

**Accounting for Culture:
A Social Cost-Benefit Analysis of The Stan Rogers Folk Festival**

by

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For my parents,
and fellow culture lovers everywhere.

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Abstract

This thesis examines how culture and cultural events should be valued within the policy process. The framework one chooses to assess the level of costs and benefits associated with possible policy projects affects the outcome of those values. This may lead to systemic biases against certain types of projects and in favour of others. When using an economic impact analysis or typical cost-benefits analysis type framework, projects with “intangible” or public good benefits components may appear less desirable to society than they actually are. Policy makers compensate for this discrepancy between calculated values and the intuitively perceived higher value of culture by making ad hoc provisions for cultural funding, a solution which often leaves culture in a precarious position. This thesis attempts to address this problem by proposing a more comprehensive social cost-benefit analysis framework for the assessment of policy projects.

By applying a framework that includes a variety of unconventional benefits, despite the difficulties faced in measuring them, we are able to estimate the net social benefit of the Stan Rogers Folk Festival, a folk music festival mounted annually in remote rural Nova Scotia. After consideration, the concept of economic impact is rejected, and rather than including only financially based benefits and costs, efforts are made here to include a variety of socially oriented benefits and costs. Based on the data available, a baseline net social benefit of about \$400,000.00 is calculated, which is greater than the public subsidies collected by the festival in the year of analysis. Because of data constraints, however, it is reasonable to think that this number may be larger. The magnitude of the number, however, is less important than how it will compare to other projects, as, in order to interpret the results, similar analysis must be performed on alternative options.

In addition to revenue and an estimated consumer surplus of about \$325,000 (calculated using festival-goer survey data and a variant of the Clawson method based on travel costs), we consider several forms of non-use values (existence values, option values and learning and diversity values). Finally, we consider a group of *sociability* benefits: benefits related to the festival’s musical content, to the conviviality of festival-goers' experience, and to economies of scope in collective action that may redound to the benefit of the local community. Further discussion using musician’s survey data takes an in-depth look at the nature of the intangible benefits included in the framework.

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Chapter One: Introduction

Academics and policy makers alike often seem to forget that the primary intention of policy research and implementation is to improve the quality of people's lives. Economists in particular have a bad reputation for missing the proverbial "forest" of human happiness for the economic "trees" of GDP, GNP, impact or other such monetary indicators. This is never more true than in cases where market failures exist and an optimal allocation of goods requires public subsidy. A good example of this potential for market failure is the case of cultural goods and services. While difficult to quantify, it is often thought that attendance and participation in activities related to heritage or the arts (ie. live theatre performances, artistic or craft fairs, festivals, poetry readings, playing or composing music, visiting national historic sites, et cetera) create benefits for society beyond those accruing to the individual participant.¹ Due to the disconnect between methods and goals mentioned above, evaluations of cultural goods and events might suffer from the narrow focus of economic valuation used in the policy process to the extent that such goods serve a public good function.² This may, in turn, lead to a misallocation of funding away from cultural projects. Conscious of this problem, this

¹ Indeed, in a recent study on arts and heritage participation in Canada, 85 percent of Canadians agreed or strongly agreed that governments have a responsibility to ensure that Canadians have access to artistic events (Environics 2000).

² Public goods are characterized by being non-rival and non-excludable. A non-rival good is a good whose consumption by one individual does not reduce its ability to be consumed by another individual. A non-excludable good is a good from which one person may not be excluded without all people being excluded. The presence of one or both of these characteristics often results in under-provision due to free riding, thus they must be supplied communally to ensure an efficient level is provided.

paper provides a comprehensive alternative framework of analysis for policy options by providing an estimated value of social net benefit.

The concept of social net benefit (the product of a specific type of cost-benefit analysis) is not new, but is quite distinct from its cousin, economic impact, although they are often confused. Economic impact refers to the tracking and measurement of money as it changes hands within a given geographic area. Net benefit refers to a comparison of benefits and costs (in this case the *social* benefits and *social* costs) to see if the former more than offset the latter. Impact is a concept related to the absolute size of monetary spending, while net benefit is concerned with the relative size of components of that spending, as well as other non-monetary considerations. As of late, economic impact has come into fashion as a policy decision-making tool. At first glance it seems simple – whichever provides the biggest impact wins. But economic impact makes no attempt to assess for quality of impact, only quantity. Is bigger always better? This author would argue that it is not, and if that is the case, then the use of this technique can have real consequences for the perceived viability and value of different types of projects, systematically favouring some and disadvantaging others.

A 2002 report from the C.D. Howe institute (Palmer 2002) sparked debate on the value of cultural events (in this case including sporting events) by reporting that they contribute very little impact to a local economy. This paper responds to that report not by disagreeing with its conclusions (an exercise that may well be worth academic effort, but is not attempted here) but by challenging the relevance of such a finding, and rejecting the impact framework for the analysis of cultural events, or indeed any type of event that has a “public good” component, or has impacts that are small, but with benefits that are

large relative to its costs. This paper's analysis will also attempt to capture the *social* benefits and costs often eschewed by traditional cost-benefit analyses, despite difficulties related to their measurement. This attempt is preliminary - in many cases we must conclude that benefits are simply greater than zero, making no assumptions about magnitude. The fact that methods of collecting data on the more intangible types of benefits have not yet been established does not imply, however, that they should not be included when considering what is best for society. Indeed, it is hoped the provision of such a framework will draw attention to holes that exist in both data and analysis.

There is a need for consistent and informative policy evaluation tools for assessing public support for cultural activity, a need that is addressed here by augmenting social cost-benefit analysis to account for the unique external and intangible benefits of cultural activity. This is carried out using a case study of the Stan Rogers Folk Festival ("Stan Fest"); it is argued that the lessons learned from analysing the 2002 Stan Fest are transferable to many other instances of publicly supported cultural activity. This paper analyses data collected in Canso before, during, and following the sixth annual Stan Fest during the summer of 2002.

The Stan Rogers Folk Festival takes place in Canso, Nova Scotia, each year during the first weekend in July. With the exception of its location, it is not unlike the many other hundreds of festivals that take place in Canada every year, and it is only one of an infinite number of ways that Canadians could spend a summer weekend. Stan Fest has nevertheless repeatedly, and often successfully, solicited funding from various levels of government. This support might imply music festivals, and indeed this particular festival, benefit the lives of Canadians (or merely that a regional politician is able to

“deliver the goods”). While there may be an understanding among Canadian citizens and policymakers that there are benefits that accrue from festivals and other cultural events and that they should therefore be publicly supported, the process of making such policy decisions has typically been rather *ad hoc*. A festival is not like a factory or a mine, the outputs of which can be valued to the fraction of a cent each day: many of the benefits of a music festival are intangible in a way that steel or iron ore is not. As this paper will argue, many of the benefits of cultural activity stem from its capacity to generate *sociability*: this stretches the economic concept of externalities considerably. While accounting for sociability complicates social cost-benefit analysis, cultural policy is commonly evaluated using far less appropriate tools - impact analysis, most notably - that provide largely misleading measures of the benefits of culture.

The examination to follow begins with a discussion in chapter two of the theoretical issues that have been raised, a look at the relevant literature, and some information on the development context of the case study to follow. Chapter three provides an overview of the fieldwork as well as a few key characteristics of the data. Chapter four provides an analytic “benchmark” for the new framework by looking at the case study data using two traditional frameworks of analysis. Chapter five discusses the framework at length, and analyzes the case study data to ascertain a net social benefit finding that, with the data that is currently available, the festival’s social benefits exceed both its social costs by about \$400,000 (using the baseline estimate), and the subsidies that it received from various levels of government in the year of analysis. Chapter six is a qualitative look at some of the intangible benefits categories using data from the Stan Fest musician’s survey, focusing on the provision of the festival to an otherwise un-

serviced market, and the importance of venues and public space for social interaction and promoting musical styles on the fringe of the mainstream. Finally, chapter seven will conclude with a discussion of the key findings and future research opportunities. Most notably, this paper concludes that it is likely, due to data gaps which limit our analysis, that Stan Fest provides a net gain to society that is larger than the findings reported here. The significance of the number's magnitude is not as important as its positive sign, however, and will not be clear until this net benefits technique is used on other project options for comparison. Despite this, we may anticipate that it will increase as data and measurement techniques become more equipped to inform a social net benefits framework.

Chapter Two: Literature Review and Background

The role of culture in development is complex and evasive. Its evasiveness lies in the ambiguity of its benefits, and its complexity in the multiplicity of levels at which those benefits accrue. Like all things that exhibit the characteristics of a public good, culture is likely to be underprovided if its production is left solely to market forces. The marriage of culture and economics is a fairly recent phenomenon; the body of literature on the topic is small but growing, and is not without debate. Despite uncertainty, subsidized cultural activity is frequently an aspect of policy intended to revitalize depressed regional economies; this is the case with Stan Fest. Policy-makers might ask whether public resources could be more reasonably channelled to other activities. Even if music festivals are to be supported, how should a government's music-festival budget best be allocated in the service of regional development? In order to answer such questions, it is essential to know what sorts of benefits accrue from cultural policies, and how large they are.

David Throsby (2001, 63) claims that culture may have impact on economic outcomes in three ways. First, it may influence our notions of economic efficiency by changing our approaches toward the processes of production. Second, it may affect equity by influencing our notions of morality and appropriate resource allocation. Finally, it may influence the way that our objectives as a society are defined, thus changing the appropriate mechanisms necessary for attaining those goals. These three potential pathways of influence may well play a role in determining the levels of more

traditional measures of economic performance such as GDP, yet attempts to incorporate such observations have been few and rather unsuccessful. While theorists have often revisited this question of how to incorporate the social good into theories of development, until recently it has remained mainly defined by the performance of economic indicators. Now, however, as these traditional definitions of progress give way to more inclusive concepts of achievement, there may be reason to try and incorporate culture into the conceptual framework of analysis. One need only look to the UN's Human Development Index or the writings of author Amartya Sen (1999) who focuses on freedoms as a measure of development, to see that this is already happening. If one embraces a broad notion of culture³ then, while difficult to illustrate in a way that is falsifiable, the statement that culture is intertwined with the development process is probably not overly controversial. Indeed, given the degree to which social factors influence our lives on an individual level, it is not a difficult stretch to imagine why it might be important to look at these same considerations on the aggregate level. Despite this, social and cultural elements continue to be overlooked when it comes to describing the development process.

Reforming our notions of development on a humanistic rather than a solely monetary basis invariably draws in cultural considerations. According to Throsby (2001, 68), "re-conceptualizing development in human terms brings culture in from the periphery of development thinking and places it centre stage". While there is perhaps no leading theory of development that has incorporated human, economic, and cultural development elements together, culture is definitely becoming a more important

³ A broad notion of culture might encompass such things as values, beliefs, customs and traditions for example.

consideration in development circles. The World Bank, for example, has indicated that culture contributes to a number of its core objectives for development including: providing a home-grown source of income and opportunity for poor communities; serving as a catalyst for local development; creating cultural centers; strengthening social capital; and helping to diversify strategies of human development and capacity-building (Throsby 2001, 70-71). Given that humans have a natural desire for cultural expression, it is arguable that culture is both a means and an end for development.

Not everyone agrees that the link between culture and development is obvious, however. A recent study by Palmer (2002) assesses the size of the benefits of publicly-supported arts and cultural activity, measured by the economic impact of such spending. Palmer concludes that these benefits might be much smaller than is generally reported. This implies that cultural activity is not an effective way of promoting development, a conclusion that could have significant consequences for the funding of cultural events both regionally and nationally.⁴ Economic impact (the metric used by Palmer), however, has little claim to be a measure of social welfare or economic efficiency. A bigger impact is not necessarily better for society; it's just bigger. Moreover, economic impact conflates costs and benefits of policies, confusing analysis. A more conventional cost-benefit analysis framework is better suited, conceptually, to measure the benefits of a cultural event. But such an analysis introduces a new set of problems; namely, how best to take into account the many non-monetary benefits that such events provide.

⁴ Palmer's study excited considerable debate. See, for example, Kate Taylor, "Art groups need to tell taxpayers a new story," *The Globe and Mail* (21 March 2002); Tracey Tong, "Arts, sports waste tax money: study," *National Post* (6 March 2002); David Crane, "Critic of cultural spending hits a sour note," *Toronto Star* (13 March 2002).

Throsby (2001), notably, has argued that cultural and economic values are essentially incommensurable.⁵ Does this mean economics has nothing to say about cultural policy? On the contrary, economic tools are quite useful. Policy is, foremost, a process of choosing. For one to choose a given project (say, a festival) over another project (supporting another more traditional industry) one must justify that choice (ideally) on the basis of the chosen project offering greater value to society. Economics can help us to assign that value, but we must be wary of our methods.

These issues motivate a discussion of alternative frameworks of assessment. Since cultural activity could be a component of policy, in this case a regional revitalization policy, what sorts of benefits accrue from such policies? Economic impact has provided us with one measurement of this, but there is merit in trying to capture the more intangible benefits of culture. Economic impact measures are most relevant for economic goals that are regional in nature. Indeed, to borrow an example from “An economic evaluation framework,” a report from the Department of Canadian Heritage,

Although hiring workers to dig a hole in the ground and subsequently filling it with the extracted dirt generates economic impacts in a locality... it does not necessarily provide any more economic value to society as a whole. (Pilon 1995, 4)

The tendency for economic impact (secondary benefits) to be used in place of economic benefit (primary benefits) may be on account of its ease of calculation.

Palmer’s study brought into question two things. First it raised discussion about the *way* that economic impact should be calculated, arguing that the money multipliers typically used to calculate the impact of cultural events in a local economy are grossly

⁵ See also Klammer (1996) and Getty Conservation Institute (1999).

overstated. To calculate impact in the *local* economy one must deduct not only the proportion of savings, but also the marginal rate of taxation. Furthermore, one must only include *new* spending, and acknowledge that a portion of that money may not be spent locally. Finally, the opportunity cost of using public funds for a cultural purpose rather than for some other purpose should be included.

Palmer's points are valid when considering impact in a local economy, but what of larger units of analysis? Perhaps more important than the methods of calculating impact, Palmer's article sparked debate about whether such a measure is relevant given that culture is not a typical private good. Kate Taylor articulated well the concerns surrounding equating benefits with economic impact in a March 2002 *Globe and Mail* editorial:

Rather than dampening cultural activists, his report should really serve as a renewed call to artists to justify their existence on more lofty grounds. . . . Universities and hospitals do not ask for funding because students, nurses and doctors spend money in their communities. When did you last hear someone argue that we can't cap doctors' billings because of the devastating effects it might have on Mercedes dealerships or that higher tuition fees might hurt pub owners, book shops and video stores? Arts groups must make as compelling an argument for culture as a pillar of a civilized nation as education or medicine. (Taylor 2002, R1).

Throsby (2001) outlines many of these more "lofty" justifications in *Economics and Culture*. In addition to the traditional economic impact justification for culture, Throsby considers a variety of social as well as economic benefits that accrue from cultural activities. The first benefits he considers are use values; these are the value that

individuals place on a cultural event for its direct consumption. In practice this might be approximated by an estimate of consumer surplus.

Secondly, Throsby considers non-use values, which encompass a number of benefits including existence values, option values and bequest values. Existence values are the value that one places on the continued existence of something, even if it will not be consumed. Option values, on the other hand, are the value one places on something's continued existence in the event that one *might* consume it in future. Finally, bequest values are the value that one places on something because it has value not for personal consumption in the future, but for the consumption of future generations. In the case of culture this may also be interpreted as the value placed on maintaining cultural diversity, as opposed to just "culture" of any kind, for future learning and enjoyment.

Finally, Throsby states that cultural events may create externalities. A few such externalities are pecuniary externalities and network externalities. Pecuniary externalities include such benefits as spending induced as a result of a cultural event. These are not as interesting as network externalities, as these pecuniary benefits are likely to be cancelled out somewhere else, thus the benefits are simply transferred, not created.⁶ Network externalities are rooted in some sort of commonality. The typical example is that of fax machines; the first fax machine is not valuable as you can't send anything, but as each additional person attains one, the value of having one increases. In culture, network externalities stem from the spread of new commonalities or discourses.

In addition to the types of benefits discussed by Throsby, this paper will look at benefits related to sociability. A close cousin to network externalities, sociability effects

⁶ These benefits would be valuable in a localized study in the style of Palmer, but in a broader social cost-benefit analysis there is no net gain to society.

refer to the creation of new models of sociability, or the creation of new ideas and discourses (either brand new or new to a particular group) that are, in turn, spread through social networks. This benefit is covered in writings by Bourriaud (1998), Buchloh (2000), and Fortin (2000). The creation of new symbols and discourses are important for maintaining society. As stated in an article by Thomas J. Biersteker (1995), the creation of new discourses is essential for society to form new and innovative ideas, a function which crosscuts all disciplines:

The emergence of new political-economic order is ultimately contingent on the developments of new vocabularies, languages, discourses, and ideologies (Biersteker 1995, 195).

Given the problems of economic impact and standard cost-benefit analysis outlined earlier, clearly a framework for cultural events (as well as other public goods) is required. Informed by the discussions above, the framework that will be used for this project is one of *social* cost-benefit, rejecting Palmer's approach of considering only the local level, and embracing an augmented Throsby taxonomy, as many of the benefits of cultural events accrue to provincial, national and even global levels of society.

From the perspective of the local community of Canso, the host of our case study festival, there are two levels of development issues. First, there is the concern of the town for its survival, and second, the significance of choosing a cultural event for this purpose, and the consequences of this for other levels of society. Perhaps an issue that should be addressed first, however, is the source of regional economic disparity. There are a number of explanations in theory that explain where such discrepancies come from.

According to Fred Wein (1999, 273-277), there are two main categories of theories accounting for regional differences: perspectives focusing on regional deficiencies, and perspectives focusing on regional exploitation and/or dependence. The theories emphasizing regional deficiencies are also known as modernization or development models. These theories maintain that there are deficiencies that stand in the way of underdeveloped regions fulfilling development goals such as location / transportation costs, lower rates of capital investment, poor infrastructure, inferior human capital, and less technology. Exploitation or dependency theories, on the other hand, maintain that underdevelopment is the result of more affluent centres draining resources from peripheral areas. The relationship between the centre and the periphery is seen to be uniformly negative, at best causing uneven or dependent development, at worst stunting development altogether.

It was in response to this problem of underdevelopment that community economic development (CED) was developed to revitalize weak regional economies. CED has had a long history in the Guysborough County area where Stan Fest takes place. One of the earliest forms in Nova Scotia was the famed Antigonish Movement. Headed by Moses Coady and Jimmy Thompkins, the Antigonish Movement was a rural development initiative in the 1920's and 30's that has particular significance for Guysborough county and the Canso / Little Dover area. It was there that the first of many "study clubs" were initiated to encourage the local populations to empower themselves with knowledge and take control of their own economic destinies (Alexander 1997, 178-187). This vein of thinking is still very much entrenched in this region of Canada. In Canso there is a strong focus on using education as a way of empowering

oneself, and a fierce desire to use this empowerment to better the lives of fellow community members. There are also many other varied examples of CED alive in Canso, including a community development corporation and several producers' and consumers' coops. In view of this history it is not surprising that the people of Canso would take initiative toward improving their situation; of greater immediate interest is the viability of a music festival as a means to do so (Wein 1999).

Stan Fest began in 1997 as a community economic development project commemorating the late folk singer, Stan Rogers.⁷ The brainchild of a few key members of the town of Canso and the surrounding Guysborough County, it is part of an ongoing attempt to revitalize the local economy. Just as the Maritime Provinces have had low income levels and high unemployment rates relative to the rest of Canada, so too has Guysborough County been at a regional disadvantage relative to the rest of Nova Scotia. One of Canada's earliest settlements and a community of considerable strategic importance at the time of its founding, Canso's history is an important piece of Canada's past. Having suffered economic hardship for decades, Canso is often seen to be a symbol of the struggle of rural community survival in Nova Scotia and Canada alike (CTV News 2002). The community has continued to be an active fishing port despite its remote location, but in recent years with this staple industry in decline and its main employer SeaFreez Foods dwindling, Canso has had to deal with the threat of non-

⁷ Stan Rogers was an Hamilton, Ontario-born folk singer who wrote and performed songs about working people across Canada, but with a special attention to Nova Scotia, and particularly to the Guysborough County region where the festival is held today. His many songs include "Fogarty's Cove", "The Jeannie C", "Mary Ellen Carter", "Guysborough Train", and "Barrett's Privateers". Rogers was killed in a plane crash in 1983 at the age of 33. On Sunday afternoon of the 2002 Stan Rogers Folk Festival, as in past years, many of the headline acts gathered on the festival's main stage to perform some of Rogers's songs in an event dubbed "Singing Stan".

existence like never before. In 1992 a drastic decline in fish stocks caused the Canadian Department of Fisheries and Oceans to place a moratorium on the ground fishery, causing more than 40,000 Atlantic Canadians to be left without their traditional livelihood.⁸ Today, even after extensive attempts to buffer the losses through such initiatives as The Atlantic Groundfish Strategy (TAGS), many Atlantic communities are dwindling in both population and economic viability.

Statistics Canada 2001 census data show that Guysborough County has experienced considerable population losses, losing 23.8 percent of its population between 1986 and 2001. This is the greatest percentage drop of any county in Nova Scotia over the same period (Rural Communities Impacting Policy 2002). In addition, the county's median age in 2001 was almost five years older than that of Nova Scotia overall (43.3 years versus 38.8 years). Employment numbers also continue to deteriorate: in 2001, the unemployment rate in Guysborough County was 22.9 percent compared to 10.9 percent in Nova Scotia overall. In Canso, the unemployment rate was considerably higher again at 31.7 percent. When considered simultaneously, these numbers are particularly sobering, as an elevated migration rate should lead to reduced unemployment, if those who left the area were seeking work elsewhere. These trends do not bode well for the area, but it is hoped that the festival will contribute to the town's survival as one component of a more comprehensive plan to bring both economic and cultural diversification.

⁸ In total 4,250 people qualified for financial support from The Atlantic Groundfish Strategy (TAGS) program. Armed with a budget of \$1.9-billion, TAGS provided income support, counselling, training, mobility assistance, employment supports, early retirement programs and some job creation initiatives. For more information on the program and its evaluation see HRDC (1998).

It is this context of economic disparity and self-directedness that has prompted the creation of Stan Fest in an attempt to draw money and economic diversity to the town. Once thought to be a pipe dream, six years later thousands of devoted fans and music lovers travel from as far and wide as Australia and California (and over the winding Guysborough County roads) to enjoy this songwriters' festival. With more than two thirds of the town (not to mention an ever wider circle from elsewhere) showing their support by participating as volunteers, the 2002 festival placed emphasis on presenting a show that was very international in scope while maintaining the songwriters' theme. More than 50 artists, many of them of international acclaim, participated in the 2002 festival, no easy feat in a town with only eleven motel rooms. Many of the artists were performing in the Maritimes for the first time, hailing from origins as diverse as Scotland, Ireland, England, Australia, Norway, Iran and Pakistan.

Not only an interesting case study of CED for its own sake, Canso is a good backdrop for analyzing the benefits of a cultural event, as aside from the main employer of the town there is very little going on in the town in the way of economic activity. In comparison to a city, where it is difficult to separate the causes of changes in the local economy, Canso allows us some of the benefits of a 'ceteris paribus' experiment. The chapter to follow will take a closer look at the town of Canso as a backdrop for the case study, and recount the process of data collection at the festival.

Chapter Three: The Stan Rogers Folk Festival – Field Work and Data

3.1 Fieldwork Summary

In Canso, the locals have a joke: They love to chuckle to themselves and tell about tourists who occasionally arrive in the town in search of the Canso Causeway, the land bridge that links Cape Breton Island to the mainland of Nova Scotia. The name is misleading, as the town is actually a good hour and a half's drive out of the way of the route to Cape Breton. "Not to worry" they say in the joke, "just keep on this road and then wait for the ferry." At this point the chuckles erupt into peals of laughter, for the locals know something the tourist does not. They know that if you arrive in Canso but were expecting to arrive somewhere else, you aren't just lost; you're *very* lost. (In reality, I'm sure such a response has never been given; a more realistic version of the story involves a cup of tea, a parcel of fresh seafood, and a personal escort to your destination.)

A small coastal town, population 900, on the most easterly point of mainland Nova Scotia, Canso is one of Canada's oldest settlements, and well off the beaten path. While not as well known as other towns from its era like Louisburg or Annapolis Royal, Canso's history is rich and dates back to a time when the sea was a vital link of both transportation and communication, and a great provider to coastal communities. In the 1700s Canso was host to a flourishing port with 250 vessels and as many as 2000 men working at catching and loading fish (Industry Canada accessed May 2003). Its history has not seen such prosperity since, and today the town, far removed from economic

centers and with a struggling fishery as its primary industry, has essentially lost its economic *raison d'être*.

The data for this project were collected in Canso between 10 June and 4 August 2002. This time period was chosen so that the process leading up to and immediately following the festival, held on 5-7 July 2002, could be observed. This project was designed with the intention of using both quantitative and qualitative methods of analysis. As such, both types of data were collected by way of surveys, interviews, focus groups and participant observation.

Even having been brought up in rural Nova Scotia, I was amazed by the degree of remoteness of the community of Canso. One is struck by the lack of traffic as well as the beautiful scenery. It is not a difficult phenomenon to explain; unless you are heading to Canso or Little Dover, there simply is no reason to be on that road. It stops at the end of the earth, literally, because if you keep driving, past the rocky beaches and the rustic summer camp Glasgow (where the festival musicians are housed, incidentally), you are in the Atlantic Ocean. After passing the picturesque Queensport light and the historic, if dilapidated, transatlantic cable building⁹ at Hazel Hill, the houses begin to become more common and an unexpected town emerges. It is a different sort of rural community than I have experienced where people are simply spread out, separated by miles of field or woodland. Canso is a town in the traditional sense, if remotely placed.

Boarding with the brother-in-law of the festival's artistic director / manager proved to be a fitting introduction to the intricate interconnectedness of the community. Their house was a hub of activity for the festival, which draws in nearly all members of

⁹ Hazel Hill was the site of the Commercial Cable Company, 1888-1962, famed for having received the first distress call of the Titanic.

the town (not to mention the surrounding area of Guysborough County) in a volunteer, support service, or festival-going capacity. The house, a charming two-storey, was a fixer-upper, and had been bought not long before for a whopping \$7,000. Even with considerable renovation costs, not a bad deal; provided the town continues to exist.

On entering the festival ticket office I am greeted by three office workers and a number of volunteers. Everyone is working frantically, and in some chaos. The furniture is eclectic, the computers ancient. The musical director / manager, Troy, emerges and we attempt to shut out the bustle of the surroundings in his office. Troy explains with some excitement the history of the festival and the state of this year's event. He speaks in broad concepts about benefits, and his vision of the town. Speaking with him I recall the three archetypes of the community economic development initiative: the visionary, the preacher, the planner. Troy is most definitely the visionary, a man with large-scale ideas, struggling somewhat with the small details of their execution.

In the following weeks, amidst a blur of activity, I liaised with the festival performers: arranging for their accommodation; organizing contracts; and answering questions. Intermingled with this were the many tasks for which people were constantly being recruited: painting, hauling and building. This was easier said than done given the distinct void of citizens between the ages of 19 and 35. This unusual demographic, and the fact that the greatest outflow tends to be the educated, leaves Canso in an unusual situation. It is a community that has many tentacles stretched out into the rest of the world, and it serves as a touchstone for these groups. Because of this there are resources available to those still in the town, as the group who perceive having a vested interest in its existence is much larger than those who live there. However, the effective "brain

drain” has resulted in few citizens remaining with the human capital to mobilize those resources. Those who are educated or experienced and remain there are spread thinly over the many leadership positions to be filled. Canso’s main constraint for development thus appears to that of leadership capacity, as well as the usual constraints of geographic isolation and a pattern of serial dependence on government programs.

In addition to participant observation, surveys, interviews, and focus groups were conducted. The surveys will inform and provide impetus for most of the analysis in the following chapters, while the other research methods will supplement them by providing context and qualitative content. During the festival weekend, between spurts of troubleshooting in the office, the main survey data were collected from two populations, the festival-goers and the musicians. This was a time sensitive process because access was limited to the festival weekend. Both groups were selected by convenience by a team of surveyors who approached festival-goers at various locations as they traveled between performance stages. Respondents were asked a series of questions relating to the benefits that they derive and perceive society to derive from this and other festivals. In general respondents were upbeat, despite a downpour during the Friday evening main stage performance, and both groups were excited about the subject area of the research.

3.2 Data Summary

While the analysis in chapters to follow will describe and make reference to much of the data, it may be worthwhile to take a quick look at a few of its immediate characteristics. (Refer to appendices A and B for copies of the festival-goer and musician surveys, respectively.)

3.2.1 Attendance

Paid attendance was estimated to be 3,377, based on ticket sales from the festival financial statements. In addition to the 2,354 weekend passes sold, 110 Friday-night tickets, 1,023 Saturday tickets and 261 Sunday tickets were sold. Given the different prices of these options (\$80 for a weekend pass, \$24 for a Friday evening concert pass, and \$30 each for the Saturday and Sunday day passes), it is reasonable to assume that no one bought three day-passes in place of a weekend pass. Nevertheless, it is likely that most of those who attended Friday night's concert also stayed for Saturday (given the remote location of the festival and the late ending time Friday night). It is also likely that most of those present on Sunday had also been present on Saturday. We make the conservative assumption that *all* of those present Friday night and Sunday were also present Saturday. Alternatively, if *no one* who bought single-day tickets stayed for more than one day of the festival, that would add up to an attendance of 3,746 people. The total number of paying festival-goers should lie in between these two estimates. Of course this has not accounted for people who purchased tickets but did not show up, or who received free passes by being a festival sponsor or a member of the media. (While the first group is not likely to have been large, those who attended with a complimentary pass amounted to a significant number of people. There were at least 400-500 people with green room access alone.) A larger attendance number increases our estimates of social benefits of the festival; if we can demonstrate sufficient benefits based on a conservative estimate of attendance, that lends greater credibility to the more general argument that the festival

has a positive net social value. For these reasons, the conservative estimate of 3,377 will be used.

3.2.2 Festival-Goers Survey

In total one hundred and thirty (130) festival goers were surveyed by seven surveyors over the festival weekend (5, 6 and 7 July 2002). Respondents were chosen by convenience, being approached at a set of locations around the festival site on Saturday and Sunday (6 and 7 July 2002) as they traveled from performance to performance, while in lineups for food vendors, or while seated in eating / rest areas. While there were respondents present at the festival from as far away as British Columbia, the United States, and Australia, the vast majority (83 percent) of respondents were from the Maritime Provinces and 74 percent were from Nova Scotia. Of the Nova Scotians in attendance, 75 percent were from outside of Halifax County, and most of these were from the Northeastern half of the province. 58.6 percent of respondents were female and 41.4 percent were male, the median age was 39, and the mean party size was 4 people. About 57.7 percent of people had attended Stan Fest in a previous year and many of those who had attended previously attended each subsequent festival. About 37 percent had not attended any other festivals than Stan Fest in the past two years.

While some respondents (37 percent) had more than one reason for visiting Canso (seeing friends, relatives etc.), the vast majority (85 percent) stated that the festival was their main reason for visiting Canso. While most respondents were employed full time (63 percent), there were also part-time workers (4.7 percent), students (11.8 percent),

retirees (10.2 percent), and unemployed persons (7.9 percent) represented (as well as a few people (2.4 percent) who stated “other”).

3.2.3 *Musician’s Survey*

Sixteen (16) musicians were surveyed from among the fifty-five (55) acts: nine (9) over the festival weekend by way of interview, and seven (7) via e-mail the week following. All efforts were made to make the sample representative of the group by paying particular attention to balancing the gender, age, geographic origin and relative fame of the subjects.

The average career length of respondents was 14.5 years, and the median age was 44. 12 respondents were male, and 4 female. Only 5 of the 16 had played the festival before, 4 of those had played one previous festival, and one had played every year since the festival began in 1997. All of the respondents perform regularly (at least yearly) at festivals.

3.2.4 *Focus Groups / Participant Observation*

In addition to the surveys, four (4) focus groups were conducted: the festival staff (29 July); the festival volunteer crew heads (30 July); the festival board of directors (31 July); and the community of Canso (4 August). Focus groups were guided by a series of questions relating to how the festival has affected the community of Canso, the groups’ goals, and what benefits they perceive to derive directly or indirectly from the festival. Finally, participant observation in the festival office between 10 June and 4 August allowed a very in-depth understanding of how festivals work and how the town was

affected. A number of themes emerged from these discussions including the effects of a declining population and increasing unemployment on the town, the goals, benefits and progress made on the festival thus far, as well as the many barriers faced in attempting to organize community economic development projects in rural Nova Scotia.

Chapter Four: An Analytic Benchmark -Financial and Impact Assessments

4.1 A Financial Assessment

For the purposes of comparison, it may be an interesting exercise to assess the festival using more typical methods of analysis. First, is the festival financially viable? Using a strictly financial criterion - the difference between revenues earned and costs incurred by the festival as an entity - Table 1 illustrates that Stan Fest's revenues exceeded costs by more than \$20,000.¹⁰ Nevertheless, the festival would clearly not be a viable concern in the absence of public subsidy, at least not without substantial new revenues from corporate sponsorship or increased ticket prices. Only about one-third of the costs associated with producing the 2002 festival were covered by ticket sales. Subsidies came to roughly one-third (32.5 percent) of costs (a substantial increase over the previous year); 79 percent of the subsidies came from the federal government, and the remainder from the province of Nova Scotia.¹¹ In passing, it is interesting to ask whether this is a large subsidy. By way of comparison, a 2002 study of 28 festivals and cultural events in Québec found that public subsidies were on average only 11.4 percent of revenues. But for the ten music festivals in the Québec sample, public subsidies were fully 38.9 percent of revenues (Observatoire de la culture et des communications 2002).

¹⁰ This makes Stan Fest something of an anomaly according to those in festival-organization circles, who claim that it typically takes ten to twelve years for a new festival to turn a profit; the results summarized in Table 1 refer to Stan Fest's sixth iteration.

¹¹ Federal sources in 2002 include the Department of Canadian Heritage, Human Resources Development Canada, and Fishery Resource Analysis & Monitoring (FRAM); provincial supporters include the now-defunct provincial arts council.

Even if the festival might not be viable if unsubsidized, there may be reason for public subsidies to make up the difference between private revenues and costs if there are compelling benefits that are provided to society by the festival.

4.2 Impact Analysis

Secondly, how does the festival fare using the conventional means by which cultural policymakers and other champions of public spending on the arts seek to justify such expenditures, *impact analysis*?¹² Results of two types of economic impact analysis will be reported here: first, a survey-based estimate of the overall spending that took place at the festival (the *direct impact*), and second, a more complex multiplier-based analysis of festival-goer survey data.

A back-of-the-envelope calculation based on the survey data scaled to the total population in attendance indicates that a direct economic infusion of \$170.48 per person, or \$575,685, was spent in Canso by festival-goers during the festival weekend: this is detailed in Table 2. Generally, impact models use spending multipliers to calculate the indirect impact of a given amount of direct spending. The Department of Canadian Heritage's Provincial Economic Impact Model (PEIM) estimates the multipliers of different spending categories for cultural events for both festival-goers and event-based spending. The results of this analysis are summarized in Table 3.

The PEIM estimated a direct spending impact by visitors of \$319,277, considerably less than the back-of-the-envelope estimate given above. In sum, the PEIM

¹² For a lucid overview of impact analysis in the evaluation of cultural policy, including a distinction between direct, indirect and induced impacts, refer to Farchy and Sagot-Duvaurox (1994, 137-150).

estimated an increase of roughly \$711,755 in gross domestic product and \$517,041 in labour income attributable to the festival.

Of course once one begins to contemplate such numbers, it's difficult to interpret them. We know that a bigger impact is not necessarily better. Stan Fest's contribution to Canadian GDP in 2002 is its contribution to economic growth, but as every economist knows, economic growth is not homeomorphic to an increase in social welfare. One criticism of such impact numbers is that much of this spending is merely switching from one location to another (cf. Palmer 2002; Seaman 1978), and therefore does not contribute to GDP. Even if the impact numbers in Tables 2 and 3 represented potential economic benefit, very little of such spending is attracted from outside of the jurisdiction in question: diverting spending from Pictou, Nova Scotia to Canso, Nova Scotia is not a benefit to the Canadian economy. In the case of Stan Fest 2002, virtually all festival-goers are from Canada (97 percent), and more than two-thirds (73 percent) are from Nova Scotia. Even from the perspective of the provincial government, there is little justification for subsidies on the basis of inducing spending that would otherwise have occurred in other provinces. From the perspective of the federal government, there is no such justification.

A more fundamental critique is that estimates of economic impact mix spending representing both costs and benefits to the Canadian economy. Production equipment employed at Stan Fest could have been employed elsewhere during the festival; so too, the human capital of artists, festival employees and volunteers whose labour made the festival possible was withdrawn from other pursuits in the economy. These are costs; nevertheless, they are counted in the impact estimates. At the same time, the value of the

festival performances is a benefit, surely, to festival-goers, and one might measure the size of this benefit by the amount that festival-goers spent on tickets (although we will adopt a different approach in the following chapter). In assessing the net benefits to society, the cost of inputs should be considered along with the benefits to festival-goers and others. But impact analysis just *adds* these sums somewhat nonsensically.¹³

The chapter to follow will attempt to deal with the shortcomings of the economic impact framework of analysis identified here by proposing a social net benefit framework that is more suitable for the myriad of benefits offered by cultural and non-cultural projects alike.

¹³ Unfortunately, Palmer's (2002) critique of the normative interpretation of economic impacts is conflated with a critique of the *precision* with which impacts are measured. With respect to this second argument, he argues, persuasively, that many impact analyses overstate the size of the impact of culture and sports; in the end, then, he concludes that proponents of cultural (and sports) organizations must make their case on non-economic grounds. But this is inconsistent with the argument that impact is an inappropriate measure of economic benefit. If impact is not a trustworthy index, then it is really irrelevant whether the impact of cultural spending is large or small. Neither can it be inferred that the benefits of cultural spending are primarily non-economic.

Chapter Five: A Social Cost-Benefit Analysis

The economic evaluation of policies has for decades drawn upon *social cost-benefit analysis* to judge whether or not a project is economically viable; the method is largely immune to the criticisms levelled at impact analysis in the previous chapter. Until recently, cost-benefit analysis of cultural policies has been rare.¹⁴ In part this scarcity of cultural cost-benefit analyses may be due to reluctance on the part of proponents of cultural activity to quantify its larger benefits to society, but such reluctance has not prevented the exercises in quantification that are part of impact analyses. Moreover, advances in quantifying environmental damages in cost-benefit analysis provide pointers to the more systematic consideration of “intangible” benefits and costs that are surely a feature of publicly funded cultural activity.

The following taxonomy is used here for considering the benefits of cultural activity: use values (revenues less subsidies plus consumer surplus), non-use values (existence values, option values, learning and diversity values), and sociability benefits. Each will be considered in turn.

¹⁴ Recent exceptions have looked primarily at the intangible benefits of preservation of heritage sites; see, for example, Serageldin (1999) and Getty Conservation Institute (1999). Such exercises are the most obvious place to apply lessons learned from evaluation of environmental intangibles.

5.1 Benefits

5.1.1 Use values

While revenues¹⁵ can be easily obtained from the festival's financial statements (\$376,489.00), consumer surplus, since by definition it is never paid, is more problematic to measure. A conventional means for estimating the use value derived by festival-goers would be to compute the change in consumer surplus occasioned by this increase in the supply of festivals and add that to revenues collected. This requires knowledge of the demand curve for the festival. One approach to approximating this knowledge is to use the Clawson method, based on the notion of *opportunity-cost prices*: the opportunity cost to the festival-goer of attending the festival is not merely the ticket price, but also the cost of getting to and from the festival (food, gas, car rental, accommodations). Then the difference between this opportunity-cost price and the ticket price paid is a measure of the consumer surplus that would be lost if the festival did not exist.

The use of travel costs as a method of estimating consumer demand dates back to an unpublished memorandum in 1947 by Harold Hotelling. In 1958-59, Clawson (1959) as well as Trice and Wood (1958) proposed the techniques that form the basis for the Clawson method, a foundation from which other techniques have also arisen.¹⁶ The innovation of the Clawson method was its attempt to put a value on recreational facilities that typically do not charge (or charge a relatively insignificant amount) for their use. Typically the travel to and from such sites constitutes a major portion of the cost of consumption, as the consumer must be transported to the commodity rather than the

¹⁵ Revenue, in this case, refers to monies collected by the festival, but does not include public subsidies.

¹⁶ See the brief history in Burt and Brewer (1971).

reverse (which is more typical). By deducing the usage of a facility at different “prices” due to the varying distances travelled, a demand curve may be constructed. Other, related techniques developed subsequently, including the hedonic travel cost method. This method compares the cost of travel to a series of recreation sites, differentiating between their characteristics to determine not only the value placed on the site, but also the value attributable to the characteristics observed. Brown and Mendelsohn (1984) contrast this with the Clawson procedure, which instead concentrates on valuing a specific bundle. A conceptually intermediate technique involves using the Clawson single-site approach but including substitute bundles (Burt and Brewer 1971; Cichetti, Fisher and Smith 1976).

Prest and Turvey (1965) criticise the Clawson method because it may ignore a portion of consumer surplus incorporated into residential rents. Likewise, Swancy and Frank (1985) in their discussion of optimal recreation site location caution that a consumer surplus estimate will not be accurate if the price parameter estimate is biased. This paper also mentions briefly the question of whether and how to put a value on the travel time associated with getting to a recreation site.

The Clawson method has been adapted here as follows. For 128 of our 130 survey respondents, we can identify their hometown. We have disaggregated respondents into 22 jurisdictions in which there is a demand curve for Stan Fest: fourteen (14) Nova Scotia counties, New Brunswick, Prince Edward Island, Newfoundland, Ontario, British Columbia, Alberta, the United States, and Australia. In order to approximate the shape of the underlying demand curve, for each jurisdiction, the average to-and-from cost of attending the festival was computed, inclusive of ticket costs (the

“price” of entry). This quantity is plotted on the vertical (price) axis. (This stands in contrast to the conventional practice of estimating the travel costs as some linear function of distance travelled.) For each jurisdiction, the quantity of festival-goers per capita was computed (the number of festival-goers from that jurisdiction divided by its population); this is plotted on the horizontal (quantity) axis. Dropping Australia, British Columbia, Alberta and Kings County as outliers, through the remaining points a simple least-squares best-fit line was estimated.¹⁷ The vertical intercept for this base case is \$290.75. It is then assumed that the shape of this demand curve is the same for every such place where there is a demand for the festival, and the demand curve is scaled to the number of festival-goers from each location. Once this is done, it is a simple matter to compute the consumer surplus associated with the festival for each location.

For each jurisdiction, we know the number of people who attended. Thus, for example, 286 people from Guysborough County attended the festival. Then the consumer surplus associated with demand for the festival in Guysborough County is the area of a triangle, computed as

$$CS = \frac{1}{2} \times (\$290.75 - \$59.91) \times 286 = \$33,009.43.$$

This is carried out for each jurisdiction: the total is \$323,605.30. The results are reported for each jurisdiction in Table 5.

Having established a baseline estimate of consumer surplus, we can complement it with alternate estimates. Willingness to pay might be sensitive to economies of scale in festival-going. Note that the baseline estimate above essentially treats all respondents as if they were the drivers. Respondents might have reported travel costs for their *party*,

¹⁷ Best fit line: $Y = -10238.27X + 290.75$ with adjusted $R^2 = 0.0892$ and t-statistics of -1.63 and 5.27 respectively.

and not merely their individual share of those expenses. We know how many people are in each respondent's party. We can treat the respondent's total reported spending on transport as spending for her party: but now we divide that by the number of members of her party to get a per-person spending amount. We can then calculate the number of people in the parties represented among the respondents. Then scale the per-person spending up from the number of people represented among the parties of the respondents. This yields an estimate of consumer surplus of \$67,717.59.¹⁸

There is a lively literature that suggests that consumer surplus is not the right way to measure welfare (see, *inter alia*, Blackorby and Donaldson 1990; Slesnick 1998).¹⁹ According to Slesnick (1998), there is now a broad acceptance that consumer surplus is an improper measure of welfare, although there is disagreement as to why. His critique suggests, however, that this example does not run too far afield of the restrictive conditions that consumer surplus imposes. As there is really only one price change (that of festival entry, from infinity to around sixty dollars), use of consumer surplus essentially boils down to assuming constant marginal utility of income, not an insignificant assumption.²⁰ Blackorby and Donaldson (1990) on the other hand, were concerned that a positive aggregated consumer surplus or compensating variation does not necessarily translate into a Potential Pareto Improvement, a valid concern for this

¹⁸ The price-intercept of the fitted demand curve drops to \$151.89. The best fit line: $Y = -3244.852X + 145.0469$ with adjusted $R^2 = 0.0502$ and t-statistics of -1.38 and 7.00 respectively.

¹⁹ This has not appreciably diminished the use of consumer surplus, as in Hausman's (1997) paper, which estimates, largely using a consumer-surplus approach, the value of cellular telephones to be equal to \$50 billion US annually.

²⁰ "For a single price change, constancy of the marginal utility of income is sufficient to ensure that consumer's surplus provides an exact measure of the change in welfare." (Slesnick 1998, 2110-2111).

type of analysis. As a third, very conservative estimate, we can assume that there is no consumer surplus.

5.1.2 Non-use values

Farchy and Sagot-Duvaurox (1994, 19-30), and Throsby (2001, 78-79) suggest three categories of non-use values in cultural activity: existence values, option values and bequest values. The festival-goers' survey provides *some* information on the magnitude of each of these non-use values. It is likely, however, that people's willingness to pay for these non-use values is included in the estimate of consumer surplus calculated above. With the exception of externalities or public goods provided by the festival, which will be discussed further on, willingness to pay for non-use values should be included in festival-goers' revealed willingness via transport costs.

In many cases the population one would like to sample is not the one that was sampled. In general, the population of festival-goers will probably provide an upper bound on the estimation of non-use values. That is, people who don't go probably, on average, value the festival less.²¹

While it is conceivable that these non-use values could be zero in practice, could they be negative? It is possible that there are some people who say the very existence of country music irks them even if they don't have to listen to it, but on the whole it seems as if the choices are either better off for its existence or indifferent. The issue arises similarly with bequest values - people might not like certain types of music, but they can

²¹ Or it could be that they just value something else more. Those who choose to spend their income on something else with a very high use value for them may still place a very high non-use value on the festival.

only imperfectly impose their tastes (if at all) on their children. To the extent that people value their children's enjoyment of music, even if their tastes differ, more choice for future generations can only be welfare-improving. We will proceed with the assumption that the value of any of these non-use values (in addition to whatever component of them is already included in our estimate of willingness to pay) is at least zero.

5.1.2.1 Existence values

An *existence value* exists when a consumer values a good, even if she has no plans to consume it now or in the future; it is therefore a *non-use* value (Farchy and Sagot-Duvaurox, 1994, 25). Existence values are likely quite important in environmental economics: people, under the right set of circumstances, might be willing to pay to protect environmental “goods” like biodiversity or the cleanliness of the air in the Himalayas even if they are certain they might never “consume” such goods. Certainly, music festivals or related undertakings might generate existence values for people.²²

Note that existence values are a public good; there is no technological or logistical constraint on the number of people who can derive a benefit from the existence of Stan Fest. As such, if the magnitude of existence values is large, there is a *prima facie* case to

²² It is important here to distinguish between the value of a particular occurrence of the festival, and the value of the festival as a going concern. Some festivals may have existence values in one or the other senses, some in both. The 1969 incarnation of Woodstock continues to have existence value for increasingly greying population - who did not attend - as a one-shot affair. The annual Wagnerian festival in Bayreuth has value to classical music lovers who will never attend, primarily as an on-going affair, although these same people may be pretty ignorant about year-to-year variations in the programming or performances. Midway between is the Venice Biennale, a showcase for visual artists, which has value both as a going concern, and in its particular occurrences.

be made for subsidizing such a festival with the revenues of taxation; people will not voluntarily pay for existence values, preferring to “free-ride” on the contributions of others.

Environmental economics has introduced sophisticated, if controversial, methods for measuring the magnitude of existence values (see, e.g., Hanneman 1994; Portnoy 1994). It should be noted that by surveying festival-goers, we do not have information on the relevant population, and will therefore set the existence value of the festival at zero or greater. We will return to the question of how large such unmeasured values must be in order to ensure that the net social benefit of the festival is at least zero later in the paper.

5.1.2.2 Option values

The option value of a festival to an individual is the price she is willing to pay today to ensure the possibility of consuming the good in the future. The sense in which option values are non-use rather than use values is less clear than in the case of existence values; people derive utility today from knowing that they have the option of attending Stan Fest one day. (Cultural organizations and firms sometimes encourage people to pay for the option value they enjoy through subscriptions or memberships.) Clearly, option values are only meaningful for a festival if it is an on-going concern. Option values are likely to be relevant to festival organizers and cultural policy-makers, given that there are people who benefit from the festival but do not contribute to its financial well-being. In order to estimate this value a series of questions were asked, first about whether festival-goers routinely delay their attendance in anticipation of attending in future years, and

secondly about their willingness to “subscribe” to ensure the festival continues to exist in future.

Of the 130 festival-goers surveyed, 109 (84 percent) of them have known about the event for more than one year. Of those, 34 (31 percent) of them are people who are attending the event for the first time, indicating that they were aware of the festival in previous years, but for whatever reason did not attend until 2002. Of the 109 who knew about the festival prior to 2002, 43 (40 percent) reported that they had made a conscious decision in the past to delay their attendance at the festival to a later date, anticipating the festival's survival. Of those 43 that had put off the festival to a later year, 37 (86 percent) said that they would have been disappointed if the festival had ceased to exist before they had a chance to attend, while only five (12 percent) indicated that they had equally good alternatives (comparable in cost and distance) to choose from. Of the 43 delayers, 21 (49 percent) said that they would have found a comparable event somewhere else (even if they did not feel it was as good or convenient) if Stan Fest had ceased to exist, while fifteen (35 percent) said that they would not have found a similar event elsewhere to attend at all.

Based on willingness to subscribe, the results are similar. Of the 130 festival-goers surveyed, 94 (72 percent) said they would be willing to subscribe to the festival to ensure its survival. Of these, 31 (33 percent) are first time festival-goers. In addition, of the 43 “delayers,” 33 (77 percent) were willing to subscribe. Within the sample, there was an average willingness to pay of \$22.39 annually per person, or \$75,611 scaled to the entire population of festival-goers. Among the 33 willing subscribers who had put the festival off to a later year - in some sense the subset of festival-goers who, strictly

speaking, have ascribed positive option value to the festival - there was an average willingness to pay of \$55.45 per person.²³ Scaled to the population of festival-goers, there were 857 such people at the festival in 2002; their aggregate willingness to subscribe would come to \$47,534.

There are two problems in interpreting these figures. First, those who come to the festival probably ascribe higher option values to the festival than those who don't (for two reasons: first, they like it so much they came; and second, their option value might have increased as a result of attending - but then again, it could have fallen too). Second, there are probably more than 857 people in the world with a positive willingness to pay for an option to attend Stan Fest in the future. The net effect of these errors is probably toward under-estimating the aggregate option value of the festival.

There is good reason to believe that this estimate of the option value is *not* an exercise in double counting of benefits already included in our estimate of consumer surplus. The Clawson estimate of consumer surplus measures the willingness to pay, net of ticket costs, among festival-goers who chose to attend. Our estimate of the option value of the festival is intended to measure, if coarsely, the benefit to people who did not elect to come this year. This is accomplished by assuming that the preferences of current festival-goers in past years are representative of the preferences of their counterparts who did not attend this year.

²³ The text of the question made it clear this was a hypothetical subscription scheme, and suggested that subscribers might receive discounts on festival tickets or merchandise, so that evinced willingness to subscribe includes in part the value subscribers place on these other goods and services.

5.1.2.3 Learning and diversity values

Throsby (2001) is concerned with bequeathing cultural heritage to future generations. Conceptually, this is like the option-value argument, except that you do not care about consuming the good yourself in the future - instead, you derive utility from your heirs' consumption of the good. (Bequest values are non-use values because you derive satisfaction from someone else's use of the commodity, not your own.) In either case, though, people would be willing to pay to preserve the good today so that there will be future consumption.

In evaluating Stan Fest, we are less concerned with the distinction between consumption by the current generation and consumption by future generations (*à la* Throsby). Under option values, we were concerned with people's willingness to pay for the survival of the festival. Under “bequest values,” we are concerned with people's willingness to pay for the survival of the kind of music that is performed at the festival - whether for their own future consumption, or that of their heirs. The values here are complex.

- *Learning.* First, people come to the festival to *learn* about musical forms and performers they don't know about. This value, if positive, is included in what people are willing to pay to attend the festival.
- *Diversity.* Second, the festival itself makes the career of such performers more financially viable than it otherwise would be. This value might well be positive for people who don't come; there are externalities, too, if festival-goers' patronage (and public subsidies) preserve and promote a form of musical expression that is

valued by a wider public. Consequently, this is probably *not* included in the estimate of consumer surplus computed above.

The festival-goer survey information provides evidence of the salience of these effects. 105 of the 130 (81 percent) survey respondents said that listening to unusual music that is not widely available was a part of their decision to attend Stan Fest. 97 (75 percent) claimed familiarity with “a few” of the acts, rather than “more than half” (29 or 22 percent), “almost all” (one) and “none” (three). 71 (55 percent) people reported that they had been exposed to a new type or category of music while at the festival. Moreover, 88 (68 percent) respondents said that they would try to go to other concerts or festivals to hear the musicians from Stan Fest again.

Economists would be more readily persuaded if these new preferences were confirmed by a purchase. Festival-goers have the option of purchasing compact discs on-site; does their buying behaviour reveal anything about the degree of learning occurring in the audience? 76 (58 percent) of survey respondents planned to purchase CDs at the festival. 47 (62 percent) of these 76 said that they would be purchasing music that was introduced to them at the festival.²⁴ 62 (48 percent) respondents said that they would not have chosen those CDs before attending the festival, even if they were aware of the artists before coming.

The information above suggests that festival-goers feel that the artists who perform at Stan Fest are not easily encountered elsewhere. Is the music they perform

²⁴ Anomalously, four respondents said they planned to buy CDs by performers they discovered at the festival, even though the same four said they would not be buying CDs at the festival.

qualitatively different? 104 (80 percent) of respondents thought that the music at Stan Fest had an interesting message, and 82 (63 percent) thought that the messages, topics and issues are different than those encountered on the radio.²⁵

We can quantify the spending flows associated with learning about new artists and musical styles from survey respondents' purchases of CDs. As reported above, 76 respondents planned to purchase CDs: this corresponds to 1,974 festival-goers. If each of them bought one CD (the uniform price at the festival was \$25), this means \$49,536 was spent on CDs. Alternatively, survey respondents reported spending an average of \$19.36 on CDs at the festival; this would imply a total spending on CDs of \$65,368. These results are consistent if those who planned to purchase CDs bought 1.3 CDs on average; a reasonable outcome. Now if 47 of 76 CD buyers spend their money on music discovered at the festival, this implies spending on newly-discovered music in the amount of \$40,425 (using the higher of the two total CD spending estimates above). Of course, some of this spending is probably diverted from other CD spending: that is, a festival-goer who spent \$25 on a Martina Sorbara CD might have spent the money on a CD by Eminem had he not attended the festival. Nevertheless, here we have only estimated (conservatively) the amount of spending on new and unknown artists that would not have happened had the festival not occurred.

The argument that a music festival might form people's tastes acknowledges that people's preferences for cultural goods evolve and change. Even if their tastes do not change, however, the festival might provide taste-related externalities if it exposes people to musical styles or performers they did not know previously.

²⁵ A few respondents volunteered that that the music was different from that heard on mainstream radio, but not different from music heard on CBC radio.

Consider the microeconomic model of Aubert *et al.* (2003). In their model, there is a commodity - say, music - that comes in two forms: mass-produced and a second variety that might be termed “non-standard,” “handicraft,” or “art.” The supply of non-standard music is highly differentiated, while the mass-produced music is homogeneous. Consumers want to listen to some music. Each consumer prefers a particular kind of non-standard music - I prefer the South Indian Karnatak, you the Dominican *bachata* - to the mass-produced variety, but it is easy to find the latter, and costly and uncertain to search out the former. Furthermore, suppose that there are increasing returns to scale in the production of recorded music or festival performances.

A music festival showcasing non-standard music can, in this context, provide a social benefit to music fans - the consumers. Directly, the festival reduces the search cost associated with seeking out one's preferred musical variety. Music fans are therefore more likely to find the variety of non-standard music they most prefer. But there is a second effect. By marginally increasing the profitability of non-standard music production, the festival increases the supply of non-standard music (in listening opportunities, at least, if not so obviously in total recordings). Because each producer is distinct, this increases the diversity of non-standard music available; this raises the probability that any given music fan (even those who do not attend the festival) will find the variety of non-standard music they most prefer.²⁶ This externality extends beyond festival-goers to the music-listening public at large.

Note that the increase in diversity is valuable because it increases the probability that consumers will find the particular idiosyncratic product they most desire to consume;

²⁶ *Any* subsidy to non-standard music production - directly to musicians, or to recording industry infrastructure, for example - will have this second effect.

this is an instrumental value of diversity. It may also be the case that people value diversity intrinsically, for its own sake. An analogous argument has been proffered regarding the instrumental and intrinsic value of biodiversity (see, e.g., Kunin and Lawton 1996). Or it may be that diversity's value is to future generations: given that we do not know what kind of cultural legacy future generations will find most meaningful, we must bequeath to them a dense and diversified base of cultural expression (Farchy and Sagot-Duvaurox 1994, 29). Musical diversity is a public good and there is a case for public support, but more work needs to be done to consider the appropriate measurement of diversity in the cultural sphere before clear policy conclusions can be drawn (Weitzman 1992). In particular, if there are close substitutes (in terms of musical programming) to Stan Fest, then it might not produce any diversity benefits of this intrinsic type.

Several commentators on the cultural industries have noted an asymmetric industrial structure: a small group of giant firms surrounded by a fringe of tiny but innovative firms (Benhamou 2001; Farchy 1999). Call the former the “majors” and the latter the “boutiques.” In cultural industries, the boutiques perform the role of research and development, seeking out and working with experimental, non-standard artists; when some of those artists demonstrate the potential for substantial commercial success, the majors step in and recruit them. The reader will easily recall examples from filmmaking, publishing, music recording. This is a peculiar arrangement; the majors are, because of their size, in a much better position to bear the risks associated with R & D spending (developing new talents), but of course they are happier still to skim the cream of the boutiques' R & D efforts.

To the extent that the festival promotes these non-standard performers, it is also subsidizing the majors along with the boutique firms. (Some major music festivals receive substantial support from huge media firms, perhaps in part because the latter recognize this indirect benefit.) The source of this externality is the same as the diversity benefit mentioned above, but the beneficiary is different. In this case, however, it's not clear that there is a net benefit to society. The subsidy is paid by festival organizers and taxpayers, and represents a social cost. The benefit accrues to media conglomerates in the form of reduced talent-development costs. The two essentially cancel out.

5.1.3 Sociability effects

Cultural activity generates new models of sociability. Recent writing in art criticism emphasizes this (Bourriaud 1998; Buchloh 2000). This is by any account an important source of the value of culture. Festivals in particular are likely candidates for generating sociability given that they are based on the premise of bringing people together. Fortin's (2000) sociological account of festivals in non-metro Québec (that is, outside the Montréal-Québec city corridor) does a nice job of exploring the sociability benefits of festivals.²⁷ Sociability effects have at least two dimensions. First, the content of the cultural activity - roughly, what the singers are singing about - offers social criticism, political commentary, raucous storytelling, and other material that serves as the fodder for conversation and deliberation about a community's values. Second, the shared experience of the festival itself can generate conviviality among the members of the audience, which they might carry with them when they return to their homes. It is an

²⁷ Fortin emphasizes the exposure of the process of artistic creation to the public, for example.

interesting philosophical question whether this is a social benefit: a social benefit presumes a fixed social-welfare function, and sociability of the kind described here might have the effect of changing a society's well-being function. Nevertheless, there is a long tradition supposing that this is a necessary function of art in society.

5.1.3.1 Content effect

Our survey provides interesting indicators regarding the two dimensions of sociability mentioned above: the “content effect” and the “conviviality effect.” Regarding the content effect, 104 (80 percent) respondents thought that the music performed at the festival had “an interesting message.” 27 (21 percent) said that the music had made them change their view or think in a new way about social or political issues addressed in the music. Another seven individuals commented that, while the festival had not changed their views, the musical content served to reinforce them. 46 (35 percent) respondents said that they would be more likely to discuss the issues raised in the music having attended the festival.

5.1.3.2 Conviviality effect

Network externalities (or network effects) are said to arise when there are strategic complementarities in consumption, or more prosaically, when the value of a good increases with the number of consumers purchasing it. There are good reasons to suspect that there are network effects in the consumption of cultural commodities: the enjoyment of listening to a live musical performance might be enhanced if one can talk about it later with someone else who witnessed it. This shared experience as a source of

value is widely acknowledged in communication studies for example. Do people like being part of a crowd? Apparently they do: 122 (94 percent) of respondents believe that there is a “common bond” among people at the festival. 99 (76 percent) felt that a large crowd makes the festival more enjoyable - this, despite long line-ups at toilets and other disamenities of congestion.

If there are network externalities, it means the actual number of festival-goers is inefficiently small. That is, there are marginal festival-goers out there who decided not to go because the price was too high - they were not compensated for the positive benefit that their attendance would have provided to other festival-goers. This is an argument for subsidy - which is already happening. Thus if a lot of festival-goers say that bigger crowds are better, it doesn't necessarily mean that subsidies should be increased.

5.1.3.3 Collective-action effect

There is a third sociability effect, the “collective-action effect.” Indeed, if culture generates sociability, the first place to look for evidence of that sociability is locally. In this case, successfully mounting an internationally recognized festival might have important consequences for Canso. First, mounting a festival involves collective action. It is furthermore reasonable to assume that there are learning effects from collective action, co-ordination and co-operation; volunteers and festival staff will be better at mounting the festival next year after their experience doing so this year. Concretely, a smaller number of labour hours will be necessary next year to generate the same “output” level as this year. This is not necessarily an external effect, although it might be an important point for policy-makers.

But if there are *economies of scope* in collective action, then the lessons in coordination learned by local people working on the festival might be applied to other economic domains where collective action is necessary. Economies of scope are said to exist when it is less costly to produce both goods A and B together rather than separately. If people organize for one collective objective, then the incremental cost of additionally mobilizing effort to undertake a second collective objective is lower than if it had been sought in isolation of the first. This theme appears in research on the local commons. Swallow (1996) asserts that there are economies of scope in collective action: if people organize for some collective objective, then the incremental cost of additionally mobilizing effort to clean canals or co-operate in the conservation of groundwater is lower than it otherwise would be. White and Runge (1994) find that in Haitian villages where peasants had organized religious groups, collective anti-erosion efforts were more successful.

Of course, it could be that Canso successfully mounted Stan Fest because it had already mobilized for other reasons; that these local effects were in fact caused by earlier collective action. We may conclude that the benefit of locally generated social cohesion is at least zero. Even if such networks exist there may be some benefit from exercising them, for example, so that they will not be lost. The focus-group responses indicate that there is a little of each - that some social cohesion existed which enabled the festival to be created, and that the festival has developed it further, bringing in more people and developing more skills each year.

5.2 Costs

Net benefits must also account for the cost of resources used in mounting the festival. Of course the financial disbursements might not correctly signal the cost to society of the resources used. We will assume that the shadow price of all resources used

- legal fees paid, office rental, postage, sound system, food-concession expenditures, etc.
- is in fact the market price paid, with the exception of the labour costs.^{28,29}

5.2.1 Labour costs

The festival relies on two types of labour, paid and volunteer. We will address each of these categories in turn.

5.2.1.1 Paid labour

For labour expenditures, festival financial records provide dollar figures; these are summarized in Table 4. There are three types of labour represented there: office staff,

²⁸ All non-labour costs are included gross of taxes. Most goods in the festival's profit and loss statement would incur the harmonized sales tax, for example; and there is explicit mention of property tax paid. The logic of including taxes paid as a cost (and not merely a transfer), is that the costs including tax represent the marginal value of these resources to the next-best relevant user - who would also have to pay the tax. This is equivalent to assuming that the resources mobilized to mount the festival come from displaced demand, not new supply.

²⁹ Another issue concerns one-time investment costs that can be expected to yield benefits over a longer time frame. This year, the festival spent over \$80,000 on improvements to campgrounds, substantially above the normal yearly maintenance costs. One approach would be to attribute some future stream of benefits to this investment, and report the net present value of this stream (less this year's cost) in place of the \$80,000. We opted instead to err on the side of conservatism and include the entire cost, with no corresponding benefits, in this year's computation. We note that the festival spent about half that much in 2001, so that such large expenditures are not uncommon. Furthermore, there has been no increase in campground-based revenues from these earlier investments; this makes it difficult to judge the benefits of the investment.

artists, and security. Are any of the amounts paid likely to misstate the true cost to society? Security was contracted from an agency that provides those services; it is therefore reasonable to assume that the amount paid is the same as what other consumers of security services in the region would have to pay.

As for artists, any consideration of the labour market in which they provide their services would be a substantial digression. The wages paid to artists might diverge substantially from their earning opportunities in alternative professions because they derive some (fundamental) utility from practising their art. We will nevertheless assume that the artists' wage bill - some \$113,824 - is an accurate estimate of the cost to society of the musical services provided at the festival. This is equivalent to assuming that the musicians who perform at the festival are being drawn away from other musical performances (and not their possibly better-paying day jobs, or worse-paying idleness), and that the amount they would receive performing elsewhere is the same as the amount they are paid by Stan Fest.

Given the high unemployment in the Canso region, it might be argued that the cost of office staff overstates the value to society of the labour used for those services. Due to the tiny size of the staff, it is an easy matter to confirm whether or not each member was drawn from the ranks of the unemployed. Both the artistic director and the bookkeeper had either left other jobs for this one or had taken on this job in addition to their usual employment, whereas it is not farfetched to assume that the other staff members would have been unemployed without the festival. While the use of a shadow wage less than the actual wage paid might be indicated in such a circumstance, we will

err on the side of conservatism (that is, tending to diminish the size of estimated net social benefits) and assume that office-staff labour is paid its social cost.

5.2.1.2 *Volunteers*

The festival relies critically on the effort of volunteers, effort that is not included in a purely financial accounting of the festival. What is the cost to society of the volunteer labour expended? It is likely that this ties in with other areas, as a common theme of discussion (and jokes) at the festival was that you couldn't pay people enough to do the jobs that they volunteer for. Volunteers feel a type of pride that comes from participating, and doing what needs to be done *without* being paid, as if the pay itself disassociates one from the external benefits. Nevertheless, a substantial amount of unpaid labour is drawn away from other pursuits (including leisure). What is its value?

If all of the volunteers were drawn from the ranks of the unemployed, the cost to society would be the forgone utility of the volunteers. On an hourly basis, this is probably substantially less than the wage they could command in the labour market. This may or may not be more than zero, as one would assume that, since most volunteers get to see the festival performances for free, it might be that the utility from watching the show more or less offsets the forgone utility elsewhere. Also, there may be utility gains that come from playing a part in helping one's community, and utility losses from not participating in some way toward the collective goal of the community. Overall, one would assume that if the loss in utility were great, people would choose not to volunteer.

But not all of the volunteers were unemployed; in fact many were not. What is the value of the time of those who are employed? Most of them did not likely leave their

work for this short-term commitment, so they weren't literally drawn away from other employment. Even so, their time might be worth close to the wage they earn at their regular jobs. Many of them likely earn more than the minimum wage in Nova Scotia (\$6 per hour for an experienced worker),³⁰ but even so, the minimum wage might be too high as an estimate of the value of their time.

As a first approximation, and one that is conservative (that is, it will probably depress the estimated net social benefit of the festival), we estimate the social cost of volunteer labour as follows. We have data on the volunteers and their assigned tasks. We multiply the number of regular volunteers by 20 hours and the number of crew-head volunteers by 50 hours. These estimates of hours worked were based on the time commitments observed preceding and during the festival. The volunteers were then divided based on where they live: that is, between Guysborough County and non-Guysborough County residents. The number of hours for each residential group was multiplied by the Nova Scotia minimum wage. These figures were then multiplied by one minus the appropriate unemployment rate: the Guysborough County rate for Guysborough County residents and the Nova Scotia rate for all other volunteers. The above procedure values the volunteer time at \$60,073. That is, the shadow wage for residents of region i is $(1-u_i)w_{\min}$, where u_i is the unemployment rate in i .

Alternatively, if we assume that all volunteers are employed (or that the relevant $u_i=0$), the value of their time is greater: \$81,480. This sum might be more relevant if we considered the value of volunteer labour to be equal to the cost that would be incurred to

³⁰ An experienced worker is defined as a worker who has been with their current employer for three months or longer. An inexperienced worker, on the other hand, must be paid a minimum wage of only \$5.55 per hour.

replace the volunteers with waged workers. Of course, volunteers themselves receive benefits from their experience. In addition to seeing the show for free, volunteers also benefit in that they can include their volunteer experience on their résumés. Recent research (Day and Devlin 1998; Woolley 2001) in Canada suggests that in sluggish labour markets, volunteer experience is a form of human-capital investment or training.

In the Canso context, this means that volunteers are indeed partially compensated for their time, in the form of work experience observable by employers. This means that the shadow wage imputed to volunteer labour should be lower than it would be if work experience had a zero value to volunteers. Using the minimum wage reflects this discount already, since many of the volunteers are gainfully employed at a higher wage rate than this. A third estimate of the value of volunteer labour, nevertheless, might be set at *one-half* the unemployment-adjusted estimate given above, or \$30,036.

5.3 Net Social Benefits

A number of benefits and costs have been discussed. For several items, alternative measurements were provided as an exercise in sensitivity analysis. These can be combined in a large number of permutations by the reader to arrive at final estimates of the net social benefit of the Stan Rogers Folk Festival. We will describe *three* such constellations of parameter values and compute the net social benefit in each of these scenarios. The results are summarized in Table 6.

All three scenarios treat the cost of paid-labour and non-labour inputs equally. No estimates are included in any scenario for existence values, learning and diversity values,

network externalities or sociability effects. The scenarios differ in terms of the estimates of consumer surplus, option values, and the social cost of volunteer labour.

Scenario A: Baseline This scenario, the preferred one, uses the Clawson estimate of consumer surplus, an aggregate option value based on the average “willingness to subscribe” to the festival among all respondents, and a value of volunteer labour equal to one-half the unemployment-adjusted estimate.

Scenario B: Conservative This scenario differs from Scenario A in two ways: first it uses the economies of scale consumer surplus estimate, and second the value of volunteer labour is set at the unemployment-adjusted amount.

Scenario C: Very conservative This final scenario uses very conservative (that is, tending to depress the estimate of net social benefit) parameter values: consumer surplus is assumed to be zero; the option value is restricted to “willingness to subscribe” among only those who had delayed attending the festival in the past, and the volunteer labour is valued at replacement cost with no unemployment.

It should be noted that several potential benefits for which we have no monetary estimates have been described, while it is argued that all costs have been accounted for, so that *all three* estimates above should tend to understate the net benefits. If we find that the net social benefit is negative, then (minus one times) this negative amount can be interpreted as the minimum value of the unknown benefits required for the festival to be economically viable (in the broadest social sense). The reader can then judge whether or

not it is reasonable to suppose that the uncounted benefits are as large as is necessary to assert the festival's viability.

Table 6 shows that the net social benefit of the festival is positive and exceeds the subsidies received in 2002 in Scenario A, that the net social benefit is marginally positive but does not exceed 2002 subsidy levels in Scenario B, and that the net social benefit is negative in Scenario C. Are these numbers large or small? When evaluating projects, the relevant question is only whether they are positive or negative. Nevertheless, if a cultural policy-maker were deciding which of two festivals to support (or indeed, whether to subsidise StanFest or spend instead on health care or roads), then the *relative* magnitudes of the net social benefit would be relevant. To undertake such comparisons, an exercise like the one we carried out in Canso would have to be done for other such events.

Chapter Six: Examining Social Benefits - The Musician's Survey

It has been asserted in this paper that high-quality, diverse culture is both desirable and useful for society and may provide both a means and an end in the development process. The last chapter showed that even given significant data constraints, it is possible that cultural events provide a positive net benefit for society. This chapter will take a more in-depth look at some of these elusive benefits categories, using data from the Stan Fest 2002 musician's survey.

The main reasons for maintaining a festival like Stan Fest have to do with maintaining availability on several levels. First, there is the value of providing music to an otherwise un-served market in rural Nova Scotia, and secondly the value of creating a venue for music that might not otherwise find a forum for performing. Both of these factors prove to be important to festival musicians, and both are mainly encompassed in benefits categories that are difficult to quantify. Certainly there are use values or direct benefits that accrue to audience members and musicians alike from a festival's existence. These are theoretically captured by the price of admission or the musician's pay, but there is also a component that is of concern to society overall. Perhaps the best example of this for an analysis of fringe or non-mainstream music is the bequest value category. In this case, we can think of it of as a "cultural diversity" benefit for society where we are concerned not only with maintaining a level of culture, but also many different types. Much of the enjoyment of a festival comes from seeing diverse types of music after all, rather than seeing the same few artists over and over. The advantage of sustaining a cultural sector for the future stems from the desire to maintain many musical styles in

order to learn about them in future (perhaps even those which members of the current generation are not yet aware of and may wish to learn about) or so that they will continue to exist for future generations.

The myriad of benefits in the framework will have to be informed by a variety of sources. A survey of artists is just one such source, but a number of interesting observations came out of the musician's survey results. The most important themes that emerged concerned the importance of festivals as a venue for non-mainstream music, and the importance of Stan Fest's geographic location in increasing the exposure of non-mainstream music to audiences on the east coast.

The results from the musician's survey support the claim that festivals are a venue for fringe music, and thus support cultural (or at least musical) diversity. The average career length was 14.5 years (with several reporting careers of 30 years or more) and yet very few of the musicians could be considered mainstream. For instance, while all of the artists had recordings for sale, only 4 out of 17 had a recording contract, and only one of those was with a major label (Universal). 2 of those 4 artists are signed with the Borealis Recording Company, a company specializing in underrepresented folk and regional styles of music. Artists described their musical styles using a variety of terms, very few of which fit into a mainstream category. While one artist (perhaps not coincidentally the same one as was signed to Universal) described their music as "contemporary country," many artists felt they crossed over many categories or created their own. Multifaceted answers included "folk / roots / story songs," "based in blues, but quickly delves off into eclectic hybrids - jazz, latin, hiphop, ska, New Orleans, African, worldbeat..." "post-punk-folk and/or storytelling songwriting." "jazzy / folk / rock," "acoustic / folk /

novelty,” and “many styles, all with guitar.” The remaining artists either associated themselves with the folk genre (“sweet, dark folk music,” or simply “folk music.”), or did not attempt to categorize themselves but instead chose broad reaching descriptions such as “poetry,” “writer and singer,” or “Canadiana.”

There was a general understanding among artists that identifying oneself with the folk genre disassociates them or confirms their non-association with the mainstream of the music industry. Related to this, musicians surveyed said they were unwilling to compromise their musical choices to make their product more saleable, although most acknowledged tailoring their performances to particular venues and audiences. The festival circuit was deemed to be a very important part of all musicians’ incomes, with only one respondent saying their livelihood would not suffer if there were far fewer festivals in existence. The reason cited for the loss of livelihood sometimes varied, however. In some cases the direct income from the festival was deemed most important, whereas in others it provides support for the generation of income during other parts of the year. Several artists mentioned that large-scale venues for their music were largely limited to festivals, college radio and CBC, and without these their own touring could not be as successful. According to one artist, “during the summer musicians rely on festivals to build their audience base to support regional touring in the off season.”

Another way in which festivals seem to be superior to other venues is in terms of their ability to convey musical messages. All but one artist indicated that their music was attempting to convey a message to the listener: ten of the artists said that they preferred festivals as a venue for delivering that message than performing on their own in clubs as a headliner; one indicated each type of venue was good in its own way; and five people

had no opinion. In comparison, having people listen to their music at home was less clear-cut: seven people preferred to deliver their message at the festival; one preferred the recording; and eight had no opinion. Some artists were indifferent (and in a few cases preferred) the recorded music to performing live for delivering their message, but there was concern that getting the music *to* the listeners was more challenging without the benefit of a festival venue. The remaining artists felt that there was an essential part of their message conveyed by the close connection between artist and audience in a festival setting.

Stan Fest in particular was deemed to be unique in comparison to other festivals by some artists and not so by others. In terms of providing benefits to artists (exposure to a new audience, on-site sales, contact with music industry, paying work, and contact with other performers) this particular festival was deemed neither better nor worse than other festivals elsewhere by the vast majority of the respondents. The artists who saw Stan Fest as unique cited the affiliation with Stan Rogers, and the cultural history and hospitality particular to Canso, Nova Scotia and the Maritimes. This geographical theme proved to be the strongest that emerged. There was a general consensus about the importance of Stan Fest's geographic location rather than its exceptionality as a festival generally. Almost all artists mentioned that, while there are other good festivals elsewhere, there are not comparable festivals of this type that reach the same base audience, and thus the loss of this festival would mean the creation of an underserved market for fringe music in Eastern Canada.

When asked if their music would be less visible if Stan Fest did not exist, artists once again made reference to the importance of the festival due to its location. A few

examples of comments include: “a matter of geography - could not reach a NS audience otherwise”; “the festival is unique to here - would be less visible for this geographic area”; and “certainly less visible in Nova Scotia.” From the perspective of eastern consumers and society overall this is important as well as it represents the loss of direct and indirect benefits that are gained from festival attendance, or alternately a festival’s continued existence. If culture is indeed a key component and goal of the development process then this should be of concern to policy makers.

In addition to benefits affecting them directly, musicians identified a number of benefits that festivals provide to different levels of Canadian society. Common themes mentioned included the usual attraction of economic stimuli to a regional area, but also such indirect benefits as the creation of community bonds, cultural awareness and celebration, encouraging careers in the music industry, creating quality entertainment, and encouraging communication and new discourse in Canadian society. Many of these benefits are broad in scope and difficult to articulate. In the words of one artist, “[benefits] that come to mind include community bonding, experience sharing, giving people access to good music they wouldn't otherwise have, raising ecological awareness (e.g., alternative energy), as well as possible economic benefits to the Canso region vis-a-vis the throngs of people who descend on the area (and any societal benefits that might accompany a boost in the local economy.)” Another musician said “Stan Fest is one event where people get together peacefully to enjoy and celebrate life, to share music and ideas, and to exist in harmony with one another. If all of life could be like festivals, we'd have a wonderful world!”

Chapter Seven: Conclusion

This paper has tried to do two things. First, it has argued that the appropriate means for evaluating cultural policies is a suitably adapted cost-benefit analysis, one that recognizes the unusual externalities of cultural activity. Second, we have made such an analysis of the 2002 Stan Rogers Folk Festival in Canso, Nova Scotia. It has been found that the baseline estimate of the net social benefit of the festival is positive, even given the limited data available, and that it exceeds the public subsidy levels of the year of analysis, although the true viability of the festival depends on the magnitude of a host of unmeasured non-use values.

One of the implications of this analysis is that subsidies to cultural activity like Stan Fest provide sizeable benefits as consumption services: potential festival-goers enjoy the festival and are willing to pay for it. Using cost-benefit analysis, (rather than impact analysis, for example) redirects our attention from local job creation and spending, and toward the social benefit of the music performed and the broader festival-going experience.

To clarify, this paper is not an argument for or against further subsidies to Stan Fest or other such festivals. Indeed, the festival is already being subsidized. What is suggested, however, is that a suitable mechanism be set in place which awards funding on the basis of value so that cultural events may be assessed fairly alongside other policy options. The alternatives to consistent funding, which are not analysed here, are increased corporate sponsorship or higher ticket prices, both of which options

immediately suggest problems. At the same time, it is not established here that Stan Fest generates a higher or lower net benefit than other festivals of its type.³¹

Second, the approach illustrated in this paper demonstrates that economic and cultural values should not necessarily be considered incommensurable, as many recent writers have suggested (e.g. Getty Conservation Institute 1999; Klamer 1996; Throsby 2001). The net social benefit estimates given above can be usefully compared with net social benefits estimated for other public projects, whether in transport or health-care or education, or any other item of public expenditure. One might quibble with the estimates of benefits, but that is a question of *how* the analysis was carried out, not *whether* such analysis can or should be done. Our ability to measure benefits will continue to improve over time, and a framework that acknowledges their existence is essential to providing an accurate picture of what policy choices are best for society. Thus, contrary to recent debates in Canadian cultural policy circles (Palmer 2002), economic justifications for the arts and culture are not doomed. It is irrelevant whether the economic impact of arts and culture is large or small. Net social benefits, if properly calculated, can demonstrate whether cultural activity increases social welfare, or economic efficiency, or both.

We have emphasized that evaluation frameworks based on expenditure switching from one place to another provide a weak support for public subsidies to a particular depressed region such as Canso. It might nevertheless be argued that once policy-makers have made a decision to favour those economies, and in that case expenditure switching

³¹ Indeed, one may ask whether a similar festival serving a similar group but not as remotely located would yield a higher net benefit. This would depend on the perceived losses of holding the festival elsewhere versus the gains of making it more accessible. This is the type of analysis that is made possible by the type of framework outlined here.

is a valid tool for achieving that aim. In such a case, of course, the appropriate way to evaluate the results of a regional-revitalization plan is cost-effectiveness analysis: namely, public spending should seek the maximum local benefit per subsidy dollar (or, equivalently, given a local benefit goal, policy-makers should seek the program that minimises the cost of achieving that goal). Then the goal of public policy is to raise incomes in Canso, rather than increasing social welfare or efficiency for the economy as a whole. In such a case, impact analysis or the tabulation of purely pecuniary externalities may be appropriate. Such a policy-evaluation framework might find that subsidising a festival generates lower impact than road construction, say, or hospital beds. Even so, these narrower policy-evaluation frameworks will ignore the considerable benefits of cultural policies beyond the local arena. In our analysis, for example, Stan Fest generated considerable consumer surplus in Halifax and Antigonish counties, which would not be the focus of a regional-development policy targeted at Guysborough County alone.

The benefits that exist in the “no less than zero” categories are very real. The fact that some are difficult to value should not provide an opportunity for them to be overlooked as they are currently. The focus on economic impact rather than net social benefit may be causing the most “impacting” projects to be chosen rather than the highest quality projects. Perhaps even more problematic is that *ad hoc* process by which the arts are currently funded. There is a need to redefine the process of choosing to fund the arts based on merit rather than political whims. By introducing a net social benefit framework, and incorporating categories for the types of benefits that accrue from cultural events it is possible to level the playing field of assessment so that all benefits

may be taken into account. It is important to note that the intention of such a framework is not to favour culture, or treat it differently, but to remove the institutional barriers to its use as both a tool and a goal in the development process. Though many of them cannot be valued now, the framework that has been outlined here allows for the incorporation of benefits that are unique to culture (such as cultural diversity and a musical “fringe”) but that does not preclude its use for valuing other projects that may or may not have similar “non-economic” types of benefits. While it may take time for the blanks to be filled in, the creation of a framework that acknowledges the existence of social benefits is a base upon which new political standards may be formed.

Appendix A: Festival-Goer Survey

DEPARTMENT OF ECONOMICS DALHOUSIE UNIVERSITY
ECONOMIC BENEFITS OF CULTURAL ACTIVITY
STAN ROGERS FOLK FESTIVAL STUDY -- SUMMER 2002
FESTIVAL-GOER SURVEY

Surveyor: _____

Survey number: _____

S1. Survey date: THURSDAY FRIDAY SATURDAY
SUNDAY

S2. Survey site:

I'm carrying out a study for the Department of Economics at Dalhousie University on the economic benefits of cultural activities such as the Stan Rogers Folk Festival. Do you have a few minutes to answer some questions? Your responses are completely anonymous, and you can ask me not to include any or all of your responses in the final study at any time.

[INTERVIEWER: YOU MAY RECORD COMMENTS ON THE LAST PAGE OF THIS FORM]

S3. [DON'T ASK:] Sex of respondent: FEMALE MALE

Q1. Where do you live? [CITY/TOWN & PROVINCE/STATE/COUNTRY]

Q2. How did you come to the Festival?

CAR AIR AND CAR RAIL AND CAR BOAT OTHER [SPECIFY:] _____

Q3. How many people came with you to the Festival? [NUMBER:] _____

Q4a. Is this the first time you've attended the Festival? YES NO

[If NO] ==> Can you remember which years you attended the Festival?

Q4b. 1997 Q4b. 1998 Q4c. 1999 Q4d. 2000 Q4e. 2001

Q5. Other than Stanfest, what other festivals have you attended in the past two years?

NONE

[LIST, NAME AND LOCATION IF POSSIBLE:]

Q6. When did you become aware of the Stan Rogers Folk Festival?

DURING THE LAST YEAR MORE THAN A YEAR AGO DON'T KNOW

Q6a. [If NOT " DURING THE LAST YEAR "] ==> In past years, have you ever thought seriously of going

to the Festival, but decided to put it off to a later year? YES NO DON'T KNOW

Q6b. [If YES] ==> If the Stan Rogers Folk Festival had stopped functioning before you were able

to attend would you have found another event to attend somewhere else? YES NO

DON'T KNOW

Q6c. [If YES] ==> What? _____ DON'T KNOW

Q6d. Would you have been disappointed if StanFest had been discontinued before you were able to attend, or do you think there are equally good alternative festivals and events?

YES, DISAPPOINTED NO, EQUALLY-GOOD ALTERNATIVES EXIST DON'T KNOW

Q6e. [If YES] ==> In what way is StanFest superior to other festivals that exist?

BETTER MUSIC/PROGRAMMING I LIKE THE CROWD BETTER AT STANFEST STANFEST IS CLOSER TO MY HOME/RELATIVES

STANFEST IS AT A MORE CONVENIENT TIME OF YEAR OTHER [SPECIFY:] _____

I'm going to describe a hypothetical situation. Suppose that StanFest offered the chance to become a "Festival subscriber": you would pay a subscription fee every year, in exchange for which you would be eligible for a fifty percent discount on ticket prices if you chose to come in any given year and perhaps some Festival gifts like shirts or hats. Keep in mind that the subscription revenues would

help guarantee the survival of the festival. Q7a. Would you be willing to be a subscriber? YES NO

Keeping in mind that admission costs close to \$100 at the gate, would you be willing to pay a YEARLY subscription fee of

Q7b. \$10 ? YES [CONTINUE] No [GO TO NEXT QUESTION]

Q7c. \$20 ? YES [CONTINUE] No [GO TO NEXT QUESTION]

Q7d. \$40 ? YES [CONTINUE] No [GO TO NEXT QUESTION]

Q7e. \$80 ? YES [CONTINUE] No [GO TO NEXT QUESTION]

Q7f. more than \$80 ? YES No

You should be aware that there is currently no plan to begin a subscription program like this; I am only describing a purely HYPOTHETICAL possibility.

While travelling to the Festival, roughly how much in total (including credit card purchases) have you PERSONALLY spent on ... Q8a. FOOD _____ Q8b. GAS _____ Q8c. CAR RENTAL _____

Q8d. ACCOMMODATIONS _____

Q9. How much money do you anticipate spending on your return trip? _____

Since you arrived at StanFest, roughly how much (including credit-card purchases) have you PERSONALLY spent on ...

Q10a. ADMISSION _____ Q10b. FOOD _____ Q10c. BEER GARDEN _____

Q10d. CAMPING _____ Q10e. CDS _____ Q10f. HANDMADE VILLAGE _____

Q10g. FESTIVAL CLOTHING _____ Q10h. ANYTHING ELSE? _____ SPECIFY AMOUNT: _____

Before you leave, do you plan to spend any more on any of these things? How much?

Q11a. FOOD _____ Q11b. BEER GARDEN _____ Q11c. CAMPING _____

Q11d. CDS _____ Q11e. HANDMADE VILLAGE _____ Q11f. FESTIVAL CLOTHING _____

Q11g. ANYTHING ELSE? _____ SPECIFY AMOUNT: _____

Q12a. Do you have other reasons, besides the Festival, for visiting Canso now? YES No
[If YES] ==> What were they? [CHECK ALL THAT APPLY]

Q12a. VISITING RELATIVES Q12b. VISITING FRIENDS Q12c. SIGHTSEEING

Q12d. GRASSY ISLAND / MUSEUM Q12e. WORK-RELATED Q12f. OTHER

[SPECIFY:] _____

Q13a. What was your MAIN reason for visiting Canso? [CHECK ONE]

FESTIVAL VISITING RELATIVES VISITING FRIENDS SIGHTSEEING

GRASSY ISLAND / MUSEUM WORK-RELATED OTHER

[SPECIFY:] _____

Q13b. [If NOT "FESTIVAL"] ==> Did you intentionally schedule your trip to Canso around attending the Stan Rogers Festival? YES NO

Q14. Was the chance to listen to unusual music which is not widely available a part of your decision to

attend StanFest? YES NO DON'T KNOW

Q15. Of the 55 acts at the festival, how many were you familiar with before you came?

NONE A FEW MORE THAN HALF NEARLY ALL

Q16. Have you heard any musical styles you had not listened to before? YES NO DON'T KNOW

Q17. Will you try to go to other concerts or festivals to hear more of the music or musicians you've heard here?

YES NO DON'T KNOW

Q18a. Have you, or do you plan to, buy any CDs while you are at the festival?

YES NO DON'T KNOW

Q18b. [If YES] ==> Are you buying music you were already familiar with, or music that was

introduced to you at the festival? ALREADY FAMILIAR MUSIC I DISCOVERED AT THE FESTIVAL BOTH

Q18c. [If YES] ==> Would you have chosen those CDs before attending the festival?

YES NO DON'T KNOW

Q19a. Does the music performed at StanFest have an interesting message --whether a political or social view, or storytelling, or a perspective on human relationships, or something else? YES

NO DON'T KNOW

Q19b. [If YES] ==> Are the issues and topics in the music at StanFest more or less the same as you'd hear on the radio, or is this music different? MORE OR LESS THE SAME DIFFERENT DON'T KNOW

Q20. Has the music you've heard at StanFest changed your views, or made you think in a new way, about social or political issues addressed in the music? YES NO DON'T KNOW

Q21. When you get home will you be more likely to discuss these topics or issues with those you know?

YES NO DON'T KNOW

Q22. Do you think that there is a common bond, or a sense of community, among people at the Festival?

YES NO DON'T KNOW

Q23. Does a large crowd make the festival more enjoyable for you, or would you enjoy the Festival more if the crowd were smaller?

THERE IS A BENEFIT TO A LARGE CROWD I WISH THE CROWD WERE SMALLER DON'T KNOW

Q24. Based on your experience so far, do you think you will attend StanFest next year?

YES NO DON'T KNOW

Q25. In your opinion, what, if anything, could the organizers of the festival do to improve the event?

Q26. If you don't mind my asking, in what year were you born? [YEAR:] 19|__|__| REFUSED

Q27a. What is your working situation?

PART TIME FULL TIME STUDENT RETIRED UNEMPLOYED
OTHER

Q27b. [If PART-TIME or FULL-TIME] == > What is your occupation? _____
REFUSED

Q28. Is there anything further you'd like to say regarding any of the issues we've been talking about?

Thank you for your time ! [GIVE THE RESPONDENT THE CONSENT LETTER.]

Appendix B: Musician's Survey

DEPARTMENT OF ECONOMICS

DALHOUSIE UNIVERSITY

ECONOMIC BENEFITS OF CULTURAL ACTIVITY STAN ROGERS FOLK FESTIVAL STUDY -- SUMMER 2002 MUSICIAN SURVEY

I'm carrying out a study for the Department of Economics at Dalhousie University on the economic benefits of cultural activities such as the Stan Rogers Folk Festival. Do you have a few minutes to answer some questions? Your responses are completely anonymous, and you can ask me not to include any or all of your responses in the final study at any time. If, after the festival, you wish your answers to be taken out of the study, you can contact me at (902) 494 2026 and simply ask that this survey be discarded.

Respondent number:

Sex of respondent:

FEMALE

MALE

=====
=====

BLOCK I.

1.1 Where are you based?

1.2 Where are you originally from?

1.3 How long have you been a professional musician?

1.4 If you don't mind my asking, in what year were you born?

==> [YEAR:] _____

1.5 How would you describe the type of music you play (e.g., folk, country, rock, psychobilly, *nûbá*, etc.)?

1.5 Have you ever performed at StanFest before?

YES

NO

[If YES] ==> In which years? [CIRCLE ALL THAT APPLY]

1997

1998

1999

2000

2001

1.6 Do you have a recording contract?

YES

NO

[If YES] ==> With what company?

Where is that company based?

1.7 Do you have recordings for sale here at the Festival?

YES

NO

=====

=====

BLOCK II.

2.1 Do you regularly perform at other festivals? YES NO

IF YES ==> Roughly how many each year in

... Canada _____ [NUMBER]

... USA _____ [NUMBER]

... elsewhere _____ [NUMBER]

==> [TOTAL]: So that's about _____ festivals a year?

YES NO ==> CORRECT:

2.2 I'm going to mention several possible benefits of performing at festivals. For each of these, I'd like you to tell me how important or relevant these benefits are to you.

- (a) Exposure to a new audience (including future sales of recordings or attendance at future shows)
- VERY IMPORTANT SLIGHTLY IMPORTANT NOT AT ALL IMPORTANT NO OPINION
- (b) On-site sales of your recordings
- VERY IMPORTANT SLIGHTLY IMPORTANT NOT AT ALL IMPORTANT NO OPINION
- (c) Contact with people in the music industry, including representatives of recording, distribution and management companies
- VERY IMPORTANT SLIGHTLY IMPORTANT NOT AT ALL IMPORTANT NO OPINION
- (d) Paying work as a musician
- VERY IMPORTANT SLIGHTLY IMPORTANT NOT AT ALL IMPORTANT NO OPINION
- (e) Contact with other performers and possible collaborators.
- VERY IMPORTANT SLIGHTLY IMPORTANT NOT AT ALL IMPORTANT NO OPINION

2.3 Are there other benefits to YOU of performing in festivals that I haven't mentioned? [LIST THEM]

2.4 Which of these is the MOST important benefit of performing in festivals for you? [CIRCLE ONE]

- (a) Exposure to a new audience
- (b) On-site sales of your recordings
- (c) Contact with people in the music industry
- (d) Paying work as a musician
- (e) Contact with other performers and possible collaborators.
- (f) Other

2.5 Now I'd like to know whether you think the StanFest provides MORE or LESS of each of these benefits to you than other festivals.

- (a) Exposure to a new audience (including future sales of recordings or attendance at future shows) -- STANFEST IS

- ...BETTER ... WORSE ...NEITHER BETTER NOR WORSE THAN OTHER FESTIVALS NO
 OPINION
- (b) On-site sales of your recordings -- STANFEST IS
- ...BETTER ... WORSE ...NEITHER BETTER NOR WORSE THAN OTHER FESTIVALS NO
 OPINION
- (c) Contact with people in the music industry, including representatives of recording, distribution and management companies -- STANFEST IS
- ...BETTER ... WORSE ...NEITHER BETTER NOR WORSE THAN OTHER FESTIVALS NO
 OPINION
- (d) Paying work as a musician -- STANFEST IS
- ...BETTER ... WORSE ...NEITHER BETTER NOR WORSE THAN OTHER FESTIVALS NO
 OPINION
- (e) Contact with other performers and possible collaborators. -- STANFEST IS
- ...BETTER ... WORSE ...NEITHER BETTER NOR WORSE THAN OTHER FESTIVALS NO
 OPINION

2.6 Is there anything that the organizers of StanFest could do to improve these benefits to you and other performers?

=====

=====

BLOCK III.

3.1 Do you think it would it be easier for you to find work performing if you changed the style or substance of your music?

YES NO

[Comments:]

3.2 Do you think it would it be easier for you to record and distribute your music if you changed the style or substance of your music?

YES NO

[Comments:]

3.3 If the StanFest were to cease to exist, is there another equally-good festival where you could perform and perhaps sell your recordings, or is the StanFest unique for your work?

YES, THERE ARE OTHER EQUALLY-GOOD FESTIVALS NO, STANFEST IS UNIQUE

[Comments:]

3.4 If there were far fewer festivals like StanFest in Canada or the US would your livelihood suffer in a major way, are there other venues where you could equally successfully perform or sell your recordings?

OTHER EQUALLY-GOOD VENUES EXIST

MY LIVELIHOOD WOULD SUFFER

[Comments:]

=====
=====

BLOCK IV.

4.1 Does your music have some kind of message -- storytelling, a social or political view, a perspective on human relationships -- that you try to get across to others?

YES

NO

[Comments:]

[If more or less YES] ==> Do you think festivals like StanFest are better or worse for getting that message across than, say

... performing in clubs or as a headliner

... having people listen to your recordings?

[Comments:]

4.2 If StanFest were to cease operations, would you and other performers of the type of music you make be less visible to audiences and the music industry, or are there other festivals where you could be just as visible?

OUR MUSIC WOULD BE LESS VISIBLE

THE VISIBILITY OF OUR MUSIC WOULD NOT SUFFER

[Comments:]

4.3 Do you think there is some benefit to society -- Canadian society, Nova Scotian society, as you like -- from the music performed and other activities at StanFest? Could you elaborate?

=====
=====

BLOCK V.

5.1 Are there any other points you'd like to make about the issues raised in this survey?

... THANK YOU FOR YOUR PARTICIPATION !

Appendix C: Tables

<i>Revenues (\$)</i>		<i>Costs (\$)</i>	
Ticket sales	178,841	Cost of sales	77,218
Camping fees	14,631	Total labour	193,657
Public subsidies	171,496	General/admin.	35,833
Corp. sponsorship	69,235	Production	45,931
Fundraising	4,307	Volunteer costs	7,690
Fee revenues	5,997	Artist costs	35,182
Merchandise sales	102,621	Site operating	31,550
Misc. income	858	Marketing	18,681
		Campground	81,698
<i>Total revenue</i>	547,985	<i>Total costs</i>	527,440

Table 1: Revenues and costs, 2002 Stan Rogers Folk Festival.
Adapted from the festival's profit and loss statement,
and a statement of revenue analysis.

	<i>Expenditure per person (\$)</i>	<i>Estimates total expenditure (\$)</i>
Admission	65.12	219,909.57
Food	30.95	104,499.89
CD's	19.36	65,367.63
Beer Garden	16.20	54,717.65
Camping	14.03	47,392.53
Festival clothing	12.03	40,625.87
Vendors	7.11	24,001.47
Other	5.68	19,170.00
<i>Total</i>	170.48	575,684.60

Table 2: Survey-based tabulation of local spending by festival-goers.

	<i>Gross Domestic Product</i>		
	<i>Direct (\$)</i>	<i>Indirect (\$)</i>	<i>Total (\$)</i>
Infrastructure	48,097	14,867	62,964
Wages & Salaries	64,326	31,369	95,695
Goods & Services	95,665	32,445	128,110
Visitors	319,277	105,710	424,986
<i>Total GDP</i>	527,364	184,390	711,755

	<i>Labour Income</i>		
	<i>Direct (\$)</i>	<i>Indirect (\$)</i>	<i>Total (\$)</i>
Infrastructure	42,980	10,928	53,908
Wages & Salaries	64,326	18,693	83,019
Goods & Services	72,859	22,678	95,537
Visitors	214,556	70,021	284,577
<i>Total Labour Income</i>	394,721	122,320	517,041

Table 3: Impact analysis of Stan Rogers Folk Festival 2002.

Calculated using the Provincial Economic Impact Model, developed by the Department of Canadian Heritage.

<i>Labour type</i>	<i>Cost (\$)</i>
Office Staff	64,325.82
Artists	113,824.40
Security	15,507.21
<i>Total</i>	193,657.43

Table 4: Labour costs, Stan Rogers Folk Festival 2002.

	<i>Est. # of festival goers</i>	<i>festival goers per capita</i>	<i>travel cost + ticket cost</i>	<i>travel cost+ ticket cost (scale economies)</i>	<i>consumer surplus</i>	<i>consumer surplus (scale economies)</i>
<i>Nova Scotia counties</i>						
Guysborough	286	0.02907620	59.91	53.36	33,009.43	12,174.58
Antigonish	364	0.01857486	112.73	75.57	32,398.77	5,881.68
Pictou	260	0.00553085	168.40	110.04	15,904.88	0
Colchester	208	0.00421451	143.06	87.42	15,359.26	206.64
Hants	26	0.00064117	126.00	75.33	2,141.69	247.61
Kings	104	0.00176447	351.75	135.47	0	0
Annapolis	52	0.00238604	169.00	119.00	3,165.37	0
Digby	52	0.00265762	239.00	215.67	1,345.37	0
Lunenburg	130	0.00272905	166.40	108.27	8,082.44	0
Halifax	597	0.00166333	143.78	86.21	43,869.11	378.17
Richmond	26	0.00254040	135.00	91.00	2,024.69	130.61
Inverness	104	0.00521154	164.75	92.80	6,551.75	0
Victoria	78	0.00978735	237.33	195.11	2,083.19	0
Cape Breton	182	0.00166312	187.29	107.64	9,414.42	0
<i>Other jurisdictions</i>						
Prince Edward Island	104	0.00076798	154.00	102.13	7,110.75	0
New Brunswick	182	0.00024925	251.71	139.14	3,552.20	0
Newfoundland	26	0.00005064	320.00	64.00	0	0
Ontario	312	0.00002732	754.08	289.92	0	0
Alberta	52	0.00001746	608.00	334.00	0	0
British Columbia	78	0.00001994	148.33	81.83	5,554.20	0
United States	78	0.00000027	802.33	313.44	0	0
Austraia	26	0.00000133	390.00	134.00	0	0
<i>TOTAL(\$)</i>	3325				323,605.30	67,717.59

Table 5: Using the Clawson method to estimate consumer surplus.

<i>Scenario</i>	A	B	C
<i>Benefits (\$)</i>			
Revenues (less public subsidies)	376,489.00	376,489.00	376,489.00
Consumer surplus	323,605.30	67,717.59	0
Option value	75,611.03	75,611.03	47,533.87
Existence value	<i>at least 0</i>	<i>at least 0</i>	<i>at least 0</i>
Learning value	<i>at least 0</i>	<i>at least 0</i>	<i>at least 0</i>
Diversity value	<i>at least 0</i>	<i>at least 0</i>	<i>at least 0</i>
Network externalities	<i>at least 0</i>	<i>at least 0</i>	<i>at least 0</i>
Sociability effects	<i>at least 0</i>	<i>at least 0</i>	<i>at least 0</i>
<i>Costs (\$)</i>			
Nonlabour inputs	256,564.47	256,564.47	256,564.47
Paid labour	193,657.43	193,657.43	193,657.43
Volunteer labour	30,036.42	60,072.84	81,480.00
<i>Net Social benefit at least (\$)</i>	295,447.01	9,522.88	-107,679.03

Table 6: Net social benefit of the Stan Rogers Folk Festival, 2002

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