THE IMPACT OF THE JACOBS SCHOOL OF MUSIC ON THE STATE OF INDIANA

April, 2008
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SUMMARY

The Indiana University Jacobs School of Music (JSoM) commissioned in 2007 an in-depth study of its impact on the state of Indiana. Principal partners in the project included the Indiana Business Research Center of the Indiana University Kelley School of Business and Sally Gaskill, an independent consultant who served as project director. In addition, Michael Rushton, Association Professor and Director, Arts Administration Program at the Indiana University School of Public and Environmental Affairs, contributed a perspective from cultural economics that is attached to this report.

FINDINGS

ECONOMIC IMPACT
- Total Annual Impact: $120 million
- Annual State and Local Taxes Generated: $4.7 million
- Student Spending (outside tuition and fees): $23 million, creating 175 jobs
- Total Employment Impact: 900 jobs

CULTURAL IMPACT
- 72% of the current students participate in Indiana cultural activity outside the JSoM
- 77% of faculty and staff participate in Indiana cultural activity outside the JSoM
- Number of JSoM performances annually: 1,100
- Number of JSoM audience members served annually: 130,000
- JSoM students, faculty, and alumni perform in all major Indiana ensembles.

EDUCATIONAL IMPACT
- Number of alumni working as music educators statewide: 400
- Number of students majoring in music at Indiana University: 1,600
- Number of non-music majors served annually at IU: 6,600
- Pre-college program serves a large area of South-Central Indiana

ADVANCING INDIANA
- The JSoM’s activities promote an environment that stimulates creativity and new ideas.
- The Jacobs School helps to attract highly skilled and talented individuals to the region in technology and other growing professions.
- The Jacobs School builds an Indiana identity that is cosmopolitan, sophisticated, and culturally current.
- The Jacobs School is a prolific and global exporter of Indiana’s cultural activity
THE IMPACT OF THE JACOBS SCHOOL OF MUSIC ON THE STATE OF INDIANA

As one of the largest cultural producing organizations in the state of Indiana, the Indiana University Jacobs School of Music offers one of the highest concentrations of performance in the world to a wide variety of audiences, educates a substantial portion of Indiana’s music professionals, feeds performing musicians into key ensembles state-wide, and generates sizeable economic activity.

With over 1,100 public performances each year involving a student body of some 1,600 who originate from all 50 states within the USA and approximately 55 countries, the Jacobs School attracts what can be considered the single greatest gathering of music faculty anywhere (see Faculty Roster in the appendix). A significant number of visitors attend performances throughout the year that include IU Opera and Ballet Theater productions, the annual IU Summer Music Festival, and hundreds of other public programs.

To understand this activity more thoroughly, in 2007, the Jacobs School commissioned an in‐depth study of its impact on the state of Indiana. Principal partners in the project included the Indiana Business Research Center of the Indiana University Kelley School of Business; Michael Rushton, Associate Professor and Director, Arts Administration Program at the Indiana University School of Public and Environmental Affairs; and Sally Gaskill, an independent consultant who served as project director.

1. ECONOMIC IMPACT OF THE JACOBS SCHOOL OF MUSIC

The Indiana Business Research Center (IBRC) of the Kelley School of Business at IU conducted an analysis of the impact of the Jacobs School on the state’s economy. The economic impact study measured the impact of employment and spending of the Jacobs School, and the benefits of spending that the institution attracts (the “tourism effect”).

According to Timothy F. Slaper, Director of Economic Analysis at the IBRC, the Jacobs School’s economic contribution to the State of Indiana cannot be underestimated. Slaper says, “The School is a cash magnet for the state of Indiana. An astounding number of students originate from out of state. About 97% of tuition and fees come from outside Indiana. ”

Principal findings of the study include:
• The total economic impact of the Jacobs School on the State of Indiana amounts to $120 million annually (see discussion below).

• The economic impact of the Jacobs School generates approximately $4.7 million in state and local taxes.

• Student spending outside of tuition and fees is estimated to be $23 million and that spending accounts for approximately 175 jobs.

• This student spending and spending on IU events by out of town visitors, in turn, contributes an additional $10 million in additional economic activity (or nearly 100 additional jobs).

• Jacobs School faculty and staff spending and the direct expenditures of the School results in an additional $39 million in economic activity (or approximately 370 additional jobs).

A note about methodology: The IBRC used the IMPLAN economic analysis tool, developed by University of Minnesota researchers over 20 years ago, and in use by over 1500 clients today. It is a standard input-output model that calculated the sum total of the economic chain reactions caused by the expenditures of the Jacobs School, its faculty and staff, as well as the collateral expenditures of students and individuals attending Jacobs School events. Consumers of the model’s results should be aware that the figures are estimates, not a precise accounting.

A detailed summary of the annual financial impacts of the Jacobs School on Indiana’s economy are included as an appendix to this report.

SUMMARY OF ECONOMIC IMPACT

The Jacobs School of Music has the following annual impact on the economy of Indiana:

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Impact</td>
<td>$70 million</td>
<td>(1)</td>
</tr>
<tr>
<td>Indirect Impact</td>
<td>$20 million</td>
<td>(2)</td>
</tr>
<tr>
<td>Induced Impact</td>
<td>$30 million</td>
<td>(3)</td>
</tr>
<tr>
<td>Total Economic Impact</td>
<td>$120 million</td>
<td>(4)</td>
</tr>
</tbody>
</table>
Definition of Terms:

(1) Direct Effects: The change in dollars or employment associated with adding or removing the entity under study, in this case, the Jacobs School of Music. Explanation: Direct effects measure the impact of what would happen if the JSoM closed its doors: the economy would no longer benefit from the school’s direct operating budget (faculty and staff salaries, the JSoM non-compensation operating expenses, and student and visitor spending outside tuition and fees).

(2) Indirect Effects: The change in dollars or employment caused by the iteration of industries purchasing from other industries resulting from changes in consumer purchases or expanding or contracting/removing the entity under study. Example: The JSoM buys 50 metronomes from a vendor, a direct effect as defined above. The subsequent indirect effects are as follows: The vendor buys them from a wholesaler. The wholesaler buys them from a manufacturer. The manufacturer buys materials and other inputs from suppliers. If the manufacturer is located out of state, then the last indirect transaction is not counted because the wages and profits are not re-circulated in the state.

(3) Induced Effects: The change in dollars or employment on all local industries caused by the changes in expenditures associated with changes in household income generated by direct and indirect effects. The induced effects tracks the value added – mostly wages and profits – of each transaction, which is, in turn, spent by households. Example: The owner and workers of the metronome vendor, wholesaler and manufacturer spend their income (that is derived from the JSoM purchases of their product) on food, housing, entertainment, etc.

(4) Total Effects: The sum of the direct, indirect and induced effects.

STATE/LOCAL TAX REVENUE IMPACT

From the economic impact analysis, the IBRC measured the State and Local Government tax impact of the Jacobs School on the state of Indiana. The total tax impact is calculated to be $4.7 million annually.

2. EMPLOYMENT IMPACT OF THE JACOBS SCHOOL OF MUSIC

The direct Jacobs School expenditures and the re-circulation of the wages and profits from the transactions within the state create a significant number of full-time jobs:

<table>
<thead>
<tr>
<th>Type</th>
<th>Number of Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>430 jobs (FTE)</td>
</tr>
<tr>
<td>Indirect</td>
<td>180 jobs</td>
</tr>
<tr>
<td>Induced</td>
<td>290 jobs</td>
</tr>
<tr>
<td>Total Employment Impact</td>
<td>900 jobs</td>
</tr>
</tbody>
</table>

Note: The types of jobs, and their associated wages and salaries, are not created equally. While the model estimates some higher-paying physician jobs are created, a majority of positions are of the lower paying service sector. The figure of 430 direct jobs does not include the part-time teachers, hourly employees, student Graduate Assistants and Associate Instructors within the Jacobs School of Music.
3. CULTURAL IMPACT OF STUDENTS, FACULTY AND ALUMNI ON THE STATE OF INDIANA

Current students, faculty and staff were surveyed on various aspects of their potential impact on the State of Indiana, outside their curricular activity at the Jacobs School itself.

STUDENT IMPACT

Besides their active roles performing and participating in other musical activity at the Jacobs School, most students (72.8%) also took part in other activities across Indiana in the 12-month period prior to the survey (April 2007). Teaching was the most popular activity, along with instrumental and vocal performances.

Sixty-three percent (63%) of undergraduates received some outside income, compared to 59% of graduate students. The average income generated from students’ outside musical activities in Indiana was $1,200. Graduate students earned far more income on average ($1,788) than undergraduates ($413).

In terms of location, a wide variety of cities and towns in Indiana were reported by the students as places where they participate in musical activities (see table, below):

Students worked outside the Jacobs School at some 130 organizations throughout the state. Organizations ranged from churches to local music groups and schools. (See appendix for complete list.)
FACULTY/STAFF IMPACT

Similar to the student survey, 77% of the faculty/staff who completed the survey reported that they participated in musical activities in the state of Indiana outside the Jacobs School. The most common areas were studio teaching, instrumental and vocal performances.

The average income that faculty/staff earned in Indiana outside of their salaries at the Jacobs School was $4,475 over the 12-month period. The activities that had the greatest positive impact on earnings were working as a recording engineer, band performances, and dance. The locations of services performed across the state were similar to the student findings:

ALUMNI IMPACT

The alumni survey was sent via email to 3,750 alumni. Over one-third of those who received the survey responded – an excellent response by any measure.

Two-thirds of the alumni had been enrolled in an undergraduate program, and over half in one or more of the graduate programs.
Alumni who participated in the survey came from a wide variety of cohorts, representing nearly equally the 1970s through the mid 2000s. In addition, alumni from as far back as the 1940s completed the survey.

While Indiana was the most popular place of residence (19%), the zip codes provided by respondents revealed that they reside in all 50 states of the US.
Most alumni (72%) continue to participate in some form of musical activity, ranging from teaching to performance to recording personal performances to scholarship.

Since the majority of alumni live outside the state of Indiana (79%), most of the activity and the income derived come from outside the state. However, the alumni who took part in musical activities in Indiana did so in multiple locations, with Indianapolis being the most predominant. Alumni identified a total of 276 unique Indiana organizations which they worked with.

Most of the alumni who received income from their activities in Indiana also reside in the state. Some respondents earned substantial wages for a mean of over $20,000 and a high of $110,000.

ADDITIONAL IMPACT OF STUDENTS, FACULTY AND ALUMNI IN INDIANA

Another measure of the impact of the Jacobs School on musical activity in Indiana is the numbers of alumni, faculty and students who currently play with our major orchestras. Our findings are as follows:

- Indianapolis Symphony Orchestra:
  - Total number of members in the Orchestra: 87
  - IU JSOM Alumni: 25 (29%)
    (Faculty member Alexander Kerr was recently named Principal Guest Concertmaster of the Indianapolis Symphony)

- The Fort Wayne Philharmonic:
  - Total number of members in the Orchestra: 62
  - IU JSOM Alumni: 18 (30%)
    (Faculty member Jamie Laredo was recently named Artistic Adviser of the Fort Wayne Philharmonic for the 2008-09 Season)
• Terre Haute Symphony Orchestra:
  o Total number of members in the Orchestra: 76
  o IU JSoM Alumni: 30 (40%)

• Evansville Symphony Orchestra:
  o Total number of members in the Philharmonic: 68
  o IU JSoM Alumni: 21 (31%)

• Columbus Philharmonic Orchestra:
  o Total number of members in the Orchestra: 85 (48%)
  o 6 undergraduate students
  o 18 graduate students
  o 17 alumni
  o Music Director is JSoM alumnus; Executive Director is JSoM alumna

• Carmel Symphony Orchestra:
  o Total number of members in the Orchestra: 70
  o IU JSoM Alumni: 12 (17%)

An additional measure of the impact of alumni is the number of JSoM graduates who are employed as public or private school music teachers. According to the Indiana Music Educators Association, approximately 400 alumni of the School currently teach music in Indiana’s K-12 schools.

PERFORMANCE OFFERINGS

The annual performance offerings within the Jacobs School are extraordinary by any measure. All are open to the public and most are offered free of charge

• More than 1,100 official JSoM performances.
  o Total audience is estimated to be 130,000.
• The country’s leading collegiate opera house with seven productions.
  o World and collegiate premieres are often presented.
• One of the top ballet programs in the country, with three staged ballets.
  o Total audience for opera & ballet season: 32,000 (2006-2007 Season)
• During the Fall and Spring Semester: 14 choral ensembles, and 15 instrumental ensembles that include 6 orchestras and 3 jazz bands.
• The most active collegiate summer music program in the U.S., with approximately 30 events, including a world-class chamber music series, an opera, and three performances by the Festival Orchestra, directed by world-renowned guest conductors.
  o IU Summer Music Festival audience: 17,000 (Summer 2007)

ADDITIONAL IMPACT OF STUDENTS, FACULTY AND ALUMNI IN INDIANA
• Singing Hoosiers, IU’s traveling “cultural ambassadors,” a group that performs throughout the state, as well as across the United States.
• IU Marching Hundred, providing entertainment for the many IU sports events in Bloomington and elsewhere.
• Moveable Feast of the Arts: performances by a number of JSoM ensembles around the state, including the IU Philharmonic, Jazz Ensemble, Wind Ensemble, University Singers, and the Kuttner String Quartet.
• Musical Attractions: a service within the JSoM that manages hundreds of performances by JSoM students and faculty for corporate, civic, social, and educational events state-wide.

Other areas of musical activity across Indiana in which the Jacobs School of Music faculty, students, and alumni provide a central role include opera and ballet companies, choral ensembles and church choirs, jazz ensembles, community and school bands, early music ensembles, community orchestras, and classical radio stations.

EDUCATIONAL IMPACT

In Bloomington (within Indiana University)

• Number of music majors in the Jacobs School of Music:
  o 716 undergraduates
  o 125 diploma students
  o 387 master’s students
  o 398 doctoral students
  o Total = 1,626 (Fall 2006)
• Number of Indiana University non-JSoM students enrolled annually in music courses:
  o 3,200 per semester
  o 200 in the summer
  o Total (annual) = 6,600
  Courses are wide-ranging and include areas of jazz, rock & roll, general music appreciation, American musical theater, opera studies, connections between art, music, and poetry. Non-music majors are also given the option to study performance.
• Number of students served annually through the JSoM pre-college program:
  o 575 per semester
  o Total = 1,150
  The pre-college program offers performance instruction to students of Ballet, Choir, Guitar, Harp, Musical Beginnings, Piano, Recorder, Strings (including the IU Violin Virtuosi), and Young Winds.
• Number of students served annually through the summer pre-college academies:
  o Total = 380
The pre-college academies are offered in ballet, piano, strings, guitar, percussion, winds, band, and orchestra.

- Number of students served annually through the summer professional training workshops:
  - Total = 251
  The summer professional training workshops are offered in ballet, clarinet, voice, natural horn, a Kodály institute, music theory, percussion, and strings.
- A large number of lectures and pre-concert talks are offered to the public throughout the year.

**Across the State**

The total number of living JSoM alumni—14,000—is considered to be the largest of any music school in the country. Of that number, the largest contingent resides in Indiana (2,410). From K-12 school music programs to collegiate music departments, from the Indianapolis Baroque Orchestra to the Indianapolis Symphony, from the Bach Chorale in Lafayette to the Columbus Symphony Orchestra, Jacobs School of Music alumni are building, maintaining, and extending the cultural assets of Indiana, providing for the musical health of countless communities, and nourishing the economic and entrepreneurial fabric of the state.

### 4. BUILDING A 21ST-CENTURY INDIANA

Michael Rushton’s report, which follows this summary, provides a compelling critique from the perspective of a cultural economist of the Jacobs School’s profound impact on the state of Indiana.

In Rushton’s overview of the Jacobs School’s participation in the advancement of Indiana, he points to a growing body of research that links vibrant cultural activity with the development of a “creative class” essential to the strategic technological and economic goals of the state. Simply put, cities and towns that attract and support artists also tend to attract highly skilled and talented individuals in a wide variety of technological fields. Young, creative workers are attracted to and thrive in a “creative life packed full of intense, high-quality, multidimensional experiences.”

Rushton continues, “A region with a culture that values music and the arts, and in particular which is open to learning about and listening to new or unfamiliar musical styles or works, will also tend to have a more widespread culture of openness to new ideas. And that in turn has economic effects, as entrepreneurs and businesses become more likely to produce innovative products and designs.”

Retention of the highly competitive “creative class” is also essential, especially as talented individuals mature and expect a nurturing environment for their offspring, including good schools, a stimulating cultural environment, and a variety of media that reflect their values—in all, an environment where music plays a key role in the lives of communities.

Rushton mentions that, “in today’s economy, and for the foreseeable future, economic growth, meaning the year-to-year increase in incomes and living standards for Indiana households, will arise not so much from investments in physical capital, as it will come from investments in knowledge and new
ideas. Successful companies and organizations are those that can innovate, that can discover better designs for products, or ways of production that conserve on the use of resources, or new ways of delivering services to consumers and other businesses, at home and abroad.”

The Jacobs School and its musical talent—both current faculty/students and alumni—present music that is new, challenging, exciting and, in so doing, create an environment fertile for new ideas. And in the long run, that is how our state’s economy grows and its households prosper.”

5. **ENHANCING INDIANA’S REPUTATION AND IDENTITY AROUND THE NATION AND WORLD**

The IU Jacobs School of Music’s impact reaches well beyond the borders of Indiana. As a magnet for international students, scholars, and professional musicians of the highest order, the Jacobs School assists in building an Indiana identity that is cosmopolitan, sophisticated, and culturally current.

As a training center for performing musicians, dancers, composers, theorists, music educators, and other related professional areas, the Jacobs School is one of the world’s most prolific exporters of cultural activity. Jacobs alumni can be found in just about every major orchestra, choral ensemble, and opera house in the U.S. as well as countless performing ensembles around the world. They can be found in numerous conservatories and colleges as teachers, scholars, music directors, and administrative directors. As each of these individuals develops their career, the spirit and knowledge of the Jacobs School of Music and the state of Indiana is extended.
The Impact of the Jacobs School of Music on the State of Indiana: A Perspective from Cultural Economics

By Michael Rushton,
Associate Professor, School of Public and Environmental Affairs, Indiana University

Many people throughout the State of Indiana are aware of how the Jacobs School of Music enriches their lives, through the participation of faculty, students and alumni in the musical life of Indiana, through performances, education, and community-based activities. The tremendous value of the School for Indianans quality of life is beyond dispute.

While always keeping in mind the important intrinsic benefits of the Jacobs School, for our ability to enjoy performances of the world’s greatest music, and to better understand and appreciate the complex and subtle nature of music, we ask what might at first seem like an odd question: “Does the Jacobs School of Music help generate economic prosperity in Indiana?” Actually, to those economists who specialize in the study of regional economic growth, it is not an odd question at all. The cultural life of a state matters a great deal for its economic prospects.

Perhaps contrary to their stereotypical image, economists have long understood that music, and the arts generally, are not quite the same as ordinary goods and services bought and sold in the marketplace, and have advanced rationales for public support of music, both through government and through private, voluntary donations.

First, for music other than the most commercially popular, there are benefits to the community from thriving performing groups, concerts and operas, lessons and scholarship, extending beyond the values implied by the market. Indeed, many individuals in a city could well benefit from their local orchestra even if they do not attend performances themselves. For example, I might value the success of my local orchestra even if I do not attend concerts now, because I would like to know that, because of the success of the orchestra, my children and I will have the option of attending at some time in the future; current attendance at concerts by others is enhancing our future cultural opportunities. As another example, I might get positive feelings of pride in my local or regional community because of the renown of its musical life and heritage, even if I do not get much opportunity to listen to live performances myself. In each of these cases some of the benefits from musical performances and other outreach activities are not reflected in the market – I might get benefits from other people attending concerts, but I don’t pay anything for those benefits. Economists refer to this sort of benefit – received but not paid for – as an externality, and externalities present a case where the free market alone will not provide an adequate amount of the good. Because musical performances and activities generate externalities, but will be underprovided by the market, there is a role for government and voluntary support.

Second, economists have made the case for public and voluntary support of music on the basis of equity. Simply put, there ought to be special efforts to bring music and the arts to those who would
other wise be deprived of them, for economic, social, or geographical reasons. In the first place, it is an
important social value that we try as far as possible to provide young people, regardless of initial
circumstances, with equal opportunity to earn a decent income. If knowledge of the arts and a
familiarity with the great works of our cultural heritage are necessary in being able to succeed in a labor
market that places increased importance on creativity, communication and inter-personal skills, then
individuals without some stock of “cultural capital” will be at a distinct disadvantage. As the eminent
cultural economist William Baumol wrote: “Unfamiliarity with the world’s culture is an economic
handicap for the individual, for cultural illiteracy has much in common with linguistic illiteracy.” But
beyond getting ahead in the world, economists also recognize that an ability to enjoy the arts is a part of
the good life, and those who are disadvantaged by economics or geography from learning to understand
and appreciate classical music, the theater of ancient Greece, or the great works and traditions in the
visual arts, will lead lives that are diminished, having cultural consumption limited to only the most
easily absorbed popular culture.

Until recently, the above discussion captured the main ideas economists had to put forward
about the benefits of public support of music and art. But in the past ten years or so, the ground has
been shifting. Not that the case for non-market and equitable benefits of music and art have diminished,
but there is an additional, and vitally important, aspect of musical life for economists to consider. It is to
this new understanding of the importance of music to economic performance that I want to devote the
remainder of this analysis.

But before we proceed further, in order to understand the economic impact of the Jacobs
School on the state, it helps if we first take a step back and look at the early development of the Indiana
economy.

When the state developed through the nineteenth and early twentieth centuries, business and
industry located according to geography. Manufacturing needed to be close to the sources of coal and
minerals, and also to be either on navigable rivers or the Great Lakes, since it took time for rail
transportation to become fully operational. Geography made it sensible to produce steel on the shores
of Lake Michigan, to grow corn in the fields of the northern part of the state, but with dairy and other
specialty crops to serve metropolitan Chicago, to excavate limestone around Bloomington, to make
furniture around the forests in the southern part of the state, and in the early twentieth century to
become a part of the regional automobile industry. Workers seeking jobs followed the location of
industry – think of the great migration from the American South to the manufacturing centers of the
Mid-West in the first half of the twentieth century, for example.

But over the past fifty years, the location of economic activity in America has become much
more fluid. Although agriculture and manufacturing remain important, massive improvements in
transportation, communications, and labor-saving technology have meant that the physical features of
the land – rivers and oceans, mountains, natural resources, climate – matter much less for the location
of economic activity.
In the contemporary world, economic activity – businesses and the people who make them work – locate according to those things that affect the quality of people’s lives. While some of these things are given by nature – a pleasant climate and landscape, for example – for the most part the amenities that improve how we live are made by human hands: effective, accountable government; infrastructure; good schools and hospitals; parks and recreational facilities; low crime; friendly neighborhoods; community and voluntary organizations; and, not least, intellectual and cultural offerings, including higher education, galleries and museums, interesting restaurants and bookshops, and music.

And it is to the last point that the Jacobs School is so important across the state.

It is not surprising that the impact is felt most strongly around Bloomington, where the contribution of the Jacobs School to cultural life is truly immeasurable – concerts, opera, ballet, music festivals, community participation and lessons for students. It is important for us to consider that the Living Music of the Jacobs School is not just a pleasant feature of residing in Bloomington, but is a crucial element in the more comprehensive strategy of economic development, helping to attract talented individuals, entrepreneurs and businesses to locate in the surrounding area.

But as survey results show, the impact of the Jacobs School is state-wide. Students and alumni are playing in orchestras from Lafayette to Richmond, from Evansville to Fort Wayne, and are performing with schools, churches and community groups throughout the state. And so the cities like Columbus or Terre Haute, for example, are in a much stronger position for economic development as a direct result of the participation of current and past Jacobs School students in their orchestra. The presence of an orchestra, of quality music programs in schools, and of lively community-based music societies is a key input in the location decisions of families and companies.

A question that might arise in considering the effects of the Jacobs School on economic development is “do we have any real evidence”? The answer is that while no one has yet done an empirical study of a single school of music and economic growth, there is significant and growing evidence that cultural life matters for development.

Without wanting to delve too deeply into the econometric modeling of regional economic development, let me try to briefly summarize what we know.

Although he is not the first person to think deeply about the impact of musicians and other artists on economic growth, the person most associated with bringing a fresh case for support of music and the arts is Richard Florida, whose book The Rise of the Creative Class has provided so much inspiration for urban planners and for arts advocates. Here I try to shed further light on Florida’s claims that a city that attracts artists will also attract the highly skilled and talented individuals, and so bring economic growth.

Why would a concentration of musicians and artists in a region or city attract talent – what Florida has dubbed the creative class – and more generally be a spur to economic growth? We can answer the question from two perspectives: consumption and production.
On the consumption side, a concentration of musicians and artists leads to better leisure options for individuals, especially those more educated knowledge workers open to hearing new music, attending performances, visiting galleries, attending the theatre, and so on. Urban amenities and quality of life issues, both natural and developed, become relatively more important in location choice. Harvard University economist Edward Glaeser has found that high amenity cities have been enjoying faster economic growth than low amenity cities. Furthermore, as University of Chicago sociologist Terry Clark has noted, even the choices in amenities have changed: “The important local amenities are no longer schools, churches, and neighborhood associations...A residential population of young professionals with more education and fewer children creates a social profile geared toward recreation and consumption concerns.” Through interviews with highly-educated, and mobile, individuals, Florida has found that they want “to ‘live the life’ – a creative life packed full of intense, high-quality, multidimensional experiences. And the kinds of experiences they crave reflect and reinforce their identities as creative people.”

A concentration of musicians and artists is also predicted to have a positive impact on the productivity of knowledge workers. First, there may be positive “spillovers” from artists to other creative workers; the presence of artists serves to increase productivity in other creative sectors, as they provide a stimulus for new ideas. As Richard Florida put it: “technological and economic creativity are nurtured by and interact with artistic and cultural creativity.” The idea here is that a region with a culture that values music and the arts, and in particular which is open to learning about and listening to new or unfamiliar musical styles or works, will also tend to have a more widespread culture of openness to new ideas. And that in turn has economic effects, as entrepreneurs and businesses become more likely to produce innovative products and designs.

This is not a small matter. In today’s economy, and for the foreseeable future, economic growth, meaning the year-to-year increase in incomes and living standards for Indiana households, will arise not so much from investments in physical capital as it will come from investments in knowledge and new ideas. Successful companies and organizations are those that can innovate, that can discover better designs for products, or ways of production that conserve on the use of resources, or new ways of delivering services to consumers and other businesses, at home and abroad. This is well-understood by economists as well as by those leaders of organizations who know they must compete with innovative firms from elsewhere.

Through these channels, the impact of the Jacobs School of Music on Indiana’s economy is much larger than meets the eye. A successful economy must be one that can attract talented individuals to live in the state, first because economic strength is more so than ever before based on talent rather than on natural resources, and second because talent is typically mobile, and has many choices available regarding where to live. Furthermore, a successful economy is one where there is a milieu that encourages innovation, new thinking about old problems. The Jacobs School, as recent surveys have shown, reaches all corners of Indiana with its talented students, faculty and alumni. This makes Indiana an attractive location, a place where music plays a key role in the lives of communities. But it also does something else: the Jacobs School and its musical talent, past and present, present music that is new, challenging, exciting, and in so doing create an environment fertile for new ideas. And in the long run, that is how our state’s economy grows and its households prosper.
There is one further aspect of the new economy that deserves our attention. Given that musicians and artists are able to attract talented people from other sectors of the economy, it turns out that a virtuous circle arises. For sectors of the economy that rely on innovation, talented individuals find it productive and profitable to cluster in particular locations. A bio-mechanical engineer may be attracted to Indianapolis by its arts and music scene, but she will also be attracted to Indianapolis because of all the other bio-mechanical engineers who are already there, and will serve to make her more productive at her work, through the sharing of ideas, often in very informal ways. Put simply, smart people want to be around other smart people so that they can become even smarter, and this is true even if the other smart people are working for rival companies. That is why we see in any creative field, whether music, visual arts, film-making, advertising, software design, or the life sciences, creative people are not spread evenly across the country but cluster in certain key locations. This means that when it comes to attracting talent to live in Indiana, success will beget success. That is very good news, if Indiana is able to use its cultural resources to attract a “critical mass” of talented individuals, say in the life sciences, for example. But it also serves as a warning – lose the initial race for attracting talented individuals, and catching up with the nation’s successful regions and states will become very challenging.

Now, these arguments might seem plausible enough. But what is the evidence? It is not possible to isolate the effects of the Jacobs School on Indiana’s ability to attract talented individuals to live in the state, and to generate economic growth. But we can point to some more general results. My own research, meant to update and expand upon Richard Florida’s initial work on the subject of economic development, has generated results quite consistent with the analysis we have given above. I collected data for US cities using the Census from the year 2000, and looked at (1) the number of musicians and artists (of all types) as a proportion of the total number of workers in the city, (2) the prevalence of college educated individuals in the city, and (3) recent growth in income per person in the city. I found significant correlation between the three variables. Musicians and artists in a city are strongly correlated with the proportion of the adult population having at least a bachelor’s degree. And each of these is strongly correlated with growth in income per person. Note that this last correlation is interesting. We expect that any place with a more educated population would have higher average incomes – this is hardly a surprise. But we have found something more: musicians, artists and a highly educated population do not just lead to high incomes, but in addition lead to rapidly growing incomes. This provides some evidence of what I referred to above as a “virtuous circle”: landing a talented population helps to attract an even greater number of talented people.

The economic impact of the Jacobs School is both significant and subtle. The orchestral and choral groups that rely on Jacobs’ students and alumni, classroom and individual teachers, administrators, volunteers and audiences that are touched by the School’s current activities and its long legacy, all have a substantial effect on the cultural state of Indiana. And empirical research shows that this cultural impact has a major effect on the decisions of talented individuals, entrepreneurs, and established firms to choose to locate in Indiana and to make the decision to stay. Without the Living Music of the Indiana University Jacobs School of Music, Indiana would be a dull state in both senses of the term – lacking cultural vitality, and in turn lacking the sparks that light the fuel of invention, innovation, and economic growth.
References


