

Capital of culture?

Exploring the relationship between cultural clustering and productivity in English cities

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The Arts, New Growth Theory, and Economic Development

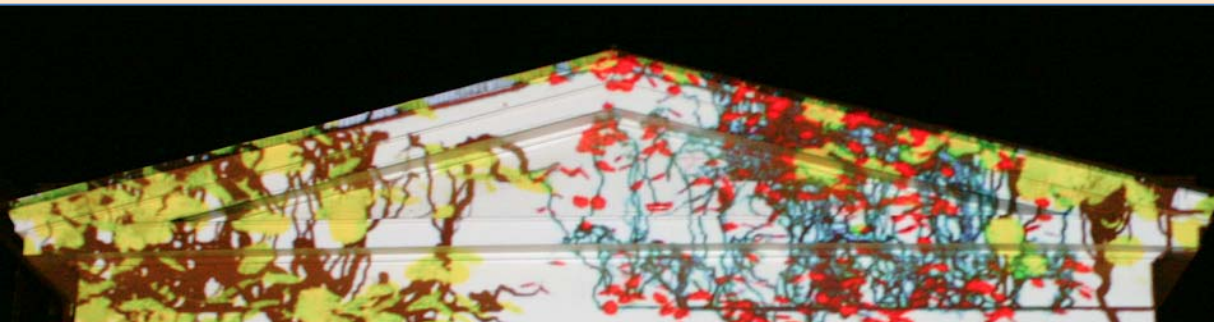
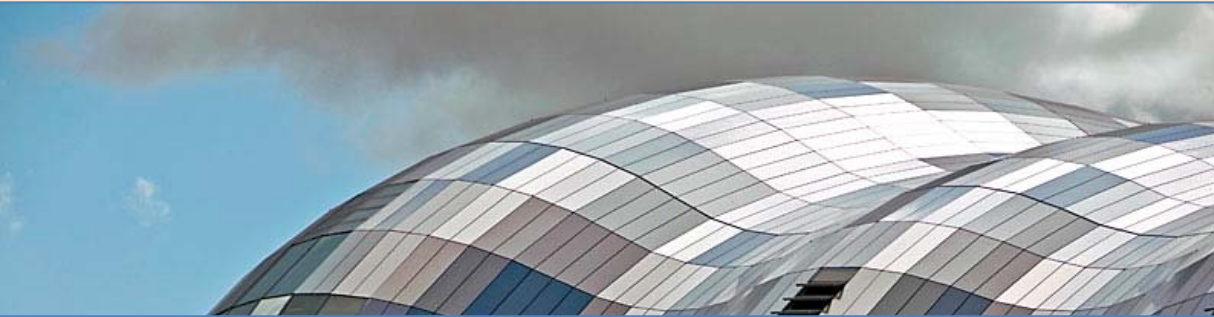
Washington, 9 May 2012

NESTA



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Motivation



Substantial public investments in Arts & Culture

Economic development justification

Evidence Base?
Targeting?

Structure

Theory

Method &
Data

Emerging
Findings

Conclusions
/ Next Steps

Theory

Also act as proxies for tolerance and openness

Arts and Culture

Amenities

Localised spillovers

“Creative Class”

Innovative firms

Local Economy

Human, Organisational, Network Capital, Expressive Value



Questions

Sectors
or
People?

Amenities

Causality?
Creative/ cultural class?

“Creative Class”

A small number of
suggestive studies –
rarely looking at the
spatial dimension.

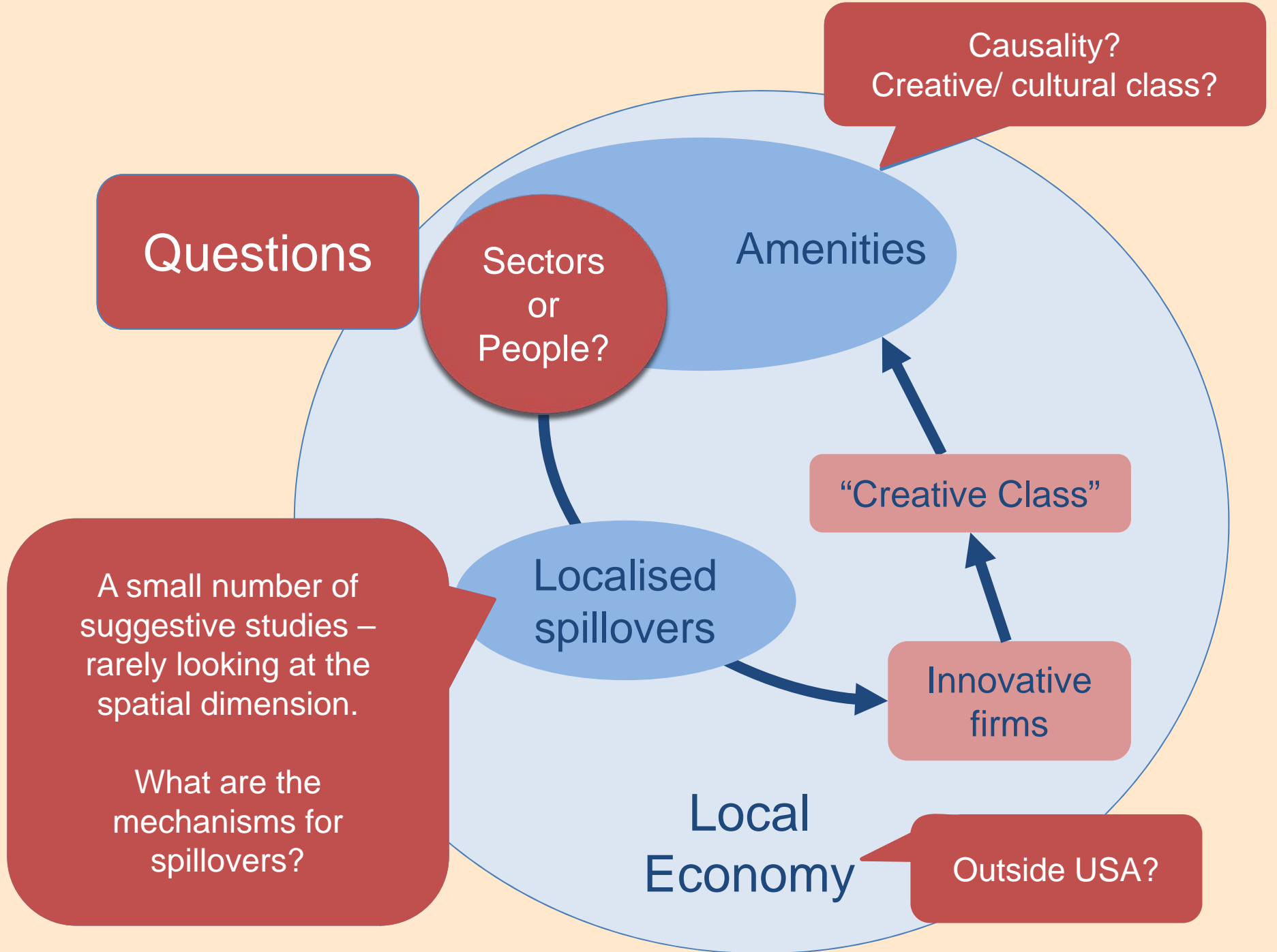
Localised
spillovers

Innovative
firms

What are the
mechanisms for
spillovers?

Local
Economy

Outside USA?



Explore empirically relationships between Cultural Clustering and local productivity in 74 English cities

Method & Data

Worker Wages

Cultural Clustering

Industries

Occupations

Institutions

+

Controls
Individual & City

Positive would support the idea of positive 'creative capital' spillovers.

Still need to address causality

DATA

Official survey of workers (APS), business (BRES) and Culture 24

<http://www.culture24.org.uk>

Findings (II)

Once we control for individual and city characteristics, people living in cultural clusters get paid less, on average, than in other places

Quality of life/place; compensating differentials interpretation.

	-1	-2	-3	-4	-5	-6	-8	-9	
Dependent variable: Hourly wage (ln), excluding workers in cultural industries and occupations									
City variables:									
Cultural Occupations (LQ)	0.181***	POSITIVE		0.0288***	MIXED		0.00548	NEGATIVE	
	-0.00526			-0.008			-0.00923		
Cultural Employment (LQ)		0.255***			-0.0241**			-0.0498***	
		-0.00851			-0.00975			-0.0106	
Culture 24 (LQ)			0.172***			-0.0263***			-0.0500***
			-0.00835			-0.00709			-0.0075
Individual Controls	NO	NO	NO	YES	YES	YES	YES	YES	YES
City Controls	NO	NO	NO	NO	NO	NO	YES	YES	YES
Region Dummies	YES	YES	YES	YES	YES	YES	YES	YES	YES
Occupation Dummies	NO	NO	NO	YES	YES	YES	YES	YES	YES
Observations	52,250	52,250	52,250	52,250	52,250	52,250	52,250	52,250	52,250
R-squared	0.037	0.026	0.01	0.469	0.469	0.469	0.47	0.47	0.471

Findings (III)

Evidence of creative wage premium

Particularly where creative occupations (not class!) cluster

Reverse causality?

We also look at 'Creative City' wage premiums (Media/Entertainment/Digital)

Dependent variable: Hourly pay (ln) excluding workers in creative / cultural occupations and industries

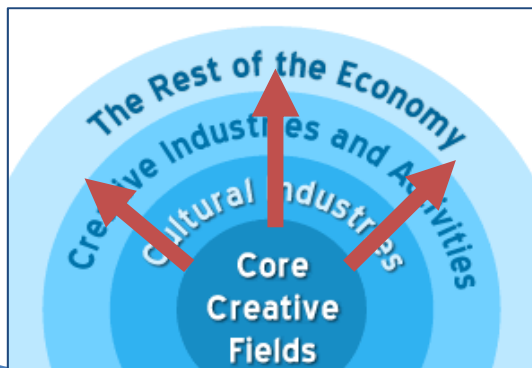
Creative industries

Cultural Occupations (LQ)	-0.0134	
	-0.00971	
Creative Occupations (LQ)	0.0809***	
	-0.0106	
Cultural Employment (LQ)		-0.0489***
		-0.0108
Creative Employment (LQ)		0.0292**
		-0.0119
Controls	Yes	Yes
Observations	48,634	48,634

Finally: Spillovers within the 'Creative Economy'??

Findings (IV)

Creative workers in cities with cultural clusters benefit from a wage premium.



		Dependent variable: Hourly pay (ln), all workers					
Cultural Occupation *	0.0986*						
Culture 24 (LQ)	-0.0546						
Cultural Occupation *		0.0304					
Cultural Occupations (LQ)		-0.0275					
Cultural Occupation *			0.053				
Cultural Employment (LQ)			-0.0563				
Culture 24 (LQ) *				0.0710**			
Creative Occupation							-0.0344
Creative Occupation *					0.0252		
Cultural Occupations (LQ)						-0.0168	
Creative Occupation *							0.0236
Cultural Employment (LQ)							-0.0286
Constant	1.837***	1.659***	1.664***	1.419***	1.240***	1.244***	
	-0.0604	-0.0513	-0.0507	-0.06	-0.0507	-0.0501	
Controls	Yes	Yes	Yes	Yes	Yes	Yes	
Observations	52,950	52,950	52,950	52,950	52,950	52,950	
R-squared	0.467	0.467	0.467	0.465	0.465	0.465	

Conclusions

Findings suggest:

Quality of Life & Place aspects to arts & cultural infrastructure

Creative city wage premiums (for creative occupations)

Spillovers between arts/culture and commercial creative / digital sectors

Next Steps

SNAPSHOT OF WORK IN PROGRESS

Include more controls in our models

Look at firm level productivity data

Explore causality using longitudinal (historical) data and instrumental variables

Thank You

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