THE CREATIVE ECONOMY INITIATIVE

THE ROLE OF THE ARTS AND CULTURE IN NEW ENGLAND'S ECONOMIC COMPETITIVENESS

A NEW ENGLAND COUNCIL REPORT
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THE NEW ENGLAND COUNCIL

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PRESENTED BY THE NEW ENGLAND COUNCIL
IN PARTNERSHIP WITH
The New England Foundation for the Arts
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New Hampshire State Council on the Arts
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FOREWORD

NEW ENGLAND IS KNOWN FOR INNOVATION AND INTELLECTUAL TRIUMPH, AND THOSE OF US WHO LIVE AND WORK HERE PROUDLY STAND BY OUR INSTITUTIONS, OUR HISTORY AND OUR CIVIC TRADITIONS. Exciting new research undertaken by The New England Council confirms what many have long believed to be true: that our arts and cultural activities have been and will continue to be integral to those regional strengths, and to the economic health of New England, not a frill.

Our initiative began in the Berkshires at Tanglewood, where nearly 100 business, government and arts leaders gathered in July 1998 to talk about the impact of the arts and culture on New England's economy. There we learned from the New England Foundation for the Arts that nonprofit cultural organizations and attractions generate $3.9 billion in revenue each year while supporting more than 110,000 jobs in the region. Impressive and exciting as these numbers are, they represent only a part of the contribution the arts industry makes when it comes to nurturing innovation, developing a skilled workforce and helping businesses remain competitive. So with proof that the arts are indeed a dynamic force in our economy, we left Tanglewood committed to maximizing this impact and making it meaningful to every sector of every community in the region.

Through our research we can see that there is a "Creative Economy" in New England that is made up of both nonprofit and commercial sectors, as well as a significant population of individuals engaged in or trained in artistic or cultural fields. This Creative Economy is a fundamental component of our regional economic environment. Our research also supports a new way of looking at the arts and culture as an industry cluster in much the same way we view the financial services and technology industry clusters, among others. With this new information, we will be able to create and leverage extraordinary opportunities for collaborations that extend well beyond what is traditionally perceived as the "cultural community" to include business and government. The results will benefit every economic sector across New England.

Today we are pleased to lay the foundation for a project we know will create a stronger, more competitive economy, and build a better tomorrow for New England. Our immediate plans call for meetings and strategy sessions with business, cultural and government leaders across the region to discover and find ways to replicate best practices for enhancing the Creative Economy. In the coming year, during the final phase of our initiative, we will release a blueprint that will outline a series of action steps. It will include recommended policies, programs and partnerships for investing in and expanding the Creative Economy, and strengthening the overall economic well-being and competitiveness of the region.

On behalf of The New England Council, we are proud to present this preliminary report on the Creative Economy, and want to thank our partners for their expertise and energy in guiding this initiative: The New England Foundation for the Arts, six state arts councils represented by the Massachusetts Cultural Council, and the Boston Symphony Orchestra. In addition, we are grateful for the extraordinary support and leadership of the New England business community, in particular our corporate sponsors: The Massachusetts Port Authority, Northeast Utilities, Philip Morris and Raytheon. We would also like to acknowledge Mt. Auburn Associates for their outstanding research and analysis, which enabled The New England Council to establish the framework and articulate the economic justification for this initiative.

This report represents landmark thinking and a new way to look at how the arts and culture make a powerful contribution to the New England economy. Our mission is to use this new information to provide a more focused and refined context within which to view and make use of our creative assets. We also hope to promote dialogue among various industry sectors that will result in finding new ways to enhance and leverage these assets, thereby strengthening our entire regional economy.

With your help, we can achieve the enormous and untapped potential of the Creative Economy. We welcome your input, and look forward to your participation in our efforts.

JAMES T. BRETT
President and CEO, The New England Council

MICHAEL S. GRECO
Senior Member, Hill & Barlow
Chairman, The New England Council's Task Force on Tourism

EXECUTIVE SUMMARY

THE *CREATIVE ECONOMY INITIATIVE* IS AN EFFORT TO LEARN ABOUT AND LEVERAGE THE GROWING IMPORTANCE OF ARTS AND CULTURE ON THE ECONOMIC LIFE OF NEW ENGLAND. This report presents the results of the initial research phase of a process aimed at developing coordinated policies and promoting increased investment in a sector that has a key role to play in the future competitiveness of New England's economy.

This new research redefines the region's Creative Economy, providing the most comprehensive measure of its current economic significance and revealing insights into avenues of potential growth. For the first time, we are analyzing the creative sector in its economic entirety, including nonprofit and commercial enterprises, and the region's numerous individual artist-entrepreneurs. There are three key components of this Creative Economy, and each one demonstrates a remarkable strength at once independent of and integral to the whole:

1 THE CREATIVE CLUSTER, defined as those enterprises and individuals that directly and indirectly produce cultural products –

- Supports more than 245,000 jobs, or 3.5 percent of New England's total job base. This is more than the region's software or medical technology industries.
- Is growing faster than the rest of the economy, by a rate of 14 percent compared to 8 percent in New England overall (1993-1997).
- Brings in significant revenues from outside the region – nearly $6.6 billion in revenues from cultural tourism alone, as well as the sale of cultural goods and services and national foundation and federal dollars.

2 THE CREATIVE WORKFORCE, defined as the thinkers and doers trained in specific cultural and artistic skills who drive the success of leading industries that include, but are not limited to, arts and culture –

- Accounts for more than 2 percent of New England's total workforce, with many of those employed outside the Creative Cluster in fields such as engineering, manufacturing, business services and education.
- Is highly entrepreneurial, with more than 40 percent of creative workers self-employed as architects, graphic designers, photographers, musicians and artists.
- Has many of the professional qualities required to compete in the New Economy, such as creativity and initiative, design and technical skills, advanced conceptualizing and the ability to respond to rapid change.

3 **THE CREATIVE COMMUNITY**, defined as a geographic area with a concentration of creative workers, creative businesses and cultural organizations –

- Demonstrates a positive effect on quality of life, which is key to attracting and retaining businesses, employees, residents and visitors.
- Inspires downtown revitalization as more municipalities integrate culture into their planning efforts.
- Can be found in big cities as well as small towns across New England, a region nationally recognized for its arts and cultural activity.

But the *Creative Economy Initiative* is not just about painting a compelling economic picture, but also about the extraordinary opportunity that lies ahead. We are optimistic that New England businesses will recognize the arts and culture as the large and growing regional industry that it is, one that demands increased focus, consideration and investment. The New England Council has taken the lead on this initiative because it believes that a strong arts and cultural sector is vital to the future of New England's economic growth and competitiveness. This report provides context for discussion and exploration of strategic regional approaches to enhancing this economic sector, and will serve as the basis of a blueprint for action.

THE CREATIVE ECONOMY INITIATIVE AT A GLANCE

1. By encompassing both nonprofit and commercial ventures as well as individual professionals in the field, the *Creative Economy Initiative* provides a more accurate measure of the cultural industry's impact on New England's economy.

2. This Creative Cluster is a growing force in the region, and employs more people than other important economic clusters.

3. Arts education teaches the very skills that will be required by the 21st century workforce as a whole, not just those who work directly in the arts and cultural sectors.

4. Because of its strong Creative Economy, New England has a significant advantage in the increasingly intense regional and national competition for businesses and employees.

5. Partnerships and policies that leverage the region's creative industries will strengthen New England socially and economically, as well as culturally.

THE CREATIVE ECONOMY INITIATIVE

THE ROLE OF THE ARTS AND CULTURE IN NEW ENGLAND'S ECONOMIC COMPETITIVENESS

The Creative Economy carries power and promise, and generates income, jobs and visibility for New England. Most Americans recognize the inherent value of the arts and the life they bring to communities through theaters and dance companies, museums and galleries, libraries, sculptures, orchestras and more. New England ranks among the top regions in the nation when it comes to cultural offerings, with thousands of arts-related enterprises and event attendance nearly 8 percent higher than the national average. In fact, it is this creative cluster of activity that gives New England a significant advantage in the increasingly intense competition for highly skilled employees and for the economic edge.

As the economic environment changes, so too must our understanding of the role of the arts and culture in supporting it. With the remarkable convergence of creativity and technology taking place today, there are more links between the nonprofit and commercial sectors than ever before. This calls for new approaches and policies that will harness the entrepreneurial energy in the arts industry, and enhance the activity we see today. New England's creativity is a critical asset when it comes to employment, community empowerment, enhanced quality of life and education – and we have the opportunity, and the tools, to maximize it.

BORDER CROSSING:
HOW OTHER COUNTRIES DEFINE THE CREATIVE INDUSTRY

New England is not alone as it strives to define the cultural sector. As communities around the world turn their attention to this issue, countries such as Canada and England have restructured their governments to focus more attention on creative industries, and what they mean to the public purpose. The European Commission recently concluded that creative activities have a huge role to play in their economy as demand for cultural and creative goods and services grows, and technology opens up new opportunities in the global marketplace for reaching new audiences and customers. Australian researcher John Sinclair describes the thinking behind his country's comprehensive creative framework as follows: "The cultural industry produces commodities and services which in some way express the way of life, such as film and television, or which occupy a special place in the social communications systems, such as advertising or the press. It is an industry which gives a form to social life through sound, mental images, words and pictures."

While the details of their policies may differ, countries around the world seem to share a common conception that the cultural sector is actually a mix of what the United States has traditionally considered two separate sectors: commercial and nonprofit. Demographics, technology and new media will have an increasing impact on this industry cluster as a whole; to remain competitive and cutting-edge, we must be prepared to change our thinking and keep pace with progress.

"Culture is not merely a public occupation creating extra costs, but also an increasingly important part of the private economy with considerable growth potential, fostering creative, innovative and productive effects for the regional and local economies."

— *Monika Wulf-Mathies, European Commission*

THE CULTURE OF ECONOMICS, THE ECONOMICS OF CULTURE

THE UNITED STATES IS IN A TIME OF ECONOMIC TRANSFORMATION. Many of the models we've long relied on to define industry sectors, competitive factors and occupational demand have changed, and quickly. This "New Economy" favors knowledge, communication and innovation when it comes to assigning economic value, and such factors are crucial to the flexibility and risk-taking that determines competitive vitality. However, few considerations of this new environment have thoroughly examined the importance of the arts and culture when it comes to fostering a robust economy. Yet the growing role of this Creative Economy is becoming harder to ignore.

First, demographic shifts have created niche audiences and new market ideas in response to increased wealth and leisure time. This means opportunity related to arts, recreation and tourism activities, as well as a greater emphasis on quality and design of products and services.

Second, globalization has created a more competitive environment when it comes to innovation and the creative process. With increased international competition in the cultural industries, the need to be fast, flexible and forward-thinking is all the more important. From conception to consumption, the creative chain must be amended to better reflect these trends.

Third, the digital economy often makes it possible to do what we want from wherever we want, which means people are more likely to locate in the community of their choice. This increases the importance of quality of life issues, and makes communities and businesses more conscious of contributing factors like the arts and culture in order to attract the best and the brightest.

"THE DEATH OF DISTANCE THAT IS INTRINSIC IN INFORMATION NETWORKING IS PROBABLY THE SINGLE MOST IMPORTANT ECONOMIC FORCE SHAPING SOCIETY."

— *The Organization for Economic Cooperation and Development*

New England is well positioned to compete in this New Economy. The region's powerful technological development is a key factor. Its booming Creative Cluster is another. Economic impact studies have produced important findings about the effect of nonprofit arts and cultural organizations on the region; the most exhaustive and exciting study to date was conducted by the New England Foundation for the Arts and completed in 1997. It determined that the total economic impact of the nonprofit arts in New England was $3.9 billion, and also underscored the intangible and undisputed benefits of the arts when it comes to education and life enrichment. But by nature, this study is just one part of the whole, the nonprofit piece of the industry pie.

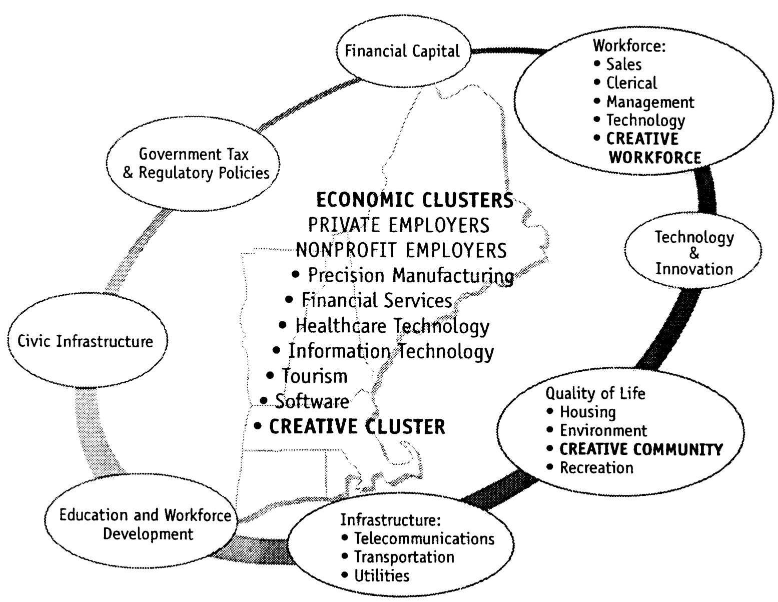
The *Creative Economy Initiative* set out to expand this important impact analysis and build upon its premise with a more comprehensive look at the relationship between the arts and the economy. We cast a wide net to capture:

- **THE CREATIVE CLUSTER**, the nonprofit institutions, commercial businesses and individuals whose work is rooted in the arts and culture.

- **THE CREATIVE WORKFORCE**, the artists, performers and other professionals who may or may not be directly employed by cultural organizations, yet are involved in creative work within a particular industry.

- **THE CREATIVE COMMUNITY**, geographic locations within New England where quality of life is directly connected to higher concentrations of creative workers and creative industries.

FACTORS AFFECTING NEW ENGLAND'S COMPETITIVENESS



This new definition considers additional components of the region's artistic and cultural economy that are making contributions to the region's overall Creative Economy. These include:

COMMERCIAL ENTERPRISES. A search of economic studies of the arts and cultural sector in the U.S. turns up just three others that include commercial enterprises involved in producing or distributing arts and cultural products and services (New York, California and Oregon). This initiative's revised definition accounts for both nonprofit and retail art galleries, for example.

THE SELF-EMPLOYED. There are thousands of New England residents who make or contribute to their income through arts-related freelance activities. They include visual artists, craftspeople, musicians, actors, dancers, photographers, writers and others who may earn income from their creative skills, but do not work for an arts or cultural institution.

EMBEDDED ACTIVITIES. Efforts to understand the extent of arts and cultural activity in the regional economy have had difficulty documenting "embedded" activities, the most notable examples being those found in higher education or government institutions. For example, many colleges and universities have strong ties to the arts and culture through their own museums and performing arts centers. Other embedded activities include those affiliated with public sector entities, religious groups and community-based organizations.

LINKS BETWEEN THE ARTS AND OTHER INDUSTRIES. The connection between the arts and culture and the tourism industry has been increasingly recognized and included in most economic impact studies, but what about other industry crossovers? For example, the relationship between design and traditional New England manufacturing sectors such as furniture and apparel, or the intersection of the arts and technology in the many new media companies across the region. These are part of the creative economic equation, too.

CREATIVE WORKERS OUTSIDE THE CREATIVE CLUSTER. Only a small portion of those who work for cultural institutions are directly involved in the arts – think about employees of museums or theaters who are technicians, ushers, food service workers, security guards or office administrators. While these positions traditionally have been included in past economic impact studies, the many creative workers employed by other industries have not. These include art teachers in school, graphic designers and illustrators in the medical field, and music directors at religious institutions. Something to keep in mind moving forward: these components are not exclusive of one another. Consider the museum store manager, who is part of the Creative Cluster, but not the Creative Workforce. Or the graphic designer who works for a financial services firm – part of the Creative Workforce, though not the Creative Cluster.

UNCOVERING THE CREATIVE CLUSTER:

THE ARTS AND HIGHER EDUCATION

Arts and cultural activities associated with colleges and universities are often embedded in the education industry, and therefore not included as components of the Creative Cluster unless they have an institutional identity all their own. Such practice is particularly significant in New England, which is home to hundreds of educational institutions. At Harvard University, for example, cultural activities alone would make it the largest nonprofit arts employer in New England: there are approximately 850 creative workers in the university's theaters, museums, libraries and art departments. In other words, even the estimates included in this report are conservative compared to what we know to be true about the impact of the arts and culture through educational institutions.

THE CREATIVE CLUSTER— WHERE CULTURE COMES TOGETHER

INDUSTRY GROUPS AND THE PUBLIC SECTOR HAVE BEGUN TO USE WHAT IS CALLED "CLUSTER ANALYSIS" TO UNDERSTAND THE COMPETITIVENESS AND COLLABORATIVE POTENTIAL WITHIN A CONCENTRATION OF INTERRELATED COMPANIES. This grouping of businesses is usually geographic, as well as economic. Components of an industry cluster have at least three things in common:

1. Closely related product lines, for example the musical performance and sound recording industries.

2. Shared markets, such as members of Boston's Museum of Fine Arts and patrons of commercial galleries on Newbury Street; and

3. Common resource needs, like the pool of talented design workers that feeds the new media and graphic design industries.

Economic clusters have been used to define and design economic development activities in many parts of New England. Such examples include:

- The Massachusetts Interactive Media Council (MIMC) serving the information technology field and Massachusetts Medical Device Industry Council (MEDIC) serving that sector of the health care industry. Each was created by industry groups as a way to organize and optimize business opportunities and growth.

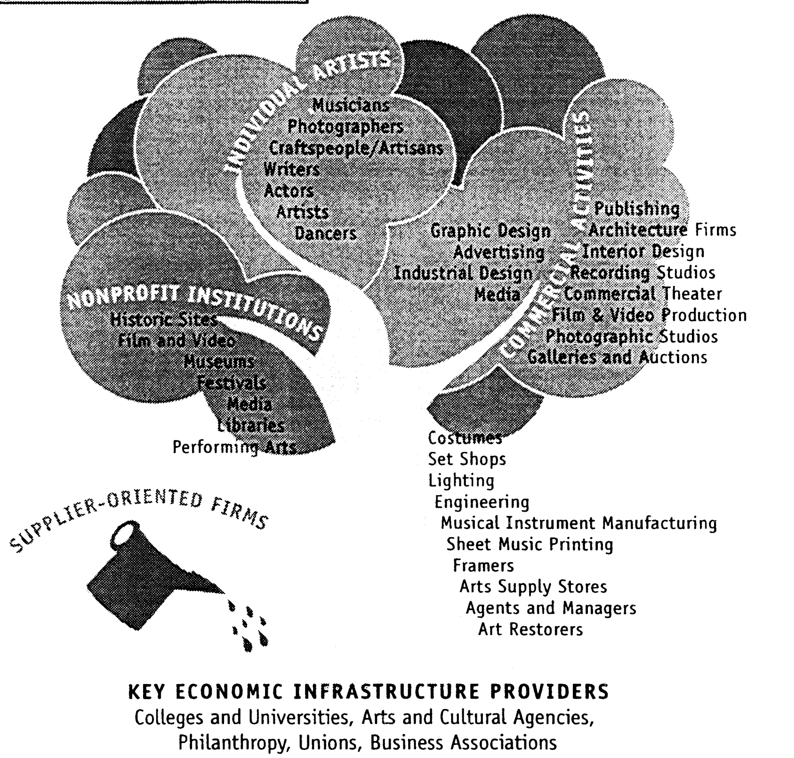
- Connecticut's formal effort to establish industry clusters key to the state's competitiveness: Tourism, Financial Services, Health Services, Telecommunications and Information and High Technologies and Manufacturing. Recent additions include Bioscience, Aerospace Components Manufacturers and Software/Information Technology.

- Rhode Island's 1997 report, *Meeting the Challenge of the New Economy*, which outlined nine economic clusters – Boat Building, Electronics and Precision Metal Working among them – and concluded that economic development in the state should be driven by collaborations within these clusters.

According to a recent report on cluster-based economic development released by the U.S. Department of Commerce, those that have been successful at nurturing industry clusters typically have developed high quality economic institutions responsive to the specialized needs of existing and emerging clusters in that region. Strong civic leadership and collaboration among organizations, across sectors and throughout communities have also been central to success. This regional effort creates what is called a "collaborative advantage." Competitive regions have always been characterized by the ability of enterprises to work together, using public-private partnerships, proximity and economies of scale to improve innovation and access to markets.

For these reasons and others, we strongly make the case for New England's Creative Cluster to be part of the economic clusters deserving attention from the region's policy makers and the business community. Our analysis uses economic data that allows us to include both commercial and nonprofit sectors; examine the role of individual artists in both sectors, and more easily compare and contrast this industry cluster with other industry clusters. Viewing the industry as a cluster, we can clearly see how the contributions of the commercial and nonprofit arts sectors are interrelated, with individuals involved across the board.

THE CREATIVE CLUSTER

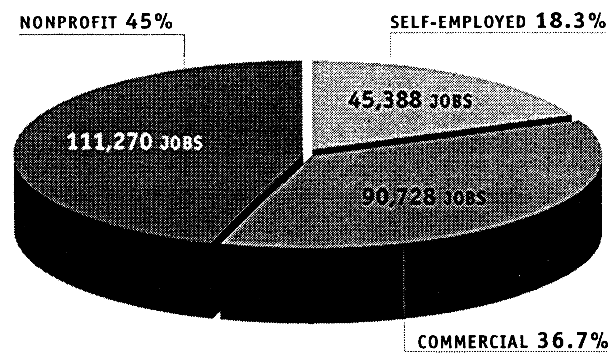


Based on illustrative rendering by Deb Perugi.

In a day and age when three tenors can sell out Dodger Stadium, or an artist can have her artwork promoted on a bottle of Absolut Vodka, it is increasingly difficult to separate the nonprofit from the commercial. In the New Economy with new technologies, things happen fast and Americans have high expectations for what is possible, which means there is a greater need than ever before for invention and a willingness to collaborate across creative lines. As the image above illustrates, all branches of the Creative Cluster share the same roots – the economic infrastructure that provides the basic support for the cluster's growth and development. This includes the regional, statewide and local arts agencies, business associations, art schools and colleges, foundations and unions that are active within the industry.

In aggregate, the entities within the Creative Cluster employ nearly a quarter of a million people in New England – or 3.5 percent of all the jobs in the region – supporting an annual payroll of $4.3 billion.

EMPLOYMENT (COMMERCIAL/NONPROFIT/INDIVIDUALS)



Source: US Census, 1997 Economic Census, Current Population Survey, 1996 Survey of Nonprofit Arts and Cultural Institutions in New England.

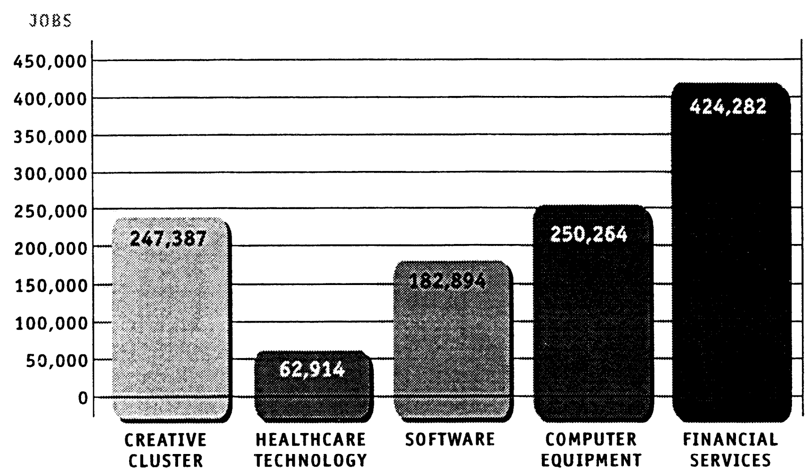
CULTURAL
PRODUCT LINES

In addition to dividing the Creative Cluster in terms of the characteristics of the organization or institution (nonprofit, commercial, individual artists), the Creative Cluster can be divided by the various types of cultural products it represents. For example:

- **Applied Arts** (graphic design, architecture, industrial design, crafts, advertising, interior design, photography, web design)
- **Performing Arts** (music, theater, dance)
- **Visual Arts** (painting, sculpture, galleries, auction houses)
- **Literary Arts** (writing, publishing)
- **Media** (broadcast media, cable, radio, television, music, film production)
- **Heritage** (museums, historic sites)
- **Advocacy and Support** (education, cultural councils, funders)

When we compare the Creative Cluster to other economic clusters, we find that employment in the Creative Cluster exceeds that of the software and communications service, healthcare technology and innovation service clusters – and supports almost as many jobs as New England's computer equipment industry.

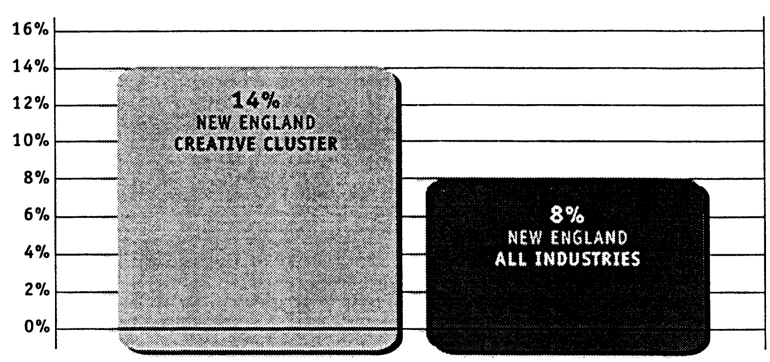
EMPLOYMENT COMPARISON



Source: US Census, 1997 Economic Census and County Business Patterns.
Cluster definitions based on Massachusetts Technology Collaborative *Index of the Massachusetts Innovation Economy*.

And not only is employment in the Creative Cluster significant, but it is growing almost twice as fast (14 percent) as the average rate of job growth in New England overall (8 percent).

EMPLOYMENT GROWTH RATE



Source: US Census, US County Business Patterns, 1993 and 1997.

One of the defining characteristics of an economic cluster is that it must export goods and services and attract income to the region. When it comes to the Creative Cluster, such activity is alive and well throughout New England. Touring companies and traveling exhibits make their way around the world; artists from the area are well represented in galleries across the country and internationally; New England writers are having their books published and even produced into feature films by those outside the region – the most visible and recent example being John Irving's Academy Award-winning work, *The Cider House Rules*, which was filmed in its entirety in New England.

Another important characteristic of an economic cluster is the way it links to other clusters in the region. Avid, a software company based in Cambridge, Massachusetts, is just one of the many examples of New England technology companies that are thriving by serving the market opportunities associated with the Creative Cluster by providing tools for film, video, audio and broadcast. As noted, creativity will become an even more important factor in the economic competitiveness of New England as the region continues to respond to the global, demographic and technological transformations taking place. As a result, it will increase the competitiveness of other clusters in the region by:

- Providing creative content to the new media industry;
- Providing new markets for technology products;
- Improving existing markets for manufactured products through industrial design; and
- Attracting and providing creative workers in the expanding "knowledge creation" cluster.

The Creative Cluster and creative professionals who work both within the cluster and outside of it embody the very characteristics of the New Economy, where innovative, imaginative ideas are vital to job creation and technological progress.

CULTURAL TOURISM

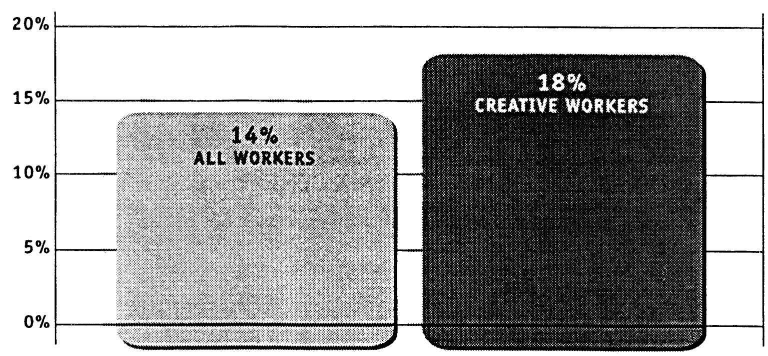
One of the most significant ways the Creative Cluster attracts income is through cultural tourism. In 1998, approximately 15 million people traveled throughout New England primarily for cultural events, spending more than $6 billion; 8 million of these visitors came from outside the region.

THE CREATIVE WORKFORCE— STRONG MINDS, ARTISTIC MUSCLE

IN JUST A SINGLE GENERATION, THE WORKPLACE HAS CHANGED DRAMATICALLY. Technology, management, and lifestyle shifts have radically reconfigured the way we do business, and success is defined by new qualities such as flexibility, collaborative spirit and the ability to think "outside the box." Several studies show that an arts education helps develop the particular capabilities required by the workplace today. These include skills such as analysis, synthesis and critical judgement; creativity and imagination; the ability to work as a team, as well as an understanding of and appreciation for diversity. Arts education also has demonstrated a profound effect on attitude, aptitude and self-esteem – desired personal, and professional, attributes.

New England has a high concentration of creative workers, 2.1 percent of the region's entire workforce – well above the national average of 1.5 percent. And the occupations that make up New England's Creative Workforce are expected to grow by 18 percent over the next 10 years, significantly more than those in other industries.

PROJECTED GROWTH OF CREATIVE WORKFORCE



Source: US Bureau of Labor Statistics, Occupational Employment Statistics, 1998-2008 projections.

New England's creative workers are responsible for much of the success behind the region's leading edge industries. These workers – architects, designers, writers, artists – generate technical innovation, drive design, cultivate change and bring fresh thinking to old problems. The Creative Workforce must challenge the assumption that their skills are industry-specific – for example, technologists don't just work for computer companies, they work for banks, stores, schools, and throughout the public sector. The same is true of creative workers, who can be found in every corner of the community. Says Kay Sloan, president of the Massachusetts College of Art, "Today's thriving software, telecommunications and new media industries are grounded in visual communications and all require design solutions for their success."

But in addition to supporting a significant sector of the economy through the Creative Workforce, institutions in New England play a large role in preparing future workers to excel in this new economic environment through their abundance of training programs in the arts, culture and design. From Yale University's architecture program to Maine College of Art's summer institute on graphic design, New England's 260 higher education institutions produce a steady stream of well-trained and educated workers that underpin creative and other industries alike.

In looking at the occupational structure of the Creative Workforce, it is interesting to note that this region has a higher proportion of independent professionals in the field than the U.S. as a whole. Roughly 4 out of every 10 creative workers in New England are self-employed; specific occupations where over 50 percent are self-employed include authors, musicians, painters and photographers. And yet most designers, architects, dancers, woodworkers, decorators and others work for private or nonprofit companies as paid salary employees.

TODAY'S EDUCATION IS TOMORROW'S EDGE

An arts education builds specific skills that business values:

- Goal setting
- Flexible thinking
- Tolerance
- Creative problem solving
- Cooperation and teamwork
- Self-confidence and motivation

Source: "Educating for the Workplace Through the Arts," a special supplement to *Business Week*, 1996.

THE CREATIVE COMMUNITY— ACCESS AND APPEAL

DISTINCT FROM BOTH THE CREATIVE CLUSTER AND THE CREATIVE WORKFORCE IS THE ECONOMIC COMPETITIVENESS IS STRENGTHENED WHEN A COMMUNITY AS A WHOLE EMBRACES AND STRENGTHENS ITS CULTURAL ACTIVITIES. Such Creative Communities feature significant concentrations of both creative workers and creative industries, including a variety of arts venues and activities. The abundance of the arts in a particular city or town lends itself to enhanced quality of life, which makes it more attractive to workers as well as companies looking to relocate or expand operations. For this reason, many municipalities are now integrating cultural components into their plans for community development and using the arts to revitalize and restore their downtown areas.

"Quality of life" is seemingly subjective, though it is becoming an increasingly important factor in business and personal location decisions. The idea is that a more desirable location will draw more people and businesses that reflect the qualities found in that community. And so it goes, until a community becomes a hotbed of the very activities that made it attractive in the first place. A community's quality of life is determined by several factors, with the arts and culture near the top of the list along with quality education, public safety and affordable housing.

"EMPLOYEES, ESPECIALLY MANAGERIAL AND TECHNICAL WORKERS, ARE BECOMING INCREASINGLY CHOOSY ABOUT WHERE THEY'LL LIVE. TO ATTRACT THE BEST, COMPANIES NEED TO SERIOUSLY CONSIDER THE APPEAL OF THEIR CURRENT AND FUTURE LOCATIONS."

—Expansion Management, *May 1999*

The competitive edge of a Creative Community is more important than ever in an economic environment like New England, where businesses find that the availability of labor is their biggest challenge. New England's proliferation of arts and cultural activities has supported a growing number of Creative Communities, which already gives the region an advantage when it comes to attracting new businesses and employees. (A recent book on the *100 Best Small Art Towns in America* listed 10 New England towns – and three in the top six.)

And the area is no stranger to efforts that use the arts as a community development tool. The town of Lenox, Massachusetts, was transformed in the late 1930s when the Boston Symphony Orchestra began offering concerts at its new summer home. Today Tanglewood is famous as one of the world's leading music festivals, attracting more than 350,000 listeners each summer – and it has paved the way for other local arts events, as well. Additional examples of how the arts build community:

- Providence, Rhode Island, passed a law that provided a dedicated downtown arts district and incentives to invest there: artists living in the area receive an exemption from state income tax sales of their work, and landlords who convert commercial space to living space for artists receive a break on property taxes.

- The town of Bellows Falls, Vermont, is experiencing a revival following several historic preservation efforts including a renovated opera house, new theater company and plans for a river-life heritage museum to celebrate the Connecticut River's impact on industry there.

- Upham's Corner in Boston's inner-city Dorchester neighborhood established an annual multicultural street fair, and used the funds to renovate the landmark Strand Theater.

- The Brunswick Area Arts and Cultural Alliance in rural Maine partnered with the Chamber of Commerce and local economic development officials to develop a plan to strengthen cultural tourism and attract income to the area through the arts.

The cornerstone of the *Creative Economy Initiative* is the fact that an investment in the arts and culture will play a meaningful role in improving the lives of all residents throughout New England, in every type of community:

- **LARGE CITIES**, where first-class museums, performing arts institutions and businesses demand extraordinary talent and resources.

- **LOW-INCOME NEIGHBORHOODS**, as cultural activities play a larger part in community empowerment, enterprise development and revitalization.

- **SMALLER, INDUSTRIAL CITIES AND TOWNS**, with rich heritage and traditions and the challenge of rebuilding an economic base that has eroded over time.

- **RURAL COMMUNITIES**, and the independent artisans and educators who make a living through export, as well as infusions of tourists and second homeowners who seek and support seasonal arts activity.

WHAT IS QUALITY OF LIFE, ANYWAY?

Thirty years ago, quality of life wasn't a concept considered in matters of relocation or business development. Yet by 1979, the Joint Economic Committee of the U.S. Congress conducted a survey of 1,300 businesses, and stated: "A city's quality of life is more important than business-related factors.... Individual programs and policies which respond to a particular business need will probably be of limited success in encouraging firms to expand or attracting new firms if they are not part of a comprehensive effort to upgrade the quality of life in the city."

Several economists have since concurred – in a 1997 review of the literature on this topic, James Segedy found: "The classic variables of land, labor and capital as well as utility rates, taxes and the elusive business climate and entrepreneurial environment are now essentially available universally. As the focus of economic activity shifts more toward the service sector we are beginning to see other transformations... the new variable has become psychic income. This translates into a higher value placed on more intangible variables such as quality of life and amenities."

LOOKING AHEAD

THE *CREATIVE ECONOMY INITIATIVE* IS ABOUT THE CONTRIBUTIONS THE ARTS AND CULTURE MAKE TO THE NEW ENGLAND ECONOMY AS A WHOLE, AND THE EXTRAORDINARY OPPORTUNITIES THAT LIE AHEAD. It shows how creative workers benefit the Cultural Cluster and other industries by providing a trained, talented workforce whose skills are in line with the emerging economic environment and contribute to a community's quality of life – two increasingly important factors in the region's ability to compete.

The possibilities are exciting: if such a dramatic impact of the arts is occurring with limited coordination among leaders of business, government and the arts, then a collaborative approach will influence this impact exponentially. Our plan requires three things:

- **FIRST**, a review of the Creative Cluster as defined here. Is it comprehensive? Does is stand up to a challenge? We want to test it among the constituencies it represents, and confirm our analysis.

- **SECOND**, a study of best practices in the field, those that demonstrate the kinds of partnerships and relationships we're talking about. We will invite business, cultural and community leaders of all kinds to take part in strategic discussions about the Creative Economy so that our process is as inclusive, and inspired, as possible.

- **FINALLY**, a detailed blueprint to guide the public and private sectors toward the shared goal of strengthening the New England economy through greater investment in the arts and culture.

The development of new programs and partnerships will be essential to the *Creative Economy Initiative*'s success. Because creative activity affects all areas of the economy, including those that aren't necessarily directly associated with the arts, decision-makers at every level will need to have a hand in determining cultural policy. From tourism to transportation, housing to historic preservation, a variety of sectors will be involved in this process. And we will encourage coordinated research efforts of university, government and business leaders to better understand what the needs and opportunities of the cultural sector are.

As this document illustrates, New England's creative assets are great, and our creative potential even greater. With this understanding and analysis comes unprecedented opportunity for the region. But in order to realize the potential of the Creative Economy we outline here, we must develop coordinated cross-sector efforts. Partnerships that transcend geographic and political boundaries will be greater than the sum of their parts. It is our hope that our efforts from here on will reflect the very diversity that underlies our creative successes. We invite you to engage with us in a spirited discussion of this report, and to be part of the *Creative Economy Initiative* in shaping a blueprint for regional cultural action.

APPENDIX

TABLE 1
Employment in Creative Cluster Product Lines

TABLE 2
The Impact of Cultural Tourism in New England

TABLE 3
Occupational Structure of New England's Creative Workers

TABLE 4
Concentration of New England's Creative Workers by Occupation

TABLE 5
New England's Creative Workers

A full technical appendix can be found on the Web at **www.nefa.org/html#EIS**.

TABLE 1: EMPLOYMENT IN CREATIVE CLUSTER PRODUCT LINES

	CT	ME	MA	NH	RI	VT	New England	Percent of Cluster Employment
Applied Arts								
Architectural Services	1,727	529	8,005	313	341	328	11,243	4.5%
Interior Design Services	479	50	812	58	173	63	1,635	0.7%
Industrial Design Services	137	15	292	50	10	50	554	0.2%
Graphic Design Services	1,208	119	1,831	211	218	152	3,739	1.5%
Other Specialized Design Services	24	3	77	15	12	15	146	0.1%
Advertising Agencies	1,875	315	4,462	270	329	174	7,425	3.0%
Display Advertising	2,535	10	599	2	60	10	3,216	1.3%
Photographic Services - Commercial	710	229	1,345	304	325	125	3,038	1.2%
	8,695	**1,270**	**17,423**	**1,223**	**1,468**	**917**	**30,996**	**12.5%**
Performing Arts: Music, Theater, Dance								
Theater Companies and Dinner Theaters - Commercial	249	128	321	50	64	15	827	0.3%
Dance Companies - Commercial	10		10	10		10	40	0.0%
Musical Groups and Artists - Commercial	118	45	120	18	15	15	331	0.1%
Other Performing Arts Companies - Commercial	60		10		60	10	140	0.1%
Musical Instrument and Supplies Stores - Commercial	270	67	672	149	85	47	1,290	0.5%
Musical Instrument Manufacturing - Commercial	175	175	492	60	175	10	1,087	0.4%
Promoters of performing arts - Commercial	936	10	1,554	5	175	39	2,719	1.1%
Nonprofit performing arts (1)	19,380	2,986	14,126	5,138	1,716	3,958	47,304	19.1%
	21,198	**3,411**	**17,305**	**5,430**	**2,290**	**4,104**	**53,738**	**21.7%**
Visual Arts								
Art Dealers - Commercial	110	52	446	36	50	58	752	0.3%
Non-Profit Visual Arts (1)	2,311	40	1,413	734	435	609	5,542	2.2%
Camera and Photographic Supplies Stores - Commercial	228	46	575	182	46	50	1,127	0.5%
Agents and Managers for Artists - Commercial	94	10	235	16	10	12	377	0.2%
Photographic Film, Paper, Plate, and Chemical Manufacturing - Commercial	175	10	3,750	175	750	10	4,870	2.0%
Lead Pencil and Art Good Manufacturing - Commercial	60	N	175	N	N	10	245	0.1%
Art print gravure printing - Commercial	133	10	60	10	187	19	419	0.2%
	3,111	**168**	**6,654**	**1,153**	**1,478**	**768**	**13,332**	**5.4%**

TABLE 1: EMPLOYMENT IN CREATIVE CLUSTER PRODUCT LINES

	CT	ME	MA	NH	RI	VT	New England	Percent of Cluster Employment
Literary Arts								
Book Publishers - Commercial	1,233	135	6,267	163	10	135	7,943	3.2%
Libraries and humanities - Nonprofit (1)	1,667	387	4,139	621	3,583	939	11,335	4.6%
	2,900	**522**	**10,406**	**784**	**3,593**	**1,074**	**19,278**	**7.8%**
Media								
Cable and Other Program Distribution -	3,750	602	4,840	375	750	375	10,692	4.3%
Nonprofit media (1)	183	55	2,489	120	114	52	3,013	1.2%
Motion Picture and Sound Recording Industry -							8,798	
Commercial	1,989	438	4,921	644	444	362		3.6%
Prerecorded Compact Disk, Tape, and Record	175	175	75	N	N	10	435	
Reproducing - Commercial								0.2%
	10,213	**2,687**	**17,798**	**2,056**	**3,058**	**1,559**	**37,371**	**15.1%**
Heritage								
Museums - Taxable	10	10	52	10	50	10	142	0.1%
Nonprofit ethnic, historic, museums (1)	3,129	1,745	12,471	3,033	1,299	1,308	22,984	9.3%
Historical Sites - Taxable	10	10	15	10	-	10	55	0.0%
	3,149	**1,765**	**12,538**	**3,053**	**1,349**	**1,328**	**23,181**	**9.4%**
Support								
Fine Arts Schools	451	89	870	141	177	57	1,785	0.7%
Non-Profit Support and Education (1)	3,877	638	10,731	177	4,541	1,130	21,092	8.5%
	4,328	**727**	**11,601**	**318**	**4,718**	**1,187**	**22,877**	**9.2%**
Independent Artists, Writers, and Performers - Incorporated (2)	386	20	603	87	60	70	1,226	0.5%
Independent Artists, Writers, and Performers - Unincorporated (3)	10,366	3,428	21,972	3,848	3,234	2,539	45,387	18.3%
TOTAL EMPLOYMENT IN CREATIVE CLUSTER (4)	**64,344**	**13,998**	**116,299**	**17,952**	**21,247**	**13,546**	**247,386**	
TOTAL STATE EMPLOYMENT (4)	**1,738,717**	**645,042**	**3,337,017**	**625,513**	**473,096**	**319,805**	**7,139,190**	
CREATIVE CLUSTER AS % OF STATE	**3.7%**	**2.2%**	**3.5%**	**2.9%**	**4.5%**	**4.2%**	**3.5%**	

Source: Commercial data on employment comes from the 1997 US Economic Census and is based on new NAICS codes.

TABLE 1: EMPLOYMENT IN CREATIVE CLUSTER PRODUCT LINES

	CT	ME	MA	NH	RI	VT	New England	Percent of Cluster Employment

(1) Non-Profit data by product line was compiled by Greg Wassall of Northeastern University and based upon a survey of non-profit arts and cultural institutions in 1996

(2) This category includes only independent artists that are incorporated and have a employer identification number.

(3) Unincorporated independent artists, writers, and performers data was compiled by Greg Wassall from the Current Population Survey and includes those artists not otherwise counted in employment statistics.

(4) Total employment figures include data from establishments as well as self-employed workers not otherwise counted.

TABLE 2: THE IMPACT OF CULTURAL TOURISM IN NEW ENGLAND, 1998

		Total Impact	Impact of Cultural Tourism from Domestic Travelers from Non-New England Origins	Impact of Cultural Tourism of Travelers from New England Origins	Impacts of Cultural Tourism from International Travelers (3)
Expenditures (1)	***Cultural Tourism***	***$6,652,405,000***	***$3,174,880,402***	***$2,883,449,598***	***$594,075,000***
	Tourism	$40,760,100,000	$20,115,110,000	$18,268,690,000	$2,376,300,000
		16%	16%	16%	25%
Jobs (2)	***Cultural Tourism***	***69,314***	***32,750***	***27,563***	***9,000***
	Tourism	475,526	238,662	200,864	36,000
Travelers	***Cultural Tourism***	***15,561,450***	***7,647,691***	***7,446,009***	***467,750***
	Tourism	113,073,000	56,343,939	54,858,061	1,871,000

Source: Department of Commerce, International Trade Administration, ME Office of Tourism,ME State Planning Office,MA Office of Travel and Tourism, RI Department of Economic Development, Institute for New Hampshire Studies, VT Department of Tourism and Marketing, VT Tourism Data Center, CT Office of Tourism.

Note #1: (1) Direct and indirect impacts are included except for international portion which is only the direct impacts, (2) Includes only direct impacts, (3) All international impacts are for 1996.

TABLE 3: OCCUPATIONAL STRUCTURE OF NEW ENGLAND'S CREATIVE WORKERS

	NEW ENGLAND TOTAL	PERCENT OF TOTAL IN NEW ENGLAND
TOTAL CREATIVE WORKERS	**141,956**	**100.0%**
PERFORMING ARTIST OCCUPATIONS	33,302	23.5%
Actors & directors	9,982	7.0%
Announcers	4,351	3.1%
Authors	6,990	4.9%
Musicians & composers	6,184	4.4%
Artists, performers, dancers etc., n.e.c.	5,795	4.0%
CRAFT AND VISUAL ARTS OCCUPATIONS	31,874	22.5%
Cabinet makers and bench carpenters	4,192	3.0%
Hand painters, coaters, and decorators	516	0.4%
Painters, sculptors, craft-artists, etc.	14,914	10.5%
Photographers	12,251	8.6%
PROFESSIONAL SERVICE OCCUPATIONS	62,641	44.1%
Architects	12,393	8.7%
Archivists & curators	2,399	1.7%
Designers	47,849	33.7%
ART EDUCATION OCCUPATIONS [1]	14,139	10.0%
College art, drama & music teachers	2,838	2.0%
Elementary & secondary art, drama, & music teachers	11,301	8.0%

Source: Current Population Survey 1996
Data Gathered by Greg Wassell, Table Prepared by Mt. Auburn Associates

[1] Data provided by individual state departments of education.

TABLE 4: CONCENTRATION OF NEW ENGLAND'S CREATIVE WORKERS BY OCCUPATION

	*
TOTAL CREATIVE WORKERS	**1.29**
PERFORMING ARTIST OCCUPATIONS	1.00
Actors & directors	1.40
Announcers	1.34
Authors	1.16
Musicians & composers	0.67
Artists, performers, dancers, etc., n.e.c.	0.94
CRAFT AND VISUAL ARTS OCCUPATIONS	1.28
Cabinet makers and bench carpenters	1.05
Hand painters, coaters, and decorators	0.50
Painters, sculptors, craft-artists, etc.	1.19
Photographers	1.65
PROFESSIONAL SERVICE OCCUPATIONS	1.52
Architects	1.46
Archivists & curators	2.10
Designers	1.52
OTHER ARTIST OCCUPATIONS	1.31
College art, drama & music teachers	1.31
Elementary & secondary art, drama, & music teachers	N/A

Source: Current Population Survey 1996 Data Gathered by Greg Wassall, Table Prepared by Mt. Auburn Associates

N/A - Mt. Auburn Associates collected data for elementary and secondary teachers from each state's Department of Education in New England. There is no comparable data for the US.

n.e.c. - not elsewhere classified

* Ratio of percentage of New Englanders in occupations to percentage of total U.S. workers in occupations. A ratio of over 1 indicates a high concentration.

TABLE 5: NEW ENGLAND'S CREATIVE WORKERS

OCCUPATION	SELF-EMPLOYED	PRIVATE FOR PROFIT	PRIVATE NONPROFIT	GOVT.
Total Employment All Occupations	**11.57%**	**69.16%**	**7.31%**	**11.89%**
New England's Creative Workers	41.31%	45.19%	5.14%	7.96%
Actors & directors	46.32%	43.26%	10.42%	0.00%
Announcers	3.35%	94.42%	2.23%	0.00%
Architects	41.46%	58.54%	0.00%	0.00%
Art, drama & music teachers	0.00%	15.81%	41.61%	42.58%
Authors	66.12%	22.41%	11.47%	0.00%
Designers	36.07%	63.16%	0.00%	0.69%
Musicians & composers	63.35%	14.98%	21.67%	0.00%
Painters, sculptors, craft-artists, etc.	56.21%	0.00%	0.00%	43.79%
Photographers	52.40%	27.81%	5.61%	10.26%
Artists, performers, etc., n.e.c.	34.43%	30.40%	20.12%	15.05%
Archivists & curators	0.00%	83.37%	11.82%	4.81%
Cabinet makers and bench carpenters	33.91%	66.09%	0.00%	0.00%
Hand painters, coaters, and decorators	0.00%	100.00%	0.00%	0.00%

Source: Current Population Survey 1996
Data Gathered by Greg Wassall, Table Prepared by Mt. Auburn Associates
n.e.c. - not elsewhere classified