How will the cultural sector emerge from the corona crisis?

Summary

In the publication [Hoe komt de cultuursector uit de coronacrisis?] (How will the cultural sector emerge from the corona crisis?), the Boekman Foundation takes stock of what we know — as of April 16th, 2020 — about the short- and long-term consequences of the corona virus for the Dutch cultural sector and the effectiveness of the announced support measures. In addition, the publication examines what is still unknown and presents questions that should be answered in order to get a better picture of the long-term consequences and to shape adequate policy. This document is an English summary of the publication and the mentioned research questions are collected in the side columns. The Boekman Foundation will continue to work on answering these questions and invites others within the sector to contribute as well. Together, we can not only gain insight into how the sector can survive this crisis, but also how it can emerge stronger.

The corona crisis has a massive impact on the cultural sector. Companies and institutions had to close, assignments were cancelled and events were called off or postponed. The chain reaction of consequences can be felt throughout the sector: if a theatre closes, its usual suppliers and freelancers lose income too. The loss of revenue for the entire sector until June 1st is estimated at EUR 969 million.

At the same time, costs continue to exist. Besides regular operating costs and the cost of living, there may also be payment obligations for large investments already made for the spring or (festival) summer. As financial reserves in the sector are often small, a significant part of cultural organisations will possibly face bankruptcy.

Financial problems are to be expected in the longer term as well. At the moment, it is much more difficult to develop, produce and programme new cultural offer for the coming season. Moreover, many cultural providers have less opportunities, for example, to be visible to clients or recruit new students. This means that the cultural agenda for the coming season might be emptier than usual.

Short-term research questions

How can we make the best possible assessment of lost income, even after the current support measures have ended?

What effect does the corona crisis have on employment in the cultural sector?

To what extent and by what means are cultural organisations and entrepreneurs able to cover lost income?

Do people continue or (temporarily) terminate subscriptions and memberships for cultural services and associations during this period?

Do people donate more to culture through, for example, memberships or not requesting their money back from cancelled tickets?

How are funding organisations and sponsors of cultural organisations dealing with the current circumstances?

To what extent do employers and clients continue to pay employees, self-employed workers and suppliers?

How large and acute are the liquidity problems for organisations, entrepreneurs and workers within the cultural sector?

What effect do online initiatives of cultural organisations have and do they reach existing audiences or new ones in particular?

What expectations does the public have about their cultural participation after the termination of corona-related measures?

What are schools doing in terms of arts and culture education while closed? How will they continue this when they reopen?

How are programmers preparing for the coming cultural season?

How are cultural sector revenues usually spread over the year and who is most affected within the sector due to the loss of income during spring?

Which part of the mixed income of makers in the cultural and creative sector proves to be most vulnerable?

In addition to the publicly funded cultural sector, how is the commercial side also sufficiently supported?

It remains unclear how and if the public will respond to the offer that is available. Packed halls seem difficult to realize in the new society where physical distancing is the norm (*anderhalvemetersamenleving*), but it could also be expected that crowded places will be avoided altogether for quite some time. An economic recession can also lead to the decrease or postponement of purchases and assignments by consumers and companies.

For these reasons, revenues could remain at a lower level for a longer period of time. Complicating factors are the lack of financial reserves from the normally busy spring to compensate the usually quieter summer months and the frequent issuing of vouchers for cancelled performances. Although these vouchers could prevent liquidity problems in the short term, they may negatively impact regular ticket sales in the coming season.

Finally, there are potential long-term consequences for the sector to keep an eye on, although much is still up in the air. After the corona crisis, how will we deal with digital cultural offer that is currently available for free en masse? Will the focus on public revenue increase to make up for lost sales? How does this affect the artistic offer? And what do the current support measures mean for public financing in the long-term?

Generic support measures

Various support measures have been announced or have already been enforced for both the economy in general and the cultural sector in particular. Although these measures partially alleviate the acute financial problems, they are less successful in evenly supporting everyone within the cultural sector.

For example, the measure *Tijdelijke Overbrugging Zelfstandige Ondernemers* (Temporary Bridging Self-Employed Entrepreneurs, TOZO) requires that self-employed workers spend at least 1,225 hours a year on their registered practice. However, culture makers often have a hybrid professional practice with different types of activities and they may not meet this criterion. In addition, the economic perspective and related business logic of the measure do not always match with how entrepreneurship is shaped in the cultural sector.

The measure *Tegemoetkoming Ondernemers Getroffen Sectoren COVID-19* (Allowance Entrepreneurs Affected Sectors, TOGS) also has requirements that rule out certain organisations in advance. The home address of the person applying and the company address may not be identical, for example. This is problematic for artistic groups that travel and have no other home base. The measure initially also excluded certain professions within the sector, but additions were made at a later stage.

Specific support measures

In addition to these generic measures, two specific packages of support measures for the cultural sector have been confirmed. The fist package of March 27th mainly focused on leniency towards multi-year subsidised institutions and rent suspension for state museums. On April 15th, a second package of EUR 300 million was announced. This additional investment is meant to help cultural institutions 'of vital importance' during the first months of the corona crisis, to invest in the coming cultural season and to conserve employment as much as possible.

Both measures are welcomed and will hopefully keep a large part of the system afloat. However, the measures mainly target larger, subsidised institutions. The idea is that the extra money will flow towards smaller institutions and makers through assignments, but it remains to be seen if this works in practice. Whether private parties can keep their head above water with these current measures also remains unclear. For the time being, they are solely supported with expanded loan options.

Difficult choices have to be made. What structure can facilitate that these choices are felt as a communal effort on behalf of the cultural and creative sector as a whole?

Long-term research questions

What does the corona crisis mean for the mental health of workers in the cultural sector, and for the confidence they have in their careers for the future?

Do all makers and organisations have equal knowledge on how to reach their audiences online? Or is there a new inequality between makers and organisations that can continue their work digitally?

How can freelancers in the cultural and creative sector be helped best within the DBA framework (*deregulering beoordeling arbeidsrelatie*, deregulation assessment employment relationship)? Or should a separate arrangement be made?

Are the responsibilities surrounding the payment of freelancers at intermediary organisations (between freelancers and paying customers) properly arranged?