

## **Cure for Crisis: How to get the cultural and creative sectors back on their feet**

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### **ABSTRACT**

This paper reflects on ways in which the cultural and creative sectors are picking up the pieces in the aftermath of several challenges that have hit the world during the pandemic. It also highlights the pre-existing conditions such as precarious employment, inconsistent legislation and social security measures that were exacerbated during the pandemic. Case studies extracted from national and international responses to support the sectors during these unprecedented times, provide an insight into the agility of policies to be timely and effective. It also highlights ways in which emerging policies and strategies can inspire solutions in the process of recovery.

### **INTRODUCTION**

For over a year we have been living in times unlike any other in our living memory, hoping to emerge from a global pandemic bruised but not broken. A year later, most theatres, cinemas, concert halls and museums across Europe remain shut. Artists, technicians and cultural professionals lost work in the first wave and many more in the subsequent waves.

According to a recent report by Ernst & Young revenues in the cultural and creative sectors plunged by 31% in 2020 compared to 2019. In 2020, the cultural sector lost approximately €200 billion in revenues. The sectors were hit even harder than other sectors such as tourism, which lost 27% of its income.<sup>1</sup>

In the United Kingdom, experts predicted the live music sector could face 80% decline in revenues with the loss of 170,000 jobs – almost two-thirds of its workforce.<sup>2</sup> According to UNESCO, around 90% of museums globally were closed during the first phase of the crisis, and the remaining 10% are in danger of never being reopened after devastating economic impact.<sup>3</sup> And that only included the predictions based on the first wave. The crisis is far from over, the process of recovery has not yet begun and the impact of what we are experiencing today is the global legacy for years to come.

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<sup>1</sup> [https://www.europarl.europa.eu/RegData/etudes/STUD/2021/652250/IPOL\\_STU\(2021\)652250\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2021/652250/IPOL_STU(2021)652250_EN.pdf)

<sup>2</sup> <https://www.theguardian.com/business/2020/oct/21/jobs-uk-live-music-industry-lost-decline-revenues-covid>

<sup>3</sup> <https://unesdoc.unesco.org/ark:/48223/pf0000373530>

## **POLICY RESPONSES AT NATIONAL LEVEL**

The response to the ongoing crisis in the Member States has seen a mixed record. Whereas some national policy responses were agile enough to disburse direct funding in the first weeks of the pandemic, others were late and ineffective, leaving cultural and creative professionals in other parts of Europe without any immediate support.

Measures have ranged from a significant boost to cultural funding in Germany, to state support of theatres, music and production companies in Bulgaria. From a wage supplement to all artists in Malta, to compensation of costs incurred due to cancelled events or termination of activities of culture organisations in Estonia. Withholding tax payments and social security contributions were suspended for the entire cultural sector in Italy and a fund to enable vulnerable young people to have access to cultural activities was set up in Denmark. According to the mapping of national measures to mitigate the COVID-19 impact on Cultural and Creative Sectors (CCS) compiled by KEA European Affairs<sup>4</sup>, most widely used measures included structural and project grants, exemption, postponement and referral of obligations, extension of pre-existing support measures, unemployment schemes and allowances for freelancers.

## **POLICY RESPONSES AT EUROPEAN LEVEL**

The European Parliament reaffirmed its support for the sectors with the Resolution on the Cultural Recovery of Europe<sup>5</sup> adopted in September 2020 calling on the Commission and the Member States to actively support the CCS with specific measures. These include the recommendations to dedicate at least 2% of the Recovery and Resilience Facility to the Cultural and Creative Sectors and industries, to improve the social protection systems and the working conditions for the workers in the CCS, to secure equal accessibility and inclusiveness for the distribution of cultural funding and to include the CCS in all financial supporting tools, such as the InvestEU and the NextGenerationEU.

The European Commission's policy response to support the cultural and creative sectors was also complimentary to that of the Member States. CCS could benefit from generic EU

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<sup>4</sup> <https://keanet.eu/research-apps/c19m/>

<sup>5</sup> [https://www.europarl.europa.eu/doceo/document/RC-9-2020-0246\\_EN.html](https://www.europarl.europa.eu/doceo/document/RC-9-2020-0246_EN.html)

response programmes such as the €100 billion of financial assistance to Member States to help workers keep their incomes and help businesses stay afloat across the EU. Specific initiatives for CCS included flexibility in the financing mechanisms of the Creative Europe programme, shifting the timeframes of 7 European Capitals of Culture for the period 2020 to 2023 and launching the Erasmus+ programme extraordinary calls for culture and creativity.

The work plans in the field of culture of two presidencies of the Council of the European Union also attempted to respond to the pandemic by gathering information about specific national and European measures put in place on the national level in order to support cultural and creative sectors. High level ministerial and industry debates were organised, resolutions were published, and recommendations were made.

Whereas emergency responses served as an immediate lifeline to millions of cultural professionals, we should now reflect on whether these programmes and initiatives were adaptive responses in the wake of a global pandemic to address the impact of the health crisis, or measures that addressed other underlying, and perhaps asymptomatic conditions, of the cultural and creative sectors that were exacerbated because of the pandemic.

In 2019, there were 7.4 million people in cultural employment across the EU-27, 3.7% of total employment.<sup>6</sup> The CCS account for approximately 4% of the European GDP.<sup>7</sup> The CCS have the highest numbers in youth employment, are highly gender balanced and represent a high percentage of Europe's SMEs. These positive results continue to strengthen the call for policies to improve the conditions of the CCS. However, the process of recovery to unleash a creative Europe calls for a deeper understanding of factors that hindered growth before the pandemic and the emerging enabling environment that will leverage its future.

## **THE GIG ECONOMY AND THE PANDEMIC**

This is the first time we are experiencing a global shock to the cultural sectors, disrupting the whole value chain. However, even before the pandemic broke, concerns about a broken value chain were being voiced across the globe.

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[https://ec.europa.eu/eurostat/statistics-explained/index.php/Culture\\_statistics\\_-\\_cultural\\_employment#Self-employment](https://ec.europa.eu/eurostat/statistics-explained/index.php/Culture_statistics_-_cultural_employment#Self-employment)

<sup>7</sup> [https://www.europarl.europa.eu/doceo/document/RC-9-2020-0246\\_EN.html](https://www.europarl.europa.eu/doceo/document/RC-9-2020-0246_EN.html)

The value chain is broken and returning to a linear model will not work. Most freelancers operate in the ‘gig economy’, working from one creative project to the next. Most of the creative content we enjoy today exists because more than one person in that process used skill and talent developed over years and invested time, money and resources to create. However, many are now considering leaving their profession in the cultural and creative sectors because the future is too uncertain to sustain a living.

A few weeks prior to the first lockdown in Ireland, Arts Council Ireland launched a new policy to help improve the working and living conditions of artists and to ensure that a career in the arts is viable.<sup>8</sup> The culture of underpaying or not paying artists is not exclusive to Ireland and resonates with many artists across Europe and the rest of the world. The informal economy was present before the pandemic often leaving artists, technicians and other professionals without social benefits, health insurances and other issues that widen inequalities in the sectors. The precariousness of work within the creative economy often leads to a situation where people working with flexible working arrangements do not have a strong bargaining position. This has created a model of nonstandard employment, defined by subcontracting, outsourcing, and other modes of flexploitation, (Gray, 1998). As precarious workers, they have to live in a limbo of uncertainty, juggling their options, massaging their contacts, never knowing where their next project or source of income is coming from. The resultant cycle of feast and famine is familiar to anyone whose livelihood folds into the creative economy (Ross,2013: 6). The emergency situation caused by COVID-19 highlighted even further the precarious employment conditions of various artists and their right to earn a living wage. A study by Visanich and Attard (2020) identified three indicators of precariousness applied in the everyday life of artists and their working conditions: their nonstandard practices, the freebie culture surrounding the arts, and the under-representation of artists as a collective. The study showed how a systematic allocation of governmental measure to artists and creative practitioners were necessary for an equitable income to artists, particularly to support them during time when their livelihood is at stake. In addition, the study outlined the need for artists to secure contracts that protect their rights over a period of

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<http://www.artscouncil.ie/News/The-Arts-Council-Launches-Policy-on-the-Fair-And-Equitable-Remuneration-Of-Artists/>

time and to be represented adequately by unions or lobby groups and/or sector-led associations.

A background analysis by Damaso et al (2021) on the situation of artists and cultural workers and the post-COVID-19 cultural recovery in the European Union also highlights additional factors of precariousness such as business models that are driven by artistic excellence and other societal values rather than market goals, and propensity for cross-border mobility. The report also states that artists and cultural workers are more likely to work part-time, not to have an open-ended contract, and to combine employment and self-employment in several countries throughout their careers, and in other sectors (services, education, etc). This is also reflected in European employment data indicating how self-employment is higher in the cultural and creative sectors (33%) than in employment for the total economy (14%).

As highlighted in the Report of the UN Special Rapporteur in the field of cultural rights, “additional problems, such as increased financial insecurity and mental health impacts, have now been added, creating a truly impossible situation for many artists and cultural workers. These developments have catalysed a renewed debate about universal basic income for artists”.<sup>9</sup>

Business models were definitely disrupted, but we must question if they were sustainable in the first place. Whereas public sector support for the cultural and creative industries will continue to be crucial for their survival, the governments must also put in place an enabling environment in which the creative sectors themselves can innovate and strengthen their resilience from within to come out of the crisis in a sustainable manner.

In recent years, cultural policy discourse in Europe went beyond the conversation of pure economic value culture to values of wellbeing, cultural rights, the environment, inclusion and equality that reflect global aspirations, needs and challenges.

These twelve months served as an opportunity to rethink the value proposition for culture and reframe the new narratives for culture. We are living in a time where the digital has

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accelerated because for most Europeans digital was ‘the only show in town’. It was painful to see the world around us being split as ‘essential’ and ‘non-essential’. The cultural and creative sectors found themselves in the latter category. However, they were essential to those who sought safety in isolation, to those who needed comfort in times of anxiety and to those who sought skills and knowledge through virtual connections with the world around them. OECD’s report “Culture shock: COVID-19 and the cultural and creative sectors”<sup>10</sup> goes even farther by clearly highlighting the importance of arts and culture for people’s mental well-being and health: “This recognition provides a new opportunity to capitalise on the role of arts and culture in the prevention and treatment of illness across the lifespan, contributing to solutions for health and welfare systems, such as through reductions in hospitalisation or medication rates.”

Yet, this essential work, accessible mostly through digital means, was not accessible to all. Whereas 90% of EU households have internet access, 40 per cent of people in rural areas still do not have access to fast broadband connections.<sup>11</sup> The pandemic has exposed realities of children disappearing from virtual schooling due to lack of computers in their household. There are also significant divides that impact minorities, often excluding them from digital opportunities. NESTA in UK found that while the people have improved their digital skills during the pandemic, the pandemic has also exposed digital divides with 42 per cent of the EU population now being at risk of digital exclusion.<sup>12</sup>

## **HYBRIDITY AND SUSTAINABILITY**

Hopefully, as the pandemic becomes more manageable, we are going to move into a more hybrid reality where the physical starts to coexist with the digital, more than ever. In this context there are going to be complex policy decisions that will need to be taken on how to support the sector through the transitional phase and to reframe funding streams that support the intrinsic value of culture but also provide support to build the sectors’ capacity to deliver outcomes connected to the global issues linked to sustainable development.

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<http://www.oecd.org/coronavirus/policy-responses/culture-shock-covid-19-and-the-cultural-and-creative-sectors-08da9e0e/>

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[https://ec.europa.eu/eurostat/statistics-explained/index.php/Digital\\_economy\\_and\\_society\\_statistics\\_-\\_households\\_and\\_individuals](https://ec.europa.eu/eurostat/statistics-explained/index.php/Digital_economy_and_society_statistics_-_households_and_individuals)

<sup>12</sup> <https://www.nesta.org.uk/report/learning-pandemic-closing-digital-skills-gap-during-covid-19/>

The declaration by the United Nations to dedicate 2021 as the International Year of the Creative Economy for Sustainable Development could not have been more serendipitous. This will be an important occasion to recognise the need to promote sustained and inclusive economic growth, foster innovation and provide opportunities, benefits and empowerment for all and respect for all human rights through the cultural and creative sectors.

Whereas the cultural and creative sectors can be at the forefront of recovery, they are also a microcosm of the global challenges we face today. The future of work, trade asymmetries and the climate crisis impact the creative economy. However, as stated by Karima Bennoune, UN rapporteur on cultural rights, “an effective response to the pandemic requires a twenty-first century holistic human rights approach that mainstreams cultural rights”.<sup>13</sup>

## **REFRAMING THE VALUE OF CULTURE**

By reframing the value of culture, underpinning the rights to create, engage and participate in culture, we are able to address the inequalities that were heightened during the pandemic. The next steps for a creative Europe can only be achieved when the gaps in cultural consumption in both physical and digital spheres are narrowed, when precarious employment for cultural workers is eradicated and when culture truly becomes a transversal matter across European policies. The aspiration for innovation and growth in the cultural and creative sectors depends on the curiosity, appetite and openness to connect with other sectors such as information technology and science. Co-creating new skills and generating new knowledge with others is how we should leave the pandemic and head towards new approaches with the cultural and creative sectors as champions for sustainable development.

In the midst of a pandemic, various cultural and creative organisations were able to remodel their approach, demonstrating not only resilience to weather the storm but an extraordinary ability to discover new ways of engaging with audiences and methods to create new content. What UNESCO has labelled “new, virtual forms of mobility” have allowed for transnational cultural interactions without the visa limitations, expense or carbon footprint attendant on air travel. Whereas the value of physical mobility of artists and of works of art should not be underestimated in a post-pandemic context, new forms of international engagement enabled through digital means should be strengthened further.

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[https://www.ohchr.org/EN/HRBodies/HRC/RegularSessions/Session46/Documents/A\\_HRC\\_46\\_34\\_AdvanceEditedVersion.docx](https://www.ohchr.org/EN/HRBodies/HRC/RegularSessions/Session46/Documents/A_HRC_46_34_AdvanceEditedVersion.docx)

## RECOMMENDATIONS AND CONCLUSION

Whether reading a book, watching a movie, listening to music, viewing a museum online or singing from a balcony, the past year was a unique occasion to remind ourselves why arts and culture truly matter to us as human beings. Yet, it was also a stark reminder of the challenges and inequalities that have left such cataclysmic impacts on the sectors.

Shifting our mindset from survival to growth entails a collective effort to mobilise policies, talent and investment. In response to the impact of the pandemic on the cultural sector, the Damaso, et al, report (2021) requested by the CULT Committee of the European Parliament recommends the creation of a European framework for working conditions in the cultural and creative sectors and industries. The report reiterates how this framework can be established within EU competences, using ‘non-cultural pathways’ and will ‘require a modular articulation with EU policies on competition, the internal market, social policy, fundamental rights and equality, among others, and initiatives such as the Copyright in the Digital Single Market Directive’. The proposal for this framework will seek to address the challenges that were exacerbated because of the pandemic, and which were also reflected in the reflections presented in this paper, namely:

- the need for minimum standards and minimum requirements within the scope of the legislative and social protection frameworks regarding working conditions, taxation and access to social security and other benefits, fair remuneration, amongst others;
- a comprehensive and common approach to ‘artistic work’ and ‘cultural work’ across Member States and EU documents, including the need to address the lack of agreed definitions on concepts such as ‘artist’ and ‘culture’;
- the need to ensure that the social protection systems also allow for artists to access benefits, such as unemployment, health protection, pension;
- the persistence of non-tariff barriers to trade within the EU as well as information asymmetries;
- the need to recognise the EU added value or contribution of the cultural practices of artists whose work is not (or barely) monetised, and hence the multiple forms of value of artistic work;

(Damaso, et al, p 36)

Matters concerning the social status of artists remain a perennial issue and the current scenario is a result of policies (or the lack thereof), that have been designed in the past. The 2007 EP resolution had called on the Commission and Member States to apply coherent and comprehensive measures regarding most matters that have once again impacted the lives and livelihood of European cultural workers during the pandemic. Any research on the impact and effectiveness of COVID-19 emergency measures and post-pandemic policies at Member State and EU level must take into account the pre-pandemic scenario. This approach will help provide a deeper understanding on whether any policy instruments introduced as a result of the pandemic, managed to address any of the adverse conditions observed in the sector before COVID-19.

BSI and Cranfield School of Management have found in their research on the organisational resilience<sup>14</sup> that it is split by two core drivers: defensive (stopping bad things happen) and progressive (making good things happen). The first phases are driven by a defensive perspective that focuses on loss avoidance and value preservation. But soon it became clear that resilience is not only about learning to bounce back, but also the ability to ‘bounce forward’ and to grow and prosper in the future. Thus, organizational resilience is strengthened by creating, inventing and exploring unknown markets and new technologies. Being innovative and agile are important traits for any organisation in all times, but even more so during a crisis. Agility and innovation management are not just processes, but a way of thinking.

The New European Bauhaus is indeed a unique opportunity to facilitate this. As a creative and interdisciplinary initiative with art, culture, social inclusion, science and technology, collectively focused on designing future ways of living, Europe can contribute towards a sustainable, inclusive and diverse future. This is the legacy we should aspire to reach and one we can only attain when the status of the artist is improved, public investment is sustained, and business models are rethought.

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<https://www.bsigroup.com/Documents/our-services/Organizational-resilience/Documents/Organizational-Resilience-Cranfield-research-Executive-summary.pdf>



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