

Bloomberg Opinion: [Technology & Ideas](#) **Investing in the Arts Will Speed Economic Recovery**

Private and public partnerships to protect a vital U.S. industry will pay off, especially in hard-hit cities.

By

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Dancers rehearse on a Central Park ball field, June 2020.

Photographer: Timothy A. Clary/AFP via Getty Images

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With the coronavirus still raging, and absent a coherent national plan to contain it, American families and workers are continuing to suffer. Comparisons with the Great Recession of 2008-09 understate the damage: This downturn threatens to be much worse with far more profound long-term effects.

Consider the impact on the arts and culture industry, which the U. S. government Bureau of Economic Analysis estimates to account for 4.5% of national income when broadly measured (roughly \$900 billion). Nationwide, millions are out of work. The industry is a major force in New York, Los Angeles, Chicago and Nashville, among other cities. For example, the New York comptroller estimated that, pre-pandemic, the city's creative industry accounted for almost 300,000 jobs, and 13% of the city's income.

Now, not only is the American arts industry in deep distress. It could also be one of the last economic sectors to recover. Individual superstars may make a fortune, but remuneration drops off fast. Even in the best of times, most of the industry – from stagehands to bouncers to lesser known artists – are gig workers with unpredictable income. The late Chicago economist Sherwin Rosen observed that of the legions of professional comedians in the country, only a couple hundred earn enough to get by without working another job.

At the same time, the arts sector can create and sustain middle-class jobs for workers of diverse backgrounds to pursue creative careers and ones that are mobile. In turn, the culture industry is a magnet for creative clusters, and provides synergies that can spill over into a much broader range of economic endeavors.

As the virus lingers, continuing constraints on new television and film production are going to leave a void, even as movie theaters brave reopening. Most musicians depend on live-performance revenues, especially since streaming services crushed album sales. Many museums are reopening but operating at fraction of their typical capacity. For most, revenues are far below costs; by some estimates as many as a third will eventually shutter. The situation is even worse for theater, dance and comedy; it is simply not economical when only one in three seats can be occupied. Yes, artists can stream their performances, but few will earn substantial income this way (even if YouTube might). Audiences value the authenticity and shared experience of live performances.

Right now, many Americans see the arts as mostly representing ideas from the left. Maybe it seems that way, because controversies are what gets attention. But look at the big picture: America's dominance in areas like film and music are a key ingredient of its global "soft power," something the Chinese government, for one, is keenly aware of. Burnishing the U.S. brand is more important than ever. Americans depend on the dollar's dominance – which has enabled the U.S. to borrow more on global markets than all the countries in the Eurozone plus Japan put together.

Unlike most developed countries, the U.S. has managed to have a thriving culture community without significant government intervention. It would be wrong to radically change that model now. But as this extraordinarily difficult period goes on (and on), creative industries are taking at least as big a hit as restaurants, bars and hotels. Over the years, the federal government has directly (through subsidies) or indirectly (through tariffs) bailed out industries that employ far fewer workers than the culture sector and contribute less to GDP.

In the first phase of the pandemic, unemployment checks, the Payroll Protection Program and emergency support for small businesses have helped sustain artists and arts entrepreneurs, along with everyone else. But this aid is likely to fade long before the sector recovers. The risk to small and mid-sized organizations and performances and exhibits that sustain many artists is particularly severe, affecting the economy in all major cities.

Over the past 70 years, not-for-profit and for-profit arts have been a significant growth industry and someday will be so again. But an investment today may mean the difference between lasting stagnation and medium-term regeneration. And investing in the infrastructure of the arts makes particular sense when interest rates are so low.

As a start, allow for safe outdoor performances in open space, and create incentives for cultural uses of property such as public plazas, rooftops, digital billboards and pier buildings. Even the New York Philharmonic has been doing "pull-up" performances out of the bed of a pickup truck. Artists are hungry to perform if we can figure out safe, clever solutions that are given direct private support with indirect backing by corporations and municipalities.

Looking ahead, many successful adaptive reuse projects, often public-private partnerships, have brought turnarounds for neighborhoods and cities. In North Adams, Massachusetts, for example, a former electronics plant became the large-scale cultural art museum, MASS MoCA. In the Tremé neighborhood of New

Orleans, the Bell Artspace Campus provides affordable housing, and rehearsal, studio and exhibition space for low- and moderate-income artists and cultural workers and their families.

Virtually all cities have abandoned warehouses and spaces that can be turned into artists' spaces (the Torpedo factory in Washington), production studios and so on. As commercial rents tumble in some cities today, and buildings are underused, governments and corporations should turn to creative thinkers to turn liabilities into assets.

The return on such investments should be obvious both to investors and to public officials. The High Line quickly became a legendary open space that is home to visual and performing arts, and unequivocally changed the real estate value in that area of Manhattan. ¹

Of course, the arts and cultural sector can be supported in other ways, such as by helping to sponsor public television and streaming options that also give the public ways to feel the intimacy of the small clubs and venues that are vacant today. A good example is the PBS country-music program "Songwriters Under the Covers." These efforts would require private and public subsidies.

Covid-19 "stimulus" should be viewed first and foremost as disaster relief aimed at those who are disproportionately affected. Investing in artists and the cultural sector is both a reasonable response and proven way to kickstart recovery.

1. Jenny Gersten was the executive director of Friends of the High Line.

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