

Economic impact calculator: do it yourself!

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Abstract

Economic impact studies have been a common tool in cultural advocacy for decades. However, it is not usually obvious how the results in studies were calculated, what methodology was used and what the numbers say. Consequently, such studies of various cultural projects cannot be compared, and their readers (often policy-makers) look on the results suspiciously, as they do not believe or understand them. The most accurate and sophisticated studies of economic impacts worldwide are based on input-output analysis and multiplying effect, but it is very demanding to calculate all multipliers and impacts for a single report.

All these problems can be solved by a computer model, which can be available on-line for public. Such a model can serve organizations and policy-makers to easily obtain impacts of a number of projects. The results can be compared and the methodology is very accurate and clear.

The article explains all necessary steps to build such a calculator of economic impacts of visitor expenditures, like defining and collecting input data from visitors, calculating input-output multipliers and coefficients from a state official statistics, generating a project's direct and indirect impacts on total production, gross value added, employment (job creation), employees' income, profit of businesses and tax collection, and finally interpreting the results.

All the procedure will be explained on a new tool www.culcal.cz (CULTure CALculator) developed in the Czech Republic (Central Europe), financed by the Ministry of culture and realized by both local and foreign researchers and consultants. The web based application can be seen and used by anybody who wants to know his own project's economic impacts on local economy. The model has been already employed and exercised in economic impact studies of significant international music and theatre events in Central Europe (Prague Quadrennial, Prague Spring, Smetana Litomyšl etc.).

The authors were inspired by similar models used in other countries, such as the EIMAH (Economic Impact Model of Arts and Heritage) or the TREIM (Tourism Regional Economic Impact Model) in Canada. The article explains how such models work and how can they be used internationally.

Keywords:

economic impact, input-output analysis, multipliers, culture calculator, statistical model