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The Creative Economy in Maine: Measurement & Analysis

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The Creative Economy in Maine: Measurement & Analysis



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SOUTHERN MAINE

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Summary of Findings and Recommendations

Creative Economy Development in Maine

The Creative Economy is today a large and important part of Maine's economy. The data in this study show that both the arts & culture and technology sectors of the Creative Economy are large and growing. Arts & culture industries have exhibited particularly strong employment growth at a time when major parts of our technology industries have seen significant employment declines. Although concentrated in urban areas, arts & culture industries flourish throughout Maine, and it is outside urban counties that this economy particularly blooms during the summer.

By its nature, the Creative Economy's innovations in products and services represent the leading edge of economic growth in Maine. Both the arts & culture and technology sectors hold key positions in this innovative process, although their roles are somewhat different. Innovation in the technology sector allows Maine to stay competitive in global markets, such as forest products, and play an expanding role in faster growing industries, such as biotechnology and advanced materials. Arts & culture industries within the Creative Economy play three important roles:

- As an export industry closely connected to tourism and recreation. Although environmental resources such as the coast, lakes, and mountains remain the cornerstones of Maine's tourism industry, the arts and cultural elements are becoming increasingly important. In a 2002 study of the tourism market in Maine, Longwoods, Inc. reports that tourists find historical sites and museums, art museums and galleries, and arts and crafts part of Maine's lure.¹ Visitors cite art museums and galleries and historical sites as important to their visits in Maine more often than in a national reference sample.² The role of arts & culture industries in Maine tourism is also evidenced by seasonal growth in the performing arts and heritage industries;
- as a key element in Maine's quality of life. Arts & culture industries provide to Maine residents the same services as to tourists, enhancing the quality of life in the state. Their growth has been particularly important as more arts-related activities once available only in large cities have come to Maine. The Portland Museum of Art and the Farnsworth Museum in Rockland are key examples of this long-term trend. In economic development theory, this process is known as import substitution—the ability to produce locally what consumers once had to purchase outside the state. With more services available in this sector, the state is able to both attract and retain a highly mobile workforce for which quality-of-life considerations are important;

- as a cluster of economic activity in its own right. With as many employees as the wood products industry, the arts & culture sector is a sizable force.³ Its economic role extends beyond the direct and indirect employment and wages it creates, however. Firms in such industries as advertising, industrial and graphic design, and the media interact with firms and individuals in such areas as visual arts and music to provide services throughout Maine. Part of the economic benefit of this growth is the import substitution effect noted previously, and part is the growth of a self-sustaining and reinforcing “cluster” of economic activities.

Other studies have already examined the cluster nature of the technology industries in Maine.⁴ The present analysis provides only a preliminary look at the measurement of the arts & culture cluster in the state. Further analysis of the interrelationships among involved public, nonprofit, and for-profit organizations will determine how this cluster may strengthen its place in the economy.

These important roles point to several general strategies to enhance the influence of the arts & culture sector in Maine’s Creative Economy:

Recommendation 1—Enhance the role of the arts & culture sector in tourism. Tourism development efforts already focus increasingly on incorporating the arts and cultural attractions into the package of services marketed to tourists. The arts and culture are not, however, the strongest part of visitors’ experiences in Maine, according to the Longwoods study. Enhancing both the quality and quantity of the arts and cultural experiences and ensuring that enhancements are effectively marketed will be important to strengthening both the arts and tourism.

Recommendation 2—Strengthen the creative cluster. Researchers have not explored the precise nature of the interrelationships among various industries—what Michael Porter calls the related and supporting organizations such as higher education and public agencies akin to the Maine Arts Commission—within a cluster framework.⁵ Study of clusters in the technology sector shows the value of enhancing interrelationships. For example, the Maine legislature established a “cluster enhancement” program of grants by the Maine Technology Institute for use in a wide variety of ways to strengthen the entire technology cluster as opposed to specific firms or industries. Although this program is relatively new, it might well serve as a model for a similar program for arts & culture industries.

Six additional recommendations proceed from this analysis of Maine’s Creative Workforce and case studies of the Creative Economy in eight small and medium-sized New England communities.

Creative Workforce Development in Maine

Different definitions exist for what constitutes a “Creative” Workforce. For this analysis, the Creative Workforce of fourteen occupations used in the New England Council’s 2000 report *The Creative Economy Initiative* is expanded to include twenty others, all related to media, publishing, and crafts.⁶ A review of the New England economy since 1996, using the narrower definition, shows that the region has a relatively larger Creative Workforce than the nation as a whole. This regional competitive advantage has lessened somewhat since 1996.⁷

Using the expanded Creative Workforce definition to characterize Maine, 2000 U.S. Census data show it containing 17,411 members, or about 2.7% of the state’s workforce. In New England, this set of occupations represents 206,265 persons, or 2.9% of the workforce.⁸ Maine’s Creative Workforce thus represents a slightly smaller share of its total workforce than does New England’s, which may reflect the fact that New England as a whole is more urban than Maine, and urban places tend to attract creative workers.

Compared to the state’s workforce as a whole, the members of Maine’s Creative Workforce:

- are older than members of the entire workforce, are in the same percentage women, are of the same ethnic composition, and are slightly less likely to be married;
- have significantly more formal education. Some 44% have earned at least a bachelor’s degree as compared to approximately 25% in the workforce as a whole;
- are less likely to be unemployed than workers overall;
- are more likely to be self-employed, less likely to work in for-profit organizations, and equally likely to work for nonprofit or government agencies as members of the workforce as a whole;
- have lower annual earnings than the average member of the workforce, despite the fact that they have more education. This statistic is not true for New England, however, where Creative Workforce members have roughly the same annual earnings as the rest of the workforce; and
- have average *household* incomes roughly equal to that of the state workforce. For New England, the average household income of Creative Workforce members significantly exceeds the average of those in the entire workforce. We term this phenomenon the “Supportive Partner Effect.”

Maine’s endowment of creative workers, regardless of definition, puts it at the low end among the New England states in terms of their percentage in the state’s labor force. This region, however, has above-average endowments

of creative workers relative to the nation as a whole; by national standards, then, Maine remains well-endowed.

In many respects, Maine's creative workers exhibit characteristics similar to those in all New England, although some differences do stand out. In particular, Maine's creative workers have less formal education and, partly as a consequence, lower earnings. Other factors that likely contribute to the earnings disparity include less access to larger labor markets, such as Boston and New York, and to high-paying jobs in particular occupations. Offsetting these factors are a lower cost of living and, arguably, a more attractive rural environment. That the status of many creative jobs relies in part on tourism is a mixed blessing as the country's population center of gravity continues to move away from Maine and gasoline prices rise.

Of the challenges facing Maine's creative workers, the one most amenable to public policy is education. Narrowing the regional education gap among both creative workers and the entire labor force will benefit the state greatly. Higher paying jobs, in turn, will make the state's labor markets more attractive to non-residents. Increasing educational standards is not a simple task that the state can accomplish in a short amount of time but, given Maine's location within a region renowned for its educational institutions and highly educated workforce, it is a task worth pursuing.

These educational aspects suggest a third strategy to better prepare the Maine workforce for the opportunities and demands of the Creative Economy:

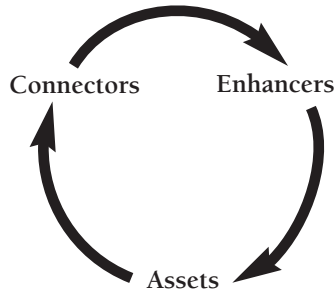
4

Recommendation 3—Prepare the workforce. The Creative Economy in its entirety depends on a highly educated workforce. Maine has substantial scientific and technical training related to the technology sector from high school through university, including community colleges. There are similar training opportunities for skills needed by arts & culture industries, many of which are of very high quality. There are few educational opportunities in Maine in such areas as industrial design, however, and issues remain concerning the adequacy of arts education in many K-12 school systems. A thorough review of workforce development programs and the potential of arts & culture industries in Maine would provide a road map to ensuring that this most critical element in the Creative Economy—the workforce—continuously expands and renews itself.

Community Development Strategies for the Creative Economy

Based upon our case studies, the developmental model presented here (which we refer to as the *ACE* model) identifies five key assets of the Creative Economy at the community level (creative people, centers of education, cultural/natural amenities, business engagement, and infrastructure); three connectors (leadership, networks, and strategies); and two enhancers (time and money). It further identifies *connectors* as the critical variables in

Creative Economy growth and development. Development of key assets depends on the presence or absence, strength or weakness, and combined effects of these connectors, which determine the availability of enhancers and their positive or negative application to the asset base. Strong leadership can cut short the length of time needed to see results (as in Pawtucket, see section 3); poorly developed networks can erase the potential effects of a federal grant (as in the St. John Valley); and, in the absence of effective strategies, stasis or even erosion may result (as in Portland).



We may summarize what we have learned about the Creative Economy in small cities and rural communities as follows:

- **Creative assets vary greatly from place to place.** As the cases in section 3 illustrate, the presence of creative assets is not limited by population size. Smaller places may have fewer creative people, smaller centers of education, or greater distances from major highways or airports, but diversity appears more important than the relative size or strength of the assets. Two restaurants, one theater, and a community college facility in Dover-Foxcroft may have the same impact on local economic development as two dozen restaurants, seven cultural organizations, and the nearby University of Maine have in Bangor. Diversity of assets is the underpinning for each location's "authenticity," a term we heard repeatedly from respondents. Due to authenticity, the Creative Economy will not have a uniform look across rural Maine or New England.
- **Strategies for resource leveraging also vary.** The model of assets, connectors, and enhancers imposes a structure that helps make sense of the process; as the cases illustrate, however, application of the model shows considerable variation. Each community in the case studies has focused on various combinations of assets and different ways to connect them. Although more dense and formal connections tend to develop through enhancers, case studies reveal that, even without time or money, a variety of strategic applications contribute to development.

- **Asset identification appears to be the essential first step.** It is the one common point in the model that all eight cases exhibit. Where assets are emerging or absent, usually in smaller communities, the next steps of connecting and enhancing them to sustain, grow, and acquire more assets are also absent or represent relatively recent efforts. Again, the size of the asset base by itself is not a predictor of where a town may be on the model. Dover-Foxcroft, for example, has more in common with Pawtucket than it does with the other rural cases in terms of the relative strength of its connectors and how it uses them.
- **Sustaining the Creative Economy is a challenge.** Gentrification can thwart continuing development efforts, especially in cities that have been through the model's cycle more than once. As these places draw greater economic activity to their downtowns and blighted industrial areas, property values and rents increase, making it more difficult for artists and small businesses to remain. In Burlington's South End, where businesses and artists are attracted to the neighborhood's "interesting, funky" atmosphere, the city is tightening zoning laws and has plans to make physical upgrades to existing sidewalks and lighting—changes that one resident fears might alter the neighborhood's original appeal.⁹ Respondents in the St. John Valley are already concerned about future sustainability even as they are just starting out.¹⁰ How will they sustain the creative assets that leverage economic development without losing them in the process?

These findings and considerations lead to five additional strategies for Creative Economy development at the community level.

Recommendation 4—Encourage asset mapping. Asset identification is critical, and not only to enumerate the potential universe of resources. Finding authenticity—what is unique and special, singly and in combination—is an important goal in identifying a community's assets. The arts have received the closest scrutiny in the literature and, in many of our cases, have taken the front seat as principal economic drivers. Our research suggests that the built environment (historic preservation) and the natural environment can offer the same stamp of authenticity; taken together, they create the individual identity of a place that draws people to it.

Recommendation 5—Develop regional approaches. Size can be offset by operating to scale and, especially, by taking collaborative approaches to development. Proximity to Providence is a clear benefit for Pawtucket; an abundance of creative individuals five minutes away and in need of inexpensive studio space provided the basis for the Creative Economy there. Norway is proud of its close ties to six other towns in the Oxford Hills region. Dover-Foxcroft

intentionally markets itself as part of the “Maine Highlands.” The St. John Valley has cultural links that span a large swath of Maine and nearby Canada. Each of the three most rural cases is deliberately pursuing its *regional* community networks to its advantage as it develops a Creative Economy.

Recommendation 6—Identify and cultivate leadership. In each of our eight case studies, one or more leaders initiated efforts to develop the Creative Economy and sustained those efforts by their continuing commitment over a period of years. These leaders are necessary for the vision and sustained motivation behind community efforts. They help communities understand the importance of the Creative Economy and encourage the engagement of people from public, private, and nonprofit sectors.

Recommendation 7—Build and extend networks across sectors. Bangor is inaugurating a cultural policy that will support nonprofit organizations with public funds. Dover-Foxcroft has a key partnership between a private company and a nonprofit artists’ cooperative. Burlington’s South End Arts and Business Association is a nonprofit that encourages businesses and artists to work with the city toward sustaining the creative sector in its neighborhood. Providence’s Call to Action involves broad stakeholder involvement from public, private, and nonprofit sectors. Connections that transcend sectors appear indispensable to initiating and ensuring the longevity of a development effort and broadening its impact within the community.

Recommendation 8—Develop and implement strategies. Key elements among the connectors are the explicit strategies that communities adopt to support and sustain their creative economies. These strategies go beyond single, isolated policies, such as tax breaks for artists that may or may not have an impact on the economy. Instead, they are long-range approaches that involve a multifaceted plan for developing a Creative Economy. For instance, in Pawtucket, artists did not know about tax break opportunities until the city adopted a “customer-friendly” strategy to promote incentives and help creative workers find living/working spaces in the city.

At some point, the Creative Economy, operating according to the *ACE* model, may become self-generating, but more research is needed to improve our understanding both of the individual elements that comprise the model and the varying levels of development that communities experience. The next logical steps for research include:

- Further definition of the ten elements or “building blocks.” The elements in this report came from a limited literature review and set of case studies. Additional case studies would allow for more com-

plete definitions of the elements and a greater understanding of how they manifest themselves. Further study may also uncover new elements to consider for the model;

- identification of the various stages of development. Our proposed model represents a closed system that does not adequately illustrate the various levels of development that communities experience. Our cases represent creative economies that range from nascent to highly developed. Additional case studies would allow refinement of the proposed model by identifying and defining the various stages that communities experience as their creative economies develop.

Finally, a most promising resource available to communities for the critical purpose of asset identification is the New England Cultural Database (NECD). The NECD is an online data warehouse of financial, demographic, and related information about creative industry businesses, cultural organizations, and individual artists throughout New England. It offers a comprehensive, searchable tool with information that is geographically coded, allowing searches and a variety of inventories and analyses based on location. Building in stages throughout 2004-2006, the NECD will eventually include all of New England's Creative Economy. A system of tiered admittance will provide access to information in the database. The NECD currently contains information on a total of 18,112 New England organizations, including 4,944 commercial establishments, 13,168 nonprofits, and 1,095 artist groups. Maine represents 2,242 of these organizations, including 594 commercial establishments, 1,648 nonprofits, and 93 artist groups.¹¹