to cooperate were informed. For then on, a various formats of action have been organized such as lectures, exhibitions, presentations and parties.

According to the Director Oleg Goncharov “Flacon is a business project, which functions on the basis of the delivery of premises for rent to those companies which wish to be present with us and which are interested in cooperation. Thus, the plan of Flacon is to become a creative cluster. Strategically we divide the project into two components: Design Centre Flacon, which is a concrete subject at the former glass factory; and simply Flacon, a producer structure which initiates business processes in the creative industries, first of all in the sphere of design. We are interested in qualitative and perspective projects and the promotion of projects and products which cause good synergy inside the territory and outside of it. We do not wish to become isolated with our walls, we wish to go further.”<sup>60</sup>

### **6.4.1 Space and activities**

The former glass bottle factory covers a total area of up to 21 000 square metres, which will be renovated step by step in view of the actual needs of professional community. In the near future, Flacon design centre is planning to organize the renovation of an area of 3000 square metres which will be offered to the architectural bureaus and design studios. Similarly, an area of 6000 square metres will be prepared for the offices, workshops and loft type studios.

The partners and cooperation allies of Flacon are listed in the websites of the project. There are a company Realogic, an edutainment project Theory & Practice, the British Council, a shop Mesto specialized in streetwear clothes, an architectural bureau Archelp, a consultant company Zoloto, a company Limited unlimited and an agency Creativeindustries.ru.<sup>61</sup>

There are already creative companies, independent experts, educational and industrial projects working within the premises of Flacon design centre. At the end of 2009, there

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<sup>59</sup> Interview with Anna Manyuk, December 2009.

<sup>60</sup> Nuryaeva, Lena ”Cto takoe tvorcheskie klasteri i nuzny li oni Moskve”: <http://www.lookatme.ru/flows/obschestvo/posts/79469-flakon-my-neobuzdannoy-molodezhi-ne-boimsya>

<sup>61</sup> <http://flacon.su/partners>

were six companies. These companies are mostly small, no more than ten people in each. One of the tenants of Flacon is called “Firma”. It has moved from Arma Plant to Flacon, which it finds more peaceful. The founders of the “Firma” were students of industrial design in Ekaterinburg. Firma is dedicated to making websites and marketing and it has already had some high-profile clients, such as Coca Cola and MTV. Firma has designed the website services of Flacon, as well as developing, branding and navigation system at the territory of Flacon design centre.

According to Anna Manyuk, Flacon is not yet planning to provide any joint services for the companies like marketing, because it is planned to be more a business centre with creative companies inside, not so much a cluster type of organization. Anna Manyuk thinks that maybe in the future, when there are hundreds of companies clustering in Flacon, they will have common marketing. Now the companies have some extra options, like a common event space which is planned for different functions and a public space. It is a small zone which includes tables, lockers and services like WLAN and a coffee machine. Also Flacon has organized 24 hours’ security in the premises, for which they do not charge extra.<sup>62</sup>

Flacon design centre has managed to build up good relations with the local municipal authorities. The local officials support the centre because they expect Flacon to influence the revival of the whole Butirskyj district, which is very industrial and doesn’t include many cultural amenities. Anna Manyuk states that the more successful pilot projects feature quality and design, the better are the chances that the whole project will receive government’s support and grow.

The average customer is a creative person or a young person who has started his own business and who is looking for knowledge and contacts. In this context, Flacon design centre is a good place to meet in the future. A potential customer is a representative of a larger company who wants to invest in education and design production and who is looking for new audiences. The plan is to move Flacon into the producer centre where favorable environment for the embodiment of various innovative ideas will be created.<sup>63</sup>



*Artist Polina De Mauny*

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<sup>62</sup> Interview with Anna Manyuk, December 2009.

<sup>63</sup> Ibid.



## 6.5 Loft Project ETAGI

<b>Loft Project ETAGI</b>
<b>Address:</b> Ligovsky pr. 74, St. Petersburg
<b>Metro:</b> Ploschad Vosstaniya
<b>Web:</b> <a href="http://www.loftprojectetagi.ru">www.loftprojectetagi.ru</a>
<b>Email:</b> <a href="mailto:info@loftprojectetagi.ru">info@loftprojectetagi.ru</a>

Since the summer of 2007, Loft Project ETAGI has been located at an old abandoned bakery factory called Smolninskyi. It is a pioneer of loft-design in the city of St. Petersburg. Brothers and architects Savely and Egor Arkhipenko are the founders of the centre. They also designed the renovation of the factory, which was done by preserving much of the old. The interior of the old factory was preserved in many elements, like concrete pillars with metal edges, a drilling machine and equipment for baking bread. Also the narrow staircase was preserved and not replaced with a modern lift. The project started with a gallery and a bar on the fifth floor and then spread four floors down.<sup>64</sup>

### 6.5.1 Space and activities

At first, ETAGI (floors) was some kind of business centre or an office where numerous smaller offices were located. To promote the businesses the founders of the centre decided to open a gallery and gave one whole floor to a Globus gallery, which is founded by Maria Novikova, foster child of a famous artist Timur Novikov. Currently, Loft Project ETAGI has a number of exhibition spaces; the largest one is 700 square metres, which is used for exhibitions, presentations and fashion shows. The second largest is 480 square metres. Also there are two smaller showrooms in the complex. The general director of Loft Project Etagi decides who can rent the exhibition spaces. The rent is about 2000 rubles per month per square metre, depending on the amount of the PR that the Loft can get from the exhibition. An average attendance at the largest exhibition projects, such as the one devoted to Italian design reached 10 000 - 15 000 people.<sup>65</sup>

<sup>64</sup> <http://www.loftprojectetagi.ru/>

The tenants of the centre are various kinds of artists and companies. For example, there is a book shop and also an architectural studio which rents space in the centre. However, because of the rather high rent, the small creative companies can not afford to stay in the Loft. The three galleries have their own curators and their own exhibition programme. For example, Formula Gallery had an exhibition called “Sampo Finskaja Viza”. It represented the works of 16 contemporary artists from Finland and Russia.<sup>66</sup>

The LoftWineBar is a space where different lectures and events like concerts, poetry evenings, openings, master classes etc. are held. In addition, there is a Green Room which is a café combining the ideas of slow- and biofood. Also there is a hostel which has become quite popular among foreign tourists. Besides that, the project rents flats in the city of St. Petersburg for artists who can pay their rent in exchange for their works every month. Besides an active exhibition programme, Loft Project ETAGI realizes social and charitable projects. There was a one-day exhibition of homeless animals and plans to build up a refuge for homeless animals in the premises of ETAGI. Also the centre has a special program for children, which include workshops, music and dance. There is a photo gallery in the yard where young photographers can place their works on the wall. It is also typical that students of design universities come to the Loft for weekly meetings with the graphic designers.<sup>67</sup>

The centre does not receive any public finances but it has good connections with the Committee of Culture of the City of St. Petersburg. For example, Loft Project ETAGI, took part in the very popular Night of Museums which was organized in May 2009 on the initiative of Committee of Culture in St. Petersburg. More than 11 000 people visited the centre that night. The aim of the centre is to work profitably and get good revenues from the activities the centre offers. At the moment, Loft Project ETAGI does not have many outside sponsors, but in future the growth of their amount is desirable.<sup>68</sup>

It has stated that in the absence of any museum of contemporary art in St. Petersburg, Loft Project ETAGI is an important cultural institution which produces contemporary art in a broad way. There are also no other new cultural art centres which are dedicated to contemporary art in St. Petersburg. Loft Project ETAGI carries out also a number of the international projects, cooperating with cultural institutions of Germany, France, Italy, Spain, Denmark, Holland and the UK.

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<sup>65</sup> Interview with Julia Chai, June 2009.

<sup>66</sup> Ibid.

<sup>67</sup> <http://www.loftprojectetagi.ru/>

<sup>68</sup> Interview with Julia Chai, June 2009.



## 7. Other cultural art centres in Moscow and in St. Petersburg

**National Centre for Contemporary Art:** The building of the National Centre for Contemporary Art (NCCA) founded by the Ministry of Culture in 1992 was among the first projects of industrial conversion in Moscow. The plant used to be a factory for lighting equipment. The premises of the plant belong now to the NCCA and are rented out for artistic events. The main events of the NCCA are the annual Russian national award for contemporary visual arts and the Moscow International Biennale for young artists. The independent cultural centres, like Winzavod and Proekt Fabrika cooperate with NCCA. NCCA provides emerging artists and curators with grants and residencies.

NCCA's main office in Moscow and it has branches in St. Petersburg, Nizhnyj Novgorod, Yekaterinburg and Samara. NCCA branches are independent organizations, coordinated by the common network and financed by the head office in Moscow. The regional branches are located in historical buildings. In St. Petersburg, NCCA does not yet have space of its own, only two rooms for office use. It has some large projects, like Cyberfest, which is a video installation and which has also some sponsors. The recycling project took place in 2008 in the Hermitage. The centre works with local artists in St. Petersburg, some famous, some beginners and others students. The centre also participates in the Biennale. It also supports some small exhibitions and small galleries. The centre has a residence for artists in Kronstadt, where people can live and work with well-equipped studios. The centre has an online archive program of Russian video artists, named Cyland. They encourage Russian video artist to enter international markets. NCCA St. Petersburg branch took part in the project Moving Baltic Sea, which was a project around the Baltic Sea. The idea was to focus on the climate and pollution questions.<sup>69</sup>

**Arma Plant** is located in an old gas factory in Moscow, which has 50 000 square metres of area. The factory was built in 1865 and since 2002 cultural centre Arma has been located on its premises. In 2010 there are more than 120 tenants in Arma Plant. A trendy club was opened a couple of years ago, the place started to draw attention of a new audience. The name of the club "Gasholder" is very closely connected with history of the place. Up to the middle of the twentieth century the factory provided gas the whole of Moscow. The complex includes a publication house, design companies, show rooms, clothes shops, many clubs, and the Yakut-gallery. Although the place has become very popular, there is no common management, infrastructure or development plan for the future.<sup>70</sup>

**Garage art centre** is located in the former Bakhtemiev's bus fleet terminus in Moscow and the centre is designed by architect Konstantin Melnikov and engineer Vladimir Sukov. The founders of the centre are Russian billionaire Roman Abramovich and his partner Dasha Zhokova. The size of the complex is 85 000 square metres and it is the biggest of the new cultural centres and venues in Moscow. Garage was the main centre which hosted Moscow Art Biennale in the autumn of 2009. During the Biennale, the visitors attendance during the weekends was nearly 10 000 people and week day attendance was around

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<sup>69</sup> Interview with Darja Chastlivceva, June 2009.

<sup>70</sup> <http://www.lookatme.ru/flows/obschestvo/posts/84383-tvorcheskie-klastery-arma>

1500 people per day.<sup>71</sup> The interior of the centre was designed by British architect Jamie Fobert. The centre has good relations with the Tate gallery in London.

**Open studio “Nepokorenyye”** in St. Petersburg is situated in a former missile plant. There are artists’ workshops, show and meeting rooms. Artists can have a workshop for three months in the premises of the centre. Exhibitions and video displays are organized and studios for artists are given for a limited time period.<sup>72</sup>

**Art centre Pushkinskaya 10** is celebrating its 20th anniversary in 2009. The project started when the Soviet era building was squatted by artists and musicians. People’s Deputy Yuly Rybakov stood up for the building in the city дума of St. Petersburg. The centre obtained juridical status as the Centre of Underground Culture in St. Petersburg. However, the status does not exist any more. The centre includes a museum of non-conformist art, galleries, clubs, personal workshops, rehearsal space for bands etc.<sup>73</sup>

## 8. Conclusion

The primary aim of the study was to investigate the operation and environment of the new cultural art centres in Moscow and St. Petersburg. Related to that, the study aimed at finding answers to the following questions: what is a creative cluster type of organization in the Russian context; how is a creative city developing in Moscow and St. Petersburg; how is the conversion process of the old industrial factories developing into contemporary art centres? The study was focused on the new cultural art centres in Moscow and St. Petersburg, which often call themselves creative clusters. The cluster type of organization has got a lot of attention recently in the creative industries. They allow sharing of production facilities, drawing on the same audience or having common marketing. However, the creative cluster, as explained in this study, needs a significant amount of coordination and the intense participation of regional and local government to link-up the wide range of cultural actors, public agencies, sources of funding and the private sector, in order to exploit the cultural opportunities that exist in the towns and cities. These factors are yet not in place in Russia.

Contrary to the Western and Central Europe where cultural clusters and cultural quarter strategies have developed into something of an urban/cultural development “hype”, the cities of Moscow and St. Petersburg have not yet developed a policy for the new cultural centres and quarters. Neither, is there yet much cooperation between the city officials and the cultural activists planning the urban transition of Moscow and St. Petersburg. Thus, because of the lack of public support and interest, the development of the new cultural centres is driven more by economic considerations rather than cultural needs. This has also allowed the cultural centres to determine their own cultural strategy and there are not many contacts with the city officials. The centres rather want to keep an arm’s length

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<sup>71</sup> Moscow times 5.11.2009.

<sup>72</sup> <http://www.goethe.de/ins/ru/lp/prj/dtrj/leb/frz/ru4909468.htm>.

<sup>73</sup> Zelentsova, Elena and Gladkih, Nikolay. The Factories of the Imagination or Cultural Conversion: New Cultural Venues Appear in Russia. Creative Industries Agency, Research paper. <http://www.creativeindustries.ru>.2009

distance from the city officials. However, it is good to remember that the inclusion of the cultural centres in the official policies in the cities, for example in Finland, took also some time.

In Russia, the cultural sector is still in a transition phase, in which the rules and regulations between the private and the public sectors are still unclear. The state has reduced state funding to culture and at the same time hampered the ability of the state-funded institutions by placing legal restrictions on their commercial and entrepreneurial activities. Many cultural organizations are dependent on state subsidies, when they prefer to be defined as “cultural” and not “entrepreneurial”, because according to the laws the private sector has difficulties in getting state subsidies or governmental loans. Thus, it has been more beneficial to be either governmental organization or non-commercial organization, so called NGO. However, the independent non-profit sector, which is important in the formation of the clusters is not working well in Russia. This is due to the state policy towards NGOs, which has become stricter in the 2000s. Thus, it is still difficult to mix private and public projects when it comes to culture.

None of the centres interviewed in Moscow or in St. Petersburg seemed to be flourishing economically at the moment. The global financial crisis has affected the centres, the number of sponsors, partners and tenants have diminished. The finances of the centres become also from other sources than the income from rents and revenues from exhibitions. The charity foundations have had an important role in financing the centres. Typically, the centres’ founders have other more serious businesses than cultural business which is still at quite early stage in its development in Russia. However, Winzavod, Art Play and Proekt Fabrika and Flacon have already an important place in the cultural life of Moscow and there seems to be a clear need for these centres. Winzavod, for example, hosted an important contemporary art event in September 2009; the Moscow Biennale of Contemporary Art. The record attendance at the Biennale showed that there is a strong interest in contemporary art. But the dismal results at the leading commercial contemporary art fair of Russia in 2009 indicated that few are willing to buy, contrary to 2008. Galleries have reported weak sales, while the fair failed to attract prominent international exhibitors and collectors.

In Russia the regions play an active role and the growth of cities and the formation of their new identity is connected with the new forms of cooperation between business and culture. An emphasis on the role of the independent sector as a key source of cultural creativity and innovation is inevitable. Independent and innovative creative clusters are the way towards a flourishing cultural sector which can bring economic growth, too. Simplification of legislation and support of the sector at the federal, regional and municipal levels would promote the development of the given sector. The new cultural art centres have good possibilities to act as a hotbed for new businesses in creative industries by hosting a variety of activities and bringing publicity to the sector in Russia.



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