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# THE POLICY CIRCLE

## THE CREATIVE ECONOMY



# WHAT IS THE CREATIVE ECONOMY?

THE CREATIVE ECONOMY POSITIONS ITSELF AT THE INTERSECTION OF ECONOMICS (CONTRIBUTING TO GDP), INNOVATION (FOSTERING GROWTH AND COMPETITION IN TRADITIONAL ACTIVITIES), SOCIAL VALUE (STIMULATING KNOWLEDGE AND TALENT), AND SUSTAINABILITY (RELYING ON THE UNLIMITED INPUT OF CREATIVITY AND INTELLECTUAL CAPITAL).

INTERNATIONAL ORGANIZATIONS “HAVE DEVELOPED DIFFERENT CRITERIA IN AN ATTEMPT TO CLASSIFY THE CREATIVE SECTORS.” INDUSTRIES NORMALLY CONSIDERED INCLUDE “THOSE WHOSE MAJOR OUTPUTS HAVE SYMBOLIC VALUES,” MAINLY ADVERTISING, ARCHITECTURE, BOOKS AND NEWSPAPERS/MAGAZINES, GAMING AND MOVIES, MUSIC AND PERFORMING ARTS, RADIO, TV, AND THE VISUAL ARTS.



# THE ARTS IN OUR LIVES



## EXPERIENTIAL

STUDIES SHOW THAT BOTH AUDIENCE-BASED PARTICIPATION AND PERSONAL PARTICIPATION IN THE ARTS ARE LINKED TO HIGHER LEVELS OF CIVIC ENGAGEMENT AND RESPECT FOR DIFFERENT CULTURES. ONE NORWEGIAN STUDY FOUND A CORRELATION BETWEEN PARTICIPATING IN CULTURAL ACTIVITIES AND LIFE SATISFACTION. THIS IS THE BASIS FOR ART THERAPY, WHICH HAS BEEN LINKED TO SIGNIFICANT REDUCTIONS IN DEPRESSION, ANXIETY, TRAUMA, AND DISTRESS, AS WELL AS INCREASES IN IMPROVED MOOD AND SELF-ESTEEM. ADDITIONALLY, A STUDY FROM THE UNIVERSITY OF ARKANSAS INVESTIGATING THE IMPACT OF STUDENTS TAKING FIELD TRIPS TO ART MUSEUMS FOUND THAT 70-88% OF STUDENTS “RETAINED FACTUAL INFORMATION FROM THE TOURS” AND “DISPLAYED IMPROVED CRITICAL THINKING SKILLS AS WELL AS GAINS IN TOLERANCE AND HISTORICAL EMPATHY FOLLOWING THE TRIP.”

## PUBLIC ART

PUBLIC ART “HUMANIZES THE BUILT ENVIRONMENT AND INVIGORATES PUBLIC SPACES” BY ALLOWING PEOPLE TO EXPERIENCE ART AS PART OF DAILY LIFE. ART CAN GIVE COMMUNITIES A STRONGER SENSE OF IDENTITY; THE ST. LOUIS ARCH, THE GIANT HEADS OF EASTER ISLAND, AND THE HIGH LINE IN NEW YORK CITY ARE DEFINING FEATURES AND EXEMPLIFY HOW THE ARTS ARE WOVEN INTO THE FABRIC OF A LOCATION. PLACES WITH DYNAMIC CULTURAL SCENES ARE ALSO ATTRACTIVE, ADDING TO THE COMMUNITY’S PROSPERITY. TWO-THIRDS OF BUSINESSES CONSIDER THE ARTS AN IMPORTANT ELEMENT IN MAKING COMMUNITIES ATTRACTIVE PLACES TO WORK.

## TOURISM

THE UNITED NATIONS WORLD TOURISM ORGANIZATION (UNWTO) DEFINES CULTURAL TOURISM AS “MOVEMENTS OF PERSONS FOR ESSENTIALLY CULTURAL MOTIVATIONS,” SUCH AS PERFORMING ARTS TOURS, TRAVEL TO FESTIVALS, VISITS TO SITES AND MONUMENTS, TRAVEL TO STUDY NATURE, FOLKLORE OR ART, AND PILGRIMAGES.” A 2018 UNWTO SURVEY REPORTED AN AVERAGE GLOBAL GROWTH RATE IN CULTURAL TOURISM OF 4-4.5% PER YEAR BETWEEN 2010 AND 2015, AND NOTED OVERALL GROWTH IN TOURISM WAS MUCH LARGER FOR COUNTRIES THAT HIGHLIGHTED CULTURAL TOURISM IN THEIR MARKETING POLICY THAN FOR COUNTRIES THAT DID NOT (66% TO 17%).



# FACTS TO KNOW



THE CREATIVE ECONOMY CONTRIBUTES JUST OVER 6.1% TO GLOBAL GROSS DOMESTIC PRODUCT (GDP), AVERAGING BETWEEN 2% AND 7% OF NATIONAL GDPS AROUND THE WORLD. THE UN ESTIMATES THE CREATIVE ECONOMY INDUSTRIES GENERATE ANNUAL REVENUES OF OVER \$2 TRILLION, INCLUDING \$877 BILLION IN THE U.S., \$550 BILLION IN THE EU, AND \$460 BILLION IN CHINA.

CREATIVE ECONOMY INDUSTRIES ACCOUNT FOR 50 MILLION JOBS WORLDWIDE, INCLUDING 4.6 MILLION AMERICANS. NEARLY HALF OF THESE WORKERS WORLDWIDE ARE WOMEN, AND THESE INDUSTRIES EMPLOY MORE PEOPLE AGES 15-29 THAN ANY OTHER SECTOR.

BETWEEN 2019 AND 2020, THERE WAS A \$750 BILLION CONTRACTION IN GROSS VALUE ADDED BY THE CREATIVE ECONOMY GLOBALLY DUE TO THE PANDEMIC. THIS CORRESPONDS TO ABOUT 10 MILLION JOB LOSSES IN THE SECTOR WORLDWIDE. FOR INDIVIDUAL COUNTRIES, LOSSES IN REVENUE IN 2020 RANGED FROM 20-40%.

THERE IS A PARTICULAR FOCUS ON ENTREPRENEURSHIP IN THE CREATIVE ECONOMY. BETWEEN 2002 AND 2012 IN THE U.S., THE NUMBER OF BUSINESSES THAT IDENTIFIED AS OR EMPLOYED "INDEPENDENT ARTISTS, WRITERS AND PERFORMERS," GREW BY CLOSE TO 40%. FOR EXAMPLE, BETWEEN 2001 AND 2014, SELF-EMPLOYED MUSICIANS GREW BY 45% AND SELF-EMPLOYED WRITERS GREW BY 20%. ARTISTS IN THE U.S. ARE 3.6 TIMES MORE LIKELY THAN THE REST OF THE U.S. WORKFORCE TO BE SELF-EMPLOYED.

# GOVERNMENT INVOLVEMENT



IN SEPTEMBER 1965, PRESIDENT JOHNSON CREATED THE NATIONAL ENDOWMENT FOR THE ARTS (NEA). THE FEDERAL EFFORT INCENTIVIZED SUPPORT FOR THE ARTS AT THE STATE LEVEL AS WELL. IN 1965, ONLY 18 STATES HAD ART COUNCILS OR AGENCIES; BY 1975, ALL 50 STATES DID. TODAY, AS AN "INDEPENDENT FEDERAL AGENCY WHOSE FUNDING AND SUPPORT GIVES AMERICANS THE OPPORTUNITY TO PARTICIPATE IN THE ARTS, EXERCISE THEIR IMAGINATIONS, AND DEVELOP THEIR CREATIVE CAPACITIES," THE NEA PARTNERS WITH LOCAL, NATIONAL, PUBLIC, AND PRIVATE AGENCIES AND ORGANIZATIONS ACROSS THE COUNTRY.

THE HOUSE AND SENATE APPROPRIATIONS COMMITTEES HAVE JURISDICTION OVER FUNDING PROVIDED TO THE NEA, AND THE HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEES ON LABOR, HEALTH & HUMAN SERVICES, AND EDUCATION ALSO HAVE JURISDICTION OVER FUNDING FOR MUSEUM SERVICES AND PUBLIC BROADCASTING. THESE SUBCOMMITTEES ALSO HAVE A SAY IN FUNDING FOR EDUCATION DEPARTMENT PROGRAMS, AS DO THE HOUSE EDUCATION SUBCOMMITTEE ON EARLY CHILDHOOD, ELEMENTARY, AND SECONDARY EDUCATION AND THE SENATE COMMITTEE ON HEALTH, EDUCATION, LABOR AND PENSIONS. THE FEDERAL GOVERNMENT ALSO SETS LAWS REGARDING THE IMPORT AND EXPORT OF THE ARTS. "TRADE IN ARTS AND CULTURAL GOODS AND SERVICES LARGELY REFLECTS THE U.S. ECONOMY'S COMPARATIVE ADVANTAGE IN IDEAS-BASED COMMODITIES."

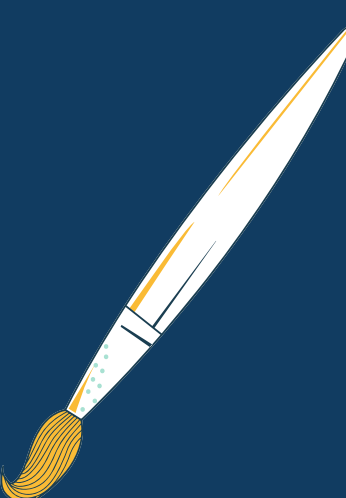


LOCAL AND STATE BUSINESS LAWS, SUCH AS LICENSING LAWS, IMPACT ARTISTS' ABILITIES TO CREATE AND SELL THEIR WORK. PERMITS CAN ALSO IMPACT THE ABILITY FOR CITIZENS TO ORGANIZE ART OR MUSIC FESTIVALS. OFTEN, THESE LICENSES ARE REQUIRED IN ORDER FOR ARTISTS TO BE ELIGIBLE TO RECEIVE GRANTS TO SUPPORT THEIR WORK.

IN 2019, THE NEA DISTRIBUTED \$155 MILLION IN GRANTS TO ORGANIZATIONS AND INDIVIDUALS AS WELL AS TO STATE AND REGIONAL ARTS AGENCIES. FOR 2021, THE NEA'S BUDGET WAS \$167 MILLION, A FRACTION OF THE \$19.5 BILLION DONATED TO FOUNDATIONS IN THE ARTS, CULTURES, AND HUMANITIES IN 2018.



# FUNCTIONALITY OF THE CREATIVE ECONOMY



OPEN AND EXPANDED MARKETS HAVE MADE POSSIBLE “FORMS OF CREATIVE INDIVIDUALITY” NEVER SEEN BEFORE IN HISTORY. “THE GREATER THE SIZE OF THE MARKET, THE GREATER THE NUMBER OF ARTISTIC FORMS THAT CREATORS CAN EARN A LIVING FROM.”

THIS IS ESSENTIAL, ESPECIALLY GIVEN THAT STUDENT DEBT TENDS TO HIT STUDENTS IN THE ARTS AND HUMANITIES THE HARDEST.

IN ADDITION TO BEING PRODUCERS OF THEIR WORK, ARTISTS ARE OFTEN DISTRIBUTORS, TURNING “THEIR PERSONAL VISIONS INTO MATERIAL PROFIT BY REACHING LARGE NUMBERS OF EAGER CUSTOMERS.” THIS CAN EMPOWER ARTISTS AS IT GIVES THEM MORE OPPORTUNITIES TO THRIVE, WHETHER THAT IS THROUGH TECHNOLOGICAL ENHANCEMENTS AND ACCESS TO INSTRUMENTS AND EQUIPMENT, CHANNELS FOR DISTRIBUTION AND MARKETING LIKE SPOTIFY, NETFLIX, AND ETSY, OR EVEN THE AMOUNT OF TIME THAT PEOPLE CAN GIVE TO CREATIVE ACTIVITIES TODAY. ARTISTS CAN ALSO TURN TO OUTSIDE SUPPORT FOR HELP DISTRIBUTING THEIR WORK THROUGH GRANTS AND FINANCIAL AWARDS.



THESE COLLECTORS AND INSTITUTIONS, BOTH PUBLIC AND PRIVATE, ALSO SERVE AS CONSUMERS OF THE CREATIVE ECONOMY. PUBLIC MUSEUMS INCLUDE THE MUSEUM OF MODERN ART AND THE METROPOLITAN MUSEUM OF ART IN NEW YORK. THESE PUBLIC INSTITUTIONS MUST ADHERE TO ESTABLISHED SELF-IMPOSED STANDARDS AND CODES OF ETHICS. ADDITIONALLY, ALTHOUGH OFTEN OVERLOOKED, FAMILIES PLAY A LARGE ROLE. THEY “CAN EITHER CULTIVATE GREAT ARTISTS OR CULTIVATE HUMANS WHO APPRECIATE ART. BOTH ARE ESSENTIAL IN A THRIVING SOCIETY.” THIS IS SEEN WHEN PRIVATE CITIZENS INVEST IN ART. ART IS KNOWN AS AN ALTERNATIVE INVESTMENT, AS OPPOSED TO TRADITIONAL INVESTMENTS OF STOCKS AND BONDS. INDIVIDUALS CAN DIRECTLY INVEST IN ARTISTS, OR INDIRECTLY INVEST IN ART THROUGH ART INVESTMENT PLATFORMS. THE SAME IS TRUE FOR BUSINESSES.

IN THE U.S., PHILANTHROPIC CONTRIBUTIONS TOTALED CLOSE TO \$430 BILLION IN 2019. ARTS PHILANTHROPY SPECIFICALLY IN THE U.S. GENERATES ABOUT \$20 BILLION ANNUALLY. EVEN THOUGH THIS IS A RATHER SMALL AMOUNT COMPARED TO EDUCATIONAL, RELIGIOUS, AND MEDICAL PHILANTHROPIES, IN THE VISUAL ARTS ALONE THERE ARE ABOUT 170,000 ARTS-RELATED NONPROFITS GENERATING CLOSE TO \$2 BILLION IN ECONOMIC ACTIVITY ANNUALLY. INDIVIDUAL, CORPORATE, AND FOUNDATION DONORS MAKE UP ABOUT 45% OF THE BUDGET FOR NONPROFIT ART INSTITUTIONS. ABOUT 12% OF THEIR INCOME COMES FROM PRIVATE GRANTS, AS OPPOSED TO 5% COMING FROM PUBLIC GRANTS.



# THE GLOBAL CREATIVE ECONOMY



A GROUP OF STREET PERFORMERS IN QUEBEC IN THE 1980S FOUNDED A SMALL NONPROFIT AND FIRST GAINED GOVERNMENT FUNDING THROUGH A JOBS-CREATION PROGRAM. THESE GOVERNMENT SUBSIDIES HELPED THE GROUP FROM 1984 TO 1992, WHEN "BANKS WERE RELUCTANT TO SUPPORT THE BAND OF FIRE EATERS, STILT WALKERS AND CLOWNS." THE SHORT-TERM JUMPSTART ALLOWED THE GROUP KNOWN AS CIRQUE DU SOLEIL TO BECOME THE BILLION-DOLLAR ENTERPRISE IT IS TODAY.

IN 2014, THE EUROPEAN UNION BEGAN ITS "CREATIVE EUROPE" PROGRAM THAT INCLUDED 1.8 TRILLION EUROS IN INVESTMENT "AIMED AT ENHANCING EUROPEAN CULTURAL AND CREATIVE INDUSTRIES." THE PLAN CREATES A KIND OF PUBLIC-PRIVATE PARTNERSHIP THAT PROVIDES INSURANCE TO FINANCIAL INTERMEDIARIES LIKE BANKS SO AS TO INCENTIVIZE THEM TO FINANCE SMALL AND MEDIUM-SIZED BUSINESSES IN THE CREATIVE ECONOMY SECTORS, WHICH REPORTEDLY EMPLOY MORE THAN 12 MILLION PEOPLE IN THE EU. THERE ARE 5 MAIN ORGANIZATIONS IN ITALY, SPAIN, FRANCE, GERMANY, AND THE UNITED KINGDOM REPRESENTING OVER 400 BRANDS AND CULTURAL INSTITUTIONS THAT ACCOUNT FOR OVER 70% OF THE WORLD'S MARKET AND SUPPLY ALMOST 30 MILLION JOBS WORLDWIDE.



# THE GLOBAL CREATIVE ECONOMY



AUSTRALIA'S ABORIGINES REMAIN THE COUNTRY'S MOST DISADVANTAGED GROUP, ESPECIALLY IN TERMS OF POVERTY AND UNEMPLOYMENT. GOVERNMENT FUNDING AS PART OF THE INDIGENOUS VISUAL ARTS INDUSTRY SUPPORT PROGRAM PROVIDES ABOUT \$14 MILLION IN GRANT OPPORTUNITIES FOR ARTISTS, ART ORGANIZATIONS, AND ART CENTERS IN REMOTE INDIGENOUS COMMUNITIES. THIS GOVERNMENT FUNDING PROVIDED WHAT NO OTHER SOURCES DID WHEN ABORIGINAL ART FIRST GAINED MARKET TRACTION THE 1970S AND TODAY WORKS ALONGSIDE THE PRIVATE ABORIGINAL ART ASSOCIATION OF AUSTRALIA (AAAA) TO PROVIDE ARTISTS WITH THE MEANS TO CREATE ART, GENERATE INCOME, AND DEVELOP PROFESSIONAL SKILLS AND CONNECTIONS. THE AAAA DEVELOPED A CODE OF ETHICS TO PROVIDE A REWARDING ENVIRONMENT FOR INDIGENOUS ARTISTS AND INCLUDES INDIGENOUS ARTISTS ON ITS BOARD, HELPING TO SPUR THE INDIGENOUS ART MARKET THAT IS TODAY WORTH CLOSE TO \$150 MILLION ANNUALLY.

THE UNITED ARAB EMIRATES HAS STEPPED INTO THE ROLE OF CULTURAL CENTER OF THE MIDDLE EAST, HOSTING CULTURAL EVENTS AND MAKING LONG TERM CULTURAL INVESTMENTS. SINCE 2017, ABU DHABI DEPARTMENT OF CULTURE AND TOURISM HAS ORGANIZED THE CULTURE SUMMIT, WHICH IN 2019 BROUGHT TOGETHER ALMOST 500 ARTISTS, ARTS ADMINISTRATORS, MEDIA AND TECH LEADERS, AND PHILANTHROPISTS FROM 90 COUNTRIES TO DISCUSS TECHNOLOGY AND CULTURAL RESPONSIBILITY. AN AGREEMENT BETWEEN GOVERNMENTS IN ABU DHABI AND PARIS ALSO ALLOWED FOR A LOUVRE MUSEUM IN ABU DHABI, AND THE UAE'S GOVERNMENT ALSO CONTRIBUTED \$330 MILLION TO BUILD THE NEW DUBAI OPERA HOUSE, WHICH IS "BOASTING TICKET SALES OUTPERFORMING NEW YORK'S METROPOLITAN OPERA."

THERE HAS LONG BEEN A DIVIDE BETWEEN PUBLIC AND PRIVATE FINANCING FOR THE ARTS IN RUSSIA, AND FOR MANY YEARS ARTISTS HAVE CHOSEN TO WORK WITHOUT TAKING STATE FUNDING. BUT IN 2017 THE FRAGMENTATION REACHED A NEW LEVEL WHEN OFFICIALS CLAIMED A FILMMAKER'S PRODUCTION CRITICIZED AND VILIFIED THE ELECTED GOVERNMENT. EXPERTS SAY GOVERNMENT FUNDED PROJECTS ARE "LIKELY TO PRODUCE AN OFFICIAL CULTURE THAT WILL BE STYLISTICALLY HOMOGENEOUS, LACKING ARTISTIC FREEDOM, AND NOT PARTICULARLY ENGAGING," WHILE THE "UNDERGROUND AND COUNTERCULTURE WILL BE VIBRANT, BUT NEITHER SAFE NOR LUCRATIVE."





# ENGAGING IN THE CREATIVE ECONOMY



## IN YOUR COMMUNITY:

DO YOU KNOW THE ARTISTS IN YOUR COMMUNITY? HAVE YOU EVER ENGAGED IN-PERSON WITH PUBLIC ART PROFESSIONALS OR ARTISTS AT A LOCAL OR REGIONAL EVENT?

INVESTIGATE ART EDUCATION FOR FAMILIES AND ARTISTS. CONSIDER CONTACTING LOCAL UNIVERSITIES, COLLEGES, OR LIBRARIES, WHICH OFTEN HOLD EVENTS OR SPONSOR PROGRAMS.

WHAT ROLE CAN YOU PLAY TO SPARK THE CREATIVE ECONOMY IN YOUR COMMUNITY?

ON YOUR MUNICIPALITY'S WEBSITE, SEARCH FOR "ARTS AND CULTURE" TO FIND MUSEUMS, COLLECTIONS, NONPROFIT ORGANIZATIONS, AND OTHER ARTISTIC AND CULTURAL VENUES NEAR YOU.

## IN YOUR CITY/STATE:

WHAT RULES AND REGULATIONS SURROUND THE CREATION, PURCHASE, OR DISTRIBUTION OF ART?

CHECK TO SEE WHAT KIND OF RED TAPE THERE MAY BE. ON YOUR STATE OR CITY'S WEBSITE FOR BUSINESS, CHECK FOR A DROP DOWN MENU OR SEARCH FOR "LICENSES AND PERMITS."

WHAT ARE THE GOVERNMENT ENTITIES AT PLAY?

MANY STATES HAVE PUBLIC ART PROGRAM GRANTS. TO SEE WHAT YOUR STATE OFFERS, CHECK FOR A "FINANCING" DROP DOWN MENU ON YOUR CITY OR STATE'S BUSINESS WEBSITE.

ALTERNATIVELY, SEARCH OR "ART GRANTS" WHAT ARE THE PRIVATE ORGANIZATIONS OR INSTITUTIONS THAT ARE LEADERS IN PROMOTING ACCESS TO AND EDUCATION FOR THE ARTS?

MANY CITIES AND STATES HAVE HISTORIC COMMISSIONS, TRUSTS, OR COUNCILS ON THE ARTS. SEARCH "ART COUNCIL," "HISTORIC TRUST," OR "CULTURAL TRUST" ON YOUR STATE'S WEBSITE.

INVESTIGATE HOW YOUR LOCAL ART COUNCIL STIMULATES ECONOMIC ACTIVITY AROUND THE ARTS IN TERMS OF ATTRACTING PRODUCTION, OR BUYING AND DISTRIBUTING.

## NATIONALLY AND INTERNATIONALLY:

WHEN VISITING A NEW CITY OR STATE, DO YOU PARTICIPATE IN THE CREATIVE ECONOMY? WOULD YOU PAY MORE FOR ART FROM FRANCE THAN FROM HAITI? WHY?

SHOULD YOUR COMPANY OR ORGANIZATION SUPPORT LOCAL ARTISTS?

THE 2018 UNESCO GLOBAL REPORT NOTES, "MANY COUNTRIES LACK INFRASTRUCTURE AND ARE UNABLE TO CONSOLIDATE A MARKET FOR CULTURAL GOODS AND SERVICES IN THE DIGITAL ENVIRONMENT," MEANING MANY SMALL CREATIVE BUSINESSES FACE EXPORT CHALLENGES THROUGH INTERNET, SHIPPING LOGISTICS, AND TRADE FINANCE, HINDERING GLOBAL REACH.

TEN THOUSAND VILLAGES IS ONE OF MANY ORGANIZATIONS THAT CONNECTS BUYERS AROUND THE WORLD DIRECTLY WITH ARTISANS. THEY FOCUS ON USING LOCALLY SOURCED OR RENEWABLE MATERIALS; PRESERVING INDIGENOUS LEGACIES AND CULTURES; AND CREATING PARTNERSHIPS WITH COMMUNITIES OFTEN EXCLUDED FROM THE GLOBAL ECONOMY. SINCE 2010, THE UNESCO INTERNATIONAL FUND FOR CULTURAL DIVERSITY HAS PROVIDED ALMOST \$7 MILLION IN FUNDING FOR NEARLY 100 PROJECTS IN OVER 50 DEVELOPING COUNTRIES TO IMPLEMENT CULTURAL POLICIES AND CAPACITY BUILDING OF CULTURAL ENTREPRENEURS BY CREATING NEW CULTURAL INDUSTRY BUSINESS MODELS.