

## ACPSA Issue Brief #5: The Impact of New Demand for Arts and Culture

The ACPSA shows, for the first time, the economy-wide effects that an initial change in the demand for arts and culture has on the U.S. economy. Examples of changes in the demand for arts and culture include shifts in government spending on museums, parks, and libraries; the construction of new performing arts centers; and changes in exports of arts and cultural services (the subject of ACPSA Issue Brief #6).

Two ACPSA measures illuminate the economic outcome of changes in the demand for arts and culture: "total commodity output multipliers" and "total industry employment multipliers."

If demand for arts and culture increases, then production increases as well. In so doing, however, producers of arts and culture purchase additional goods and services from their suppliers. Consequently, an initial increase in demand for arts and culture results in diminishing rounds of new spending—a multiplier effect.<sup>1</sup>

The 2011 ACPSA multipliers indicate that **every \$1 increase in the demand for arts and culture generates \$1.67 in total output; for every job created from new demand for the arts, an additional 1.75 positions are also created.**

### *High-Impact Arts and Cultural Commodities and Industries*

Arts and cultural *commodities* with above-average output multipliers (i.e., total commodity output multipliers greater than \$1.67) include ACPSA manufactured commodities such as printing and jewelry and silverware; the construction of new cultural buildings; and publishing, including arts-related software such as video games and photo-processing software. Using 2011 estimates, every \$1 increase in the demand for arts-related software increases the output of all U.S. produced commodities by \$1.84.

ACPSA *industries* with high employment multipliers (i.e., total industry employment multipliers greater than 2) include publishing, sound recording, and cable television production and distribution. Based on 2011 ACPSA estimates, every job created by new demand for newspaper and magazine publishing adds two additional jobs (multiplier of 2).

**Note: This Brief revises estimates published December 5, 2013.**

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<sup>1</sup> For a complete explanation of "final demand" multipliers, see Bess, R. and Ambargis, Z. (2011). *Input-Output Models for Impact Analysis: Suggestions for Practitioners Using RIMS II Multipliers*. This paper is available online at [http://www.bea.gov/papers/pdf/WP\\_IOMIA\\_RIMSII\\_020612.pdf](http://www.bea.gov/papers/pdf/WP_IOMIA_RIMSII_020612.pdf).

Top ACPSA Total Commodity Output Multipliers, 2011				
Commodity	Total commodity output multiplier			
<i>All ACPSA commodities</i>	\$1.67			
Manufacturing:				
Printing <sup>1</sup>	\$1.98			
Other <sup>2</sup>	\$1.86			
Jewelry and silverware	\$1.79			
Newspaper, magazine, book, and "other" publishing <sup>3</sup>	\$1.84			
Arts-related software <sup>4</sup>	\$1.84			
Internet publishing and broadcasting	\$1.84			
Construction <sup>5</sup>	\$1.81			
Radio and television broadcasting	\$1.78			
Cable television production and distribution	\$1.78			
Data source: Arts and Cultural Production Satellite Account (ACPSA), U.S. Bureau of Economic Analysis.				
1 Examples include lithographic and digital printing of newspapers, magazines, and art works.				
2 Examples include musical instruments, motion picture equipment, and custom architectural woodwork.				
3 "Other" refers to cards, posters, and calendars.				
4 Examples include video games and photo-processing and CAD software.				
5 Refers to new construction of cultural structures.				

Top ACPSA Total Industry Employment Multipliers, 2011				
Industry	Total industry employment multiplier			
All ACPSA industries	1.75			
Publishing:				
Cards, calendars, and other publishing <sup>1</sup>	2.82			
Book publishing	2.51			
Arts-related software <sup>2</sup>	2.35			
Newspapers and magazines	2.04			
Sound recording	2.63			
Cable television production and distribution	2.36			
Independent artists, writers, and performers	2.34			
Radio and TV broadcasting	2.11			
Theatrical rental and leasing <sup>3</sup>	2.04			
Agents and managers for artists	2.04			
Promoters of performing arts	2.04			
Data source: Arts and Cultural Production Satellite Account (ACPSA), U.S. Bureau of Economic Analysis.				
1 Examples of "other" publishing include posters and art prints.				
2 Examples include video games and photo-processing and CAD software.				
3 Examples include theatrical wardrobe rentals and photographic equipment rentals.				