

The Meaning of the Creative Economy in Los Angeles

Samuel Hoi

Maryland Institute College of Art

Creativity is a major sustaining force for the 21st century and a long-standing strength of the United States. Artistic services and innovation are, more than ever, essential resources for the dynamic, knowledge-based, and increasingly global economy. Nurtured and parlayed correctly, rich creative capital can lead to social and economic health for communities. A compelling example is in the Los Angeles region.

Since 2007, the Otis College of Art and Design has commissioned an annual “Otis Report on the Creative Economy Report for the Los Angeles Region” (Otis Report) from the Los Angeles County Economic Development Corporation (LAEDC). The study documents the wealth and jobs generated and supported by cultural and artistic goods and services and creative industries and practitioners in the Los Angeles region. The report offers a new, more accurate, and useful economic analysis of the creative sector to help policymakers, business leaders, cultural leaders, artists, and entrepreneurs understand the significance of this segment of the Los Angeles regional economy. The latest edition, the 2013 Otis Report, was expanded to cover the entire state of California.

In the Otis Report, the creative economy is defined as the economic output of 11 creative industries: architectural and interior design, art galleries, communication arts, digital media, entertainment, fashion, furniture and decorative arts, product and industrial design, publishing and printing, toys, and visual and performing arts. The report also examines the economic effect of self-employed creative professionals, a significant force in the arts. The final piece of the creative economy consists of the support system that nurtures and sustains creative activity: arts programs in K–12 schools; postsecondary arts institutions to develop talent; and philanthropic foundations, along with other nonprofit funding organizations, to provide financial resources, incentives, and services to the creative arts. By design, the report casts a wide net to more accurately portray the entire creative ecology, not just the arts and nonprofit organizations. The economic effect of the creative sector includes jobs, payroll, revenues, and state and local taxes generated as a result of related activities.

The seven editions of the Otis Report have consistently established the creative professionals and industries as a singularly potent economic driver and jobs generator in Los Angeles and California. The latest findings from the 2013 report are as follows:¹

¹ Otis College of Art and Design, “2013 Otis Report on the Creative Economy Report of California and the Los Angeles Region,” (Los Angeles, CA: Los Angeles County Economic Development Corporation, February 2014). http://www.otis.edu/sites/default/files/2013-Otis_Report_on_the_Creative_Economy-2.pdf.

1. California's creative industries generated \$273.5 billion in total (direct, indirect, and induced) output.²
2. The Los Angeles region's creative economy supported one in seven wage and salary jobs, accounting for 10.4 percent (net) of the region's gross economic output, or \$1 of every \$10 produced.
3. The Los Angeles region's creative industries sustained 726,300 workers who earned \$50.6 billion.
4. Across California, the creative sector accounted for 9.7 percent of all wage and salary employment, and contributed 7.8 percent to California's gross state product. That means, on average, the creative economy accounted for one in ten payroll jobs and \$1 of every \$12 generated in the state.
5. The creative economy is strong and pervasive across the state. Nearly 56 percent of creative occupations are outside of the creative industries. For example, graphic designers work in both specialized design studios and the design division of financial firms.

Such powerful data offer hard evidence of the impact of the creative economy, and argues for continued support and greater awareness of its role. The evidence was so convincing that following a presentation at the California capitol of the 2013 findings, the state legislature approved a one-time \$5 million increase in general fund support for the California Arts Council (CAC) in the 2014–2015 state budget, marking the first time in more than 10 years that the arts have seen an increase in the state's general fund. (Support for the CAC was cut by 94 percent in 2003, and in the recent past, CAC received an average of \$1 million in annual general fund support from the state.)

Although the Otis Report provides headlines in dollars and cents, it tells a larger story of the broad and critical value of artists and the creative professions in society. Further, it addresses the multiplying social effect of the creative economy. The result is a new and heightened understanding and integration of—and investment in—artists and creative enterprises in social and economic policies and strategies beyond the traditional cultural arena such as museums and concert halls.

No doubt, Los Angeles and California are striking models of the creative economy and concentration of creative resources. Yet, creative capital abounds in many regions in the United States and can be deployed to the benefit of both the creative and broader communities. For optimal effect, investment in the nation's creative capital should consider three key aspects: place, people, and collaboration.

² Indirect output is created when firms in the creative industries make purchases from their suppliers and vendors. Additional induced output is generated when direct and indirect employees spend their wages on consumer goods and services.

Invest in Place

The creative capital of a place innately showcases its distinctive cultural advantages. Southern California provides an outstanding example. The “Pacific Standard Time: Art in Los Angeles 1945-1980” regional initiative, led by the Getty Foundation, brought cultural organizations throughout southern California together from 2011-2012 to present a series of exhibitions featuring works of art and architecture created in Los Angeles during the post-World War II period. More than 60 cultural institutions and more than 70 galleries in Southern California held a variety of coordinated exhibitions in a six-month period. These exhibitions covered a range of media and movements in a collaborative effort to document and share the birth of the art scene in Los Angeles. Pacific Standard Time achieved historic cultural results by uniting an unprecedented network of partners, attracting visitors and attention worldwide, and reframing how art and design made in Los Angeles are viewed, contemplated, and understood. The initiative infused a greater sense of pride into the regional identity. Further, its economic effect included \$280.5 million in revenues, 2,490 jobs, and \$19.4 million in tax revenues for state and local governments.³

Invest in People

In a nation stratified by an alarming and widening income gap, educating a creative workforce is a great equalizer. By developing their innate creativity and talent, young people with disadvantaged backgrounds can more readily advance themselves and their families socioeconomically. Art and design colleges such as the Otis College of Art and Design and Maryland Institute College of Art in Baltimore offer abundant evidence that graduates who are first-time college attendees in their families can help the creative economy thrive. Equitable and inclusive investment in arts education and creative jobs and enterprises can lead to opportunities that activate the natural strengths of a diverse workforce.

Invest Together

A coalition composed of diverse sectors should invest in the creative economy because of a common stake in the outcome. Companies want a first-rate workforce and an abundant supply of innovators; federal, state, county, and city governments want more businesses, tourists, jobs, and revenue; philanthropic organizations hope to see an increasingly equitable, sustainable, and healthy society; academia and nonprofit organizations strive to fulfill their educational and service missions, and they share similar goals; and, last but not least, independent entrepreneurs and creative professionals relish a supportive and fertile environment in which their ideas and practices can flourish.

3 Los Angeles County Development Corporation, “Pacific Standard Time: Art in Los Angeles 1945-1980/ Economic Impact Analysis.” (Los Angeles: Los Angeles County Development Corporation, September 2012).

The United Nations Conference on Trade and Development’s “Creative Economy Report 2010” effectively summarizes creativity’s return on investment: “Adequately nurtured, creativity fuels culture, infuses a human-centred [sic] development and constitutes the key ingredient for job creation, innovation and trade while contributing to social inclusion, cultural diversity and environmental sustainability.”⁴ Working together, we must value, integrate, and invest in creative enterprises and professionals for effective social and economic development. We must also invest in arts education and cultural participation to cultivate talent in a sustained way. Our times mandate smart solutions. Creativity must be part of our big picture.

Samuel Hoi is the president of Maryland Institute College of Art (MICA), the oldest continuously degree-granting college of art in the United States. He is an advocate for art and design education, and creative professionals as drivers in social, economic, and cultural advancement. Hoi was president of Otis College of Art and Design, where he shepherded new academic initiatives involving innovative partnerships and community engagement. He also launched the annual “Otis Report on the Creative Economy of the Los Angeles Region,” which was recently expanded statewide in California. As former dean of the Corcoran College of Art and Design, he created a visual arts outreach program that received a Coming Up Taller Award from the President’s Committee on Arts and Humanities. In addition to holding honorary doctorate degree from the Corcoran and Otis, he was decorated in 2006 by the French government as an Officer of the Ordre des Palmes Académiques.

4 United Nations, “Creative Economy Report 2010: Creative Economy—A Feasible Development Option.” (New York, NY: United Nations, 2010).