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## The Extraordinary Extent of Cultural Consumption in Iceland

**Keywords:** cultural consumption, public cultural expenditures, creative industries, cultural employment

### 1. Introduction

In this paper we compare the extraordinary cultural consumption in Iceland with the corresponding consumption in other countries, especially the other Nordic countries. We also propose the hypothesis that less populated countries participate more vigorously in cultural matters than more populated countries and we support this thesis with international statistics.

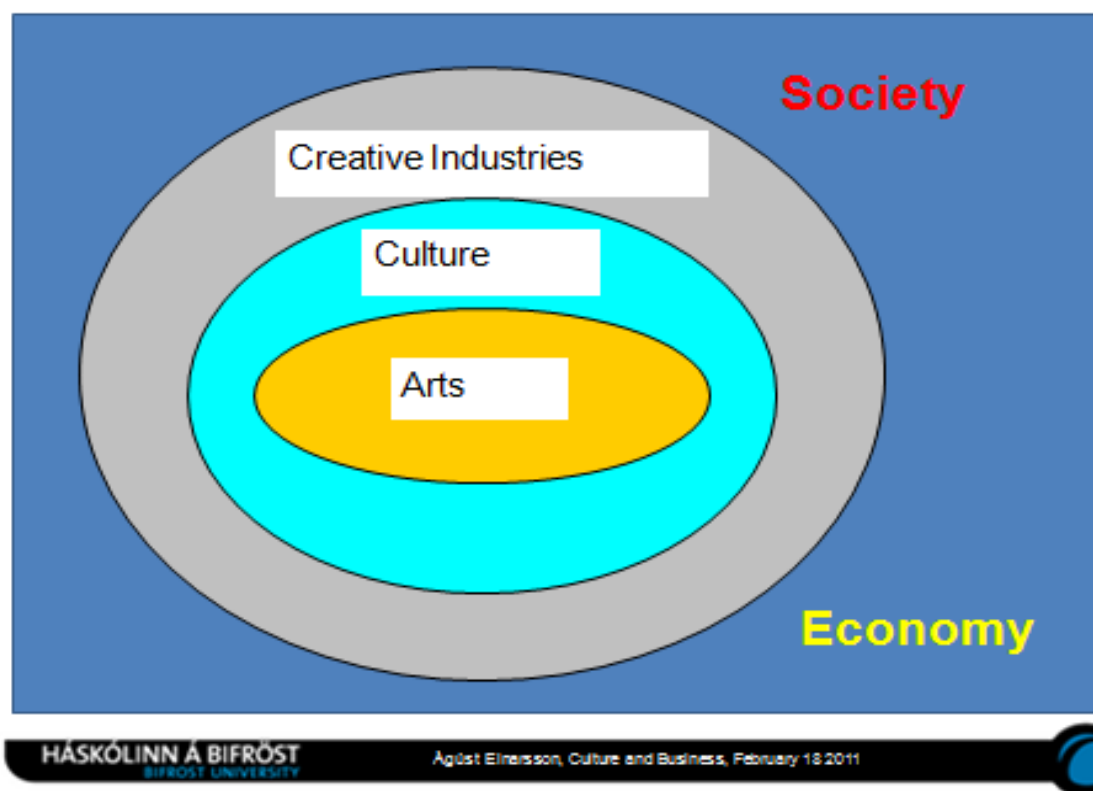


Fig. 1: Arts, culture, and creative industries

Cultural economics began as economics of the arts, and arts are a part of culture. Creative industries include more than cultural industries and both form a part of the economy and society as shown in Figure 1.

## 2. International comparison

Arts, as a part of culture, need a fertile soil to develop and prosper. A cultural environment is very important in that context. How fertile this soil is can be determined by means of an international comparison of cultural matters. The Nordic countries are all strongly cultural-minded and cultural activities are pervasive in those countries.

Theaters are an important element in the cultural life in any country. However, it is neither the number of theater companies nor the number of shows that illustrate the interest in theater in a country, but the frequency of attendance by the public of a theater in the course of a year. We show these numbers for the Nordic countries in Figure 2 (Nordic databank, 2010).

### Number of theater visits per capita 2007

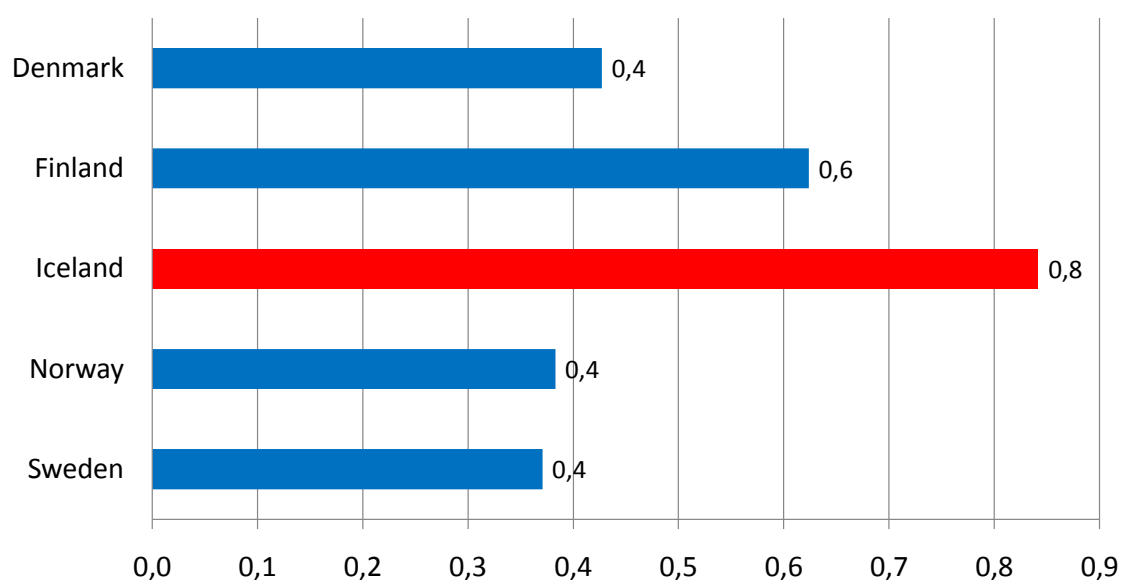


Fig. 2: Number of theater visits per capita in 2007 in the Nordic countries

Of all the Nordic countries, by far the greatest interest in the theater is in Iceland. In 2007 each inhabitant of Iceland visited a theater almost once every year. The interest in Denmark, Norway and Sweden is about 0.4 visits per year, only half of the corresponding figure for Iceland. Finland is in between.

Museums are a key element of cultural interest in any country. Figure 3 shows how often each inhabitant will visit a museum in a year in the Nordic countries.

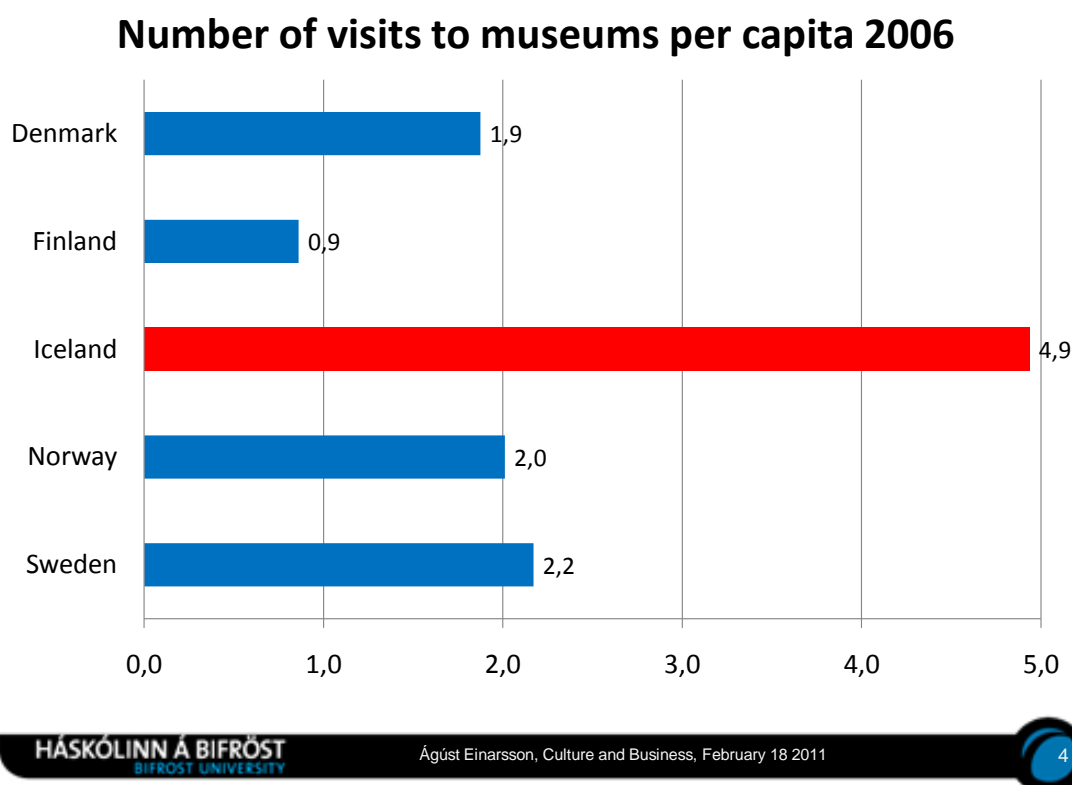


Fig. 3: Number of visits to museums per capita in 2006 in the Nordic countries

Icelanders visit museums most frequently of all the Nordic countries, or five times in a year, at the same time that people in most of the other countries visit museums only twice in a year and the Finns much fewer times than that.

Book publication is an important factor of cultural life in any country. Figure 4 shows the Nordic comparison for 2008.

### Number of books published per 1,000 inhabitants 2008

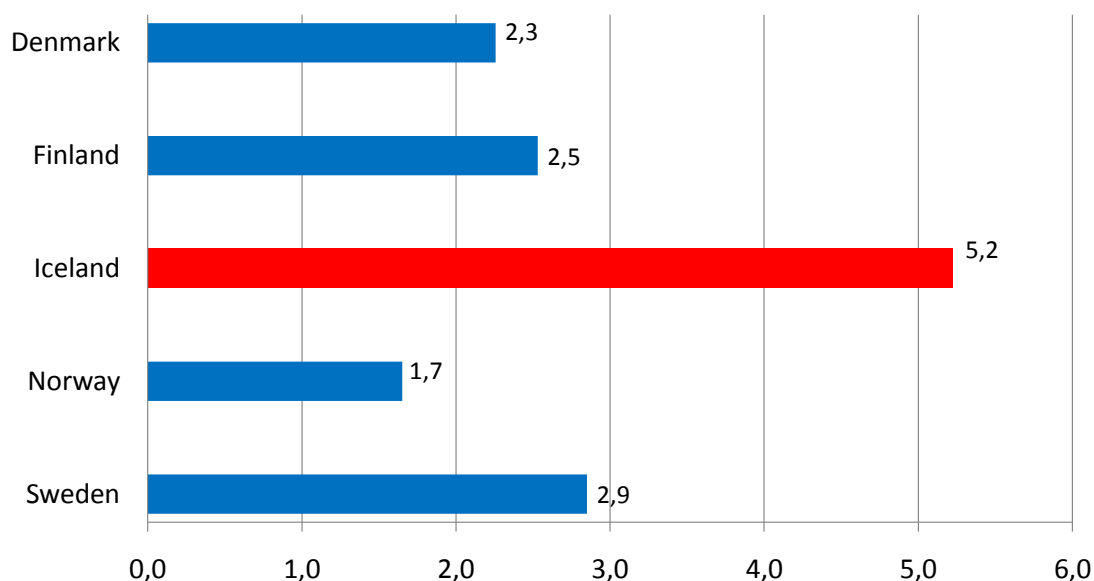


Fig. 4: Number of books published per 1,000 inhabitants in 2008 in the Nordic countries

Iceland is here once again in the first place. About double the number of books are published in Iceland per capita as in the other Nordic countries. Icelanders are often called the “book nation” and the description is apt.

Table 1 shows the yearly cinema attendance per capita for the 30 countries which showed the highest such attendance in 2008 (Tuttle, 2009).

Rank	Country	Yearly attendance per capita 2008	Rank	Country	Yearly attendance per capita 2008
1	<b>Iceland</b>	<b>5.0</b>	16	Belgium	2.2
2	Singapore	4.8	17	Austria	1.9
3	Ireland	4.6	18	Italy	1.9
4	USA	4.5	19	Switzerland	1.8
5	New Zealand	4.2	20	Malaysia	1.8
6	Georgia	4.1	21	Sweden	1.7
7	Australia	4.0	22	Mexico	1.6
8	Canada	3.2	23	Germany	1.6
9	S-Korea	3.1	24	Netherlands	1.5
10	France	3.1	25	Portugal	1.5
11	Norway	3.0	26	Israel	1.4

12	Spain	2.7	27	Finland	1.4
13	UK	2.7	28	Greece	1.4
14	Denmark	2.6	29	Czech Republic	1.3
15	India	2.6	30	Japan	1.3

Tafla 1: Yearly cinema attendance per capita in 30 countries in 2008

Iceland has the highest yearly cinema attendance per capita of all countries in the world. There is a huge difference between the countries. The countries next to Iceland are Singapore, Ireland, the United States and New Zealand, all big cinema nations where cinemas play a prominent role in cultural life.

These figures and the table demonstrate Iceland's strong cultural position, and the same conclusion can be drawn from comparisons with other countries. Table 2 shows employment in the cultural sector as a percentage of the total employment in 15 countries in Europe (*Cultural Statistics, 2007*).

Rank	Country	Cultural employment in total employment 2005
1	Netherlands	3.8
2	<b>Iceland</b>	<b>3.8</b>
3	Sweden	3.5
4	Finland	3.3
5	UK	3.1
6	Denmark	3.0
7	Germany	2.8
8	Switzerland	2.7
9	Ireland	2.5
	EU-27	2.4
10	Austria	2.4
11	Norway	2.2
12	Spain	2.1
13	Italy	2.1
14	France	2.0
15	Luxembourg	1.8

Table 2: Cultural employment as a proportion of total employment in 15 European countries in 2005

As shown in Table 2 cultural employment in Iceland is very high. The Netherlands and Iceland are on the top with 3.8% of total employment in the cultural sector. Other Nordic countries range from 2.2% in Norway to 3.5% in Sweden. The average for the 27 member states of the European Union is 2.4%.

Public policy with regard to culture is reflected in the financial expenditures to the sector. Figure 5 illustrates this point.

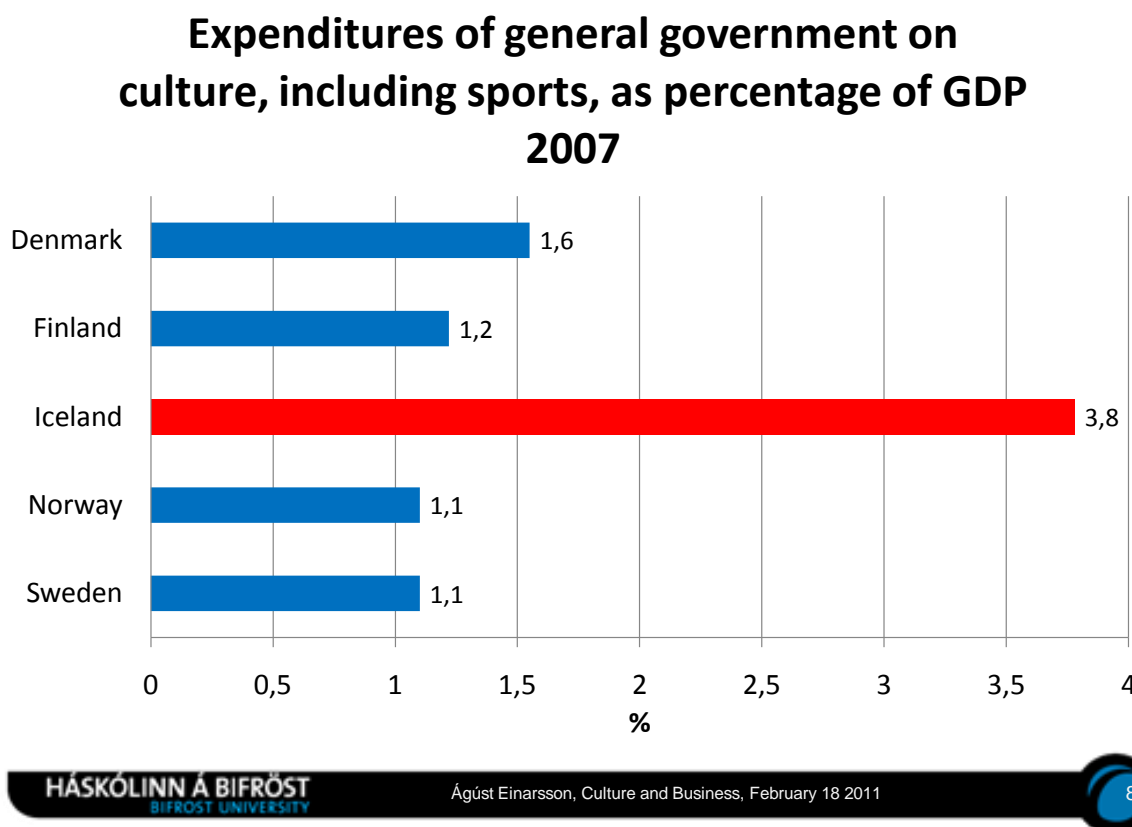


Fig. 5: Expenditures of general government on culture, including sports, as percentage of Gross Domestic Product in the Nordic countries in 2007

Iceland's general government, that is the central government and the local governments, spends proportionally more on cultural matters than any other country in the world. Sports are here included.

The expenditures in Iceland were 3.8% of Gross Domestic Product (GDP). Denmark had 1.6% and other Nordic countries had 1.1%. Iceland spent three times more than the other Nordic countries, even though all of these countries are very active in culture and cultural matters.

We also can illustrate the expenditures to culture excluding sports, as it is the local governments that bear the greatest proportion of expenditures on sports in all these countries.

## Expenditures of general government on culture, sports excluded, as percentage of GDP 2007

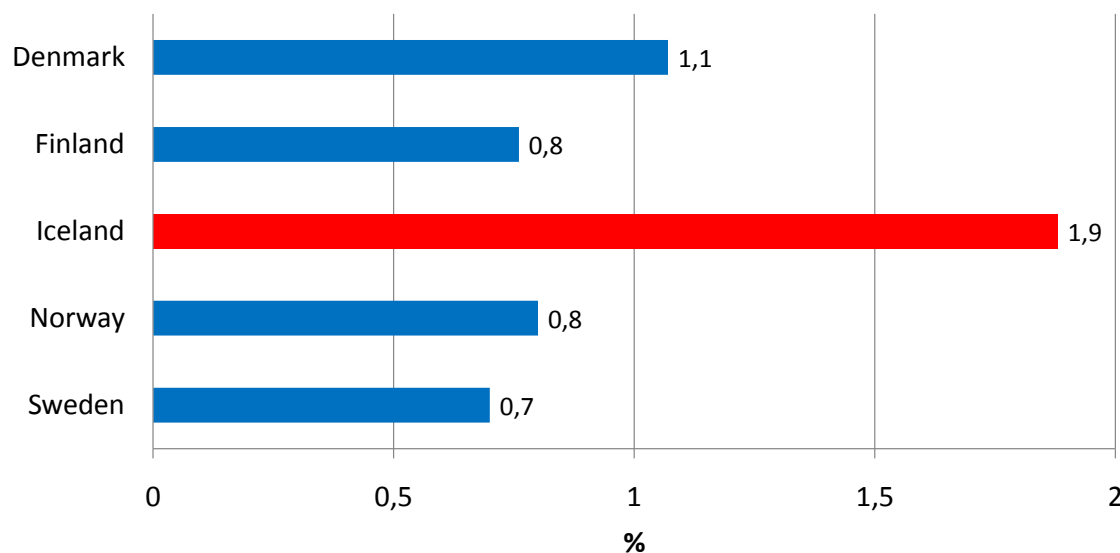


Fig. 6: Expenditures of general government on culture, sports excluded, percentage of Gross Domestic Product in the Nordic countries in 2007

Figure 6 shows similar results as Figure 5. The sports sector receives as a public share 1.9% of GDP in Iceland and about 0.5% in the other Nordic countries. Iceland has by far the highest public contribution to cultural matters, sports excluded, or a double share as compared to the other Nordic countries.

The final conclusion from this comparison is that Iceland shows an extraordinary amount of cultural consumption, with one of the highest, if not the highest, proportions in the world. Iceland shows a huge interest in culture, with extensive cultural activities and a high inclination of public authorities to do their best in cultural matters. This is the result of a long period of development, which can be traced centuries back to the time of the first settlement in Iceland more than 1100 years ago and to the time when we became a modern nation of Icelanders with our own language and culture, and, especially, our heritage of the sagas.

As so often happen when something in our environment becomes a very pervasive part of society, as in the case of culture in Iceland, the members of the public lose their awareness

of it. We not believe that the most Icelanders realize that the cultural life in their country ranks with the most active in the world.

### **3. Cultural expenditures**

Culture represents a significant value for each individual, and it is important to ensure the greatest possible access for everyone in all communities, even though this raises the obvious problem of free-riders. Otherwise, culture will take the form of private goods and create a natural monopoly, because only the select few – a sort of elite club – would have access to cultural activities. This was indeed the reality in earlier days.

Cultural affairs are increasingly being examined in a global context, i.e. as a means of ensuring cultural diversity and a national image in the face of increased globalization (*World Culture Report 2000, 2002*). Global culture is simply a result of the fact that through increased globalization the culture of individual nations and ethnic groups is more influenced by other cultures than before. Multinational influence of this kind is nothing new either; it has frequently been seen in history before. What is new is that the influence is now global, or, in other words, it comes from the world as a whole and much faster than before.

It can be disputed whether all cultures have the same opportunity to make their influence felt. Small areas often do not have the financial capacity to propagate their influence. This issue falls within the domain of Global Cultural Economics and the research question is whether small cultural areas are at risk owing to increased globalization, not only because their societies are recipients rather than producers, but also simply because they are small; the core of the issue here is whether cultural diversity is at risk.

UNESCO has developed a framework to measure the economic impact of cultural activities. Public cultural expenditures are determined in the budgets of central and local governments. These expenditures have a significant impact on cultural activities, although a large part of the cultural sector is independent from public expenditures, being entirely within the private sector. Priorities in public cultural expenditures are decided largely by politicians, who, in most countries, represent the people through democratic elections.

To evaluate politicians' (the people's) prioritisation, we apply the method of looking at the percentage of the total expenditures allocated to individual budget items. We analyze the public cultural expenditures for various countries and the share of cultural expenditures in the total outlay. We investigate whether there is a statistically significant correlation between



the share of public cultural expenditures and the populations in individual countries. This is done to test the theory that public authorities in less populous countries place a greater emphasis on supporting the cultural sector through public expenditures than in more populous countries.

Country	Population	Percentage of expenditures	Country	Population	Percentage of expenditures
Albania	3,619,000	1.30	Jamaica	2,804,000	1.08
Australia	21,007,000	2.50	Japan	127,288,000	0.40
Austria	8,205,533	2.09	Kazakhstan	15,340,000	4.40
Bahrain	738,004	3.75	Kyrgyz Republic	5,508,626	3.19
Belarus	9,685,000	2.94	Kuwait	2,596,000	2.30
Bhutan	682,000	0.83	Latvia	2,245,000	4.27
Bolivia	9,247,000	1.95	Lithuania	3,565,000	3.27
Bulgaria	7,262,000	2.27	Luxembourg	486,000	5.09
Canada	33,212,000	2.59	Maldives	385,000	4.00
China	1,330,044,000	1.18	Mauritius	1,274,000	1.55
Costa Rica	4,195,000	0.65	Moldova	4,324,000	2.42
Croatia	4,491,000	3.00	Netherlands	16,645,000	2.97
Czech Republic	10,220,000	2.68	New Zealand	4,173,000	4.57
Denmark	5,484,000	3.05	Norway	4,644,000	2.58
Egypt	81,713,000	3.64	Poland	38,500,000	2.54
El Salvador	7,066,000	0.75	Romania	22,246,000	2.24
France	61,037,000	2.90	Russia	140,702,096	1.90
Georgia	4,630,000	3.68	Singapore	4,608,000	0.67
Germany	82,369,000	1.37	Slovak Republic	5,455,000	2.87
Hungary	9,930,915	2.93	Slovenia	2,007,000	3.13
<b>Iceland</b>	<b>304,000</b>	<b>8.02</b>	Spain	40,491,000	4.09
Iran	65,875,000	2.98	Sweden	9,045,389	1.97
Israel	7,112,000	2.92	Switzerland	7,581,000	2.55
Italy	58,145,000	3.05	Ukraine	45,994,000	1.88
			United States	303,824,000	0.85

Table 3: The percentage of expenditures by the general government (central government and local government and states) on cultural activities for 49 countries as the yearly average of three years 2006-2008

Table 3 shows the percentage of expenditures by the general government (central government, local government, and states) on cultural activities for 49 countries as the yearly average of three years, 2006-2008. This includes recreational and religious affairs (*Government Finance Statistics Yearbook, 2007-2009*). The inhabitants of these 49 countries

total about 3 billion, or almost half of the world's population. Table 3 shows Iceland at the top, with 8.02% of general government expenditures allocated to cultural activities.

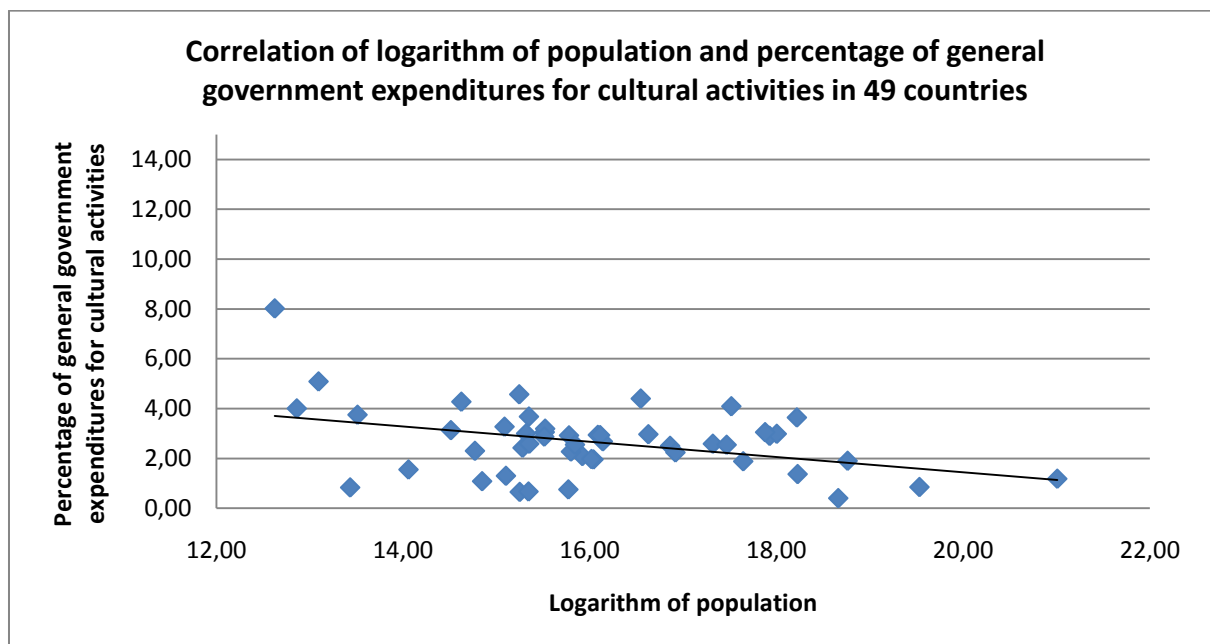


Figure 7: Correlation of population and percentage of general expenditures for cultural activities in 49 countries in 2006-2008

The priority given to a sector can be described in terms of the amount of public expenditures allocated to that sector. The percentage of general government expenditures allocated to cultural activities clearly shows how much priority is given to culture by the politicians who are responsible for public expenditures. The sum of the percentage is in all countries 100%. If one government spends 5% of its budget in one sector and another government spends 10% of the budget for the same sector, the latter government rates the sector much higher than the former government.

We propose the hypothesis that governments of countries with small populations spend more on cultural affairs than countries with large populations, and that there is an exponential correlation of the percentage of general government expenditures and the population by using the logarithm of the population. The hypothesis was tested for the 49 countries in Figure 7.

The regression coefficient is 0.39. This is significant at the 5 percent level. We conclude that countries with small populations spend more of their budgets on cultural matters than countries with large populations.

We analyze the data further by dividing these 49 countries into 3 groups: 15 big countries with over 20 million inhabitants, 17 rich small countries with over \$18,000 GDP per capita at Purchasing Power Parity (PPP) in a year, and 17 poor small countries with less than \$18,000 GDP per capita at PPP in a year. The mean percentage for the big countries is 2.27%, the average percentage for the rich small countries is 3.14% and the average percentage for the poor small countries is 2.49%. These results also support the hypothesis that poor small countries spend a higher percentage of their total public expenditures on cultural affairs than the big countries do.

Furthermore, we divided the group of 15 big countries into 9 rich big countries with over \$18,000 GDP per capita at PPP in a year, and 6 poor big countries with less than \$18,000 GDP per capita at PPP in a year. There is no significant difference in the average percentage between these two sub-groups. The big rich countries do not spend a higher share of their expenditures on culture than the big poor countries do. This also supports the argument for the hypothesis that small countries emphasize cultural activities.

The emphasis placed by smaller nations on cultural activities is understandable because they are fighting for their cultural heritage in a world characterized by increasing globalization. Iceland is a good example. Public authorities can, of course, contribute to cultural activities in other ways than by increasing their cultural expenditures, e.g. by reforming their tax laws in favour of companies and individuals who give grants to the cultural sector. This has been done in many countries (Schuster, 1985).

Another reason for less populated countries to support cultural matters is to safeguard their independence and national characteristics (Agust Einarsson, 2005b). The reasoning behind this theory is that authorities in less populated countries are more concerned about their domestic culture, which they perceive as more vulnerable, and are afraid that the cultural diversity represented by their smaller communities will fall victim to increased globalization. Iceland is, again, a good example.

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