

THE ECONOMY AND THE ARTS

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Throughout history, art has been regarded as something indispensable, as humanity has consistently attributed great value to it and its many functions: as a way of expressing ideas, as a sign of protest, or even as a source of entertainment. Although in contemporary society art can sometimes be perceived as a purely aesthetic activity, it is in fact present in everyday life. It is possible to find art in advertising, interior decoration, or even on the clothes we wear. As a result, society's perception of art has changed over time, allowing people to see it not only as a cultural practice, but also as a driving force of the economy. However, despite recognition of its economic contribution, public funding for the arts remains controversial. Many people are dissatisfied with public resources going to art, questioning its effectiveness compared to other development strategies. Therefore, this article explores how art contributes to the economy, how investing in the arts compares to funding other activities, what should be considered an appropriate level of government support, and how this support affects public belief regarding the economy.

Art works as a motor to the economy on different levels, known as the multiplier effect in economic terms. The first level is direct contribution, which refers to the economic value generated directly by artistic and cultural activities. It includes the production of cultural goods and services such as ticket sales for theatres or concerts. It also includes artworks and creative content such as films, music and design, as well as copyright revenues. Another component is direct employment, which includes artists, technicians, and producers. Finally, the contribution to GDP (Gross Domestic Product) can be calculated through production, employment and sales. This demonstrates that art can be measured using the same macroeconomic indicators as other industries. For example, in 2023 the U.S. arts and culture sector contributed \$1.7 trillion to the national economy, equivalent to 4.2% of GDP.

Furthermore, the arts generate indirect and induced effects. Indirect effects occur when cultural events benefit other economic activities such as tourism and hospitality. A clear example is Taylor Swift's Eras Tour, which increased tourism in several cities, including Philadelphia. Similarly, induced effects appear when wages from the arts sector are spent locally, creating spillover effects in other industries. This fosters creative districts and improved public spaces, reinforcing both the economic and social value of the arts. This process was studied by Markusen and Gatawa in 2019 through their theory of creative placemaking.

And lastly, when talking about the contribution of the arts to the economy, we must not forget creative human capital, which later on boosts innovation. Creative human capital refers to the abilities, knowledge, and ways of thinking created by artists or creative people. This can increase productivity, open new types of markets, and generate growth across many

industries, with numerous companies benefitting from it to create new products. Richard Florida's theory of the Creative Class from 2002 affirms that cities attracting creative people are more likely to experience economic innovation and technological growth.

As mentioned above, investment in the arts has created controversy when compared to more traditional development strategies such as infrastructure or education. Infrastructure focuses mainly on physical improvements, whereas arts investment generates value both directly and indirectly by creating cultural vibrancy, attracting tourism and enhancing quality of life. A 2024 MDPI study reported that cultural and creative industries accounted for 7.1 million jobs in the European Union before the pandemic, with employment growth exceeding that of many OECD countries. This highlights the importance of investing in the arts, as they can generate jobs and growth at competitive rates.

Given the major impact that art has on the economy, debates on public funding are inevitable. There is no exact number that defines appropriate government support, as funding should always be proportional to social and economic impact. However, funding should not only benefit large institutions, but also be distributed among community projects, artistic education, and local creative spaces. Furthermore, governments should not be the only contributors, as private companies and matching funds can also play a role, as art benefits not only society but also the individual.

Beyond economic indicators or growth, the arts also play a significant role in how people experience the economy. The impact on people cannot be measured only by the money they generate, but also how it shapes confidence, optimism, and identity. This can be seen in how art activates public spaces through exhibitions, performances, and festivals, transforming underused areas into creative districts. As a result, people are able to see movement and activity in their communities. Once people experience artistic events such as concerts and lively neighbourhoods, they begin to feel growth, hope, and local pride.

In conclusion, the arts are a powerful force when it comes to economic growth, innovation, and employment. Rather than being seen as merely aesthetic, its importance should be recognised, as it shapes both local economies and society as a whole. Ultimately, the arts also influence how communities perceive progress, identity, and collective confidence.