Introduction

The contribution of the cultural and creative sectors to the economy has been recognized and highlighted due to its apparent resilience to the economic downturn of 2008 which affected most other sectors. The direct contribution of these industries to growth and jobs is evident: in 2010 it is estimated they contributed to over 3% of GDP in the EU and employed over 6.7 million people (European Competitiveness Report, 2010, p.15). Although definitions of what is incorporated in ‘cultural and creative industries’ differ and there is no internationally recognized standard definition, there is a general understanding of which these industries are, and their direct contribution to the economy is undisputed.

The cultural and creative industries’ most significant contribution to the European economy is not necessarily the direct impact on the economy (although this is significant), but rather the more-difficult-to-measure ‘spill-over’ effects. Finding ways to better measure the indirect benefits that the cultural and creative industries bring to the economy would allow policy-makers to put the matter of supporting these industries on the priority agenda.

Context

The premise that idea generation and creativity is important in terms of driving innovation is not a new one: one only has to look back at the Renaissance and the flourishing of cities such as Florence, Venice and Amsterdam, driven through innovation in art and science, to understand that the ideas generated during the Renaissance had a positive spill-over effect in terms of boosting trade and local economies. The dialogue between Art, Science and Politics is for example identifiable in the civic humanist tradition of Florence at the time: Florentine citizens were taught that science ‘frees men from superstition and tyranny’ and these values of social justice and liberty were espoused in the artistic works and ideas of the Renaissance.


The interaction between human (understood as creative use of skills) and cultural capital and their influence on the economic growth is described in (Bucci et al., forthcoming). They claim that there is a positive impact of cultural investment on the growth rate and income. However this conclusion applies
to countries where a large level of cultural capital has already been accumulated therefore enabling available human capital to be used in innovative ways.

Authors such as Richard Florida (2004) have since argued that **human capital, skills and creativity are the primary drivers of economic growth at the regional and national levels**, which in turn raises the question of why some places are better able to attract and retain human talent and creativity. From this perspective, creativity and culture can best be measured through their impact at the local and regional level rather than the national level. Florida (2004) maintains that diversity (measured as foreign-born people) has a powerful effect on regional growth, and that regions need to be able to offer many different options to their residents in order to appeal to a vast array of contributors of talent. Edward Glaeser (2005) reiterates this point by indicating that **urban success comes from being an attractive consumer city for the highly-skilled**. Regional development seems to be primarily based not on particular industries, but on creative occupations that are not particularly industry specific, what Florida (2004) as called “creative class”. This author has focused on the role of the creative class on the generation of spill-overs and innovation within a city or a region. According to Florida (2004), geography matters, i.e., the creative class is not evenly distributed across space. The creative class is attracted to open-minded and tolerant societies. This kind of society is essential for regional growth, since it attracts creative people, who, in turn, will bring innovative economic activities. The core of Florida’s idea is that creative people are not attracted to places with high growth. Instead, regional growth is a result of the presence of the creative class. Several authors elaborated on the planning of a “creative city”, however, as Holcombe (2011) stated, the idea of designing a creative city fails the whole idea of creativity.

Currently Europe is a leader in cultural exports but this may change over time as other world regions realize that a strong creative sector has been missing in their development as economic powers. The **European fashion and high-end industries in particular are applauded as contributors to growth**: collectively European brands account for 70% of the global luxury goods market (Frontier Economics, 2012, p.2). The luxury goods industry has strong (continuing) predicted growth and here also it can be noted that this particular industry’s contribution to the economy is characteristically region-specific (sales of leather goods in Tuscany; the car-manufacturing industry in South Germany). However, the luxury goods industry **cannot thrive on past successes alone in a global competitive market**, and the continuing success of this industry **calls for large-scale investment in R & D** (Frontier Economics, 2012, p.11). On the other hand, while European fashion and high-end industry enjoys greater recognition of its dominance in international markets and is supported for this reason, other industries such as the European cinema industry need even more of a boost in terms of greater access to finance, and are lagging behind other international competitors in exports (European Commission, 2012, p.3).

The spill-over effect into other industries can be identified in many forms: ranging from the inputs of the creative industries which benefit the technological market (electronics and telecommunications), to the profitability of art and cultural products which create national and international stocks of ideas and images which can be exploited economically (such as through tourism and advertising), or can add value to the built environment (urban design).
In order to continue to add value to the European economy the cultural and creative industries need support in the form of greater access to finance in order to realize their potential: this is in contradiction to many cuts to the arts and culture sectors since 2008. There is a further argument that suggests that creative skills need to be encouraged from an early age and the adoption and development of these skills needs to be supported by national education systems. To an extent, we have seen the creation of a culture of reduced risk-taking in educational choices: students are steered into making educational choices that are argued to be ‘realistic’ informed by a perception of where the most career opportunities are (Ofield-Kerr, 2013). This perception has been shaped and informed by a policy environment which does not sufficiently recognize the crucial role of creativity and innovation in supporting future economic growth and competitiveness. Existing skills mismatches (between the skills graduates are equipped with and the skills most needed by enterprises and the wider labour market) suggest that educational institutions are not sufficiently responsive to the needs of employers and that there is to some extent a flawed perception on what and where the opportunities are.

**Avenues for further work/research**

It has been argued that the cultural and creative industries require ongoing input in order to continue to support (and indeed to enhance) their potential for contributing to European growth and competitiveness. In order to do so efforts need to be coordinated to demonstrate with greater accuracy the positive indirect (‘spill-over’) impact on other industries, and on regional growth. It has been noted that existing efforts to measure impact have been anecdotal at best, and insufficiently robust.

Some efforts to do so have proven valuable but as stated these attempts cover a limited geographical area or monitor a limited number of effects.

- The NACE classification of business activity according to sector offers insight into the sales of certain creative/cultural products, and the number of businesses and employees working in these sectors. However data is not always sufficiently disaggregated and it is therefore arguable to what degree this reflects spill-over effects
- UNESCO proposed a Cultural Industries Development Index (CIDI) in a report published in 2009 which would incorporate 28 indicators measuring the direct impact of the Cultural and Creative industries as well as the spill-over effect; to our knowledge work on constructing this index has not progressed much further
- A U.S. initiative to include a measure of the contribution of Art to economic growth could inform a similar European-level initiative.

We claim that in order to measure reliably the influence of the Cultural and Creative Industries on the economic growth first a measure capturing the Cultural and Creative Industries is required. Its creation may be a challenge since, as mentioned above, considerable problems of definition would need to be overcome. However there are attempts to measure broadly understood arts. One of them is National
Arts Index that since 2000 on the annual basis measures the vitality of arts and culture in the United States (Kushner & Cohen, 2013). Another is the UK Arts Index (Turpin, Cowley, & Torreggiani, 2011) which is aimed to show how the arts sector across the UK is faring since the economic downturn.

As regards the American Arts Index (Kushner & Cohen, 2013), it comprises 78 indicators organized into four key dimensions:

1) financial flows (philanthropy, artist income, business revenue, payments for artistic services) – include private and public support to institutions, pay of individual artists, and revenues of arts businesses and non-profits. All of these are payment for artistic services and provide fuel for capacity to produce arts activities and experiences for arts audiences (17 indicators);

2) capacity (artists, organizations, employment) – measures stocks of institutions, capital, employment, and payroll levels in the arts and culture system. Capacity and infrastructure transform financial flows into arts activities (14 indicators);

3) arts participation (consumption of arts activities, attendance, experiences) – measures actual consumption of those activities, which may be in the form of goods, services, or experiences (21 indicators);

4) competitiveness (the position of the arts compared to other sectors: market share, how the arts compete for philanthropy, discretionary spending – illustrates the position of the arts compared to other sectors in society, using measures of market share and economic impact (26 indicators);

As regards the UK Arts Index (Turpin et al., 2011) it consists of 20 indicators grouped into seven categories: (1) financial inputs – public funding, (2) financial inputs – others, (3) non-financial inputs, (4) financial input/output, (5) cultural/community outputs – attendance and participation, (6) cultural/community outputs – satisfaction, and (7) financial outputs.

These indices, however, are limited to one country only. Recently an initiative to create an index demonstrating how the arts sector in the European Union countries performs has been undertaken by the European Cultural Foundation and the Boekman Foundation. For the time being possibilities for the European arts index has been explored and theoretical issues related to its creation have been discussed. As the main problematic issue data scarcity has been pinpointed. We find this initiative a promising one.
References


