

Global financial crisis and recession: Impact on the arts – A survey

IFACCA members will be aware that the global economy is likely to be entering into recession. According to the *OECD Economic Outlook No. 84*, released in November 2008, ‘many OECD economies are in or are on the verge of a protracted recession of a magnitude not experienced since the early 1980s.’ The Outlook predicts that the majority of OECD countries will experience a recession in 2008-09 and that the major non-OECD countries are in many cases also slowing. Links to the Outlook and the OECD’s web page in response to the impending global downturn can be found in the list of resources at the end of this questionnaire.

The OECD attributes the downturn mainly to what has become known as the ‘global financial crisis’ resulting from ‘financial turmoil that erupted in the United States around mid-2007 [that] has broadened to include non-bank financial institutions and rapidly spread to the rest of the world.’

At its meeting in Scotland on 21 to 22 November, the IFACCA board asked the Secretariat to canvass members about the likely impacts that the global economic and financial downturn will have on the arts, and to gather information on policy responses to the downturn to share with each other. The board emphasised the need to gather information quickly in order to help IFACCA members to respond to the new economic environment in a timely and informed way.

We are distributing this brief questionnaire to chief executive officers of IFACCA members as an initial information gathering exercise. The questionnaire aims to:

- (i) obtain opinions and evidence on the severity and timing of the impact of the global economic downturn on the arts; and
- (ii) uncover information on how the arts and government agencies are responding to the expected downturn and, where possible, to share that information among members and the IFACCA network.

This questionnaire is divided into four main sections: the outlook for the arts; the arts sector response; responses planned by government arts agencies; and general issues and comments. A selection of news and information items is also included at the end of the questionnaire for your information.

The IFACCA secretariat will monitor developments over the next 12 to 24 months, and may distribute a follow-up questionnaire to track developments. In the questionnaire we therefore also ask for your input and ideas on any issues or initiatives that IFACCA could follow up on in future communications in this subject. We welcome any general comments or ideas.

The deadline for responses is **Tuesday 20 January 2009**. Please note that a report on the responses will be sent to respondents only in the first instance, so if you are interested in this issue, please make sure that you complete the questionnaire and return it to us by **20 January**.

WHAT TO DO

- Please answer the questions below and email your response to IFACCA at info@ifacca.org, or fax to +61 2 9215 9111 (making sure that IFACCA is identified on the cover sheet).
- If you know of someone else in your agency is better placed to respond, please forward this query to them.
- Please note that this questionnaire is available in English and Spanish.
- Please return the completed survey by Tuesday **20 January 2009**.
- A summary of responses will be sent to respondents by **mid-February 2009**.

(A) The outlook for the arts

1) Overall, how would you describe the financial or economic prospects of the arts sector in your country over the next 12 months:

Place an 'x' to indicate your answer

- | | | |
|--------------------------|------------------------------|---|
| <input type="checkbox"/> | Strongly negative | (a large contraction in activity in the sector) |
| <input type="checkbox"/> | Mildly negative | (a mild contraction in activity in the sector) |
| <input type="checkbox"/> | Neither positive or negative | (the sector will remain 'flat') |
| <input type="checkbox"/> | Mildly positive | (a mild expansion in activity in the sector) |
| <input type="checkbox"/> | Strongly positive | (a large expansion in activity in the sector) |
| <input type="checkbox"/> | Don't know/unsure | |

2) What impact do you think the global economic downturn will have on the arts sector in your country over next 12 months:

Place an 'x' to indicate your answer

- | | |
|--------------------------|--|
| <input type="checkbox"/> | Strongly negative |
| <input type="checkbox"/> | Mildly negative |
| <input type="checkbox"/> | No impact (neither positive or negative) |
| <input type="checkbox"/> | Mildly positive |
| <input type="checkbox"/> | Strongly positive |
| <input type="checkbox"/> | Don't know/unsure |

Comments or more detail

Write comments here...

3) If you answered either (a) or (b) to the question above, how long do you expect the impacts to be?

Place an 'x' to indicate your answer

- | | |
|--------------------------|-----------------------|
| <input type="checkbox"/> | Up to 6 months |
| <input type="checkbox"/> | Up to 12 months |
| <input type="checkbox"/> | Up to 18 months |
| <input type="checkbox"/> | Up to 24 months |
| <input type="checkbox"/> | Longer than 24 months |
| <input type="checkbox"/> | Don't know/unsure |

Comments or more detail

Write comments here...

4) What are the mechanisms through which impact on the arts sector will be felt?
Please place an 'x' in the appropriate cell below. We invite you to add any other mechanisms you think are important, or to provide more detailed description of the mechanisms you identify.

Mechanism	Impact					
	(place an 'x' to indicate your answer)					
	Strongly negative	Mildly negative	No impact	Mildly positive	Strongly positive	Don't know/unsure
INCOME (negative=a decline in income)						
Sponsorship (corporate sector)						
Philanthropic giving from:						
Foundations/trusts						
Individuals						
Endowment income						
Earned income from sales (including subscriptions)						
Government funding from:						
Federal/national						
State/provincial/regional						
Local/municipal						
Other (please specify):						
<i>Specify...</i>						
EXPENSES (negative=an increase in expenses)						
Operating costs						
Financing and credit (both cost and availability)						
Capital expenses						
Wages and salaries						
Other (please specify):						
<i>Specify...</i>						

OTHER IMPACTS

Please indicate any significant non-financial impacts you think the economic downturn may have on the arts sector. Some examples are provided. Please describe in detail any impacts in the comments box.

	Place an 'x' to indicate significant impacts
Less adventurous programming	<input type="checkbox"/>
Reduction in commissioning new work	<input type="checkbox"/>

Consolidation of operating units

Staff layoffs

Other significant impacts (please specify):
Specify...

Comments or more detail

Write comments here...

5) Do you expect the impacts of the global economic downturn to be felt more by particular sub-sectors or art forms? If you do, please indicate from the list below, adding any others you think may be important. If you think that the effects will impact across all sectors more or less evenly, please go to the next question.

Place an 'x' for the sub-sectors on which you think the downturn will have greater impact

Size

- Large/major arts companies and institutions
- Small to medium companies
- Individual artists and sole traders

Market

- Subsidised sector
- Non-subsidised sector

Art Form

- Visual arts (including art museums, galleries, crafts, multimedia, and design)
- Performing arts (including music, theatre, opera, dance, and venues)
- Literary arts (including publishing and book sales)
- Community arts and culture
- Other (please specify):

Specify...

Type of arts organisation

- Building or venue based
- Touring
- Independent production companies
- Service organisations (organisations providing services to the arts)
- Other (please specify):

Specify...

Please explain, or provide comments or detail

Write comments here...

6) Over the next 12 months, do you expect to see changes in the behaviour or composition of arts audiences or arts consumers? If yes, please describe below, outlining your reasoning and providing references to any research or resources upon which your expectations are based.

Changes in audiences/consumers, with reasoning and references

Write comments here...

7) Over the next 12 months, do you see any positives or ameliorating factors due to the global economic downturn? These might be inherent strengths in the arts sector or opportunities that the arts can tap into. For example, strengths and opportunities identified by analysts include:

- Local cultural tourism may increase, offsetting an expected decline in international tourism.
- People will turn to the arts in times of turmoil for the arts' 'feel good' factor, so demand for the arts may not drop as much as in other sectors.
- Innovation, creativity and flexibility in the arts sector will allow it to respond better to the downturn than other economic sectors.

Please describe any strengths or opportunities, detailing your reasoning

Write comments here...

8) A number of resources in the 'further reading' list at the end of this questionnaire analyse the impact that previous recessions have had on the arts. Do you think that the impacts of the current economic downturn will be similar to previous recessions?

Place an 'x' to indicate your answer

- | | |
|--------------------------|-------------------|
| <input type="checkbox"/> | Yes |
| <input type="checkbox"/> | No |
| <input type="checkbox"/> | Don't know/unsure |

Please explain your reasoning

Write comments here...

(B) The arts sector response

9) How well positioned is the arts sector in your country to respond to a global recession?

Place an 'x' to indicate your answer

- Well positioned
 Neither well positioned nor poorly positioned
 Poorly positioned
 Don't know/unsure

Why do you think this?

Write comments here...

10) Are you aware of any good practice programs, collaborations, or research being undertaken by organisations in the sector to respond to the impending economic downturn? If so, please provide a description, references or web links below, or attach files to your response.

Description/references

Write comments here...

(C) Arts agency and government response

11) Has your agency implemented, or do you plan to implement, special initiatives or research in response to the global economic downturn? If yes, please describe below, providing references and weblinks or attachments.

Description/references

Write comments here...

12) Has your government implemented, or does it plan to implement, special initiatives or research in response to the global economic downturn that you think may be relevant to the arts? If yes, please describe below, providing references and weblinks or attachments where possible.

Description/references

Write comments here...

(D) General issues and comments

13) Do you know of any other information resources relating to the impact of the global economic downturn on the arts that would be useful for other IFACCA members? If so, please provide references below, including weblinks where possible, or attach resources to your email response.

References

Write comments here...

14) We are considering distributing a follow-up to this questionnaire to monitor developments and to share updated information. Do you think a follow-up survey is worthwhile?

Place an 'x' to indicate your answer

- | | |
|--------------------------|-----|
| <input type="checkbox"/> | Yes |
| <input type="checkbox"/> | No |

If yes, please indicate when you think would be the best time to distribute a follow-up questionnaire:

Write your answer (eg: 'June 2009')

Write here...

15) Are there questions or issues relating to the global economic downturn that you think IFACCA should address over the next 12 months, or that we should ask about in a possible follow-up questionnaire? Please describe in the space below.

Issues, etc.

Write comments here...

16) Are there any other comments or ideas you have about this questionnaire?

Comments and ideas

Write comments here...

Thank you very much for completing this survey.

Further reading

OECD

- *Economic Outlook*: www.oecd.org/oecdEconomicOutlook
- *OECD response to the economic crisis*:
http://www.oecd.org/document/24/0,3343,en_2649_201185_41707672_1_1_1_1,00.html

Arts and Business, UK

Business Investment in Culture Trends 2008: Will the Credit Crunch Affect This?, by Tina Mermin, September 2008.

In August 2008 Arts and Business undertook research into how the credit crunch and financial crisis was affecting the arts and cultural sector. The research examines the attitudes towards and confidence in future investment from the private sector. They are currently updating this initial research study in light of developments since August 2008.

http://www.aandb.org.uk/Asp/uploadedFiles/Image/research_nov2008/aandb_research_business_investments_sep08.pdf

Foundation Center, USA

Focus on the Economic Crisis, including:

- *Do Foundation Giving Priorities Change in Times of Economic Distress?*, November 2008
Steven Lawrence, the Foundation Center's senior director of research, examines trends in foundation giving priorities during times of financial difficulty.
http://foundationcenter.org/gainknowledge/research/econ_outlook2.html
- *Past Economic Downturns and the Outlook for Foundation Giving*, October 2008
by Steven Lawrence, Senior Director of Research
http://foundationcenter.org/gainknowledge/research/econ_outlook.html

National Association for State Arts Agencies (NASAA)

Executive Director's Column, by Jonathan Katz, NASAA Executive Director, Notes, Vo. 12(8), December 2008

Suggesting that one way for arts agencies to adapt to the changing economic environment is to reconsider their mission and their management, communication and cultural leadership roles, Jonathan Katz poses a series of questions to help arts agency executive officers 'consider how best to provide public service in these challenging times.'

http://www.enebuilder.net/nasaanotes/e_article001279784.cfm?x=bdPhn4j.bbhg2Dm

LabForCulture, Europe

Financial crisis: impact on sponsorship and philanthropy for arts and culture: articles and viewpoints from the international media, November 2008.

A list of articles and blogs on the economic downturn and the arts from the international media.

<http://www.labforculture.org/en/tagcloud/keyword?keyword=financial+crisis>