

## **Valuing the arts: Pitfalls in economic impact studies of arts festivals**

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### Abstract:

Economic impact studies have been used to value goods with both public and private good characteristics, like arts festivals, and have been useful in providing a quantifiable monetary estimate of their worth. However, such studies have been fraught with methodological pitfalls which call their accuracy into question. Since many impact studies are commissioned by the festival organisers who have an interest in ensuring that results are positive and large, methodological errors which inflate final impact figures are seldom questioned. For example, accurately defining the area of study, the number of visitors to the festival and the size of the multipliers used is of major importance when calculating economic impact. The paper discusses these problems using economic impact studies conducted on four international arts festivals: the Standard Bank National Arts Festival, Grahamstown (Antrobus *et al* 1997a and 1997b); the Edinburgh Festivals (1996); the Adelaide Festival (1990) and the Melbourne International Festival of the Arts (1996). It is concluded that even the most accurate of such studies do not include an estimation of the value of the positive externalities provided by arts festivals and that a willingness to pay study should be conducted in conjunction with more traditional economic impact methods. Three examples of such combined studies, the Mildura Arts Centre, Australia, the Kentucky Arts Study and the Standard Bank National Arts Festival, are briefly discussed.