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The Economic Contribution of Culture

Yves JAUNEAU*

In 2011, the various cultural branches generated a total of €85bn and €40bn of gross value added (GVA). Cultural production can be divided into market output (€69bn) which comes from the sale of cultural goods and services by companies, and non-market output (€16bn), which, in accordance with current norms, corresponds to the production costs of public administration, institutions and associations within the cultural field.

The economic contribution of culture, expressed as a ratio between the gross value added for the cultural branches and that for all branches combined, was 2.2% in 2011. This does not take into account any indirect economic knock-on effects or those generated by culture (tourism for example). Until 2003 the direct economic impact of the value of culture was increasing. It has been in decline since 2004, largely due to the marked downturn in activity within certain cultural industries such as press and book publishing and recorded music.

In 2011, the audiovisual sector (radio, film, television, video, recorded music) accounted for one quarter of cultural GVA. Performing arts and cultural heritage, predominantly non-market branches, concentrated 18% and 11% of cultural GVA respectively. The increased value of the share of performing arts over the last 15 years is primarily due to escalating prices in this sector. Conversely, books and newspapers only accounted for 15% of value-added in 2011, as compared with 26% in 1995. The other cultural branches (advertising agencies, architecture, visual arts, culture and education) together account for one third of cultural GVA.

The cultural branches: a total output of 85 billion euros in 2011

In 2011, the various cultural branches (audiovisual, performing arts, press and book publishing, advertising agencies, architecture, visual arts, cultural heritage, cultural education) generated a total output of €85bn (see Table 1 & Box 1). This total output can be broken down into three sections (see Box 2). Firstly, cultural market output (€65bn) covers the production of cultural goods and services destined for sale on the market at an economically significant price, i.e. a price which covers more than 50% of the production costs. Secondly, output produced for own final use (€4bn) covers, in the case of culture, capitalised production constituting an asset generating income which is realised at

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Le poids économique direct de la culture

Yves Jauneau

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a later date: for example films or television programmes made in that year for broadcast at a later date. Thirdly, there is cultural non-market output (€16bn) which covers cultural goods and services for domestic consumption offered at a price which is not economically significant as it has benefited from public contributions (from local or national government budgets, subsidies paid to associations, community contributions etc.). Non-market output is, in accordance with current norms, valued at its production cost (Box 2) which mostly covers three types of expenditure: compensation of employees, intermediate consumption and investment expenses.

Cultural market output is almost exclusively produced by businesses; cultural non-market output, on the other hand, is the product of government bodies, public services or even associations (Box 2).

A cultural gross value added of €40 billion

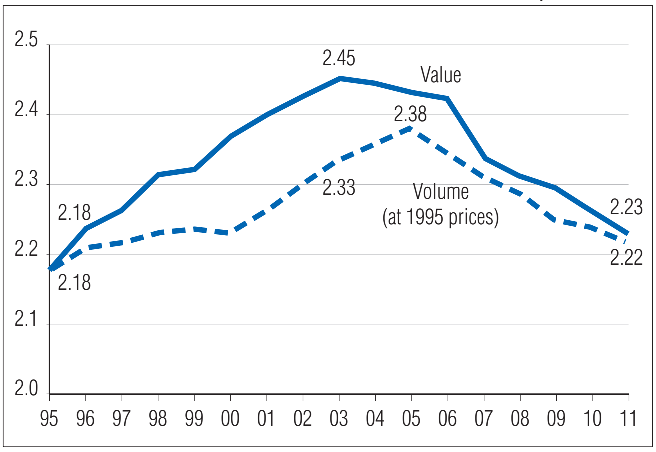
The gross value added (GVA) of the cultural branches was put at €40bn in 2011 (see Table 1). This cultural GVA covers total cultural output minus intermediate consumption, i.e. all goods or services which are modified or consumed during the production process (commodities such as electricity for example). Intermediate consumption represents 53% of output within the cultural sector, a slightly higher proportion than for the economy as a whole (51%). Indeed, certain cultural activities, due to their specific activity, account for a significant proportion of goods and services consumed through intermediate consumption and these are not taken into account in the final GVA calculations. This is particularly the case for the press and book publishing (use of paper), and for video, electronic games and film distribution.

Economic contribution of Culture put at 2.2% in 2011; in decline since 2004

Expressed as the percentage of the cultural GVA of the cultural branches within all branches combined, the economic contribution of culture was 2.2% in 2011 (see Table 1). This economic contribution relates to the standardised defined field of "cultural branches" within Europe (Box 1). Any extension of this field by adding further activities to the fringes of cultural activity (industries enabling the manufacturing of cultural goods, businesses enabling their sale, etc) would lead to an increase in direct economic impact. Moreover, this economic impact does not take

Graph 1 – The contribution of the cultural branches on the gross value added of the economy as a whole, 1995-2011

Expressed as a %



Source: INSEE, National Accounts - 2005/DEPS data, French Ministry of Culture and Communication, 2013

Table 1 – Output and gross value added in the cultural branches, 2011

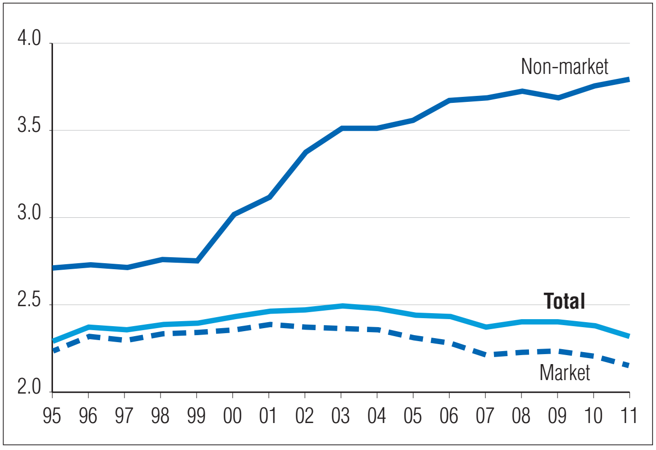
	Total per branch (in €bn at the current rate)		Contribution of the cultural branches for all branches of the economy (as a %)
	Economy as a whole	Culture	
Output (A)	**3,655.7**	**85.0**	**2.3**
of which: market output	3,011.1	65.2	2.2
output produced for own final use	224.0	3.9	1.7
non-market output	420.6	15.9	3.8
Intermediate consumption (B)	**1,861.9**	**45.0**	**2.4**
Gross value added (GVA) (A-B)	**1,793.8**	**40.0**	**2.2**

NB: aggregated sections shown in this table are defined in Box 2.

Source: INSEE, National Accounts - 2005/DEPS data, French Ministry of Culture and Communication, 2013

Graph 2 – The contribution of the cultural branches on output from the economy in monetary value, 1995-2011

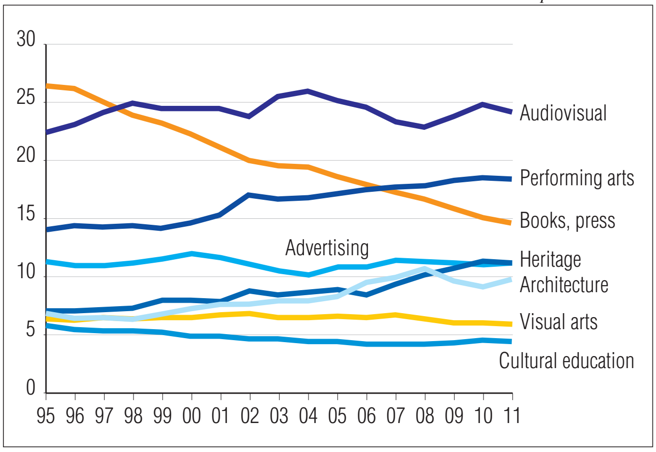
Expressed as a %



Source: INSEE, National Accounts - 2005/DEPS data, French Ministry of Culture and Communication, 2013

Graph 3 – Breakdown of the cultural gross value added (GVA) for the cultural branches in monetary value, 1995-2011

Expressed as a %



Source: INSEE, National Accounts - 2005/DEPS data, French Ministry of Culture and Communication, 2013

account here of the indirect influence which culture can have on other economic activities, as the calculation of these indirect economic knock-on effects is highly predicated upon hypothetical propositions. For example, culture-oriented tourism accounts for a not inconsiderable proportion of tourism. However, to take into account the total gross value added of the hotel, cafe and restaurant sector (€44bn) would immediately double the cultural GVA of culture. Moreover, there are currently not enough data or concepts to adequately determine the proportion of tourism which could be strictly defined as cultural.

Between 1959 and 2003, the economic contribution of culture in monetary value increased, reaching 2.4% in 2003 (Graph 1). After this long, almost uninterrupted period of growth, the economic contribution of culture started to decline. It is primarily its market element which caused this fall-off. For at the same time, the contribution of culture in terms of non-market production continued to increase, going from 2.7% in 1995 to 3.8% in 2001, albeit that the majority of this growth occurred between 1995 and 2003 (Graph 2).

Declining relative proportion of press and book publishing, with that for architecture and heritage increasing

In 2011, audiovisual activities (radio, television, cinema, video and music publishing) constituted the biggest branch of cultural activity in terms of economic impact, accounting for almost one third of total output (and almost 40% of market output) and a quarter of cultural GVA (Table 2). The performing arts (for which 60% of output is non-market and valued on its production costs[1]) represents 18% of cultural GVA, 15% of its output and 7% of its commercial output. Book publishing and press activities accounted for 15% of cultural GVA in 2011 and 19% of its output. Advertising agencies, included here for their overall creative contribution, even though it might not be seen as an entirely cultural activity (Box 1), accounted for 11% of cultural GVA, whilst architectural activities accounted for 10% in 2011.

Finally, heritage accounted for 11% of cultural value-added, the visual arts 6% (fine arts, design and photography, including photographic laboratories and development stores), and cultural education 4%.

In the space of fifteen years, the proportional contribution of the various branches to cultural GVA has changed enormously. In 1995, press and book publishing were the largest contributors to cultural activity in terms of GVA, representing 26% of the cultural total (Graph 3). This proportion has since gradually fallen, reaching 15% in 2011. At the same time, architecture, heritage and the performing arts have seen their proportional contribution to overall GVA increase. For the remaining cultural branches (audiovisual, advertising, cultural education, visual arts) their proportion of GVA has remained stable overall.

1. This constitutes all expenses necessary to production, e.g. compensation of employees, purchasing, gross fixed capital formation, etc.

Table 2 – Breakdown of cultural output and gross value added (GVA), 2011

in €bn at the current rate

	Output						Gross value added (GVA)	
	Market*		Non-market		Total		Total	
	Value	%	Value	%	Value	%	Value	%
Audiovisual (radio, cinema, television, video, recorded music)	27.3	39.4	0.0	0.0	27.3	32.1	9.7	24.2
Performing arts	5.2	7.5	7.3	45.9	12.5	14.7	7.4	18.5
Press & book publishing	15.9	23.0	0.0	0.0	15.9	18.7	5.8	14.5
Advertising (advertising agencies)	8.9	12.8	0.0	0.0	8.9	10.4	4.7	11.8
Heritage	0.4	0.5	6.2	39.0	6.5	7.7	4.4	10.9
Architecture	7.3	10.5	0.0	0.0	7.3	8.5	3.9	9.8
Visual arts (fine arts, design, photography)	3.9	5.7	0.6	3.9	4.5	5.3	2.4	6.0
Cultural education	0.3	0.5	1.8	11.2	2.1	2.5	1.7	4.3
All cultural branches combined	**69.1**	**100.0**	**15.9**	**100.0**	**85.0**	**100.0**	**40.0**	**100.0**

* Including output produced for own final use (see Box 2).

Source: INSEE, National Accounts - 2005/DEPS data, French Ministry of Culture and Communication, 2013

Architecture and advertising: the two cultural activities most affected by the 2008–2009 crisis

In 2011 the architecture sector accounted for 10% of cultural GVA, having gradually risen overall over the last fifteen years from 7% in 1995. Architecture's contribution to cultural GVA amounted to 11% in 2008, before falling in 2009 and 2010 and rising again slightly in 2011 (Graph 3). Indeed, architectural activities, more so than any other cultural activities, were widely affected by the economic crisis of 2008 and 2009. This branch is directly linked to the construction industry, which was hit hard by the crisis. The drop-off in the number of new construction projects, both residential and non-residential, lead in 2009 to a significant fall in the number of architectural projects. In 2010, the branch felt the benefits of the overall economic upturn, but failed to return to its pre-crisis levels.

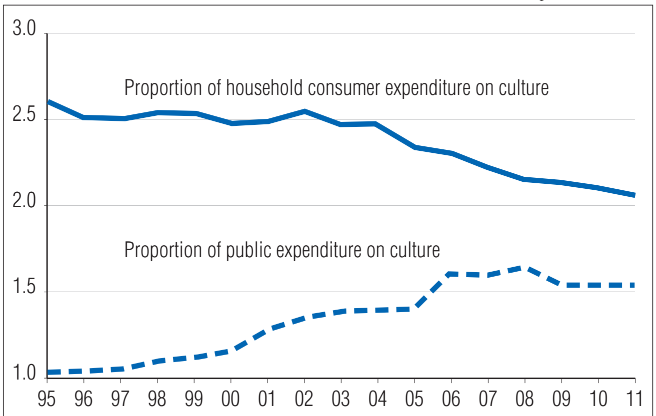
Advertising agency activity has been affected by falling advertising revenue within the mainstream media, going from €9.4bn in 2008 to €8.1bn in 2009, rising slightly thereafter to €8.5bn in 2011 In fact, advertising agencies'contribution to cultural GVA remained stable between 2008 and 2011, with a steadily rising trend from start of the 2000s.

Falling contribution of culture on the economy in monetary terms for 2004 and by volume from 2006

Between 1995 and 2003, prices in the cultural branches rose by 19%, as compared with 13% for all branches of the economy (Table 3). This higher price rise in the cultural branches is especially noticeable in the audiovisual branch and has thus contributed to an increase in the economic impact of culture in monetary value.

Graph 4 – The proportion of household consumer expenditure and public expenditure on culture in monetary terms, 1995-2011

Expressed as a %



NB: government expenditure on culture is not exactly the same as General Government non-market output

Source: INSEE, National Accounts - 2005/DEPS data, French Ministry of Culture and Communication, 2013

Therefore, between 1995 and 2003, the cultural GVA of the cultural branches increased by 50% in monetary value but only 26% in volume, i.e. at constant prices. After 2003, the reverse applied: on average, price increases in the cultural branches (9%) were lower than those across the rest of the economy (14%). This is primarily linked to the dramatic drop in prices in the audiovisual sector, records and videos in particular. The falling impact of culture upon the economy from 2004 onwards is therefore first and foremost due to the falling prices of certain cultural goods. Looking at volume, i.e. having offset the effect of price variation, the impact of the cultural branches within the economy still shows a downward trend, but only from 2006 onwards (Graph 1). This fall in volume is particularly pronounced in the press and book publishing, performing arts and visual arts branches.

Declining proportion of household expenditure on culture since 1995

Changes to the economic impact of culture since 1995 (an upturn followed by a downturn) can be linked to two results. On the one hand, households are spending a smaller and smaller proportion of their budget on cultural goods. Between 1995 and 2011, household cultural expenditure (books, press, audiovisual, live entertainment, etc.) have only shown an average annual increase of 1.8% by value, as compared with a 3.3% increase in other areas of expenditure. Thus, the proportion of household consumer expenditure on culture fell from 2.6% to 2.1% between 1995 and 2011 (Graph 4). The diminishing impact of culture on household consumer expenditure has had a direct impact on the market output of those cultural businesses most hit by this decline in consumption (press, books, records). On the other hand, the growth of public expenditure on culture (Box 2), which constitutes the majority of non-market cultural output, has slowed down (Graph 4). Between 1995 and 2006, culture as a proportion of overall general public expenditure went from 1.0% to 1.5% and has remained stable ever since, with national government commitment to culture falling slightly (as a proportion of total expenditure), and that of local authorities remaining stable.

Increasing household expenditure on cinema and television

The proportion of household cultural expenditure in monetary value on audiovisual (excluding sound recordings) has been steadily increasing, from 25% in 1995 to 30% in 2011 (Graph 5). Cinema box office takings have shown an average annual increase of 4% between 1995 and 2011, with box office takings for 2013 totalling €1.4bn. TV and radio advertising revenue, a good indicator of the health of these branches, has also continued moving in the right direction, with average annual increases of 2.3%, despite slowing slightly since 2003.

Net fall in consumer expenditure on records & CDs since 2003

In 1995, 10% of household cultural expenditure went on records & CDs, as opposed to just 3% in 2011 (Graph 5). With the emergence of downloadable music on the internet, the record and CD market has collapsed.

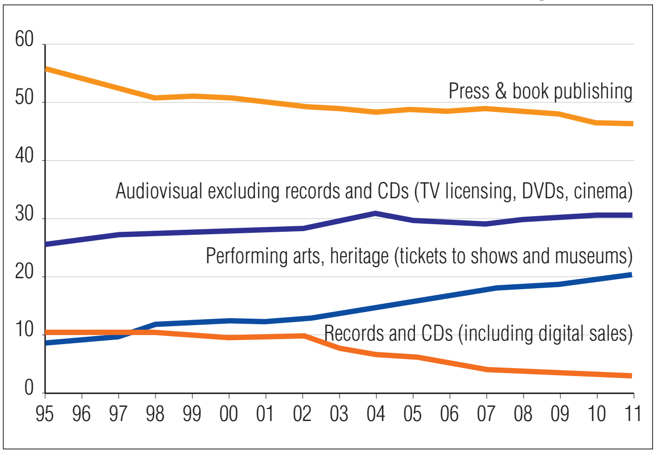
Table 3 – Gross value added (GVA) by volume and GVA price index within the cultural branches

	Breakdown of cultural GVA by volume (at 2005 prices)			Changes to the GVA price index (%)		
	1995	2003	2011	1995-2003	2003-2011	1995-2011
Audiovisual (radio, cinema, television, video, records and CDs)	22.3	23.4	27.8	31	– 11	16
Performing arts	14.5	18.9	17.4	9	26	37
Advertising (advertising agencies)	11.2	11.1	14.9	11	– 15	– 5
Press & book publishing	26.1	20.0	12.8	14	29	46
Heritage	7.1	8.3	10.4	25	18	47
Architecture	6.8	7.8	9.0	20	17	41
Visual arts (fine arts, design, photography)	6.4	6.9	5.3	15	26	45
Cultural education	5.6	3.9	3.3	35	27	71
All cultural branches combined	**100.0**	**100.0**	**100.0**	**19**	**9**	**29**
All branches of the economy combined				**13**	**14**	**29**

Source: INSEE, National Accounts – 2005/DEPS data, French Ministry of Culture and Communication, 2013

Graph 5 – Breakdown of household consumer expenditure on culture, 1995-2011

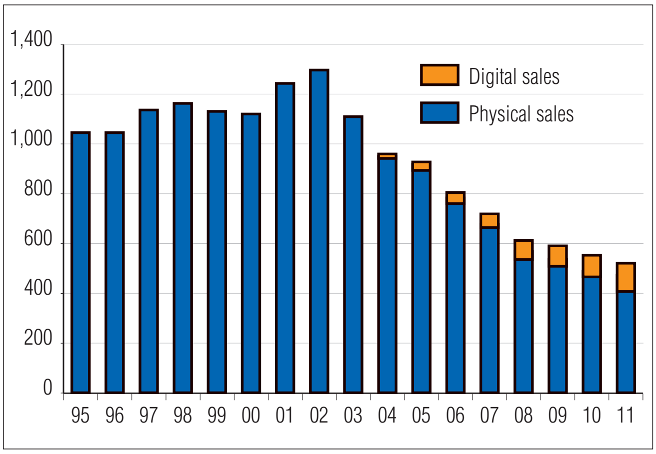
Expressed as a %



Source: INSEE, National Accounts - 2005/DEPS data, French Ministry of Culture and Communication, 2013

Graph 6 – Turnover from sales of recorded music by publishers, 1995-2011

in €bn at the current rate



Source: SNEP

Since 2003, the contribution of sound recording and music publishing activities to cultural wealth produced has fallen by almost half, going from 1.4% to 0 9% in terms of GVA and from 2.3% to 1.5% in terms of total output. Thus, in 2002 turnover from sales of recorded music by publishers was €1.3bn; and by 2001 this figure had fallen to a mere 25% of that figure to €400m, according to the industry's professional body, SNEP (Graph 6). Recent improvements in legal music download platforms seems however to have put the brakes on the sector's decline: in 2011, 21% of sales turnover for sound recordings came from digital recordings as compared with 13% in 2010 and just 3% in 2005.

Declining proportion of newspaper and book purchases in household cultural expenditure

The net fall in the proportion of cultural GVA represented by books and press can be related to declining practices during this period. Between 1997 and 2008, the proportion of French people aged 15 or over claiming to have read a daily newspaper within the last year has fallen from 73% to 69% and those claiming to read one every day fell from 36% to 29%. In the same period, the proportion of French people aged 15 or over claiming to have read a book within the last year fell from 74% to 70% and those claiming have read at least 10 books fell from 37% to 31%. Finally, those households which in 1995 devoted more than half of household cultural expenditure to books and newspapers (56%) only devoted 45% of their budget to them in 2011 (Graph 5).

Household expenditure on performing arts shows a marked increase since 1995

Household cultural expenditure on performing arts or heritage steadily increased between 1995 and 2001, and at a higher rate than any other area of household expenditure. Thus, in 2011, 20% of household cultural expenditure went on creative, artistic or performing arts activities, or libraries, archives, and museums, as compared with 8% in 1995. This sustained upward trend, boosted by the rise in live entertainment prices, contributed to increased market output value within these branches. At the same time, despite a fall towards the end of the period, the overall increase in public cultural expenditure contributed to the relative increase to the impact of non-market performing arts and heritage activities on cultural GVA. ■

Box 1 – The Statistical Field of Culture, Defined at Standardised European Level

The field of culture is defined here through use of the French occupational classification system (Nomenclature des activités française, NAF), selecting 29 codes from the total 732 which make up the classification system at its most diverse (see table below). The statistical definition of the field of culture was the subject of European study between 2009 and 2011, following the 2008 updates to the French classification system (Nomenclature d'activités française, NAF Revision 2) and the Statistical Classification of Economic Activities in the European Community (NACE Revision 2). Under the aegis of Eurostat, (the statistical office of the European Union), a European working group (Task Force 1) designed a new European statistical framework whose aim was to standardise methodological tools and ensure better comparability of published results (see Concepts for the statistical Framework on Culture, Paris, Ministère de la Culture et de la Communication, DEPS, The “Culture méthodes” collection, 2011-3, 2011). These 29 cultural activities (at classification level 5, defined as “subclass”) are divided across 8 different activity groupings, the classification system’s 2-figure “divisions”. These divisions are the most detailed possible level available for which INSEE provides accounting data (value-added, output). For each level with at least one cultural activity it is therefore necessary to estimate the proportion which is cultural and that which is "non-cultural".

2010 Assessment

To assess the economic impact of culture, we take the market output figure given in the national accounts definition at division level (2-figure codes) and give a breakdown by subclass (5-character codes) by applying a coefficient calculated based on INSEE’s annual sector-based surveys (enquêtes sectorielles annuelles). These surveys effectively give a detailed per-sector breakdown of business turnover for all industry activities. Their sector-by-sector summation therefore gives a sector breakdown identified by a 2-character division in each of its 5-character subclasses. This distribution key is thus applied to output as per its national accounts definition distributed by division (2 characters). It varies slightly from total output as surveyed by the ESA due to the specific way national accounting calculations are carried out, but this remains a fair approximation.

For cultural education, non-market output is defined as the sum of expenditure by artistic education centres such as regional conservatories etc, as recorded in the DEPP’s (under the Ministry for Education) Education Accounts and French Ministry of Culture and Communication expenditure on cultural higher education establishments (Ministry source). Non-market output for divisions 90-91 is based on non-market output as given by INSEE (total 90-91) This total is divided into 3 fields (performing arts, visual arts, heritage) using various Ministry of Culture resources (e.g. surveys into local government cultural expenditure and public cultural establishment budgets) enabling the division of cultural public expenditure into wages and investment. Consequently this gives a slightly different way of dividing up the non-market output of divisions 90–91 to that given by INSEE, but it is a priori a better way of illustrating the purely cultural share. For NPISHs, non-market output is apportioned on the basis of France’s déclarations annuelles des données sociales (DADS).

To calculate gross value added, a value-added/market output ratio is used, again based on INSEE’s annual sector-based business surveys (enquêtes sectorielles annuelles, ESA), in the purely market fields, with the value-added thus being assessed by subclass then being adjusted on the GVA given by INSEE for each divisional level. For those fields which are partially non-market (performing arts, heritage, cultural education, visual arts), the value-added/output ratio given for divisional level by INSEE is used.

We thereby reckon the GVA for each cultural field, the sum of which gives the GVA of the "cultural branches" for 2010

The threefold advantage of this method is that it is relatively simple to implement, consistent with data published by INSEE at a more aggregated level and stable over time. On the other hand, it is subject to national accounting standards, particularly where the market/non-market division is concerned and it does not allow certain specific aspects of culture to the taken into account. For example it might have been useful to show a division between subsidised and non-subsidised businesses, or to change the standard criterion of 50% of production costs (see Box 2).

Assessment for 1995–2009 and for 2011

Using the available above-mentioned sources and data, we have calculated results for 2010. To assess the economic impact of market output for 2011 and for the period 1995-2009, we changed the cultural coefficients based on annual changes to turnover, at subclass level (for each of the subclasses within a division). The data obtained are then multiplied by a coefficient, in order to obtain a total which represents the national accounts definition of market output for each division. For non-market cultural education, each of the two components (artistic training and higher education centres) are assessed on the basis of annual data from existing sources. For non-market output for other fields, the division between performing arts/visual arts/history was updated in 1996 and 2002 based on the aforementioned sources, and this division has been applied to the other years. The total for non-market output for branches 90-91 is still taken from national accounting data. We thus calculate market output and non-market output by domain in 2011 and for the period 1995–2009. To calculate GVA, the procedures for 2010 calculations are followed.

Assessment of GVA by volume

To assess the GVA of the cultural branches by volume, we divide the GVA as the aforementioned value at the finest level of activity classification by a value-added price index. The price index used comes from two sources: the value-added price index for the sector available in national accounting standards (at classification division level) and, for divisions 58 and 59, a household consumer price index for the cultural product most closely matching the relevant category (e.g.: index of consumer prices for sector 58.13Z – Publishing of Newspapers). Indeed for both divisions it seems vital to separate price changes into sub-activities, as some of them show reverse trends (e.g. rising cinema ticket prices, falling DVD and record prices during the period in question).

Finally, GVA by volume attained in this manner is multiplied by a coefficient which enables us, by addition, to determine the exact level of GVA by volume published at divisional level by INSEE under national accounting standards. The overall GVA price index for the cultural branches is thus obtained by dividing the value-added of the cultural branches as monetary value (or at current prices) by the figure for volume (or at constant prices).

Backward projection of the economic impact of culture by “minimum/maximum” assessment for the period 1959-2011

To assess data prior to 1995, we no longer calculate inclusion rates but hypothesise on the minimum or maximum assessment for inclusion in culture. The classifications and their level of detail were in fact changed in 1995, only existing prior to 1995 at an aggregated level. The results shown below indicate that the direct economic impact of culture seems to increase almost continually from 1959 to 2003, with the exception of a brief hiatus in the late 1970s and early 1980s.

Level 2 (divisions)	Level 5 (subclasses)	
	Cultural activities	**Non-cultural activities**
58 - Publishing	58.11Z - Book publishing [BP] 58.13Z - Publishing of newspapers [BP] 58.14Z - Publishing of journals and periodicals [BP] 58.21Z - Publishing of computer games [AV]	58.12Z - Publishing of directories and mailing lists 58.19Z - Other publishing activities 58.29A et 58.29B - Software publishing 58.29C - Application software publishing
59 - Motion picture, video and television programme, production, sound recording and music publishing activities	59.11A - Production of motion pictures for television and television programmes [AV] 59.11B - Production of institutional and promotional motion pictures [AV] 59.11C - Production of motion pictures for cinema [AV] 59.12Z - Motion picture, video and television programme post-production activities [AV] 59.13A - Motion pictures for cinema distribution [AV] 59.13B - Video edition and distribution [AV] 59.14Z - Motion picture projection activities [AV] 59.20Z - Sound recording and music publishing activities [AV]	
60 - Programming and broadcasting activities	60.10Z - Radio broadcasting [AV] 60.20A - Broadcast of general-interest television programmes [AV] 60.20B - Broadcast of thematic television programmes [AV]	
63 - Information service activities	63.91Z - News agency activities [LP]	63.11Z - Data processing and related activities 63.12Z - Web portals 63.99Z - Other information service activities
71 - Architectural and engineering activities; technical testing and analysis	71.11Z - Architectural activities [ARCHI]	71.12A - Surveyor activities 71.12B - Engineering, technical studies 71.20A - Car technical testing 71.20B - Technical analyses, testing and inspections
73 - Advertising and market research	73.11Z - Advertising agencies (p) [ADV]	73.12Z - Media representation 73.20Z - Market research and public opinion polling
74 - Other professional, scientific and technical activities	74.10Z - Specialised design activities [AR] 74.20Z - Photographic activities (p) [AR]	74.30Z - Translation and interpretation activities 74.90A - Activities of quantity surveyors 74.90B - Sundry professional, scientific and technical activities
85 - Education	85.52Z - Cultural education [*] [CE]	85.10Z - Pre-primary education 85.20Z - Primary education 85.31Z - General secondary education 85.32Z - Technical and vocational secondary education 85.41Z - Post-secondary non-tertiary education 85.42Z - Tertiary education (*) 85.51Z - Sports and recreation education 85.53Z - Driving school activities 85.59A - Continuing education for adults 85.59B - Sundry education 85.60Z - Educational support activities
90 - Creative, arts and entertainment activities	90.01Z - Performing arts [PA] 90.02Z - Support activities to performing arts [PA] 90.03A - Artistic creation related to fine arts [PA] 90.03B - Other artistic creation [PA] 90.04Z - Operation of arts facilities [PA]	
91 - Libraries, archives, museums and other cultural activities	91.01Z - Library and archives activities [HER] 91.02Z - Museums activities [HER] 91.03Z - Operation of historical sites and buildings and similar visitor attractions [HER]	91.04Z - Botanical and zoological gardens and nature reserves activities

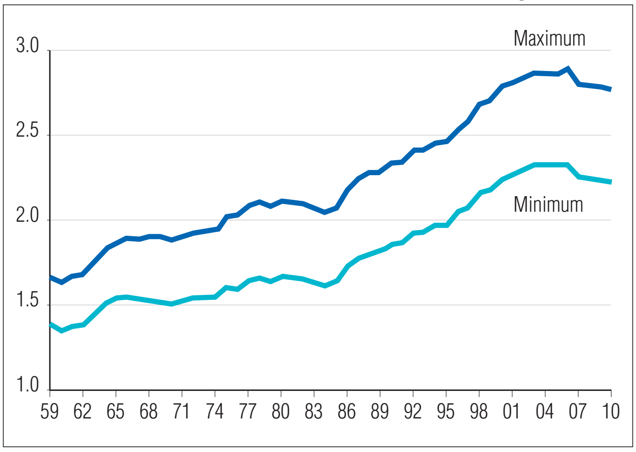
(p) Partially cultural code.

(*) C 85.52Z excludes tertiary education establishments (including those under the aegis of Culture), which are classified under code 85.42Z (tertiary education). These establishments (of which there are around 100) are included here in the gross value added assessment.

NB: cultural activities are grouped into 8 domains (see Table 2 of this publication), as indicated in the table above: AV: audiovisual; PA: performing arts; HER: heritage; CE: cultural education; BP: books and press; AR: visual arts; ARCHI: architecture; ADV: advertising.

Graph 7 – The contribution of the cultural gross value added for the whole of the economy, based on maximum/minimum estimation, 1959-2011

Expressed as a %



Source: INSEE, National Accounts - 2005/DEPS data, French Ministry of Culture and Communication, 2013

Measurement of the economic contribution of culture is affected by the way its scope is defined

The statistical scope used here to measure the economic contribution of culture does not include certain fields which are very difficult to define from a statistical point of view, either because they do not correspond to a sector at its finest level of classification (art galleries, for example, are included in the "retail sale" sector), or because they relate to so-called creative activities which are for the most part industrial or commercial (e.g. the fashion clothing industry, retail book sales). Conversely, the scope selected here includes fields which are partly cultural, such as photographic development laboratories and advertising agencies; excluding these high value-added sectors from the scope of culture would result in a 10% reduction in its value. Therefore, we have not included here industrial activity sectors which might be considered cultural such as printing activities (18.11 and 18.12, the latter code ("Other printing") having a more limited cultural content), or reproduction (18.20) and manufacture of musical instruments (32.20) as these are activities which only enable the reproduction of cultural products but do not bring any cultural value to the process[1]. The same goes for equipment and materials (from the manufacture of optics to that of paints or other printing varnishes and inks). Value-added for musical instrument manufacture in 2010 was put at €96bn yet its contribution to the calculation of the economic impact of culture remains minimal. Inclusion of this activity might risk losing its visibility in culture, spreading it too thinly across various sectors. Finally, the production of communication tools, (i.e. all activities related to the dissemination and provision of telecoms services; the cost of an ADSL subscription for example) is not included in this field, even though these tools enable the dissemination of cultural activities and services (an internet connection enables people to listen to music online for example[2]).

The European statistics working group has arrived at a definition of the scope of culture mutually approved by countries with quite different backgrounds and governments.

The scope of culture within household consumer expenditure

Included in the scope of cultural expenditure are a number of items or groups of items within the Classification of Individual Consumption by Purpose (COICOP[3]) listings, which divides household consumption into products: HJ58Z1A (books), HJ58Z1 (newspapers), HJ58Z1D (journals and periodicals), HJ59Z2 (motion pictures, videos and television programmes), HJ59Z3 (sound recordings and music publishing), A88.60 (programming and broadcasting), A88.90 (creative, artistic and performing arts activities) and A88.91 (libraries, archives, museums and other cultural activities). On the other hand, to maintain consistency with the economic impact of the cultural sectors, spending on "the distribution of packages of radio and television programmes" (classified under division 61 of COICOP) is not counted as cultural expenditure. These classification systems are very slightly different to those used to determine output and GVA. It is not possible therefore here to give a complete breakdown of GVA for the cultural branches by different aggregated groups (such as household consumer expenditure) as is done for example for the economy as a whole under national accounting standards[4] and to thus create an appended or "satellite" account specifically for culture. The sources would moreover not be sufficient to assess each of the GVA considerations.

The scope of culture within public expenditure

The classification system for consumer expenditure is different to that for production, however there are many possible points of comparison. Certain international classification system items defined by the National Accounts system of 1993 (revised 1999) are included as cultural expenses: COFOG (Classification of the Functions of Government[5]): 08.2 – Cultural services, 08.3 Broadcasting and publishing services and 08.5 R&D Recreation, culture and religion.

1. We also see these choices in the 2009 UNESCO Framework for Cultural Statistics.
2. The purchase of cultural goods online is on the other hand included: e.g. the legal downloading of music is included in NAF code 5920Z - Sound recording and music publishing.
3. See: http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=5&Top=2&Lg=2
4. See for example: http://www.insee.fr/fr/themes/comptes-nationaux/tableau.asp?sous_theme=1&xml=t_1101
5. See: http://www.insee.fr/fr/themes/theme.asp?theme=16&sous_theme=3.3

Box 2 – Definitions and Concepts

Institutional bodies or sectors

Five major institutional sectors go to make up the national economy: Non-financial corporations (S.11), Financial corporations (S.12), General Government (S.13), Households (S.14), Non-profit institutions serving households (S.15).All non-resident units, inasmuch as they maintain economic relations with the units which make up the national economy, are covered by Rest of the world (S.2). Culture covers three institutional sectors (S.11, S.13, S.15).

Non-financial corporations produce market goods and service (i.e.at a price covering more than 50% of production costs) and have no non-market output (see below). On the other hand, the two other players (General Government and NPISH) produce predominantly non-market goods and services, i.e. at a price covering less than 50% of production costs. The 50% criterion is an agreed standard at national accounting level, as is the split between General Government and NPISH. This results in a public accounting system which is comparable at European level. Were the 50% threshold to be lowered, fewer establishments would be classified as non-market, which would bring down the total for non-market output because, for these establishments, only their market output would be taken into account.

Non-financial corporations, referred to here as businesses

Businesses cover the economic agents whose primary function is to produce non-financial market goods and services. They make up the largest part of the productive system. They can be divided into two main categories:

- non-financial corporations, which usually have their own legal personality (limited liability companies (e.g. SA, SARL, SAS), single owner limited liability company (EURL), cooperatives, partnerships, industrial and commercial public establishments (EPICs), non-profit-making organisations, holdings, etc.), and an accounting system which is independent of its owner
- individual businesses whose legal personality is not distinct from that of their owner (craft workers, shopkeepers, professionals, etc.). A company's legal status should not be confused with its régime which only affects its tax rate: the French social security system provides different types of cover for people in paid employment, with different régimes for the self-employed, small businesses etc.

General Government

All institutional units whose primary function is producing non-market goods and services or carrying out transactions that redistribute income or national wealth. The majority of their resources comes from compulsory contributions. The General Government sector includes central, state and local government units (including what are administratively termed Other Government Bodies, to which the state has entrusted a functional and specialised competence at national level) along with their social security funds.

For culture, General Government comprises: the state (which devotes part of its budget to culture), certain Other Government Bodies (whether public or subsidised) and local governments (a proportion of whose expenditure also goes on culture). Other Government Bodies involved in culture include public bodies under the aegis of the Ministry (Paris National Opera, the Louvre, cultural higher education establishments, etc.) as well certain major subsidised establishments such as national theatres, orchestras etc. The French government list of Other Government Bodies can be found here: http://www.insee.fr/fr/indicateurs/cnat_annu/base_2005/methodologie/odac-simple.pdf.

The majority of subsidised cultural bodies are nevertheless classified under national accounting standards as NPISH (see below).

Non-profit institutions serving households (NPISH)

These are special kinds of non-profit institutions which produce non-market goods and services for households. Their resources are derived mainly from donations in cash or in kind from households in their capacity as consumers, from payments made by general governments, and from property income.

In the cultural sphere, excluding the aforementioned Other Government Bodies, NPISHs are almost exclusively associations, and they operate within four areas: cultural education (regional music schools for example) the performing arts (theatre companies for example), heritage (regional museums) and the visual arts (educational bodies for art, sculpture, etc.).

Economic indicators

Production

Economic production is an activity carried out under the control and responsibility of an institutional unit that uses inputs (labour, capital, and goods and services) to produce outputs of goods or services. These outputs are usually destined for other institutional units than their own producer, but may also be used by the producer. There are three types of output:

- market output, which consists largely of products sold at an economically significant price
- output produced for own final use, which consists of goods and to a lesser extent, the services produced by an institutional unit for its own sole use or for own-account fixed capital formation. The output of dwelling services by owner-occupier households is included in this category
- non-market output consists of output supplied to other institutional units for free or at prices that are not economically significant. This covers goods and services not for sale on the market because they are indivisible (e.g. defence, police, public lighting etc.) or sold at very low cost for political purposes and because they promote positive external effects (e.g. education and culture). In the absence of a market price, these non-market services are evaluated on the sum of their production costs: compensation of employees, products used for intermediate consumption to produce the services in question, taxes relating to production and consumption of fixed capital.

Intermediate consumption

Intermediate consumption consists of the value of the goods and services consumed in the process of production. However, this excludes fixed assets whose consumption is recorded as consumption of fixed capital. In certain cases, the dividing line between intermediate consumption and capital formation is based on conventions. Hence the following are included under intermediate consumption: routine maintenance work for company buildings, purchases of small tools, expenses for research and development, staff training, etc.

Applying French national accounting standards to cultural sector output

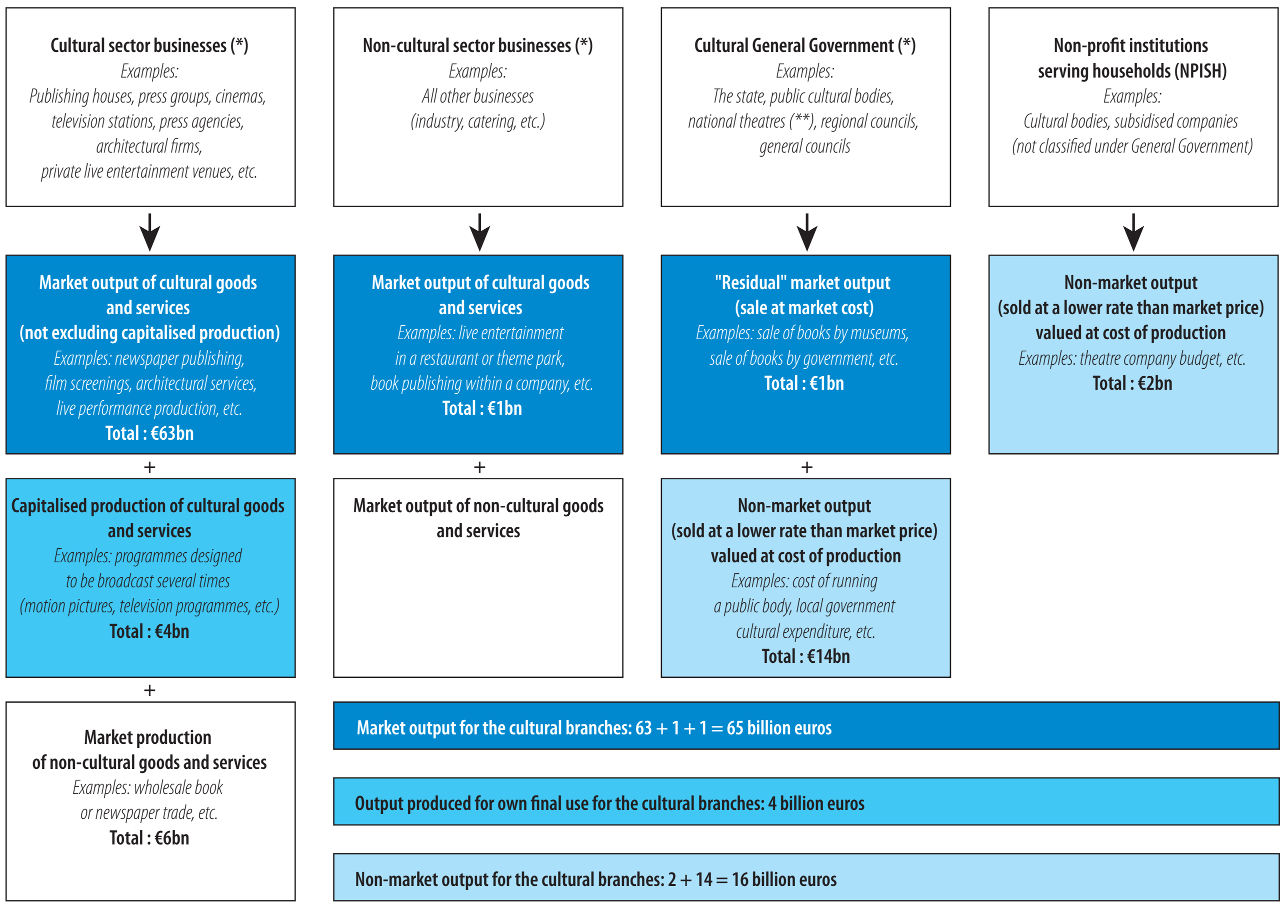
Cultural businesses (publishing houses, press groups, cinemas, television stations, architecture firms, private live entertainment venues, artistic creators, etc.) are responsible for the vast majority of cultural sector market output (€63bn), with a proportion of that output being devoted to non-cultural goods or services (catering facilities in entertainment venues for example). A very small proportion of cultural market production (totalling €2bn) comes, on the one hand, from businesses whose main activity is not cultural (book publishing within a company, live entertainment in a restaurant, for example) and on the other hand, from the residual market output of certain cultural administrations, selling cultural products at market prices (the sale of books by a public museum for example[1]). Market output for cultural branches is therefore put at €65bn.

General government as a whole is responsible for a non-market cultural output of €14bn. NPISHs, which almost exclusively consist of non-profit-making organisations (music colleges, theatre companies etc.), in 2011 totalled production costs of €2bn euros which, in accordance with current norms, corresponds to their non-market output Households thus benefit from General Government and NPISH's cultural nonmarket production through their access to museums, entertainment venues, artistic education services (conservatories), at lower rates. It is also worth noting that households, in buying museum and live entertainment tickets are helping reduce the net production costs of cultural associations and government authorities; however, in accordance with current norms, this cost is not deducted when calculating non-market output.

Finally, cultural businesses generate €4bn in capitalised production of cultural goods or services (for example television programmes made and intended to be broadcast at a later date).

Overall, market, non-market and capitalised production for the cultural branches is therefore 65 + 16 + 4 = 85 billion euros.

Graph 8 – Output for the cultural and non-cultural branches and sectors for 2011



NB: This breakdown is an estimate for the purposes of determining total cultural output. Data should be treated with caution.
(*) See Box 2.
(**) Only some subsidised bodies are classified as General Government under national accounting standards, the others being NPISHs (See Box 2).

Source: INSEE, National Accounts – 2005/DEPS data, French Ministry of Culture and Communication, 2013

1. For this same public museum, sale of tickets, under national accounting standards, is counted as non-market production, as these sales are viewed as being at a preferential consumer rate, through the use of public subsidies to the museum. This is an accepted accounting norm.

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RÉSUMÉ

En 2011, les branches culturelles totalisent une production de 85 milliards d'euros et une valeur ajoutée de 40 milliards d'euros. La production culturelle se partage entre une partie marchande (69 milliards d'euros), issue de la vente des biens et services culturels des entreprises, et une partie non marchande (16 milliards d'euros), qui correspond, par convention, aux coûts de production des administrations, établissements publics et associations dans le domaine culturel.

Le poids économique direct de la culture, mesuré comme le rapport entre la valeur ajoutée des branches culturelles et celle relative à l'ensemble des branches, est de 2,2 % en 2011. Il ne prend pas en compte les retombées économiques indirectes ou induites par la culture (tourisme par exemple). Jusqu'en 2003, le poids économique direct en valeur de la culture a augmenté. Il est en recul depuis 2004, ce qui est principalement à relier au repli de l'activité dans certaines industries culturelles (édition, presse, disque).

En 2011, l'audiovisuel (radio, cinéma, télévision, vidéo, disque) concentre un quart de la valeur ajoutée culturelle. Le spectacle vivant et le patrimoine, branches majoritairement non marchandes, concentrent respectivement 18 % et 11 % de la valeur ajoutée. La progression au cours des quinze dernières années de la part en valeur du spectacle vivant est principalement due à l'augmentation des prix dans cette branche. À l'inverse, le livre et la presse ne concentrent plus que 15 % de la valeur ajoutée culturelle en 2011, contre 26 % en 1995. Les autres branches culturelles (agences de publicité, architecture, arts visuels, enseignement culturel) contribuent dans leur ensemble à un tiers de la valeur ajoutée culturelle.

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