

The Arts: Beyond the Standard Economic Impact

Presented at:

Creating Ways

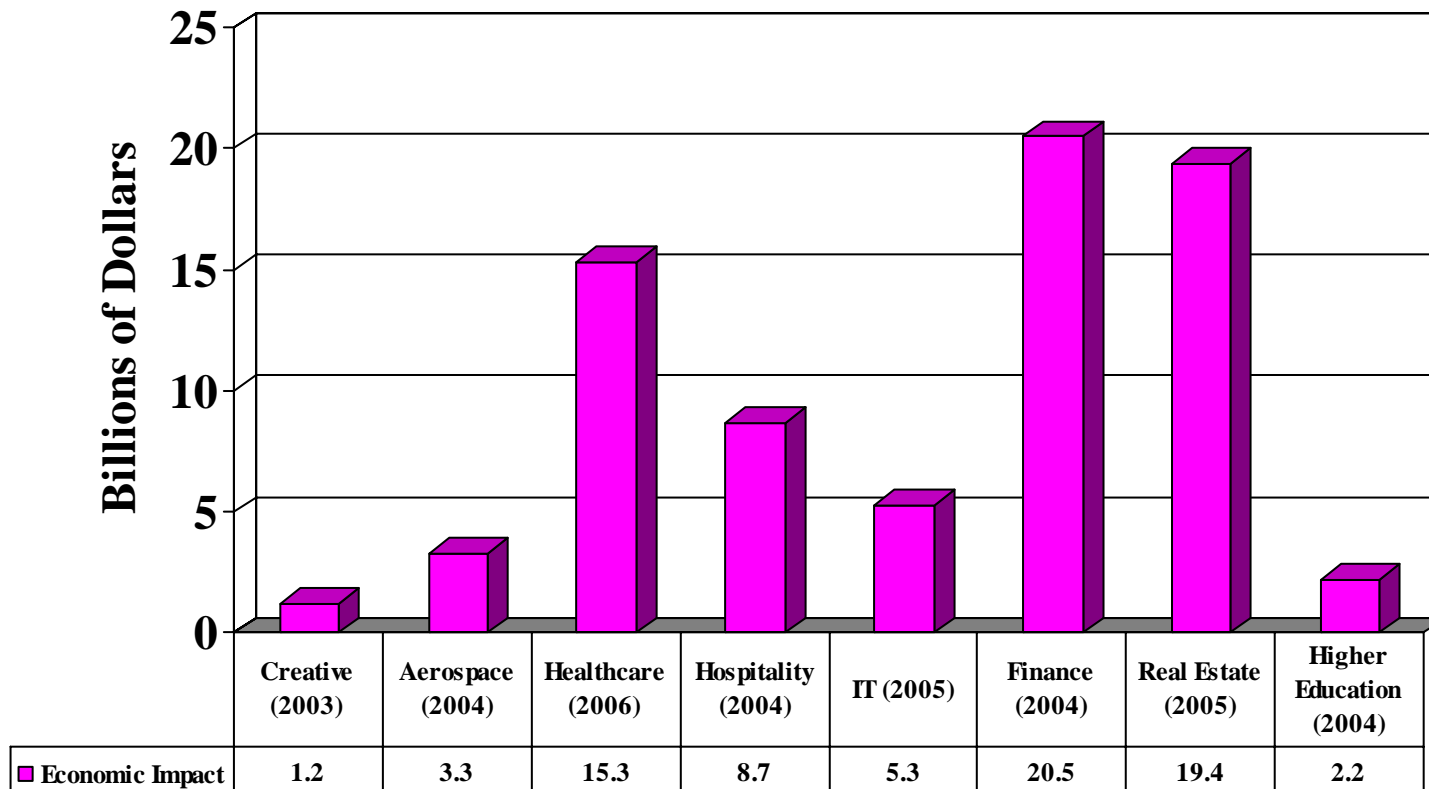
A Conference on San Antonio's Creative Economy

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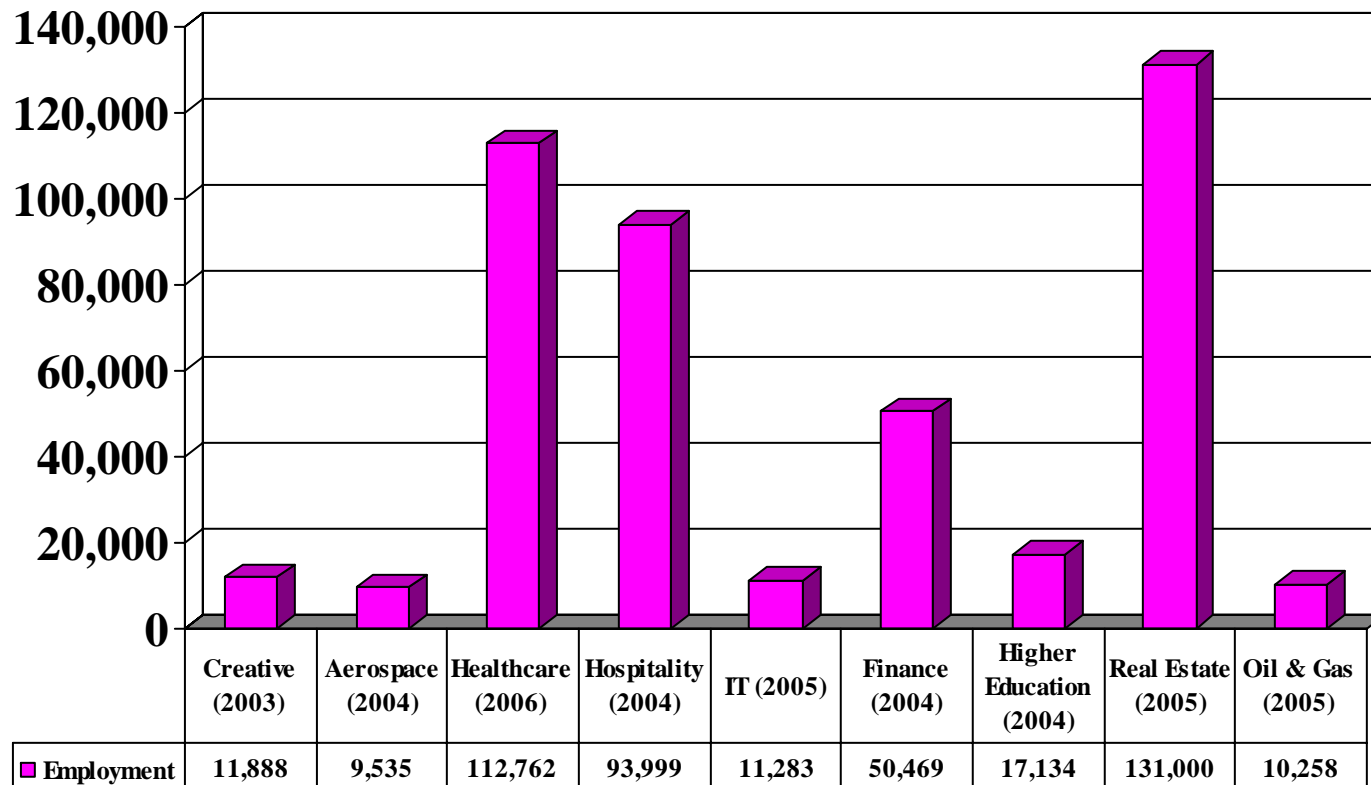
November 7, 2007

Economic Impact by Industry



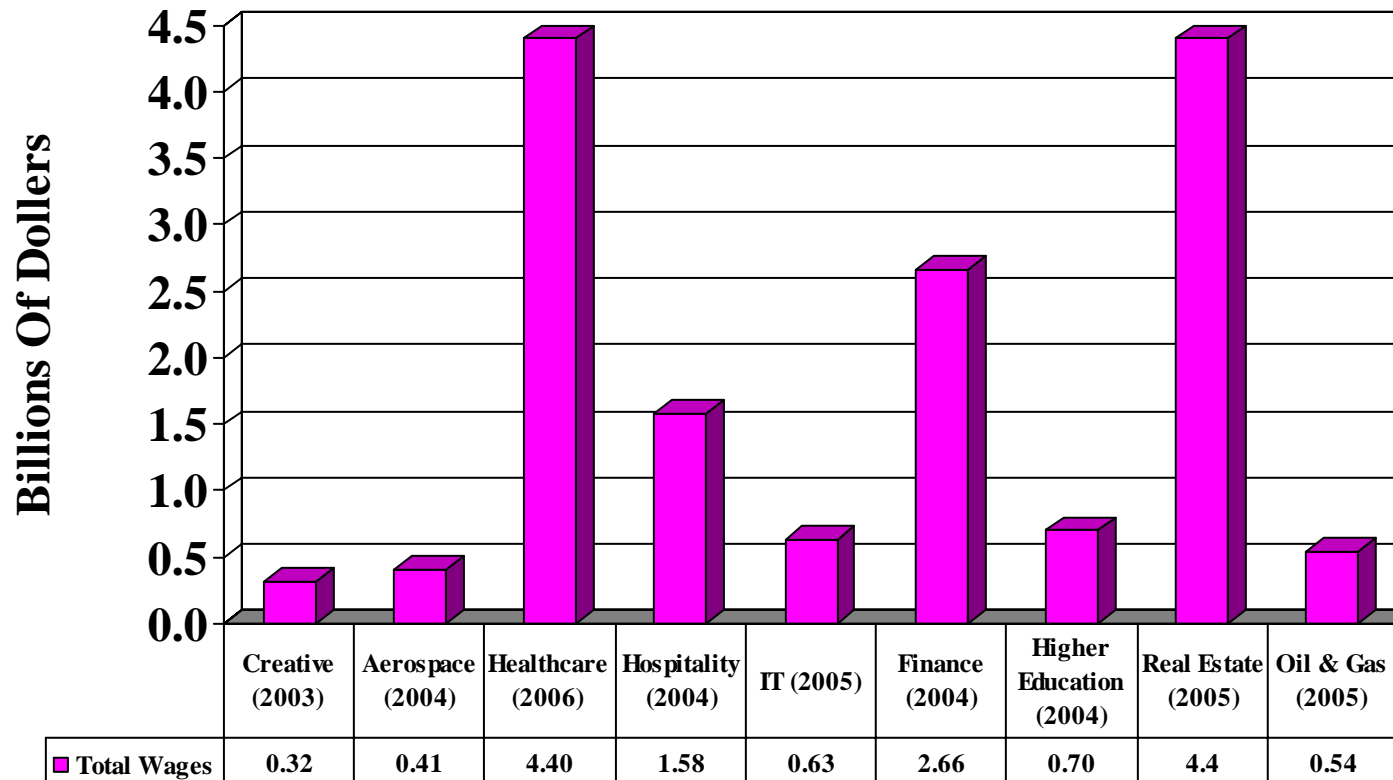
NOTE: Healthcare includes the bioscience industry. All impacts are measured using the same methodology, except for the real estate and higher education impacts.

Direct Employment by Industry



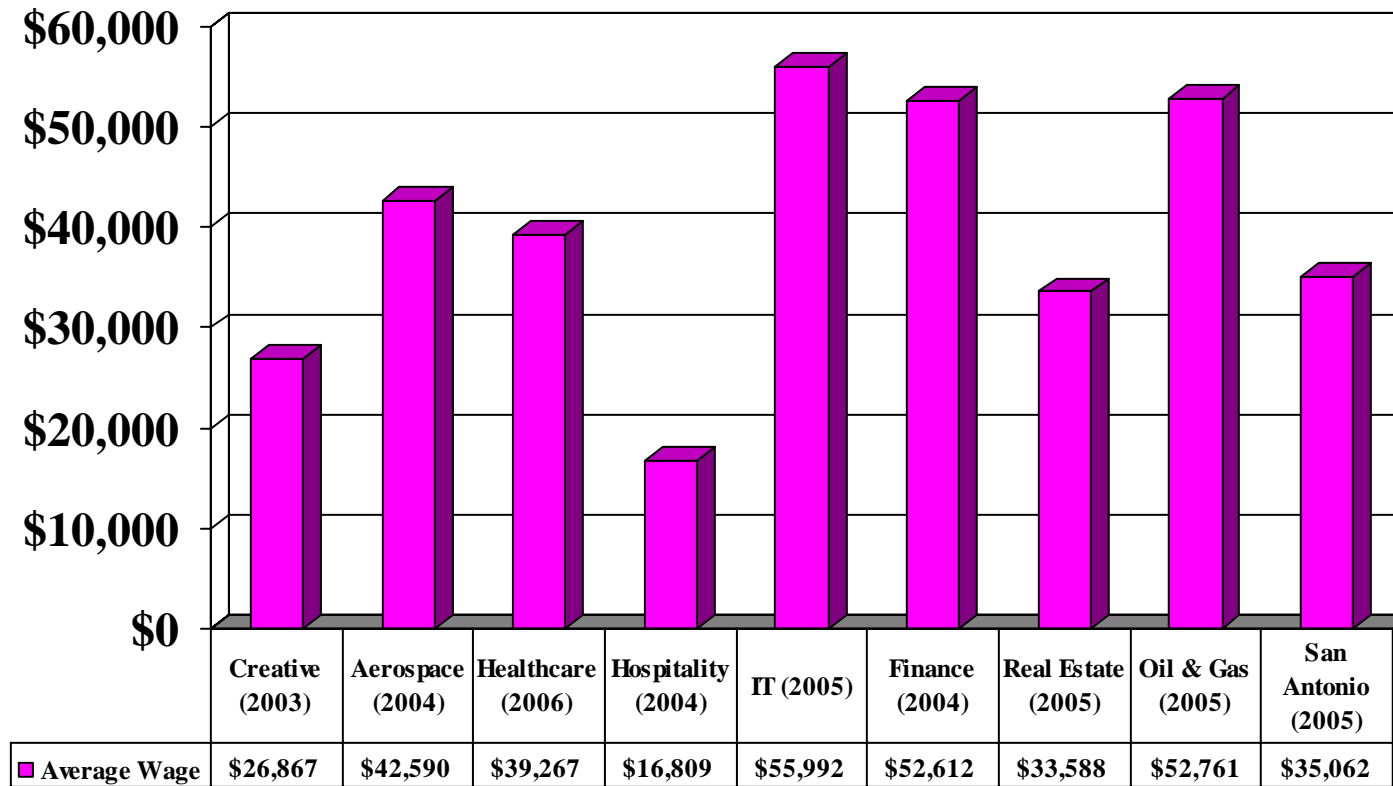
NOTE: Healthcare includes the bioscience industry. All impacts are measured using the same methodology, except for the higher education impact and real estate, both of which include indirect and induced employment.

Total Wages by Industry



NOTE: Healthcare includes the bioscience industry. All impacts are measured using the same methodology, except for the higher education and real estate impact. The wages for higher education include benefits.

Average Wages by Industry



NOTE: Healthcare includes the bioscience industry

“The Dawn of the Creative Age”

30% of the workforce

Wage and salary income = \$2 trillion

—“America’s Looming Creativity Crisis”/ Richard Florida/ *HBR*/10.04

The 3 E's of Economic Development

1. Environment
2. Entrepreneurship
3. Education



“The Conceptual Age – Ruled by artistry,
empathy, and emotion.”

-Daniel H. Pink

A Whole New Mind: Moving from the Information Age to the Conceptual Age. Daniel H. Pink, 2005.

The Causes of the Shift to the Conceptual Age

Asia

Automation

Abundance

Daniel H. Pink. "Revenge of the Right Brain." *Wired*. Feb. 2005. P. 71-72.

“Martin believes that the North American economy is radically transforming. As the production of goods and services increasingly becomes routinized, the cost advantages across a growing array of industries accrue to China and India. Scale alone is not enough to thrive in a world where markets are rapidly globalizing; incremental improvement won’t deliver a decent ROI. **Our companies will continue to prosper only if they push to the higher ground of innovating and creating ‘elegant, refined products and services’ – which might well be produced elsewhere.”**

Bill Breen. “The Business of Design.” *Fast Company*. April 2005, p. 69.

“Is the message to Americans, ‘Mama, don’t let your kids grow up to be accountants’? I asked.

Not really, said Rao. ‘What we have done is taken the grunt work. You know what is needed to prepare a tax return? Very little creative work. This is what will move overseas.’

‘What will stay in America?’ I asked.

‘The accountant who wants to stay in business in America will be the one who focuses on designing creative complex strategies, like tax avoidance or tax sheltering, managing customer relationships.’ he said.”

Discussion between Thomas Friedman and Jaithirth Rao, founder of the Indian accounting firm, MphasiS as reported in *The World is Flat*, pp. 13-14.

THE ARTISTIC DIVIDEND

“The aggregate economic impact that would not occur without the presence of artists.”

Ann Markusen and David King. “The Artistic Dividend: The Arts’ Hidden Contributions to Regional Development.” p. 4

A vibrant arts community encompassing everything from pioneering and internationally renowned regional theater companies and museums...to the thick and diverse layers of artistic talent in the regional economy will serve as a major drawing factor for the location of new businesses, the recruitment of new employees from elsewhere and further gravitation of artists to the region (Florida, 2002). It also helps reinforce the loyalty of current residents and businesses to the region, **providing the “lovability” that is so essential to the future of a high wage region in a fast integrating world** (Markusen, 1996).

Ann Markusen and David King. “The Artistic Dividend: The Arts’ Hidden Contributions to Regional Development.” p. 6

“The past few decades have belonged to a certain kind of person with a certain kind of mind—computer programmers who could crank code, lawyers who could craft contracts, MBAs who could crunch numbers. But the keys to the kingdom are changing hands. The future belongs to a very different kind of person with a very different kind of mind—creators and empathizers, pattern recognizers and meaning makers. *These people—artists, inventors, designers, storytellers, caregivers, consolers, big picture thinkers—will now reap society’s richest rewards and share its greatest joys.*”

—Dan Pink, *A Whole New Mind*

San Antonio's per capita income has grown from 2000-2006, but it still lags most major Texas cities and other competitor cities

Per Capita Income – 1999 and 2006 (1999 Per Capita Income in Parentheses)

Texas Cities		Selected Cities	
Austin	\$28,250 (\$24,263)	Atlanta	\$31,627 (\$25,772)
Dallas	\$26,174 (\$24,691)	San Diego	\$29,846 (\$23,609)
Houston	\$23,041 (\$20,101)	Charlotte	\$29,825 (\$26,823)
Ft. Worth	\$22,526 (\$18,800)	Phoenix	\$23,076 (\$19,833)
San Antonio	\$19,884 (\$17,487)	San Antonio	\$19,884 (\$17,487)

“The global talent pool and the high-end, high margin creative industries that used to be the sole province of the U.S., and a critical source of its prosperity, have begun to disperse around the globe. A host of countries—Ireland, Finland, Canada, Australia, New Zealand, among them—are investing in higher education, cultivating creative people, and churning out stellar products, from Nokia phones to the Lord of the Rings movies. Many of these countries have learned from past U.S. success and are shoring up efforts to attract foreign talent—including Americans. ... The United States may well be the Goliath of the twentieth century global economy, but it will take just half a dozen twenty-first-century Davids to begin to wear it down. ***To stay innovative, America must continue to attract the world’s sharpest minds. And to do that, it needs to invest in the further development of its creative sector. Because wherever creativity goes—and, by extension, wherever talent goes—innovation and economic growth are sure to follow.***” —“America’s Looming Creativity Crisis”/Richard Florida/HBR/10.04

And what about amenities, which loom so important in recruiting and retaining talented people like artists? “Soft” expenditures on environment, parks and viable, diverse neighborhoods are an ingredient in this mix, too, as Jane Jacobs (1961) taught years ago.

Ann Markusen and David King. “The Artistic Dividend: The Arts’ Hidden Contributions to Regional Development.” p. 20.

When state and local governments give long term tax relief for low wage manufacturing plants or big box retail buildings in the suburbs, are they thinking through how the resulting low wage, dead end jobs compare with artistic careers that might be nurtured by subsidizing artistic venues and networks with their second round payoffs for the region?

Ann Markusen and David King. "The Artistic Dividend: The Arts' Hidden Contributions to Regional Development." p. 20.

“In this turbulent, get-real economy, the advantage goes to those who can outimagine and outcreate their competitors.”

-Roger Martin, Dean of the University of Toronto's Rotman School of Business

Bill Breen. “The Business of Design.” *Fast Company*. April 2005, p. 69.

The upshot, says Martin, is nothing less than **the emergence of the design economy** – the successor of the information economy, and, before it, the service and manufacturing economies. And that shift, he argues, has profound implications for every business leader and manager among us:

“Businesspeople don’t just need to understand designers better – they need to become designers.” ...Real value creation now comes from using the designer’s foremost competitive weapon, his imagination.

Bill Breen. “The Business of Design.” *Fast Company*. April 2005, p. 69.

“...technology companies are hoping that specialists in industrial design can transform their products into fashion statements to gain competitive advantage.”

Scott Morrison. “How to Make the PC Beautiful.” *Financial Times*. Feb. 18, 2005. P. 8.

“Technology companies are realising that design is a powerful competitive advantage. There is a sense of urgency around this.”

- Sam Lucente, the top brand designer at Hewlett-Packard

Scott Morrison. “How to Make the PC Beautiful.” *Financial Times*. Feb. 18, 2005. P. 8.

Key to Higher Profits – DESIGN!!

“...established technology groups – not only PC makers but also manufacturers of cellphones and big-screen televisions – are being forced to make a critical choice: either play a cut-throat game at the low-cost end of the market **or try to stand out with innovative consumer designs that drive higher margins.**”

Scott Morrison. “How to Make the PC Beautiful.” *Financial Times*. Feb. 18, 2005. P. 8.

EX:



“Great design, plus robust technology, equals gross margins of 46.6% in the most recent fiscal year.”

Jay Greene. “Where Designers Rule.” *Business Week*. Nov. 5, 2007. P. 48.

“‘Good design is the most important way to differentiate ourselves from our competitors,’ says [Samsung] CEO [Jong-Wong] Yun.”

David Rocks and Moon Ihlwan, “Samsung Design,” *Business Week*, Dec. 6, 2004, p. 90.

“Samsung has grown from a me-too producer of electronics and appliances into one of the world’s leading brands – in large part because of its focus on design.”

David Rocks and Moon Ihlwan, “Samsung Design,” *Business Week*, Dec. 6, 2004, p. 90.

“Which one looks better?”

-Best Buy customer asking his girlfriend before deciding which DVD player to purchase.

NOTE: He bought the Samsung.

“Aesthetic creativity is as vital, and as indicative of economic and social progress, as technological innovation.”

Virginia Postrel, *The Substance of Style*, p. 16.

Education at the Dawn of the Creative Age

Percentage of the population age 25 years and over with a bachelor's degree or higher in San Antonio lags other cities

% of Population with Bachelor's Degree - 2006

(Percentages in Parentheses are for 2000)

Texas Cities

Austin	(40.4%)	42.9%
U.S.	(24.4%)	27.0%
Dallas	(27.7%)	26.6%
Houston	(27.0%)	26.6%
Ft. Worth	(22.3%)	24.4%
San Antonio	(21.6%)	23.4%

Selected Cities

Atlanta	(34.6%)	42.4%
San Diego	(35.0%)	40.4%
Charlotte	(36.4%)	38.8%
U.S.	(24.4%)	27.0%
San Antonio	(21.6%)	23.4%
Phoenix	(22.7%)	23.3%

*“Human creativity
is the ultimate
economic
resource.”*

—Richard Florida,

The Rise of the Creative Class

“The MFA is the
new MBA.”

—Dan Pink, *A Whole New Mind*

Until recently, the abilities that led to success in school, work, and business were characteristics of the left hemisphere [of the brain].

They were the sorts of linear, logical, analytical talents measured by SATs and deployed by CPAs. Today, those capabilities are still necessary. But they're no longer sufficient. In a world upended by

outsourcing, deluged with data, and choked with choices, **the**

abilities that matter most are now closer in spirit to the specialties of the right hemisphere – artistry, empathy, seeing the big picture, and pursuing transcendent.

Daniel H. Pink. "Revenge of the Right Brain." *Wired*. Feb. 2005. P. 71.

STEM → STEAM

“Schools were designed by Horace Mann, E.I. Thorndike, and others to be instruments of the scientific management of a mass population. *Schools are intended to produce, through the application of formulas, formulaic human beings whose behavior can be predicted and controlled.* To a very great extent, schools succeed in doing this. But in a society that is increasingly fragmented, in which the only genuinely successful people are independent, self-reliant, and individualistic, the products of school and ‘schooling’ are irrelevant.”

A Different Kind of Teacher, John Taylor Gatto

“How many artists are there in the room? Would you please raise your hands. FIRST GRADE: En masse the children leapt from their seats, arms waving. Every child was an artist. SECOND GRADE: About half the kids raised their hands, shoulder high, no higher. The hands were still. THIRD GRADE: At best, 10 kids out of 30 would raise a hand, tentatively, self-consciously. By the time I reached SIXTH GRADE, no more than one or two kids raised their hands, and then ever so slightly, betraying a fear of being identified by the group as a ‘closet artist.’ The point is: *Every school I visited was participating in the suppression of creative genius.*”

Gordon MacKenzie, *Orbiting the Giant Hairball: A Corporate Fool's Guide to Surviving with Grace*

Specials Classes at Boone Elementary

Day 1: Theatre Arts

Day 2: Physical Education

Day 3: Art

Day 4: Physical Education

Day 5: Music

Day 6: Physical Education

Day 7: Computer

Day 8: Physical Education

“My wife and I went to a [kindergarten] parent-teacher conference and were informed that our budding refrigerator artist, Christopher, would be receiving a grade of Unsatisfactory in art. We were shocked. How could any child—let alone our child—receive a poor grade in art at such a young age? *His teacher informed us that he had refused to color within the lines, which was a state requirement for demonstrating ‘grade-level motor skills.’ ”*

Jordan Ayan, AHA!

“You don’t learn
anything in art.”

-Second grade student to two kindergarten
students on the way to school (3/31/05).

“Our education system is a second-rate, factory-style organization, pumping out obsolete information in obsolete ways.”

Alvin Toffler, *Business 2.0* (09.00)

“Between *odd* and the same, you have to be rooting for *odd*, don't you.”

From Adam Sandler's character in the movie *Spanglish*

“[Schools] are simply **not connected** to the future of the kids they’re responsible for.”

Alvin Toffler, *Business 2.0* (09.00)

Arts/Artists

=

Economic
Development