



# **Nonprofit Studies Program**

Working Paper 07-02  
February 2007

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Growth in Atlanta**

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Internet: [aysps.gsu.edu/nonprofit](http://aysps.gsu.edu/nonprofit)

# *The Creative Class and Economic Growth in Atlanta*

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*Abstract:*

This paper surveys recent measures of the level of artistic activity in US cities, with special attention to the ranking of Atlanta, and provides an overview of recent developments in public policy towards the arts in Atlanta, especially as it pertains to the support of nonprofit arts institutions. This discussion is linked with the contemporary literature on the role of the arts in urban growth, particularly stemming from the work of Richard Florida. Recent data from US core cities is used to look at the correlations between artists' employment, human capital, and urban economic growth.

JEL Classification: Z10, R58, L31

Keywords: Creative class, public funding of art, artists, nonprofit arts organizations.

This paper was presented at the conference *The City of Atlanta: Recent Trends and Future Prospects*, held February 23, 2007 at the Andrew Young School of Policy Studies.

## **Introduction**

Amongst urban planners, the first decade of the twenty-first century will be remembered as the time when all attention was directed toward the “creative class”, those young, educated, and mobile individuals who work in occupations involving some degree of creativity and judgment, and who are seen as the most important source of growth in contemporary urban economies. The creative class naturally includes artists, but also involves architects, software engineers and industrial designers, among others. But artists are seen by some as particularly important as an anchor for the other parts of the creative class, in terms of providing innovation in ideas (“knowledge spillovers”, to use the term from the literature on economic growth), and also as providing an urban environment with the cultural amenities favored by young and mobile knowledge workers.

This essay has two goals. It will provide an accounting of the state of the arts in Atlanta in terms of how it compares with other American cities and its future prospects. And it will evaluate the claims made for the arts in terms of attracting highly educated workers and, in turn, generating economic growth. Is the “creative class” another fad in popular economics, soon to move from airport bookstores to the remainder bins? Or is there good evidence that there really is a link between fostering the arts and economic growth?

### **The State of the Arts in Atlanta**

The purpose of this conference is to examine the trends affecting the City of Atlanta, but when we turn to the literature on evaluating the level of arts activities across US cities we find that most studies use metropolitan statistical areas (MSA’s) as their primary geographic unit. When we consider the purpose of quantifying the arts, the use of MSA’s is difficult to justify; it is hard to see how the activities of artists and arts organizations in Midtown Atlanta could have any sort of production-side externality on firms in the outer reaches of Gwinnett or Cobb Counties, and few residents of the outer exurbs are going to see centrally-located arts organizations as

relevant cultural amenities (a study of voting patterns in a referendum on a property tax increase earmarked for the arts in Metropolitan Detroit found that, other things equal, the more distant from the city center, where most of the significant arts institutions were located, the less support for the proposal (Rushton, 2005)).

Furthermore, the use of MSA's to measure the arts in a city can give quite misleading results. For example, Markusen and Schrock (2006) attempt to measure the concentration of artists in metropolitan areas, based on the number of individuals who self-identify as artists in the Census (whether working independently or as employees, including employees for firms not categorized as arts organizations). Using year 2000 data for the largest US MSA's, Metropolitan Atlanta has an "artistic concentration" (i.e., the proportion of the workforce that is classified as artists) measured at 1.08, where the US average is normalized to 1.00. However, they go on to note that from 1980 to 1990 the *number* of artists in the Atlanta MSA grew by 64 percent, and from 1990 to 2000 the number grew by a further 53 percent, more than in any other MSA. The "artistic concentration" in Atlanta is low – in fact lower in 2000 than in 1980 – because the total workforce of the Atlanta MSA grew even faster than the number of artists over those two decades. But it is certainly possible, and one could make the case that it is probable, that the increase in the number of artists in Metropolitan Atlanta was disproportionately in the City (indeed, below we see that if we focus on the City of Atlanta, the artistic concentration ranking is in fact much higher than what is found in the MSA data).

That being said, if research that attempts to quantify and rank artistic activity in the US tends to use MSA's, it is worth considering here at least for the reason that, if nothing else, it affects perceptions of the City of Atlanta.

Without a doubt the most influential and popular work on measuring creativity in cities is by Richard Florida (2002a, 2002b). Analysis of Florida's hypotheses on artists and economic growth is given in the next section of the paper; for now consider his rankings of Atlanta as a center of creativity. Florida (2002a) attempts to link the concentration of artists in a city with high levels of human capital and population growth. Using a fairly narrow definition of artists (he labels them "bohemians"), Atlanta has a concentration of 1.34, where the US average is

normalized to 1.00. This places it 14<sup>th</sup> among large MSA's. Florida (2002b) widens his attention to a "super-creative core", which includes, in addition to those working in the arts, design and entertainment: "computer and mathematical occupations; architecture and engineering occupations; life, physical and social science occupations; education, training, and library occupations; ...[and] sports and media occupations" (p. 328), which for the Atlanta MSA is 12.3 percent of the workforce (in 1999), ranked 15<sup>th</sup> among the 49 largest MSA's.

Florida's rankings in terms of arts, and more generally creative, employment are close to the findings of a recent study conducted by the Urban Institute, which, using 2001 data, ranks the Atlanta MSA at 16<sup>th</sup> place in terms of artist's employment (Jackson, Kabwasa-Green, and Herranz, 2006). However, they find that Metro Atlanta ranks even lower in other arts indicators: 20<sup>th</sup> in arts establishments per capita, 51<sup>st</sup> in arts nonprofits per capita, and 48<sup>th</sup> in nonprofit arts contributions per capita. These low numbers for nonprofit arts activity echo the findings of Brooks and Kushner (2000; 2002) who conclude that Atlanta has low levels of nonprofits arts activity per capita, lags in private philanthropic support, and that even confining our attention to the South, Atlanta is not really the regional arts leader.

Should we evaluate the state of the arts in a city by focusing on nonprofits? In the US, nonprofits are the dominant organizational form for the high arts: live performances of classical music, opera, theatre and dance, as well as the museum sector (see DiMaggio, 2006, for a survey of the nonprofit arts). One reason is the presence of high fixed costs in these art forms, necessitating price discrimination if costs are to be covered. The nonprofit form facilitates donations to the organization, since donors are assured that their gifts will be used to finance the arts rather than being distributed as profit to shareholders, and donations can be seen as a form of "voluntary" price discrimination (Hansmann, 1981), where high-income patrons of the arts can ensure that the cultural life of the city is not reduced to only those goods with sufficient mass appeal to turn a profit, and where their donation serves to provide access to the city's elite (for a satirical look at the arts elite in Atlanta, and the networking value of donations to the arts, see Tom Wolfe's (1998) novel *A Man in*

*Full* (pp. 239-241)). The fine arts also benefit from the nonprofit form where artists place high value on the quality of their performances and on their artistic autonomy.

Prior to the contemporary focus on the links between a city's arts environment, the attraction of an educated workforce, and economic growth, arts policy was directed towards the high arts, on the grounds that there were positive externalities from the production and consumption of the fine arts (Frey, 2003; Peacock, 2006) and that fine art is a merit good warranting efforts by the state to encourage the development of finer tastes (Scitovsky, 1972). A consequence of these assumptions was that public funding for the arts in the US was devoted almost exclusively to nonprofit arts organizations, which came to be seen as synonymous with fine art (and in more recent decades, ethnic and folk art that also warranted subsidy). This is perhaps an explanation for the focus on the nonprofit arts as the measure of the cultural vitality of cities.

But it is now the case more than ever that consumers of the arts are "cultural omnivores" (Peterson and Kern, 1996), where it is entirely possible that a regular visitor to the High Museum or the Atlanta Symphony is also an avid fan of *The Sopranos* and the (for-profit) local, live rock music scene. "Cool cities", to use the Richard Florida jargon, are not wholly defined by their nonprofit arts organizations, but also by nightclubs, coffee-houses, and galleries of contemporary art. Of course, "coolness" will be impossible to measure, except perhaps by surveys. But it is worth remembering that statistics on arts nonprofits in cities are not capturing the whole story; it is telling that a recent *New York Times* profile on cities' efforts to attract the creative class, describing Atlanta as a success story in this regard, shows a picture of young, hip, new Atlantans enjoying themselves at the Midtown "Verve Lounge", not at the High Museum (Dewan, 2006).

### **The Arts, the Creative Class, and Urban Economic Development**

Can cities spur economic growth with the development of policies and amenities that will attract the "creative class": highly-skilled and mobile individuals whose work is all about the creation of new ideas in technology, art and design, and who combine a strong work ethic with a preference for active and exciting uses of their

leisure time? Some legislators have certainly come to believe so. The governor of the American state of Michigan has developed a ‘cool cities’ initiative, where the homepage tells us that:

Michigan cities of all sizes and the regions surrounding them are our future. To survive and thrive in the future, Michigan’s cities must retain and attract more people including urban pioneers and young knowledge workers to its cities. We want them to choose Michigan as the place they want to live, work and play by creating attractive, vibrant and diverse cities that anchor vital and prosperous regions throughout the Great Lakes State. [[www.coolcities.com](http://www.coolcities.com)].

Michigan cities are eligible for awards for developing cool downtowns and “neighborhoods of choice.” The creative class of Memphis, Tennessee produced a “Manifesto for Building a Community of Ideas”, which in its preamble proclaims:

Creativity is fundamental to being human and is a critical resource to individual, community and economic life. Creative communities are vibrant, humanizing places, nurturing personal growth, sparking cultural and technological breakthroughs, providing jobs and wealth, and accepting a variety of lifestyles and culture. [[www.creativeclass.org/acrobat/manifesto.pdf](http://www.creativeclass.org/acrobat/manifesto.pdf)].

Among the policies called for in Memphis include investing in the “creative ecosystem”, which is “arts and culture, nightlife, the music scene, restaurants, artists and designers, innovators, entrepreneurs, affordable spaces, lively neighborhoods, spirituality, education, density, public spaces and third places.”

The summit that produced the Memphis Manifesto was hosted by Richard Florida, whose book *The Rise of the Creative Class* (2002b) has provided so much inspiration for urban planners and for arts advocates, who see Florida’s ideas as a fresh case for state support for artists and arts organizations. In this section we try to shed further light on Florida’s claims that a city that attracts artists will also attract the highly skilled creative class, and so bring economic growth.

Why would a concentration of artists in a city attract the creative class, and more generally be a spur to economic growth? Arguments can be made from the perspectives of consumption and production.

On the consumption side, a concentration of artists (of all art forms) leads to better leisure options for individuals, especially those more educated knowledge workers open to hearing new music, visiting galleries, attending the theatre, and so on. With the an increased proportion of the work force involved in services, which unlike manufacturing need not locate close to natural resources or primary shipping routes, there is more flexibility regarding where employers and employees can be located. Urban amenities and quality of life issues, both natural and developed, become relatively more important in location choice. Glaeser, Kolko and Saiz (2001) find high amenity cities have been enjoying faster growth than low amenity cities. Further, even the choices in amenities have changed:

The important local amenities are no longer schools, churches, and neighborhood associations...A residential population of young professionals with more education and fewer children creates a social profile geared toward recreation and consumption concerns. (Clark, et. al., 2002, p. 500).

Glaeser and Gottlieb (2006) show that the decline in crime rates in US cities has also facilitated the ability for people to enjoy social interaction outside of work and cultural amenities, furthering the demand for living in cities with good consumption options. The goal for the members of the creative class interviewed by Florida is “to ‘live the life’ – a creative life packed full of intense, high-quality, multidimensional experiences. And the *kinds* of experiences they crave reflect and reinforce their identities as creative people” (Florida, 2002b, p. 166). Furthermore, there is evidence that as educated and creative individuals are attracted to a location, the quality of life can further improve “because more educated individuals spur the growth of consumption amenities in cities in which they reside, or because their influence on the political process leads to desirable outcomes such as reductions in crime and pollution” (Shapiro, 2005, pp. 2-3; but also see Glaeser and Saiz, 2003, who claim that over the long term it has been productivity alone, and not quality of life, that has caused the higher growth rates in skilled cities).

A concentration of artists is also predicted to have a positive impact on the productivity of knowledge workers. First, there may be positive externalities from artists to other creative workers, as they provide a stimulus for new ideas:

“technological and economic creativity are nurtured by and interact with artistic and cultural creativity” (Florida, 2002b, p. 5). In other words, there are knowledge spillovers from artists to other workers, and this increases the productivity of those workers and, in turn, their incomes. While there are obvious opportunities for some high-technology industries to benefit from close proximity to artistic creation – the technology associated with digital animation, for example – the mechanisms by which knowledge and creativity actually spill from one sector to another remain somewhat hazy. That is not to say the positive externalities do not exist, but only to remind ourselves that that is much that remains to be learned about the process of the transmission of ideas and “cultural creativity” across firms.

If it is in fact the case that artists attract the creative class of knowledge workers, then a virtuous circle arises, since there are also knowledge spillovers between workers in creative industries, who thus find it productive and profitable to cluster in particular locations. A software engineer may be attracted to Seattle by its arts and music scene, but she will also be attracted to Seattle because of all the other software engineers who are already there, and will serve to make her more productive at her work, through the sharing of ideas, often in very informal ways. The idea that there are increasing returns to scale in a city’s accumulation of human capital (Lucas, 1988; Romer, 1990) is borne out by evidence that in recent decades cities with the higher initial levels of human capital have not only had higher levels of income, which is not very surprising, but have also tended to have better records of economic growth, which is evidence in favor of some sort of knowledge spillovers and positive externalities (Glaeser and Shapiro, 2001; Furdell, Wolman and Hill, 2005).

As Glaeser (2005) points out in a review of *The Rise of the Creative Class*, Florida’s innovation is to combine the economic observation that cities with high human capital enjoy not only higher levels of income but also faster rates of growth, an idea that does not originate with Florida, with the idea that high human capital is attracted by opportunities for cultural consumption and other amenities. With that it is hard to argue. However, Florida goes further, claiming that the quality of life aspects desired by the creative class are specifically the “bohemian” lifestyle, which is a combination of varied cultural and recreational offerings with liberal social policies

and cosmopolitan neighborhoods: “the increasing importance of creativity, innovation, and knowledge to the economy opens up the social space where more eccentric, alternative, or bohemian people can be integrated into core economic and social institutions” (Florida, 2002a, p. 57).

Florida could be criticized for glossing over the chicken-and-egg problem of whether artists and bohemia attract other creative workers or the other way around (Lang, 2005), but there are additional areas where Florida leaves himself open to criticism. While there might be some evidence for the correlations between quality of life, artists, and a highly skilled workforce, it is less evident that Florida’s particular conception of what makes a desirable quality of life is in fact what the creative class wants. As Glaeser (2005, p. 594) tells it:

I know a lot of creative people. I’ve studied a lot of creative people. Most of them like what most well-off people like – big suburban lots with easy commutes by automobile and safe streets and good schools and low taxes. After all, there is plenty of evidence linking low taxes, sprawl and safety with growth. Plano, Texas was the most successful skilled city in the country in the 1990s (measured by population growth) – it is not exactly a Bohemian paradise [also see Postrel, 2006].

This is a crucial question for growth in the City of Atlanta: are talented members of the “super-creative core” going to want to live in Midtown Atlanta or in Alpharetta? Are software designers looking to live “a creative life packed full of intense, high-quality, multidimensional experiences” as Florida would have it, or are they Patio Men (or Women) (Brooks, 2002) looking for a home in the sprawl of exurbia?

Malanga (2004) takes the criticism of Florida a step further:

A far more serious – indeed fatal – objection to Florida’s theories is that the economics behind them don’t work. Although Florida’s book bristles with charts and statistics showing how he constructed his various indexes and where cities rank on them, the professor, incredibly, doesn’t provide any data demonstrating that his creative cities actually have vibrant economies that perform well over time.

### **Some New Evidence on Artists and Urban Economic Growth**

In this section I provide some updated evidence on whether artists tend to attract human capital and in turn stimulate economic growth, or if Florida's new economy of the creative class was ephemeral. In order to focus the analysis, instead of addressing directly the various arguments put forth in *The Rise of the Creative Class*, I will look at a more tightly focused article by Florida (2002a), in which he develops his 'Bohemian index' and uses it for evidence of his creative class hypothesis.

Florida's Bohemian index uses the 1990 US Census to find the degree of concentration of certain occupations in the arts, narrowly defined, on a per capita basis. He finds it is strongly correlated with various indices of the degree to which the local economy is based on high technology, on whether there is significant ethnic diversity, the proportion of the local population that is gay (as measured by the proportion of households where the householder and an unmarried partner are both male), and a "coolness" score developed by *POV* magazine in 1999 that considers the proportion of the population in their twenties, and various indices for nightlife and culture.

Florida (2002a) works with Metropolitan Statistical Areas, which in the US can represent very large geographical areas. However, thinking about why it is that artists are likely to lure the creative class to cities, it seems to be more interesting to focus on the city core.

The first step is to define who exactly counts as an "artist." In this I follow Florida (2002a) and look for a narrow definition, meant to exclude those working in supporting roles in what could generally be called the hospitality industry. Using data from the US Census for the year 2000 [[www.census.gov/eo2000/index.html](http://www.census.gov/eo2000/index.html)], I include seven job codes (the code number is given in parentheses) in the definition of artist:

- Artists and related workers (201);
- Designers (263);
- Actors (270);
- Producers and directors (271);

- Dancers and choreographers (274);
- Musicians, singers and related workers (275);
- Entertainers, performers, sports and related workers, all others (276).

The next step is to create, for each city, an “artists’ index,” which is defined as the number of artists per capita in the city relative to the number of artists per capita in the whole of the US. I include the 59 largest US cities in the dataset. In the US as a whole, there are just under 1.4 million artists as defined by the above list, or 4.95 individuals per 1,000. Not surprisingly, most cities have an artists’ index greater than one, since artists tend to congregate in cities (artists, like other knowledge workers, have many incentives to locate where the other artists are, both for ideas about art, but also because buyers will also tend to look for product where there are many producers; see Caves, 2000). San Francisco had the highest level of the artists’ index (4.28), followed by Atlanta (3.76), Orlando (3.47), Salt Lake City (3.44), Minneapolis (3.28) and Seattle (3.32).

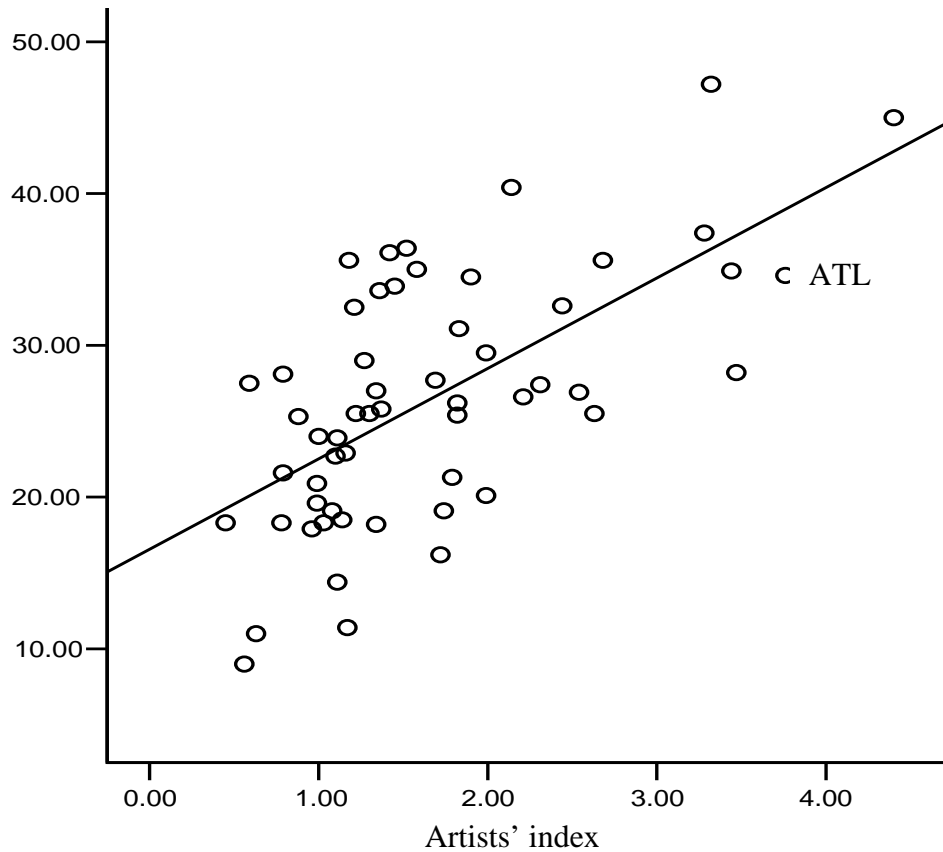
Contrary to the results for MSA’s described above, the *City of Atlanta* actually has a high concentration of artists. Data on the concentration of artists in the wider Metro area than thus be quite misleading.

For a measure of human capital, I consider the proportion of the city’s population over the age of 25 having at least a bachelor’s degree. For the cities in this sample the figure ranges from 9 percent in Newark, New Jersey, to 47.2 percent in Seattle, with Atlanta at 34.6 percent.

Figure 1 shows the correlation between the artists’ index and human capital. A simple regression line fitted through the data indicates a strongly significant and positive correlation between the artists’ index and the proportion with a college degree, lending some support to Florida’s hypothesis about artists and the creative class. In terms of magnitude, a city with a concentration of artists equal to the US national average, and so having an artists’ index of one, could expect to have 22.6 percent of its population over the age of 25 with at least a bachelor’s degree. But if the artists’ index rises to two, double the national average, then we expect 28.6 percent to be college educated. The national average for the year 2000 was that 25.6 percent of those over 25 had at least a bachelor’s degree.

**Figure 1: Correlation between the Artists' Index and Higher Education, US Cities.**

% of population  
over age 25 with  
at least a  
bachelor's  
degree



Source: US Census, 2000.

Regression coefficients (standard errors in parentheses):

Constant 16.6 (1.8)

Slope 6.0 (1.0) [level of significance .000]

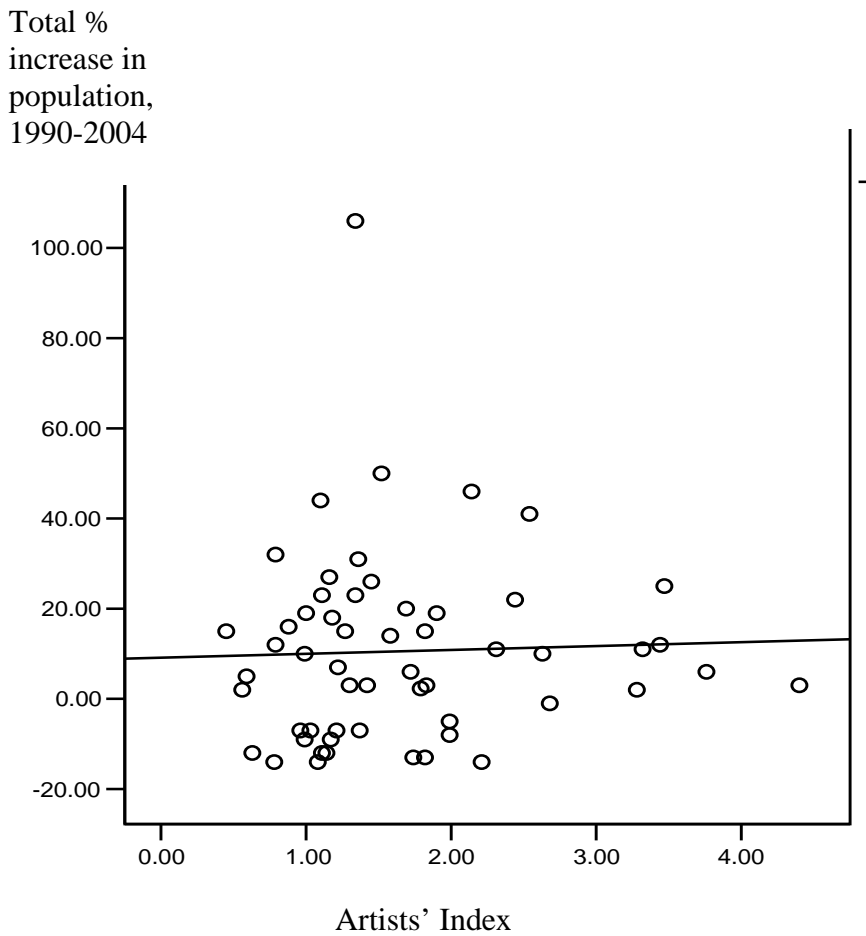
Adjusted R-squared = .39

Note that in showing this correlation (and those that follow) there is no pretense of there being a formal model that generates the relationship, or even that a direction of causality has been established; all that is being shown is that there is a

correlation in cities between those who make a living as artists and the college educated.

As a next step I consider the correlation between the artists' index, which we now know to be correlated with levels of higher education, and population growth. Figure 2 compares the artists' index for the year 2000 with the total growth in city population from 1990 through 2004. I find no significant correlation between the two variables.

**Figure 2: Correlation between the Artists' Index and Population Growth, US Cities**



Source: US Census, 1990 - 2004.

Regression coefficients (standard errors in parentheses):

Constant 9.1 (6.1)

Slope 0.9 (3.3) [level of significance .792]

Adjusted R-squared = -0.02

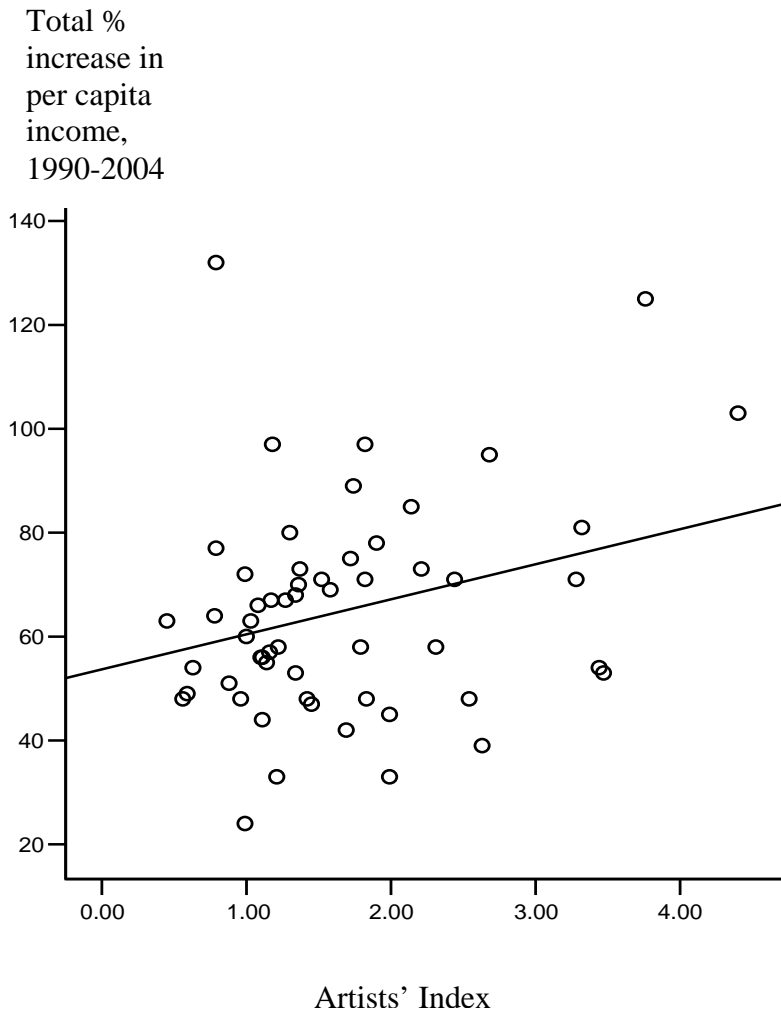
Whether this result indicates a refutation of Florida depends on how one thinks about economic growth. Employment in regions closely tracks population; people are mobile and relocate because of job opportunities. But population growth is not necessarily a measure of success, because it tells us nothing of what is happening to the standard of living for the individuals who live there. Especially in cities that lack land on which to expand (San Francisco or New York, for example), economic success will be indicated by higher earnings, not rising population. Malanga (2004), cited earlier, takes Florida to task for failing to see that some very non-Bohemian cities, such as Las Vegas, Oklahoma City and Memphis experienced strong population growth during the 1990s, while San Francisco had a virtually constant level of employment and population. But while it is common for politicians, especially in the US, to make promises on how many jobs they will create if elected, it is the quality of employment that matters to our welfare, not the quantity of employment.

With that in mind, Figure 3 shows the correlation between the artists' index and the total increase in per capita income from 1990 through 2004. Income figures are not adjusted for inflation. I find a significant correlation between the artists' index and income growth, although we can see in the figure that there is substantial variance in the income growth figures.

To summarize what we have found to this point: using year 2000 data on the concentration of artists and the college educated in US cities, we find a significant link between artists, high education levels, and income growth over the period 1990 through 2004. This confirms what has been found elsewhere in the literature on human capital levels and rates of economic growth, and lends further support to the basic hypotheses on the creative economy proposed by Florida.

The policy goal of attracting the new creative class has replaced, for the most part, economic development policies aimed at luring large firms through tax breaks and land deals. Local development now targets occupations rather than firms (Feser, 2003; Markusen, 2004). For arts advocates, there is a shift away from the

**Figure 3: Correlation between the Artists' Index and Income Growth, US Cities**



Source: US Census, 1990 - 2004.

Regression coefficients (standard errors in parentheses):

Constant 53.7 (5.8)

Slope 6.7 (3.1) [level of significance .034]

Adjusted R-squared = 0.06

economically dubious “economic impact studies,” which measured the economic contribution of the arts to local economies by the amount that was spent on the arts plus various concocted “multiplier effects” (see Bille and Schulze, 2006, for a critique), to arguments in support of the arts that rely on the special qualities of the arts: experiment, creativity, engagement (McCarthy, et. al., 2004; Gertler, 2004).

But there is much to be done. In particular, we know little about how the process begins for a city that will become a center for artists and the creative class. For the past few decades, success has bred success in urban growth. But what was the primary cause? How do Bohemian enclaves begin, and what works in attaining the necessary critical mass? We await research on whether there can be deliberate urban policies that set what becomes a virtuous circle in motion.

### **The Arts Outlook in Atlanta**

In April of 2006 Mayor Franklin announced the creation of an Arts Funding Task Force, whose mandate would be to consider the funding levels for the arts necessary to have a culturally vibrant city, and to consider mechanisms used in other cities for funding the arts in order to help determine what might work well in Atlanta. At the time of writing (February 2007) we await the Task Force’s recommendations, but it is worth stepping back in time to see the steps that led us to this point.

Cremin and deNobriga (2002) direct us to December 1996, when a small group of arts leaders in Atlanta began to gather for informal “think tank” discussions about the state of the arts in Atlanta, especially in light of the disappointment that the Olympic Games had not generated any sense of cultural renaissance. The discussion sessions eventually led to discussion forums, but there was a realization that for all the talk about the state of the arts in Atlanta, there was little data or means to methodically compare Atlanta to similar sized US cities. This led to funds being raised for the first Research Atlanta study on the arts in Atlanta (Brooks and Kushner, 2000).

As noted above, Brooks and Kushner (2000) looked at the state of nonprofit arts organizations in Metro Atlanta, describing a situation that was middling

at best. The report received significant attention in local media, and at this point the baton was passed to the Metro Atlanta Chamber of Commerce (MACC).

The MACC, as might be expected, was interested in the arts in terms of the potential impact on economic activity in the region, and especially wanted to generate for the City an image as a cultural center. North Highland (2001) produced a somewhat anecdotal report for MACC on the links between arts and growth in business, and a Regional Arts Task Force was created, with the mission “to make the Atlanta region a premier center for the arts, and for it to be recognized as such,” holding its first meeting in June 2002.

There were two major outcomes from the MACC Regional Arts Task Force. First, the Metro Atlanta Arts and Culture Coalition (MAACC) was formed, a lobby group aimed at increasing participation in the arts, and working to secure increased funding for the arts. The MAACC also works to bring together the many government, nonprofit and commercial stakeholders in the arts in the region, seeking avenues for collaboration and coordinated actions. Second, a study was commissioned, again through Research Atlanta (Rushton, 2003), to consider options for “sustainable” public funding for the arts, which in practice tends to mean an earmarked source of government revenues. This study did not call for an earmarked tax source, but focused on the key issues surrounding such a policy.

For nonprofit arts organizations, an earmarked source of funding is certainly an attractive policy innovation. San Francisco’s dedicated funding for the arts through the hotel occupancy tax has been in place since the 1960s and is now a very significant source of funding. St. Louis funds its major cultural institutions through additional mills on the property tax, and Denver and Salt Lake City use one-tenth of one percent of the retail sales tax to devote to the arts and culture (see Martell (2004) for a detailed analysis of Denver’s Scientific and Cultural Facilities District, and Rushton (2004) for general considerations on earmarked taxes for the arts).

Finally, in 2006, the Mayor explicitly formed the Task Force designed to look into possibilities for sustainable funding for the arts. In its deliberations, the Task Force needed to grapple with some difficult questions of principles: What is

public funding of the arts for? What does the City of Atlanta want to achieve in the arts?\*

These questions are far from straightforward. A typical prior assumption is that the goal of a source of public funding for the arts is to provide income to the city's nonprofit arts organizations. It is certainly true that nonprofits in the arts face challenges. Live performing arts, which in the "high" arts are predominantly nonprofit, in particular are subject to "cost disease": labor-saving technological improvements are minimal, yet performers' wages must rise in concert with wages for other skilled workers through the economy, so live performing arts will always exhibit increasing real costs (Baumol and Bowen, 1965). While a city's most prestigious arts organizations might be able to weather cost disease through philanthropy, second-tier arts organizations tend to struggle (Wyszomirski, 2002). A recent example of the slow pressures of cost disease taking their toll might be in the switch to recorded music by the Atlanta Ballet (Elliott, 2006).

Recent figures show that Atlanta has five nonprofit arts and culture organizations with annual revenues over \$10 million: the Atlanta Symphony Orchestra; the Atlanta History Center; the High Museum of Art; the Alliance Theater Company; and, the Fox Theater. Nine other arts and cultural nonprofit organizations have annual revenues over \$1 million. Of these fourteen organizations, only the National Black Arts Festival receives over 10 percent of its revenues from public funding.

If the new fund is to be devoted to increased support for arts and culture organizations, it must be determined what sort of organizations qualify for funding. If history museums are included, then ought science museums to be eligible? And if science museums, should the zoo be eligible? In fact many cities that have adopted earmarked funding for the arts have included science museums, zoos, and botanical gardens; achieving a broad base of public support suggests including as many organizations as possible that individuals and their families like to attend.

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\* Author disclosure: I provided some services to the Task Force, working through The Schapiro Group, which was contracted to assist the Task Force in its work.

But that only serves to highlight the fact that in order to gain public support, there needs to be consideration of what is in the public interest. Is the goal to help preserve important cultural institutions for future generations? To allow organizations to reduce admission fees and thereby increase access, perhaps including outreach programs? To provide small amounts of support to the widest possible range of arts organizations, down to the neighborhood level, and so increase participation and youth programs in the arts? The provision of new public funding to existing Atlanta arts nonprofits cannot be an end in itself.

A further question is raised by the “coolness” issue discussed above: Should cultural policy in Atlanta focus on what would attract the highly-educated and mobile “creative class” to move to the city and to remain? If so, how would this inform the allocation of public funds for the arts and culture? Specifically, how would cultural life be enhanced for the two-thirds of the workforce that Richard Florida estimates is *not* a part of the creative class? This is hardly a trivial question for the City of Atlanta, which, as is being discussed by many presenters at this conference, is a city with significant inequality in wealth, income, and opportunity.

In addition, we should note the underlying assumption of advocacy for increased public funding of nonprofit arts organizations, that if only there were increased funds for the production of the arts, there would be increased audiences and cultural consumption. But to what degree does increased “unearned” revenue, whether from government or philanthropy, actually change the cultural consumption habits of the local population? The Metro Atlanta Chamber of Commerce expressed hope that Atlanta could come to be perceived as a vibrant city for the arts, but that induces us to ask why it is not perceived as such presently. Are Atlanta residents constrained in their consumption of the arts because of insufficient supply, or is it simply the case that tastes are not those that favor the live, performing high arts, or serious visual art? Thirty-five years ago, economist Tibor Scitovsky (1972) proclaimed “what’s wrong with the arts is what’s wrong with society”: the high arts, particularly in the US, struggle because the consumer demand is not there. Classical music, opera, ballet, serious theater, visual art, can only be enjoyed by those who have been educated in the art form and who have typically had some immersion in the

arts in their home environment. Lack of an audience without these qualities is not something that can be changed in the short term; developing audiences for the high arts requires a deep cultural change, involving significant changes in attitudes towards leisure time and what constitutes the good life. There are public policies that can attempt to make progress in these directions, starting with schools and after-school programs, especially those that favor participation in the fine arts. But it is not as simple as simply granting more money to existing nonprofit arts organizations. And it would require recognition that in fact the cultural tastes of Atlanta residents are perhaps not as sophisticated as some might prefer to assume.

Finally, looking at the future of the arts in Atlanta there needs to be a link to other urban amenities that impact the ability to enjoy what culture the city has to offer. Jane Jacobs (1961) begins her path-breaking work on *The Death and Life of Great American Cities* (a work that is strongly influential on Richard Florida) by talking about the uses of *sidewalks*; a city that is culturally alive must present an environment where residents can be out and about, on foot, enjoying the diversity of the arts, restaurants, shops, and green space. Atlanta is not (yet) that city: residents drive to cultural events and drive home, and if that is the case it is not wholly surprising that high culture will relocate to where people live, and that Atlanta has become the first (but probably not the last) major US city to have its opera relocate to the suburbs (Ruhe, 2006).

And so the arts in Atlanta are something of a paradox. Atlanta has a very high concentration of its workforce in the arts, and this is accompanied by a highly educated population and economic growth. But arts organizations are not well-supported, and the city is far from being seen as an important cultural center. How culture, defined narrowly, affects economic growth is a question that has not yet been decided; Florida's ideas are provocative but there is not yet a large set of significant empirical work on the complex development of culture and economies, much less on what the arts policy response ought to be.

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