

OECD Workshop on the International Measurement of Culture

Discussion Summary and Recommendations

General Issues

This document presents a summary of the discussions at the OECD-hosted workshop on international-comparative measurement of the culture sector held at OECD headquarters in Paris on 4-5 December 2006. The delegates represented 6 international organisations, 20 different countries (including 15 OECD delegations) and included experts from 12 national statistical offices and 11 national ministries of culture.

The draft discussion paper for the workshop entitled *International Measurement of the Economic and Social Importance of Culture*¹ along with presentation material from the workshop can be found on the workshop Web site at www.oecd.org/std/national-accounts/measurementofculture.

The workshop was held within the context of a new OECD Project focusing on statistical methodologies (definitions, classifications, frameworks, etc.) to measure the economic and social importance of culture and is linked to the organisation's wider global project on Measuring the Progress of Societies². The work of the Project is supported by the Louise T. Blouin Foundation,

Workshop participants underlined the timeliness of the OECD Project and testified to an increasing demand for better culture statistics. This demand parallels an increasing priority of culture on political agendas, both on its own and as part of a wider wellbeing agenda. (The Secretariat noted that a session on culture had been held at the OECD conference on the measurement of wellbeing in Milan earlier in 2006; a follow-up session scheduled for the next World Forum on Statistics, Knowledge and Policy in June 2007.)

The lack of reliable comparable data was a recurring theme in workshop discussions. There was general agreement that a standardised approach for the construction of measures (including detailed definitions) was required to produce the robustness and that, in turn, would permit reliable comparability and bring credibility to the resulting analysis.

Regarding the actual methodologies used to collect raw data, the workshop discussed several areas but particularly highlighted problems of small sample sizes and increasing revenue cut-off thresholds for sample surveys. The highly diverse nature of culture undertakings and occupations, their unequal distribution across economies and the greater predominance of small companies in the sector mean that these particular methodological trends risk impeding analysts' abilities to produce reliable measures of the culture sector.

Participants also drew attention to the significance of cultural activities that were considered as secondary to another activity. This is of particular concern when measuring employment where many individuals in culture occupations also work in non-culture occupations. A similar problem can be found in industry surveys where cultural activities take place within an establishment classified in a non-culture industry. Two examples cited in the latter case were the publication of magazines and the creation of a museum or archive by an establishment whose principal classification was outside the culture sector. The OECD was encouraged to ask member countries to code secondary activity in surveys where possible.

¹ Gordon, John and Helen Beilby-Orrin, "International Measurement of the Economic and Social Importance of Culture", OECD, Paris 2006, draft document.

² Further information on the Global Project - Measuring the Progress of Societies can be found on the Web site www.oecd.org/oecdWorldForum

Several delegates noted that putting a true value on certain heritage and other non-market assets was very difficult using a conventional economic approach. Several delegates referred to work done using alternate approaches such as direct and indirect/preferences-revealed valuation techniques (including contingent valuation, hedonic analysis, opportunity cost method, etc.). It was suggested that the OECD encourage research in this area.

Development of a Measurement Framework

One area the workshop stressed as being absolutely crucial to data comparability was a clear, unequivocal, framework with detailed definitions. Without such a framework, analysts preparing reports are forced to adopt ad hoc approaches and, as a consequence, the resulting reports can sometimes appear inconsistent or worse, contradictory.

It was emphasized that the lack of consistency in results is not necessarily linked to the quality of work carried out by those producing the measures, but rather the principal issue is the lack of consistency of the multitude of ad hoc decisions required to carry out such work. It is not surprising that this variability in process translates into variability in results nor that the inconsistency of estimates has tended to taint all work on comparative measurement of the sector.

UNESCO developed a Framework for Culture Statistics (FCS) in the 1980s and this work has provided much of the underpinnings of subsequent work in the field. In 2002, the European Commission Leadership Group built on the UNESCO FCS and created a European framework. As a result, in the frameworks (formal or informal) used by many countries, there is already a general agreement on the inclusion of certain core areas such as film, publishing, visual arts, performing arts, heritage, and libraries. For other areas such as sports, advertising, architecture, design, new media/electronic games, festivals, and crafts, there continues to be considerable discussion as to their inclusion or exclusion from sector frameworks.

Even for the core areas where there appears to be general agreement, when the specific items or classes that are to be included in any given country's definition are examined in detail, there remains significant divergences. Part of the reason for this is that the culture sector is not well reflected in most existing general purpose classification standards.

There was general consensus at the workshop that the lacunae in international standards needed rectification but, at the same time, recognition that the revision cycles for these standards were extremely long and the process complex. In the short and medium term, alternative approaches would be required.

While agreeing that any framework adopted by the OECD should cover activities ranging from creation to consumption and conservation, participants also accepted a proposal from the UNESCO Institute for Statistics that a framework should be modular in nature with each module able to stand independently on its own. In this way, where not all parties adopt the entire framework, measures related to individual modules would still remain comparable.

Although framework concepts generated considerable interest and discussion, the workshop also recognized that UNESCO is currently reconsidering its original Framework for Culture Statistics (FCS). Participants emphasized the need for co-operative work among international organisations in relation to framework issues and recommended that the OECD Secretariat continue to work in close collaboration with UNESCO on the current review of its FCS (a new version is expected by 2009) and that any final decision on a framework to be used by the OECD await the final report on the UNESCO study.

In the interim, the workshop recommended that the OECD begin by concentrating on two sub-sectors from the generally-agreed-upon core areas and develop a detailed approach for collecting comparable data. Two sub-sectors specifically mentioned for consideration were the audio-visual industry and museums/heritage.

The methodology should include a detailed mapping or translation between the definition of the sub-sector in question and the standard classification systems currently used in each member country (e.g., for industries these include International Standard Industrial Classification, Nomenclature statistique des activités économiques dans la Communauté européenne, North American Industrial Classification System, etc.).

This work needs to be carried out in consultation with national experts at the national statistical offices (NSOs) and should also include instructions on how to extract culture-related data from statistical groupings that contain both culture and non-culture-related data. Once the revised FCS is available, this methodological work with the NSOs could be used to establish the definitional detail for the framework.

Public Sector Expenditures

There was no doubt expressed as to the importance of having good data on public sector expenditures on culture but, following a presentation by the team that headed up the Task Force of the European Commission Leadership Group working on this subject, the participants agreed that the current approaches had been unable to produce data that could be reliably compared at the international level.

It was clear that expenditures of all levels of government needed to be included and that a reliable method must be established to net out or consolidate inter-level transfers. Given the differing fiscal policies among OECD member countries it was also recognized that any analysis of public sector expenditures on culture needs to be complemented by analysis of private sector contributions from corporations, foundations and individuals.

The workshop recommended that the OECD work with Eurostat and other interested parties to establish a reliable method to collect internationally-comparable data on government expenditures on culture.

The group also recommended that the OECD work with these same partners to develop a more detailed (4 digit) classification structure within the culture-related portions of the Classification of the Functions of Government (COFOG). Pending the revision of COFOG, the workshop recommended that the OECD encourage member countries to act (on a voluntary basis) and to begin to collect and report data using this more detailed approach.

Social Impacts of Culture

Workshop participants agreed that measures of the social impacts of culture should be included in the set of measures published by the OECD but recognized that, although numerous groups are working in the field, they are still far from agreeing on which measures are important for international comparisons and how these measures should be constructed. The workshop participants recommended that the OECD focus on other measures first pending further development by researchers working in this field.

International Trade

Several reports on the international trade in cultural goods and services were presented to the workshop and participants recognized that many of the same problems previously identified in relation to industry data were also present in trade data. In particular there exist multiple standards: the Harmonized System (HS) for commodity classification developed under the auspices of the Customs Cooperation Council, the UN's Central Product Classification (CPC), and the Extended Balance of Payments Services Classification (EBOPS) which is a disaggregation of the joint OECD-Eurostat Trade in Services Classification. All of these standards lack sufficient detail in culture-related areas.

Particular areas singled out as being not well reflected were Crafts and New Media or Interactive Digital Media. The aspects of social cohesion and cultural diversity, including the identification of domestic content, were also highlighted as being difficult to analyse using the current classifications.

Participants underlined the need to go beyond a simple reliance on customs data, especially when it comes to valuing trade in digital media. A particular case in mentioned was the challenge of finding a way to value the use of open-source software that is freely available.

Despite all the identified problems, it was recognized that UNESCO and UNCTAD had done a lot of significant work in this area especially on the trade in goods. When it came to data on trade in culture services, an area of increasing importance, the workshop noted that there existed very little internationally-comparable data.

In conjunction with the discussion of international trade data, several delegates also expressed a need for better information on tariff and non-tariff trade encouragements and/or restrictions in different countries in order to better analyse trade data. One participant mentioned that the Council of Europe through the European Audiovisual Observatory had also done some work with trade data and had assembled some information on this subject.

The workshop recommended that the OECD collaborate with UNESCO and UNCTAD and other interested parties to improve data and other information related to trade in culture goods and culture services.

The representative from the World Intellectual Property Organization mentioned that WIPO had done considerable work in the area of trade in intellectual property and would be pleased to contribute to the discussions.

Classification of Occupations

Although there was much discussion on the weaknesses of international classification structures, there was one very positive note. The International Labour Office (ILO) has embarked on an update process for the International Statistical Classification of Occupations (ISCO). Prior to the workshop, the ILO had agreed to accept a coordinated recommendation from the workshop with respect to occupations related to the culture sector.

The workshop recommended that the OECD work in collaboration with UNESCO to solicit input from countries and other interested groups and prepare a consolidated recommendation to the ILO. Many participants agreed to either provide direct input to the work or to find someone in their country or organisation to provide comment.

Satellite Accounts

The final presentation of the workshop dealt with satellite accounts for culture. Satellite accounts are statistical constructs that enable the expansion of the capacity of a country's System of National Accounts (SNA) and thereby allow both a wider and more in-depth analysis of specific areas such as culture. They do this by loosening some of the constraints of the SNA while still maintaining the basic rigour and the associated credibility of the SNA.

Finland is preparing to pilot a satellite account for culture in 2007. The workshop heard presentations both on the methodological approaches to building their satellite account for culture as well as on its utility and impact from a policy point of view. The underlying messages were that the decision to implement a satellite account is strategic and its existence can significantly heighten the profile of culture within a government.

Although the creation of a satellite account requires considerable resource investment, its implementation can be done in stages so as not to overburden budgets. The workshop also heard that the Convenio Andrés Bello (CAB), an intergovernmental organisation based in Columbia, was willing to share its expertise. The CAB has recently worked with Columbia and Chile to develop satellite accounts for culture in both countries.

The workshop recommended that the OECD set up and provide secretariat support for an expert group on satellite accounts for culture. The initial focus of the group should be to promote of the creation of satellite accounts in member countries. Subsequently, it should focus on the development of methodological designs for the implementation of satellite accounts for culture.

Conclusions and Way Forward

The workshop recommended that the OECD project should continue to be active in the sector, especially since the OECD can provide a unique forum with access both to national statistical offices and to ministries of culture. The participants also stressed the importance of the OECD working collaboratively with other international organisations such as the European Commission and Eurostat; the United Nations Educational, Scientific and Cultural Organization (UNESCO) and its statistical institute; the World Intellectual Property Organization; the United Nations Conference on Trade and Development; and the many observatories active in the field.

In summary the active recommendations of the workshop are that the OECD should:

- Collaborate with UNESCO on the current review of its FCS and await completion of the review before finalizing an OECD framework.
- Adopt a measurement framework that covers activities ranging from creation to consumption. The framework should be modular in nature with each module able to stand independently on its own.
- Develop a handbook containing detailed methodological approaches for producing harmonised measures for identified culture sub-sectors, including definitions in terms of classification standards in use in each country and generic methods for separating out the culture portion for classes also containing non-culture-related information.
- Collaborate with Eurostat and other interested parties to establish a reliable method to collect internationally-comparable data on government expenditures on culture. This group should also strive to develop a more detailed (4 digit) classification structure within the culture-related portions of the Classification of the Functions of Government (COFOG).

- Collaborate with UNESCO and UNCTAD and other interested parties to improve data on trade in culture goods and culture services and to assemble information on the trade policies of individual countries or regions that effectively encourage or restrict trade in cultural goods and services.
- Collaborate with UNESCO to solicit input from countries and other interested groups and prepare a consolidated recommendation to the ILO as part of the process of updating the ISCO classification.
- Set up and provide secretariat support for an expert group on satellite accounts for culture.

Based on the workshop's recommendations, it is clear that the OECD Secretariat should continue to work in close collaboration with other international organisations to work towards the goal of reliable internationally-comparative measures of the culture sector.

The principal short-term goal agreed upon by participants was the production of a handbook that would provide a methodological framework for the harmonized production of measures of selected culture sub-sectors in all OECD countries. As part of this work, the Project should also assemble a set of initial measures.

Subsequent to the workshop the OECD Secretariat developed a workplan that would see the publication of an initial version of such a handbook and initial data tables for nine OECD countries by December 2008.

The workshop's recommendations and the workplan will be forwarded to the OECD's Committee on Statistics and eventually to other OECD policy committees but any new undertakings will require additional funding.

With the methodological handbook in place and following the initial release of comparable measures in December 2008, the OECD Secretariat is confident that member countries will support the continuing work of the Project.

To cover the 21 months from April 2007 to December 2008 the OECD Secretariat is seeking to extend initial funding received from the Louise T Blouin Foundation through to the end of 2008.

For further information on the workshop, please contact the project manager John Gordon by email at John.Gordon@OECD.org or by telephone at +33 (0)1 45 24 14 74.

Annex – Proposed Measures and Discussion of Data Sources

This section is based on the draft paper prepared by the OECD Secretariat and subsequent discussion by participants at the workshop. It lists the type of measures proposed for inclusion in a standardised set of tables and discusses some of the challenges associated with some of the areas.

- Revenues (establishment level)
 - Operating revenues
 - Public sector grants
 - Private sector grants
 - Contributions from individuals
- Contribution to Gross Domestic Product (GDP)
- Employment
 - Employees in culture sector (culture and non-culture occupations)
 - Employees in culture occupation outside the culture sector
- Public sector funding to the culture sector
- Private sector funding to the culture sector
 - Corporate and foundation grants to culture establishments
 - Donations from individuals to culture establishments
- International trade in culture goods and services
- Household/individual spending on culture goods and services
- Household/individual participation in cultural activities
- Social impacts of culture

Data for Revenues and GDP are expected to be obtained from industry surveys. Employment data are available from industry surveys but need to be augmented by labour force survey data in order to capture culture occupations in non-culture industries.

Data on public sector funding to the culture sector in government accounts should improve once a proposal for a four-digit breakdown for COFOG is achieved. Workshop discussions confirmed, however, that additional development work is still required since all countries are not yet reporting culture spending for all levels of government (four levels in some countries). The responsibilities of the various levels of government vary from country to country and thus all levels must be included to present a reliable portrait. A Task Force of the European Commission Leadership Group has done considerable work in this field but confirms that it has not yet arrived at a satisfactory solution. The OECD was encouraged to collaborate with those working on this challenge so that reliable measures can eventually be incorporated into the OECD set of measures.

Data on private sector funding to the culture sector are important as a complement to data on public sector funding since differing tax policies in different countries may affect the relative share of each sector's contribution. Additional research is required to determine the best sources of data to use in constructing this measure.

UNESCO and the United Nations Conference on Trade and Development (UNCTAD) have done considerable work on international trade in culture goods and services. There are still some classification issues in this area as well, especially for culture services. The OECD will collaborate with UNESCO and UNCTAD in their work with a view to incorporating the results in measures published by the OECD.

Data on culture-related household/individual spending and participation suffer from the lack of useful, agreed-upon standards for classification and, as a result, different countries have taken different approaches to data collection. Further work will be required to be able to produce comparable measures in this area.

Workshop participants agreed that measures of the social impacts of culture should be included in the set of measures published by the OECD but recognized that, although numerous groups are working in the field, they are far from agreeing on which measures are important for international comparisons and how these measures should be constructed. The workshop participants recommended that the OECD initially focus on other measures, pending further development by researchers working in this field.

In summary, given the identified challenges in some of the areas, the workshop recommended that the OECD initially concentrate on measures of revenue, GDP and employment.