The Arts and Culture Sector’s Contributions to Economic Recovery and Resiliency in the United States

Key Findings

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What Is the Role of the Arts during Economic Downturns?

Despite an abundance of evidence about the many economic attributes of the arts, little research has been conducted to date that examines statistical relationships between the arts and other economic indicators of national or state economic health. How does the arts economy fare over time, especially during periods of large negative economic shocks? Do the arts exert any influence on broader economic trends? In fall 2020, researchers from Indiana University’s Arts, Entrepreneurship, & Innovation Lab conducted an empirical study to explore these questions.

The results suggest that the arts and cultural sector can improve—not merely reflect—the health of the broader economy. Trend data show that the arts offer economic diversification and can rapidly recover from economic downturns without being anchored down by other slow-recovering sectors or being subject to other sectors’ volatility. These characteristics may make the arts a valuable asset for states seeking a path out of economic crises.

Specific findings from the analysis include:

- **Over the long term, the share of the economy derived from the arts sector has proven remarkably stable**, ranging from 4.2% to 4.7% of GDP since 2001, a time span that includes two national recessions.

- After the Great Recession of 2008-2009, the arts rebounded rapidly from economic shocks. In the year immediately following the Great Recession, the average gross state product per capita rose by 3% while the average state arts economy grew by 3.4%. Furthermore, **the core arts subsector exhibited much higher growth rates than the general economy for the three years following states’ economic low**.
points. States with larger arts economies, especially, grew more rapidly after the Great Recession. The creative industries, in other words, have been a fast-growth sector in hard times.

- Unlike more conventional industrial supply chain dynamics, *the arts tend to grow independently from other sectors, which provides a diversification strength*—something that may be especially important for states whose economic fortunes hinge on just a few industries. Furthermore, states with more diverse arts sectors (including, for instance, a balanced mixture of performing, visual, and media and design arts, publishing, and related industries) experienced even greater economic growth after the Great Recession, suggesting that the presence of a broad array of creative activities and assets may offer an economic advantage.

- **Growth in employment in certain arts economy subsectors has a positive causal effect on general state level employment rates.** While this effect is stronger within some arts subsectors than others, it is nevertheless notable given the importance of jobs growth as a foundational ingredient for economic stability.

- **Arts employment per capita tends to boost overall employment per capita more strongly in rural areas than in urban areas.** This is meaningful given that rural communities, historically, tend to take longer to rebound from recessions than do their urban counterparts.

These findings point to areas of strength in the arts and cultural sector and some ways in which the arts economy has positive ripple effects on the broader economy. The results also show that the arts and cultural sector is not wholly dependent on broader economic trends for its growth—it has its own resilience and momentum.

An arts sector that can diversify state economies and rapidly rebound from duress is particularly valuable as the United States grapples with the COVID-19 pandemic and its catastrophic effects on commerce and employment. In 2020 the United States experienced the highest rates of unemployment since the Great Depression and its sharpest ever contraction in economic output. No single approach can solve a problem of that scale. Multiple responses will be needed to reactivate and rebuild our economy, and the arts have a constructive role to play in that strategy array.
What Is the Evidence Base for These Findings?

This analysis uses the U.S. Bureau of Economic Analysis Arts and Cultural Production Satellite Account (ACPSA)\textsuperscript{viii} data at the state level to measure historical connections between states’ overall economies and their arts and cultural sectors, with a special focus on the shock of the Great Recession and its aftermath. The ACPSA tracks economic activity in the arts and creative industries and their supply chains—effectively accounting for the contributions of the arts economy and its subsectors and its many commodities and industries (both for-profit and nonprofit) as reflected in official GDP statistics. The ACPSA offers objective and unparalleled coverage of the arts economies for each state, for 35 subsectors annually, for almost two decades.

In addition to ACPSA data, this analysis incorporated data on demographics (e.g., income and education), geography (e.g., ruralness, density, coastalness) and other industry data (e.g., employment in other sectors) at the state level. This nationwide analysis was conducted for all 50 states plus Washington, D.C., examining trends over time within the 2001-2017 ACPSA data series. The methods were constructed to show the presence or absence of statistical relationships between the arts and cultural sector, state economies and larger macroeconomic trends. The analysis leverages the long time-series of data for states to identify causal relationships between the arts sector and statewide economic indicators. The analytic technique goes beyond mere correlation to detect the extent to which states’ economic health follows its arts economy’s growth. The methods also measured how quickly big economic shocks dissipate or how long their effects linger, revealing the trajectory of the arts during and after the economic downturn of 2008-09.

For More Information


A companion to these Key Findings, the Technical Report describes the statistical methods used to conduct this analysis and shows the relationships observed between the arts, gross state products, employment and compensation trends. It includes details on arts subindustries within the larger ACPSA account as well as a special focus on the years immediately following the Great Recession of 2008-2009.

**Creative Economies and Economic Recovery: Case Studies**

Based on economic data compiled through Creative Vitality Suite\textsuperscript{®} from the Western States Arts Federation, this report examines communities in Arizona, Arkansas, Georgia, Maryland, Massachusetts, Minnesota, Nebraska, Tennessee, Vermont, Washington and West Virginia, revealing how the arts are a springboard for local economic growth.
Creative Economy State Profiles
This online dashboard, produced by the National Assembly of State Arts Agencies (NASAA), provides state-by-state information from the ACPSA. It shows value-added figures for the creative industries in every state along with arts employment, arts earnings, comparative location quotients and more.

Interactive Database of State Creative Economy Studies
More than 100 state level studies compiled in this database show the variety of approaches states have used to measure the impact of the creative industries on state economies.

About the Indiana University Arts, Entrepreneurship, & Innovation (AEI) Lab
Within the Paul H. O’Neill School of Public and Environmental Affairs, the AEI Lab was launched to engender a better understanding of the role of arts and culture in innovation through empirical and experimental research. The AEI Lab focuses on the role of the arts in civic innovation and emerging “platform” and “gig” economies as well as linkages between the creative economy and economic growth.

Arts, Entrepreneurship, & Innovation Lab
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ii See NORC at the University of Chicago, The Role of the Arts and Creative Expression in Employability and Economic Opportunity, 2018 and Education Commission of the States/Arts Education Partnership, Preparing Students for Learning, Work and Life through STEAM Education, 2019.
iv National Governors Association, Rural Prosperity through the Arts & Creative Sector, 2019.
vi Core arts and cultural production industries are originators of ideas and content associated with the creation of arts and culture.