



Creative Commerce: Los Angeles and the Cultural Economy

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As one might recall, just this past September, Banksy, the internationally known guerrilla graffiti artist decided to show in an abandoned warehouse in downtown Los Angeles – not, it should be noted, in Chelsea, New York City’s world-renowned art district. When I visited the show one hot Sunday afternoon, the line to get in was over a quarter-mile long and the warehouse was filled with visiting New Yorkers dying to get a piece of the action. Within the three and a half days that the exhibition was open, over 50,000 people visited and every piece in the show was sold. (Some pieces were selling for well over \$200,000)

Los Angeles’ creativity is big business. The city has long been one of the global centers of cultural production, generating billions of dollars and thousands of jobs in creative industries ranging from film to fashion to auto design and cuisine. As a just released Los Angeles Economic Development Corporation study reports, creative industries in Los Angeles County generate \$127.6 billion in revenue, and hundreds of thousands of jobs. Film, TV and music firms alone provide 422,300 jobs and \$152.7 billion in economic impact, while fashion generates 265,200 jobs and \$72.3 billion. Visual and performing arts generate 54,000 jobs and \$20.4 in revenue. The list goes on. Los Angeles has benefited tremendously from its unique position as a highly profitable cultural juggernaut. In other words, in Los Angeles it’s not just art for art’s sake.

Not only does Los Angeles’ creativity generate billions of dollars and thousands of jobs, but it is also the key to the city’s competitive advantage over other places. Research I have conducted shows that Los Angeles’ greatest strength is in cultural industries: The city is over three times more concentrated in cultural industries than other metropolitan regions. Within art and culture, the city’s greatest strength is in fashion, film and media – all over four times more concentrated in Los Angeles than in other cities. In other words, what makes Los Angeles distinct from other metropolitan areas, and where the city has a unique advantage over other cities is in art and culture. Culture matters to Los Angeles for not only its aesthetic and symbolic value but its significant economic contribution.

Part of Los Angeles’ success has much to do with its finesse at distributing its culture to the global mass market. It is the ability of its media industry to distribute the city’s film, art, music and culture through vast and diverse channels that sells the place and the product that is Los Angeles. It is no surprise then, that Los Angeles’ media occupations are almost as robust as its cultural ones: Agents and business managers are over seven times more concentrated in Los Angeles than other metros, while media and communication workers are twice as concentrated here than anywhere. Here, in the nexus of culture and media is where we see Los Angeles at its best. Here is where we arrive at why Los Angeles is not only good at producing culture, but producing world-renowned culture.

Yet, despite Los Angeles’ great advantage in creativity, the obvious significance of the cultural economy has been only partially recognized for its social and economic impact on the region. Only recently, have scholars and practitioners alike started to recognize and quantify the economic contribution of art and culture to the metropolitan economy.

Further, anyone following Los Angeles news knows that the city’s competitive advantage in cultural production is not set in stone. Many a newspaper article alarmingly reports on runaway film production taking off to Canada and the industry’s continual cuts in jobs and movie budgets. When Tom Cruise’s contract with Paramount pictures was not renewed, experts agreed that Sumner Redstone, chairman of Viacom and CBS, was making economic decisions that trumped creative ones. Or put another way, despite the ceaseless production of movies in Los Angeles, the city does not hold the only trophy as it appears that there are plenty of competitors nipping at its heels.

Capitalizing upon Los Angeles’ advantages in creativity, along with preventing the city’s advantage from slipping requires more than just the numbers, charts and statistics that prove the importance of art and culture. Understanding Los Angeles’ creative economy also requires understanding the social, economic and geographic characteristics of why and how creativity happens in Los Angeles, and building effective

public policy around these dynamics. Below I outline several of the most important characteristics of the creative economy and the role of public policy:

Art and culture works together. The vast array of cultural industries that Los Angeles' possesses, while seemingly disparate often work together, overlapping in labor pools, resources and in their ability to attract and retain the best and the brightest human capital. These industries are a lure both for cultural labor pools and also those who want to have access to the diverse cultural options and amenities that the city possesses (e.g. financial and professional industries). Such a highly sophisticated network system reinforces Los Angeles' dominance in artistic and cultural production, making it a global leader in creativity. Public policy should address these networks through creating tax incentives and housing subsidies that address the broader cultural economy (as well as those that target specific industries and neighborhoods).

The cultural economy has become increasingly professionalized. The notion of the starving artist getting a moment of revelation that catapults him to success is antiquated. Today's creative workers have MFAs and high-powered internships. Universities like USC and UCLA offer not only degrees and technical skills but also the social networks necessary for survival in the creative economy. Funding and resources for art institutions and universities, providing funding for student fellowships, and creating more arts teaching in public schools are several ways the city can help link talented artists, designers and musicians with the degrees and connections they need to succeed.

The cultural economy requires density of creativity. Los Angeles (like New York) has an ongoing paradoxical relationship between the artist and the city. Artists are often the first to move into blighted neighborhoods, transforming them from dangerous to edgy to trendy, and in turn housing prices and cost-of-living soars, thus pushing out the very creative people who improved the neighborhood. The city needs to provide subsidized housing, studio space and rent control for its creative workers. Part of what I have found in my research on creative workers is that density is intrinsic to the efficiency and distribution of creativity. It is through dense neighborhoods of galleries, artists, recording studios that cultural workers trade ideas, get jobs, meet editors, curators and so forth, and advance their careers. Through zoning, subsidized housing and support for cultural institutions, the city can facilitate the types of dense culturally-rich neighborhoods and art districts that support the creative economy.

Different culture happens in different places. Film in studio city, art in Culver City, fashion in downtown, the most effective policy towards art and culture should be less carpet bombing and more neighborhood-targeted, directing specific policies and support to particular industries in the city's unique neighborhoods.

Creativity matters to Los Angeles, and Los Angeles matters to creativity. Harnessing and optimizing the city's cultural economy first begins with understanding how it works and then directing policies towards cultivating the very places and people that define cultural Los Angeles.