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**Aesthetics in the Age of Austerity:  
Building the Creative Class**

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## **Aesthetics in the Age of Austerity: Building the Creative Class**

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### **Abstract**

Aesthetic theorists often interpret and understand works of art through the social and political context that creates and inspires the work. The recent economic recessions, and the accompanying austerity measures in many European countries, provide an interesting test case for this contextual understanding. Economists debate whether or not spending on entertainment and arts drops during times of recession and austerity. Some economists assume that spending will decline in times of austerity, but others point to evidence that spending on creative arts and entertainment remains steady and even increases during a recession because of the relief and escapism that the arts provide. Tax incentives and production rights are often given to filmmakers in the United States; in hopes that such projects will enliven a local economy and provide work for a local creative community. In the context of recent austerity measures in Greece and Spain, new and creative ways for members of the arts community to bring about new projects, and fund them in ways that critique political leadership, have emerged. Following Richard Wollheim's classic aesthetic theory of "criticism as retrieval," we should be mindful of the cultural values that are at stake in the creativity-culture market now being created. In any case, some scholars estimate that austerity measures in many countries will last until 2020, giving us ample opportunity to be even more "creative" with both financial incentives and artistic achievements.

**Keywords:** Austerity, Cultural Economy, Creative Class, Tax Incentives, Aesthetics, Microtheatres, Entertainment.

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## **Introduction**

*“To be a great artist or writer, you must be constantly learning  
about the world in which we inhabit.”  
Richard Wollheim*

The recent economic recession, and the accompanying austerity measures in many countries, relates to the cultural context in an ambiguous way. In the last few years, academics have produced a variety of research on the potential for a “growth” in creativity during times of austerity measures. Many of us are familiar with the catchphrases that are meant to inspire us in times of economic difficulty: “do more with less” and “pick the low-hanging fruit.” These phrases imply that creative solutions to financial limitations require a loss of quality or a sacrifice in innovation. This paper is intended to problematize that assumption.

Traditionally, the cultural economy has been understood as secondary to and dependent on the financial and manufacturing economies. The common-sense understanding of market and culture is that cultural pursuits depend upon the average person having disposable income to spend on entertainment and the fine arts. Recent research has shown that this common understanding is actually wrong. For example, after the 1929 stock market crash, attendance at films increased, and that time period is described as the Golden Age of Hollywood. In Spain, the theatre sector invented a variety of “creative” ways to work around new VAT taxes, including selling carrots as theatre tickets and supporting pop-up microtheatres in private apartments. It can certainly be argued that the cultural economy is becoming more of a major player for many countries, as economic recovery often coincides with revitalization in the arts, performance, and hospitality industries. In London, cultural economy ranks as the 4th largest sector of employment. The claim that it is imperative for economic purposes that a successful playground be built for the “creative class” has been argued for at least a decade. However, often what is meant by creativity includes a variety of financial incentives that are not necessarily creative or “cultural” in their motivation. Rather, individual consumers support the arts even in times of limited discretionary spending (as in the “Golden Age of Hollywood” after the economic crisis of 1929); and international business still sees profit potential and wise investment in creative endeavors and the arts. State strategies to lure film makers, and tax breaks for entertainment productions that are willing to relocate to countries under austerity measures are a major influence on the current international scene. The potential importance of the cultural economy in economic recovery in general, and the connection between the cultural economy and entertainment corporations that are motivated by economic incentives, require us to reframe the austerity-creativity connection.

## Reconstruction

In June of 2012, Greece was still recovering from complex economic difficulties, and just a few months earlier in April 2012 a major bailout package from the other countries in the European Union had been announced.<sup>1</sup> June of 2012 was also the first time I had the honor of presenting a philosophy paper at a conference in Greece. While there, I was able to see a performance of the Elliniko Theatro's "Socrates Now", a one-man portrayal of Socrates as he presents his Apology to the court of Athens. Taking place at the courtyard of the Athens University Museum at 5 Tholou Street, one could look directly above the actor portraying Socrates (Emmy winner Yannis Simonides) and see the lighted Acropolis. The themes of the Apology were made especially vivid since the play was presented so near where the historical events occurred, and in that particular time of austerity for the economy of Greece. As the actor portrayed Socrates challenging the political leaders in the Athens of his time, many members of the audience were struggling with similar political questions and questioning the economic future of Greece and its relation to the European Union. Art and life were, if not imitating each other, certainly resonating with each other.

There is a long tradition in aesthetic theory that considers works of art as well as dramatic performances as creative works, and that these creative works are best understood in the context of politics and history. In 1968, Richard Wollheim wrote in the book *Art and Its Objects* that the task of art criticism is "the reconstruction of the creative process."<sup>2</sup> This creative process includes the thought process of the artist/creator, and its relation to the historical, political, social influences on the work of art. These are relevant for any adequate understanding of a work. Wollheim's major example compares a Rembrandt painting to a 'perfect forgery' of the Rembrandt – the retrieved social and political influences will be quite different between a forgery, even a good one, and the authentic work. An especially relevant example is Rembrandt's *'Lucretia'* of 1666. Rembrandt is believed to have painted Lucretia as a classic literary figure and also as a reference to his lover, Hendrickje Stoffels. (Combs 2012) Their affair had been a socially unacceptable relationship in his time, taking place after a previous marriage. Rembrandt's wife had died, and her will prevented Rembrandt from marrying again, leaving Hendrickje in the position of a mistress, and she suffered greatly. Hendrickje's death took place three years before Rembrandt painted her as Lucretia, effectively comparing her to another example of a woman wrongfully criticized by society, stabbing herself after being sexually attacked by a king.<sup>3</sup> The artist's intentions, and the creative process, are different in the case of the real Lucretia and any forgery, no matter how technically perfect. Thus the creative process, and our understanding of

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<sup>1</sup>Rogers and Vasilopoulou 2012, 777

<sup>2</sup>Wollheim 1980, 185

<sup>3</sup>Combs 2012

the work, must be understood in historical, political, economic, social contexts.<sup>1</sup>

If the creative process that results in a work of art includes, and is influenced by, these external or political concerns, then one must be mindful of political and economic conditions as they affect the creative community. Moving from aesthetics to economics, there is an assumed causal relationship between the political, historical, economic context and the work of art. In other words, the context influences the creation of the work and our understanding of the work.

Other theorists have addressed the question from the opposite causal relationship, arguing that the artistic creativity and productivity of a community is instrumental, and even a necessary cause for the community's economic success. For example, Richard Florida's concept of a "creative class" has been influential for a number of scholars responding to the recent economic recession. Florida proposes that a demographic group, or class, made up of intellectuals and artists is an ascendant economic force. The rise of the Creative Class signals a move away from traditional agriculture- or industry-based economies, as creativity and ideas become an economic driving force for local communities. In the context of economic recession and austerity measures, public policy often uses financial incentives and tax breaks to bring the arts to a particular location, to raise revenue through new jobs, services for the production crew, and eventual ticket sales.<sup>2</sup>

### **Economic Theory and the Arts**

While aesthetic theory gives insight into the understanding of a work of art and its context, economic theory has also provides an analysis of art and creativity in the context of austerity measures. For example, we often make incorrect assumptions regarding the relationship between the cultural economy and other segments of the economy during times of economic recession: "whilst one might have expected culture to suffer hardest and first, in fact it has not; rather it has higher rates of growth than most parts of the economy." (Pratt 2012, 1) In fact, the relationship between the economic vitality of the cultural sector and economic vitality in general is more complex and not uni-directional. The research literature on cultural spending during difficult economic times has reflected two major shifts in opinion among economists and media analysts. First, culture and arts spending may no longer be categorized as "discretionary," but as a "core" spend/expense. Second, the cultural economy may actually play an active role as a driver in economic

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<sup>1</sup>The creative process includes the background beliefs, conventions and modes of artistic production against which the artist forms his or her intentions, as well as the current aesthetic norms, innovations in the medium, rules of decorum, ideological or scientific world-pictures, and the state of the tradition. (Wollheim 1980, 190)

<sup>2</sup>For more information on the Creative Class thesis, see Florida 2012.

revitalization. In other words, the assumption that recession means people spend less on art and entertainment may be incorrect.

The generally accepted view, rooted in conventional economic theory, is that economic recessions and periods of austerity reduce demand, and that this results in falling consumer expenditure. A related corollary to this conventional view is that personal discretionary spending falls at an even faster rate than 'basic' spending. The general expectation is thus that culture suffers, either through reduced state spending, or through starkly reduced discretionary spending. In real terms, this means that consumers buy less music, eat out less and see fewer films; and prefer to spend our diminished income on food and shelter. However, the problem is that economic practice does not follow this script. There is strong support for the theory that culture provides a 'feel good factor' that is important in periods of austerity.

The argument for an active economic engine in the arts and culture sector can be summarized in the following ways: Cuts to public funding of culture and arts programs have been significant in times of austerity measures, but have not resulted in a simple proportionate decline in the cultural sector. Instead, new and creative ways of reinvigorating arts and culture have been developed. Specific examples of these new initiatives are included in the next sections.

### **Financial Incentives and the Arts**

One specific example of economic policy using the arts and creative endeavors to drive economic growth is financial incentives and tax breaks, intended to bring new arts productions (such as films) to an area or country where relatively few films are made. The idea is to popularize the location, opening new possibilities for tourism, and to support the local creative community with the possibility of jobs working with the production.

There are a variety of arguments for and against financial incentives bringing arts, and especially film productions, to specific locations. Within the United States, Los Angeles and New York are usually where most film projects are located; this includes both the production shoot itself, and the pre-production and post-production work. The first state film production incentives, offered by Minnesota in 1997, were followed by a great number of incentives offered by various states throughout the US.

Understanding the relationship between the arts and the economic vitality of a region, or a nation state, is central to the current debate over austerity measures and financial incentives for the arts, and tax breaks/financial incentives for film industries. Arguments against financial incentive packages usually fall into one of two categories: arguments that challenge the real financial benefits of the productions, and arguments that question whether such productions support the local art community in a meaningful way or create an authentic work.

From the point of view of financial benefits, many argue that the tax incentives that benefit a non-local film company actually create an undue tax burden on the existing businesses in the area. This often results in a continued financial struggle for locally owned businesses, rather than a solution to a problem. The majority of fiscal impact studies involving film and television subsidies show that there is actually a negative effect on state revenue. Those who are skeptical of the value of these incentives also note that there is no way to tell how many local productions are actually the result of incentives, and how many would have occurred there without the financial motivation – films taking place in a particular region that need to be filmed in that region for authenticity, for example. From the political view, some note that “Incentives were not designed to create jobs but to create job announcements.” (Cobb 2006) Production location choices are now driven primarily by financing and tax break packages, rather than concerns of aesthetics or authenticity. (Christopherson and Righthor 2009, 6)

From the point of view of creativity and support for the local art community, incentive arrangements are often only for the less lucrative production phase of the work, while the largest return comes from the pre-production, post-production, and distribution phases. It is important to remember that the cultural sector of the economy includes a broad set of activities, including a range of industries based on art and media that are produced and the support activities that enable such works. These include specialized tools, materials, as well as the human resources and skilled labor involved in arts production. This distinction can also be explained as the production capabilities and the business and creative capabilities. (Davis and Kaye 2010, 57) Most incentive arrangements focus on production work, rather than creative pre-production or business post-production. This means that the production may only support the local creative community in a short-term and temporary sense, during the production, with relatively little lasting impact on the local talent and the local economy.

In European countries the film industry often protected, and portrayed, a country or region’s cultural distinctiveness, instead the recent financial incentives attract co-productions for global markets – a sign of homogeneity and globalization. The focus on an external market (making art that appeals to a globalized market) may alienate locals whose interests and tastes are relegated to a subordinate position.

Arguments in favor of incentives, however, often cite entertainment tourism (visiting film and television locations) as an additional positive economic impact on a state or region. Consider those who are inspired to vacation in Salzburg after seeing the film “The Sound of Music.” However, the most lucrative tourist destination sites are those created in association with studio facilities, such as Orlando, Florida’s Universal Studios. Another drawback of connecting tourism to the arts is that tourism can lend itself to a limited creative vision, with global brands (Disney World, EuroDisney) and franchises (Guggenheim) focusing on a particular notion of what a global art community expects.



If we can argue that financial incentives that build on arts productions and events do build the “Creative Class,” then the effect is greatest in areas that already have a high population to support the arts. Well-populated urban centers tend to see more long-term benefit from arts productions than rural areas. Expenditures associated with film and television productions are typically spent in the largest cities. These expenditures are related directly to the success or failure of the creative arts community. For example, in London, the cultural economy ranks as the 4th largest sector of employment. This can be extended to a variety of different types of media, including museums and music performances.

Media subsidies also raise serious issues about governance and democratic accountability. In cases where there is corruption, independent evaluation of the effectiveness and the true benefit of film incentives is difficult. This shows that transparency, and the influence of powerful interests in the decision-making process, continue to be problematic. Perhaps the most interesting examples of new creativity in the context of economic austerity measures will be those examples that show a conscious effort to dialogue with and critique government policies.

### **Necessary Skills: Building the “Creative Class”**

This issue of authenticity relates directly to one of the major arguments in favor of arts incentives: that supporting local artists, in local productions, adds to the intellectual capital of a particular region. This intellectual capital can have a long term positive economic impact for other divisions of the economy, since having a broad base supporting the arts correlates to spending and growth in other areas, goods and services.

For example, one could argue that financial incentives for the arts create a skilled labor class that can afford to spend on other items, keeping the economy as a whole more robust. Specifically, local production talent will be able to gain work experience during a local film shoot, building skills and intellectual knowledge through the creative process. Public Policy scholars doubt this claim, noting that economic incentives to attract entertainment media are often very different from economic initiatives that foster a “creative class” from among the local talent, and improve local quality of life and begin new cultural events. It is noteworthy that in cases where skilled labor is not locally available, key members of a film production crew are often hired from Los Angeles or New York, while the production crew “below-the-line” are hired for lower wages, or through public subsidies to offset labor costs. Below-the-line labor is not given creative control, creative credit, a financial interest in post-production, and has no claim to intellectual property rights on the work. Hiring unskilled labor through temporary subsidies has a diminished economic benefit, and a diminished ability to develop the local “creative class.”

The availability of skilled below-the-line labor is the crucial building block in establishing a local industry, and the persistent problem with bench strength

in these states is a bad omen for all the other states now vying to get into the game through providing subsidies to build a production industry. An analogous situation has occurred in a number of manufacturing industries that enjoy tax incentives to move factories and processing centers: in a variety of case studies, the process of contracting, outsourcing, and using intermediaries actually reduces wages and the acquisition of skills among the local labor market. In other words, the tax benefits are short-term, and there is little investment in developing a skilled labor workforce in the long-term – when the tax benefits expire, the company simply moves again. Susan Christopherson and Jennifer Clark (2007) describe this as a valuable policy shift, from “investment regionalism” which emphasizes creating institutional support for the largest corporate investments, to “distributive regionalism” that seeks to improve the living standards of residents. These living standards must arguably include cultural enrichment of a community.

A related thesis is that “creativity and innovation are better understood as processes, “emergent” in a structural context, rather than inputs and outputs of a production chain, and embodied in situated and embedded practice.” (Pratt and Jeffcutt 2009, 6-7) What might these practices be? Naturally, they must include some attention to cultural capital, and developing skill sets to maintain arts activities long after a particular production or financially incentive-based project is completed. “Culture policy should encourage forms of local experimentation, the circulation of ideas and experiences within a community, strengthening its axes with the global arts industries, rather than trying to replicate the infrastructure of those industries on a local level.” In other words, the most effective projects that connect artistic endeavors with local economic needs are those that appreciate the local values and aesthetics within the global conditions and context.

### **Austerity and New Creativity?**

New creative projects that give attention to local interest as well as global financial realities have been noteworthy in countries experience debt and austerity measures within the European Union. Greece and Spain provide major examples. Chris Rogers and Sofia Vasilopoulou (2012) provide a painstaking analysis of the specific case of austerity measures in Greece that were begun in response to the debt crisis, noting that austerity has served as a powerful mobilizing force for creativity and integration among countries in the European Union. This notion, that economic crisis can serve as a motivation for new, creative endeavors, resonates with current scholarship on cultural economy and its relationship as a potential economic driver, an area of the economy that is still outperforming broader manufacturing and agrarian economies.

“Pop-up theatres” or “microtheatres” are an additional form of creative arts endeavors. In Spain, pop-up theatres have been credited with revitalizing and reinvigorating interest in the arts, and providing an outlet for criticism of

austerity measures. Such theatres involve plays performed in apartments or in former shops and storefronts. Because laws regarding the ownership of theatres are rather complicated, they are often called “cultural clubs” and the audience members pay a “temporary membership” fee rather than buying tickets. One such theatre began in Bescanó and engaged in a protest against high VAT (Value Added Tax) on theatre tickets by instituting an alternative form of payment: Theatre tickets had been subject to an 8% VAT, but the rate was nearly tripled to 21%. Carrots, only subject to a 4% VAT, were sold to the audience members instead of tickets. The concept of “carrot rebellions” has since caught on at other theatres and other performances, showing the ongoing support of art and culture in the face of austerity measures. (Staines 2013) Another example of the revitalization of culture in Spain is that a number of performers, artists, and poets have begun to emphasize keeping costs down in ways that focus on quality of performance, adaptability, and skills. Dependence on the state, or on art subsidies, diminishes, so the artists, actors, and directors have found ways to fund themselves. One poet noted that the lack of public state funding has shaken things up in a positive way, making art even more of a publicly supported, local community endeavor than it was before. (Tremblett 2013) Crowd-sourcing, crowd-funding, volunteering, and alternative payments and ticketing have all opened the possibility for new ways to open the complex and multifaceted cultural economy. The microtheatre performances begin as local projects, but they often do include global significance. For example, a microtheatre production of Toni Bentley’s play “The Surrender” was taken up by the Spanish National Theatre (CDN), and toured to Argentina, Germany, and the Edinburgh Fringe Festival. The local authenticity of the production remains unaffected, and a truly authentic critique of financial policies is built into the production.

These examples from Greece and Spain show a successful response to economic conditions, as well as a clear focus on artistic value and aesthetic integrity. Rather than relying on politically motivated tax incentives for art productions, the microtheatres are based on a conscious effort to critique the prevailing tax structures, subverting the VAT imposed by government policy. The production retains a local authenticity, and in cases where the production has become internationally known, the story of how the production began is included in the marketing and description of the performance – the political and economic context enlivens the play and the story of how the play has been produced. The possibilities of such new creative endeavors in the context of austerity measures invites cautious optimism, and serves as a heartening reminder of the resilience of the arts.

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