

# Public Funding of Culture in Europe, 2004-2017

Main Points.....	2
Introduction.....	3
Public expenditure in 28 countries .....	4
Percentage of the GDP spent on recreation, culture and religion .....	4
Percentage of the GDP spent on recreational and sporting services .....	7
Percentage of the GDP spent on broadcasting and publishing .....	7
Percentage of the GDP spent on religious and other community services.....	8
Percentage of the GDP spent on cultural services.....	9
Public spending on culture in million euro.....	11
Central and local public cultural funding .....	12
Central and local cultural funding on country level.....	15
Central and local cultural funding, million euro .....	17
Conclusion .....	19

## Abstract

The public funding of culture in Europe is presented and discussed on the basis of Eurostat data arranged along the COFOG scheme. A main focus is the position of the post-communist member states of the EU in this regard. Next to total funding, the division between finances from central government budgets and local: regional and municipal sources is also analysed. The conclusion nevertheless warns against the mystification of macrostatistical arguments without deeper analysis of the goals and effectiveness of public funding.

## **Main Points**

Public cultural expenditure has not recovered from the blows suffered after the 2008 financial crisis – this holds for western countries only. The eleven post-communist EU members have been increasing their cultural spending after 2009, the pace of which has accelerated in the recent past.

In 2004, the combined total cultural spending in the eleven eastern countries was one third less than the same figure in Italy; in 2017 it was two thirds more.

There were four countries in Europe, where public cultural expenditure reached one percent of the GDP along the 2014-2017 period.

Despite a slight overall tendency of re-centralisation, about two-thirds of all public cultural expenditure in Europe takes place in regions and cities.

Nevertheless, mystifying the amounts of financing is a misperception without judging the soundness of the underlying policies.

## Introduction

Culture is financed from a variety of sources. Citizens spend considerable amounts on entry tickets, for objects ranging from books to paintings, for streaming or downloading music and so on. The cultural market is an important constituent of any economy. In the greater part of the countries of the world, and certainly in Europe, this revenue is matched by subsidies and investments from public sources. (Sponsorship and philanthropic funding is the third major bloc of financing culture.) From the last quarter of the past century more and more attempts were made to compare the amount of public funding of culture between countries. The basic problem, habitual in similar exercises, was that of definition. There were hardly two countries where the same was understood by culture. Just to name some of the vague areas: art education, cultural diplomacy, community centres, construction of cultural buildings and reconstruction of monuments, religious services, scientific and specialised libraries and archives, excavation sites and so on. In spite of efforts, not being of truly strategic importance, the harmonisation of cultural concepts has not reached the level of several other fields of society. Nevertheless the introduction of COFOG into the practice of Eurostat and its disciplined application has been a major achievement also for the analysis of public funding of culture.

COFOG: Classification of the Functions of Government was designed by the United Nations as early as 1970. Eurostat applies the version developed by the OECD. Public functions are divided into [ten classes](#), which are further broken down into subclasses.

Culture is part of the 8<sup>th</sup> class that has five subclasses (and a box for the remainder):

### 08 - Recreation, culture and religion

08.1 - Recreational and sporting services

08.2 - Cultural services

08.3 - Broadcasting and publishing services

08.4 - Religious and other community services

08.5 - R&D Recreation, culture and religion

08.6 - Recreation, culture and religion n.e.c. (not elsewhere classified)

COFOG is about public funding, the expenditure of the state structure, which comprises all local governments in towns, villages and various regional units (provinces, counties etc.). Investments, i.e. building, maintenance and repair are also included.

Annual COFOG statistics are updated each spring [by Eurostat](#), displaying data with a technical delay of a year: in March 2019 statistics were presented up to 2017. The Budapest Observatory has designed charts that present and compare some of the data.

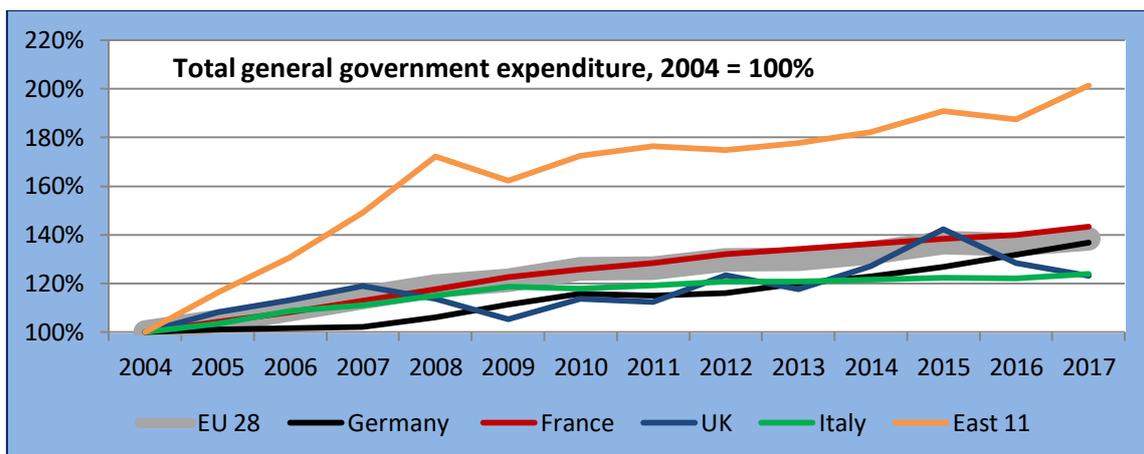
Most of the diagrams explore public cultural funding in the countries of the European Union from 2004. Why 2004? Due to the availability of data, and also because 2004 was the year of the first wave of the accession of post-communist countries to the EU.

Owing to the primary mission of the Budapest Observatory, the eleven post-communist EU members are in focus. Their data are compared with those of the rest, in majority established democracies. For simplicity sake they are sometimes called east and west, although for example Cyprus is also sorted among the latter.

## Public expenditure in 28 countries

In 2017, combined total general government expenditure in the 28 EU member states was 7,038 million euro, 38% more (in current prices) than it was in 2004. Except for a slight hiccup 2015 and 2016, public spending in Europe kept growing year by year since 2004 (yes, including the financial crisis period).

In the first diagram the fat grey line shows the dynamic of the total, what the 28 states, including their regions and cities, spent altogether on everything. We can also see the dynamic of the four biggest spending countries as well as of the combined public expenditure of the 11 post-communist member states. As seen, out of the big four only France kept the pace of the 28 total, the others have been more restrained. Apologies for the zigzag of the British data, this is how they were reported to Eurostat. The diagram proves that the 11 eastern countries were the engine of increasing public funding, especially before the 2008 global financial crisis: in 2017 their combined public expenditure was slightly double the amount they spent in 2004. (We shall show the absolute size of this later on.)



The picture shows that Britain was a major culprit for the slight decrease between 2015 and 2016 but the eastern eleven made a halt, too.

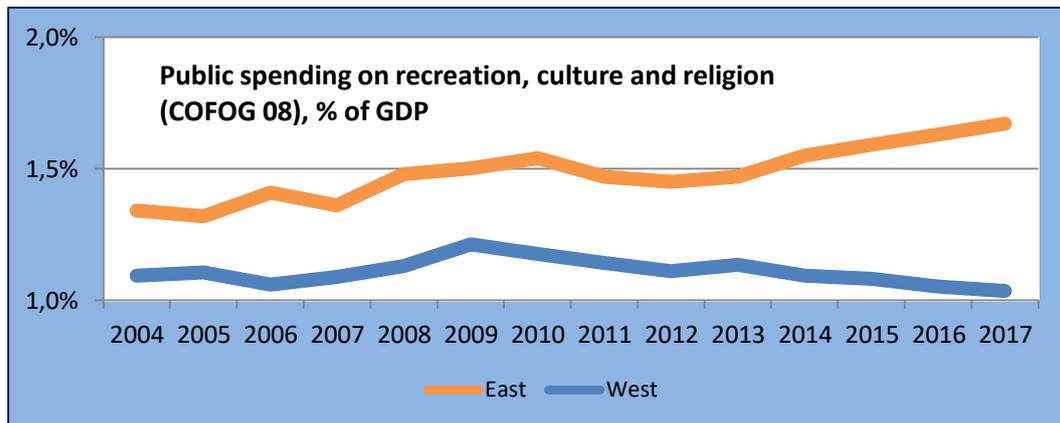
It is against the background of the story of total public expenditure that we shall display public spending on culture over the same time span in the next sections.

## Percentage of the GDP spent on recreation, culture and religion

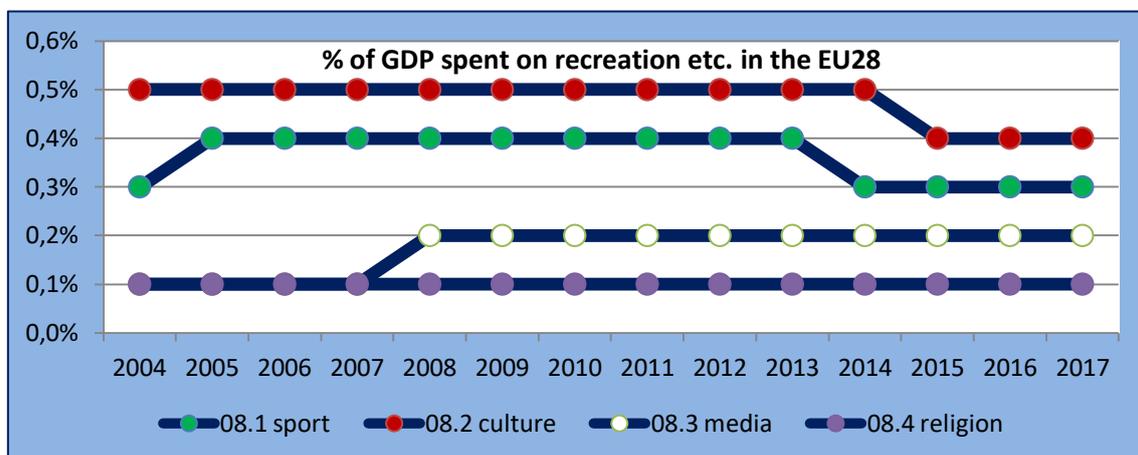
In spite of its numerous weaknesses, the percentage of the GDP is the most popular macrostatistical benchmark. We shall look at it with the help of diagrams about COFOG 08, "recreation, culture and religion," the group of public expenditure that includes also government spending on sports and public media.

In relative terms, the eastern countries spend more on these soft societal tasks, much more: in 2017 this percentage share was nearly double of the "west". What is more, the dynamic of

the east-west divide shows a striking pattern of divergence. In the course of thirteen years the gap has grown, especially so in the latest phase. If the trend continues, the “old democracies” will devote less than 1% of their national revenues on COFOG 08, while post-communist societies are getting close to 2%. (The lines in the following, and the consequent graphs of the same kind, reflect averages of national averages; they show the trends properly but not the actual combined percentage values.)

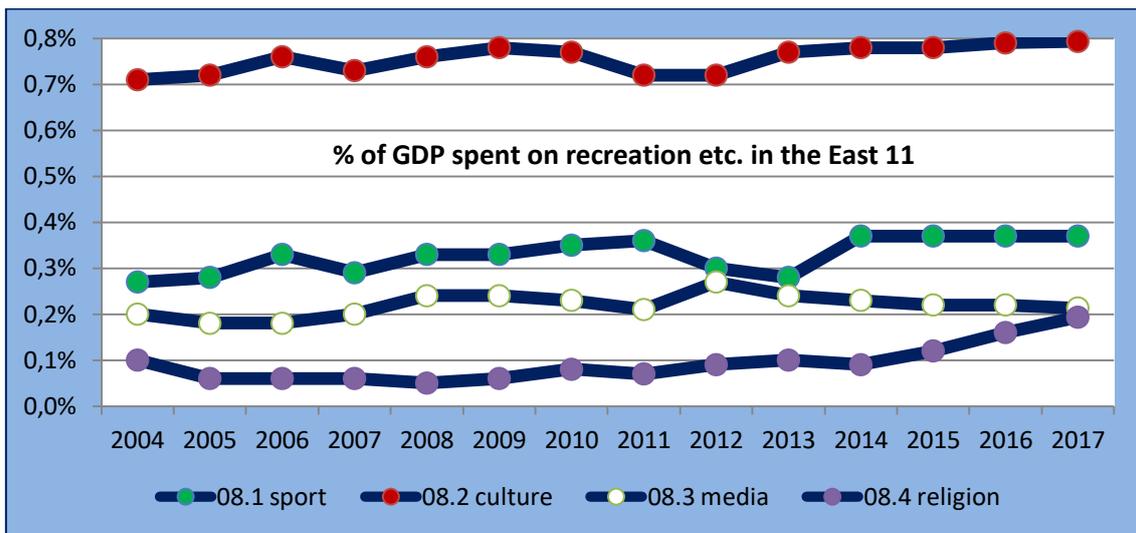


How to interpret what we can see? Is the growing proportion of GDP spent on recreation, culture and religion in the eastern countries a sign of consolidation, telling about efforts to provide European level comfort of life? Or else, is the strengthened accent on soft investment a symptom of advances of populism? We can expect part of the answers by decomposing COFOG 08.

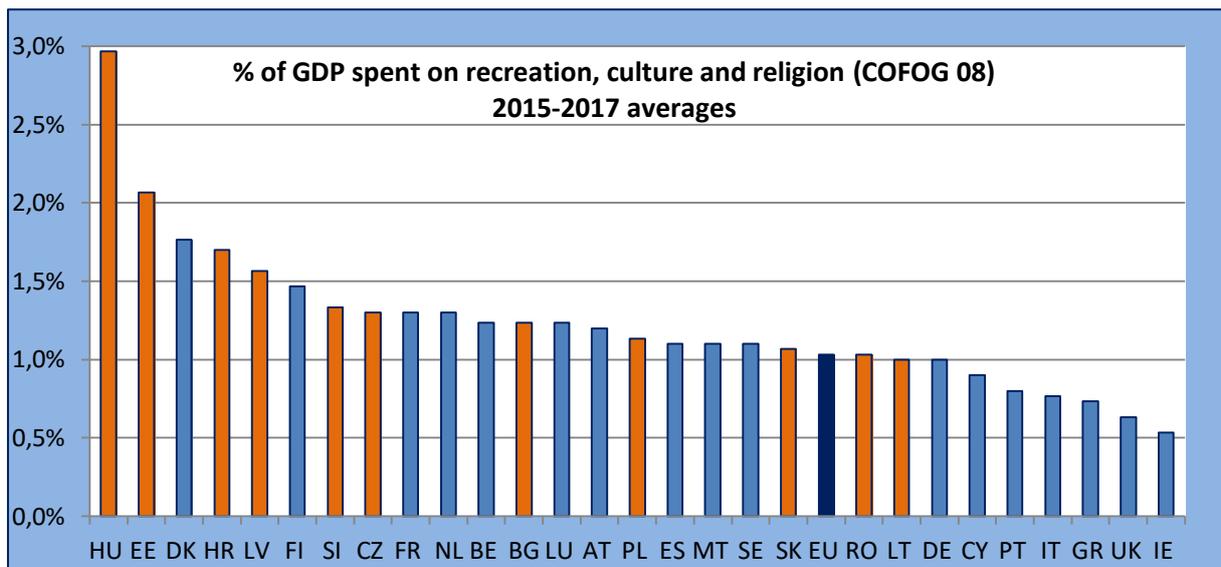


Culture is the greatest component, it represents between the third and the half of the colourful set of domains that in all absorbs about one per cent of the gross domestic product of the 28 countries in the EU. Sport and related recreation receive somewhat less, followed by broadcasting and publishing, while religion gets the smallest share – with rather little variation in time on a European scale.

By detracting the data for the post-communist countries, we find that culture robustly dominates COFOG 08 expenditure, and that government spending on religion has doubled its 2004 share.



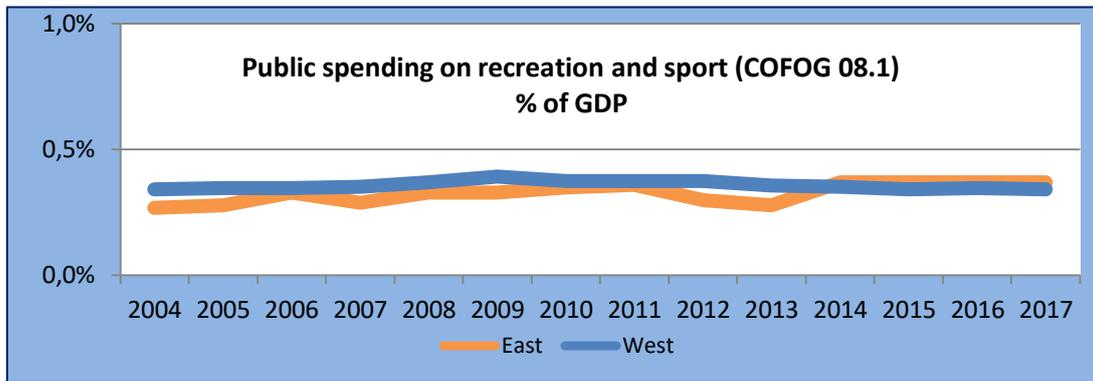
From statistics aggregated by groups of countries we shall turn our attention to the national level. The next diagram displays how the 28 countries contribute to the totals shown above. In order to offset year-to-year oscillation, the graph shows the averages of the latest available three years.



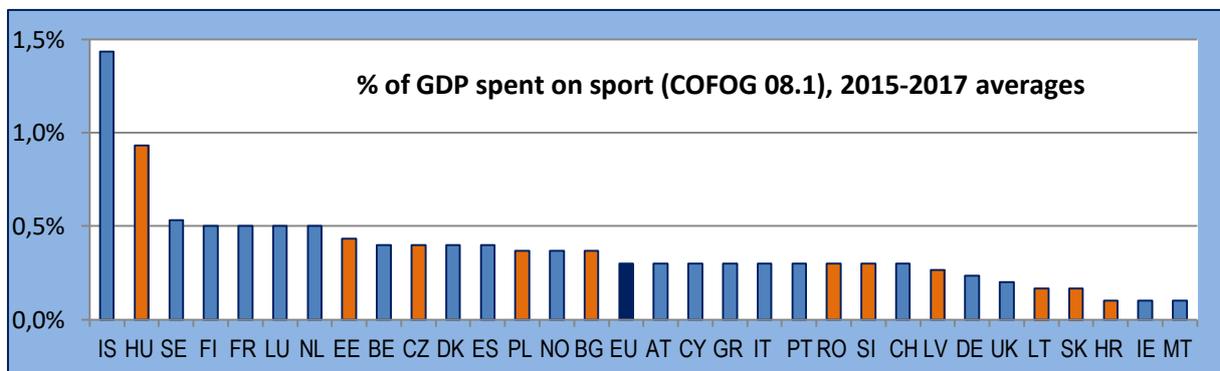
What Hungary has demonstrated in this regard is unique in the entire scope of national macrostatistics along the COFOG system. This country has spent three times the average EU share on a higher level composite COFOG category during a period of three years (i.e. not just in an exceptional year), way ahead of the second highest proportion (this time Estonia). Hungary was rocketing to the top at the following pace between 2014 and 2017: 2.0% - 2.1% - 3.3% - 3.5%. (The respective figures for Ireland at the other end of the scale show an adverse, declining pattern: 0.7% - 0.6% - 0.5% - 0.5%.) We shall see that the Hungarian record figure is the outcome of being among the greatest spenders in each subcategory. This is the arithmetic explanation: it is beyond the scope of this paper to analyse the political motives of dedicating an extraordinary share of public resources on culture, media, religion, entertainment etc.

## Percentage of the GDP spent on recreational and sporting services

Before arriving at culture, we shall revisit the smaller areas, starting with COFOG 08.1, public spending on recreation and sport. The graph reveals that until 2014 the old democracies could afford a higher share on sport than the post-communist countries, which is not the case any longer, as demonstrated below.

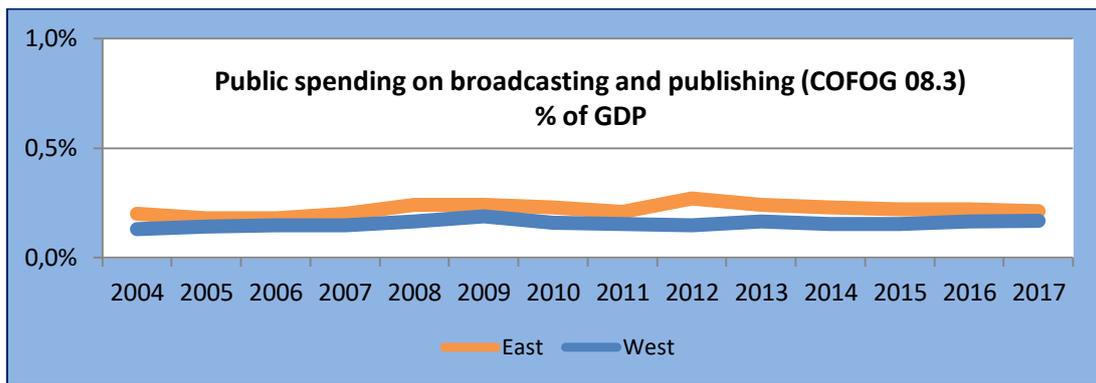


In order to see one more exceptional COFOG champion after the case of Hungary, the next graph includes Iceland, a non-EU-member, where sport and recreation (in this order) is a top priority. Croatia, Ireland and Malta, on the other hand, spend practically nil on these services from public coffers.

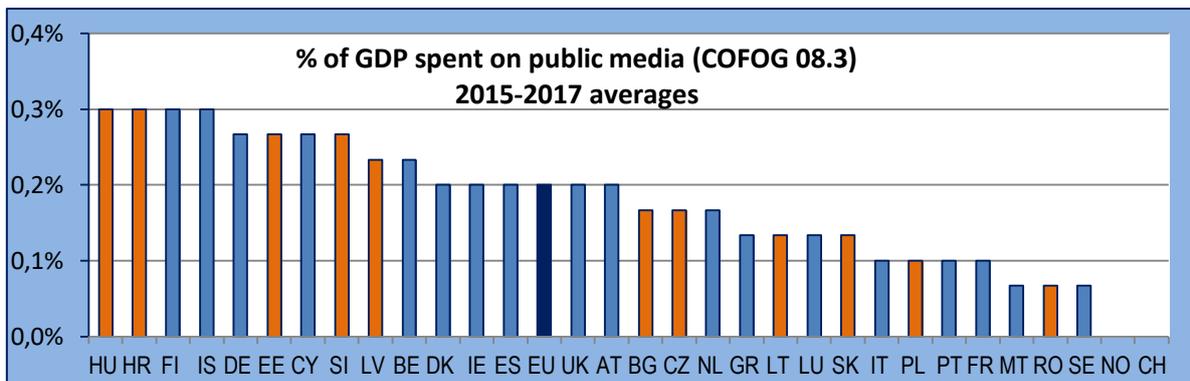


## Percentage of the GDP spent on broadcasting and publishing

Broadcasting and publishing services come next, in other words public media. The next image shows that eastern member states of the EU have been dedicating a greater share of their resources on public broadcasting and publications than what western countries have over the entire past decade, although the gap is getting narrower year by year.

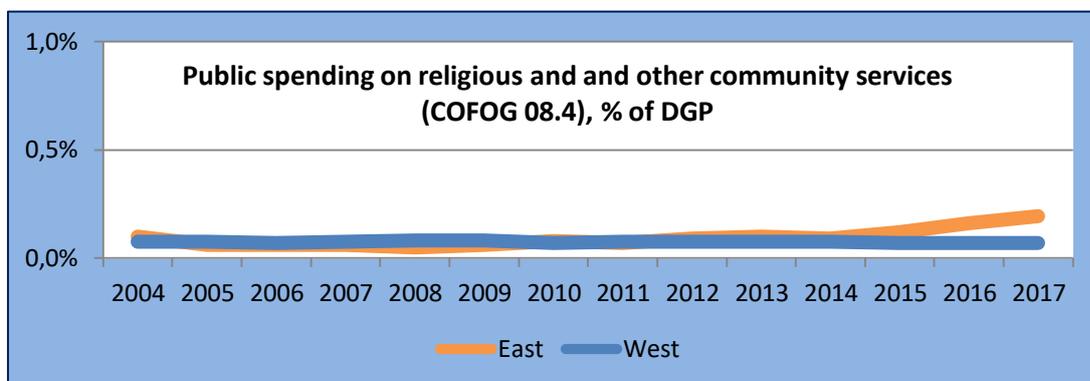


On country level, Sweden, Romania and Malta spend insignificant amounts on this area, while Norway and Switzerland pay nil. A reminder is in place here about the recent referendum in Switzerland, where citizens chose to continue to pay for public media instead of public financing. Finland, Iceland and Germany follow a different approach, not to speak of Croatia and Hungary.



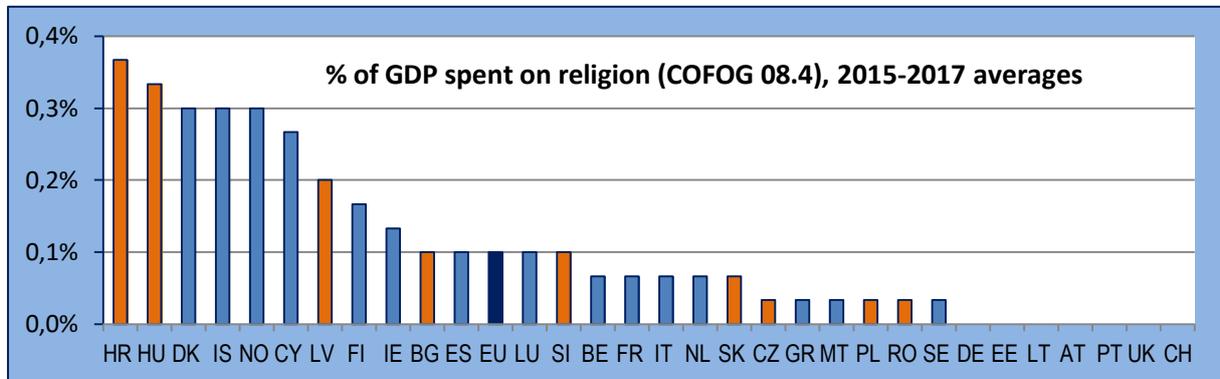
### Percentage of the GDP spent on religious and other community services

This is the smallest domain within the cluster of “recreation, culture and religion”.



The fourteen-year trend lines suggest that spending public money on religion and connected community services has increasingly become a post-communist feature. The next diagram

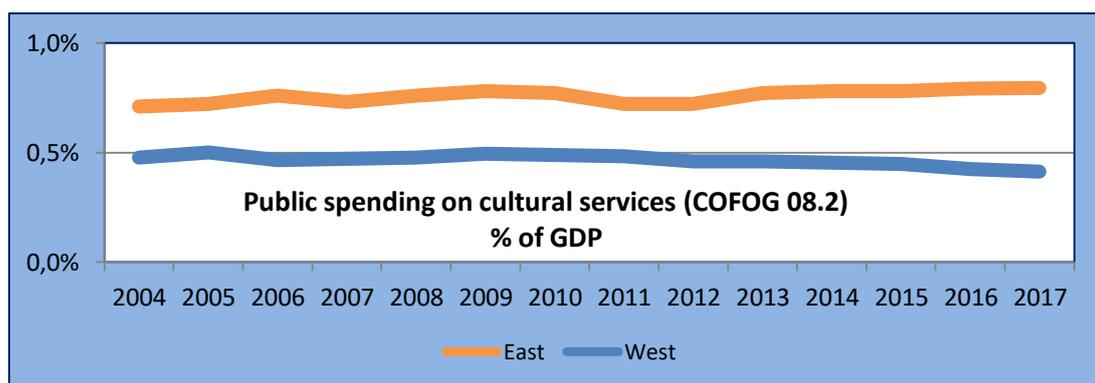
nevertheless reveals that the divergence is largely due to the recent upsurge in two countries, Hungary and Croatia. About half of the countries spend nothing or only microscopic amounts on religious and related services, including two of the biggest ones, Germany and the UK, as well as a number of eastern member states.



## Percentage of the GDP spent on cultural services

We have arrived at the area which is in the focus of our investigation. Statisticians across the globe (COFOG is a UN instrument) are taking pains to assure that all public expenditure on culture should be recorded in COFOG 08.2, and that everything contained in this rubric was indeed “culture”, i.e. arts and heritage (but not the “creative industries”, which belong to the economy). Important: these figures reflect already accomplished allocations and not plans or promises in the budget; furthermore besides central government spending they comprise also the expenditure on local: regional and municipal level.

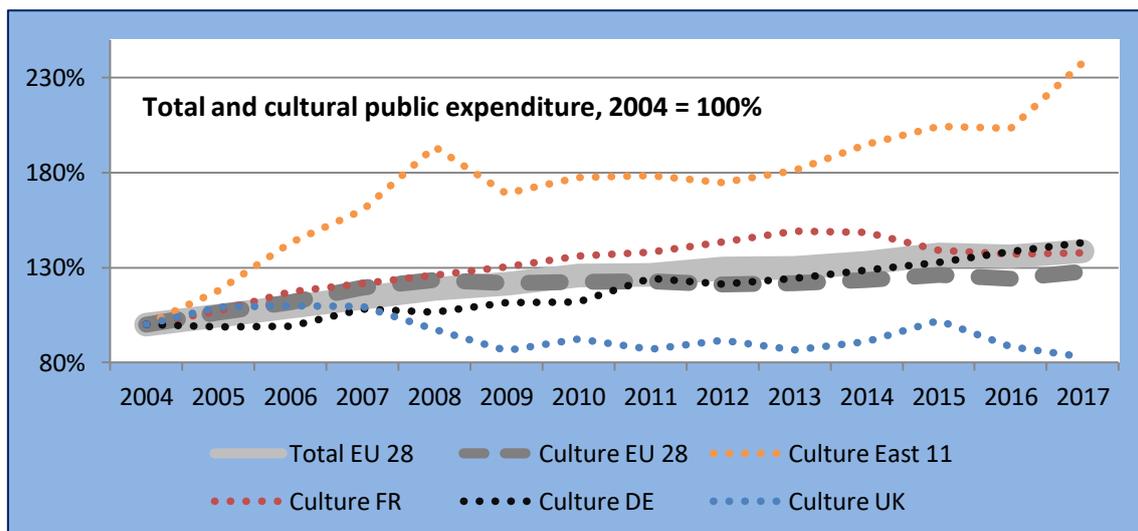
What was said about the higher share that the post-communist countries spend on “recreation, culture and religion” applies even more to the case of culture proper, as the gap is even greater – and increasingly so:



“Culture is the first when governments are forced to administer cuts” – we often hear and say. Which is true for western Europe. COFOG proves that after the global financial crisis in 2008 the share of culture in public budgets has been monotonously diminishing in the 17 “western” members of the EU.

Why, on the other hand, do eastern countries spend growing shares of their GDP on culture? Partly, because the state traditionally takes a greater charge of these societal areas than in the west; the reason is historical, culture being essential in nation building, more so than in consolidated, established states. But also because the lower GDP figures oblige these countries to spend relatively more in order to achieve a level that is comparable to that in the west.

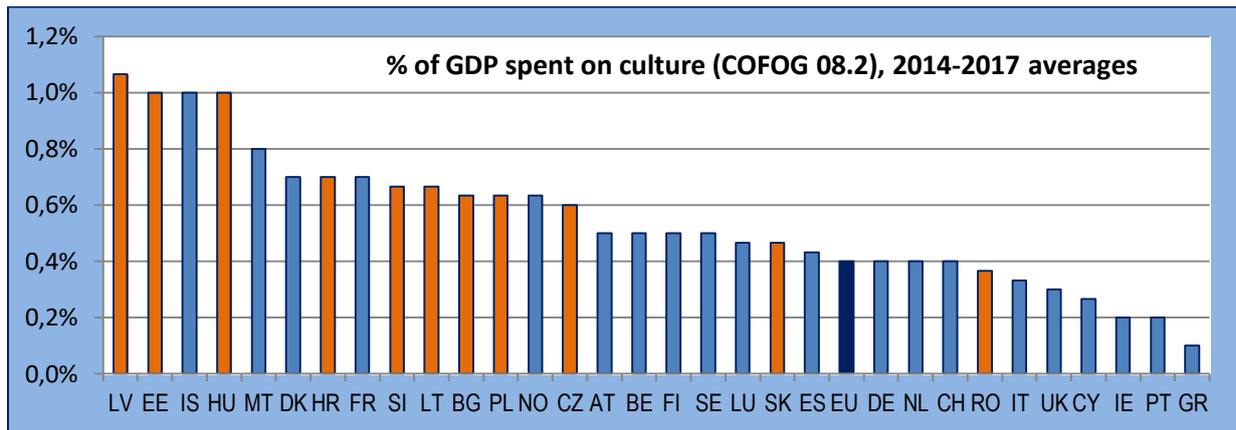
There is a lot to tell about the next image which relates cultural expenditure to national GDPs in a longer perspective. First and most important: on an EU scale, after 2008, culture has been among the losers, in the sense that spending on cultural services (COFOG 08.2) has been left behind the average increase rate of total public expenditure (the fat grey line).



The second observation is about the largest spenders on culture. The graph points at the UK, where during most of the 13-year period (proportionally) less was spent on culture than in 2004. France, on the other hand, was first untouched by the 2008 effects and has kept investing in culture above the average, until 2014.

The curve of the 11 eastern countries models that of total general spending shown previously, although it took longer to redress the 2008 level of cultural expenditure than it was the case with the grand total of their public budgets. In 2017 the post-communist area produced such an upsurge in public cultural spending which was last seen in the years after the mass EU enlargement.

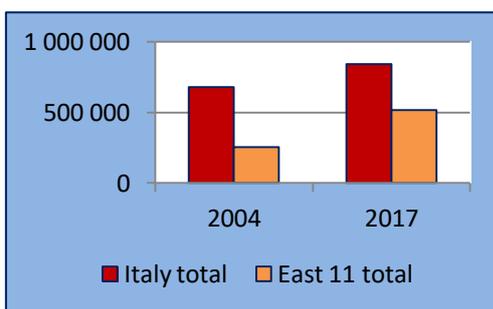
As it was done above, in order to smooth out the effects of ad hoc fluctuations, the averages of the available latest three years are displayed in the next diagram. In 2017, two countries spent more public money on culture than 1% of the gross domestic product of the nation in that year: Hungary and Latvia. As seen, due to higher ratios in 2015 and 2017, on a three-year basis four countries produced 1% figures. The other end of the scale presents a mystery (or misery?): how can all those Greek museums, excavation sites, theatres and festivals etc. be run with a constant 0.1% of the GDP?



While the eastern countries have been raising the share of culture within public expenditure, fewer and fewer western countries reach the benchmark of half percent of the GDP on an annual basis.

### Public spending on culture in million euro

Having observed percentages, we turn to expenditure in absolute figures expressed in euro. First we shall take a look at the figures of **total expenditure**. The amount of money spent from the common sources is of course related to the richness of the country. The old democracies enjoy a considerable historic advantage in this regard, which the new democracies have managed to handle spectacularly during the past period (with the help of the old democracies via EU transfers). See a telling example to illustrate the issue.

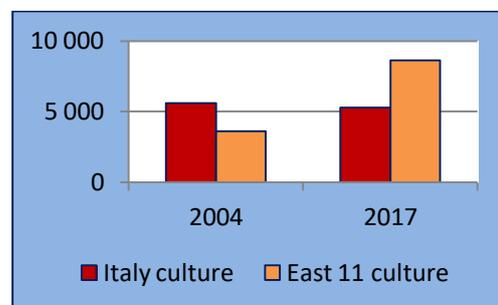


In 2004 the spending of the entire public sector in Italy was (the equivalent of) 678 million euro. This was more than twice what the eleven post-communist countries spent in the same year. Thirteen years later, by 2017, the eastern eleven

still spent less than two thirds than Italy alone.

Eurostat data assembled along the COFOG logic display how much more is proportionally spent **on culture** in the east than in the west.

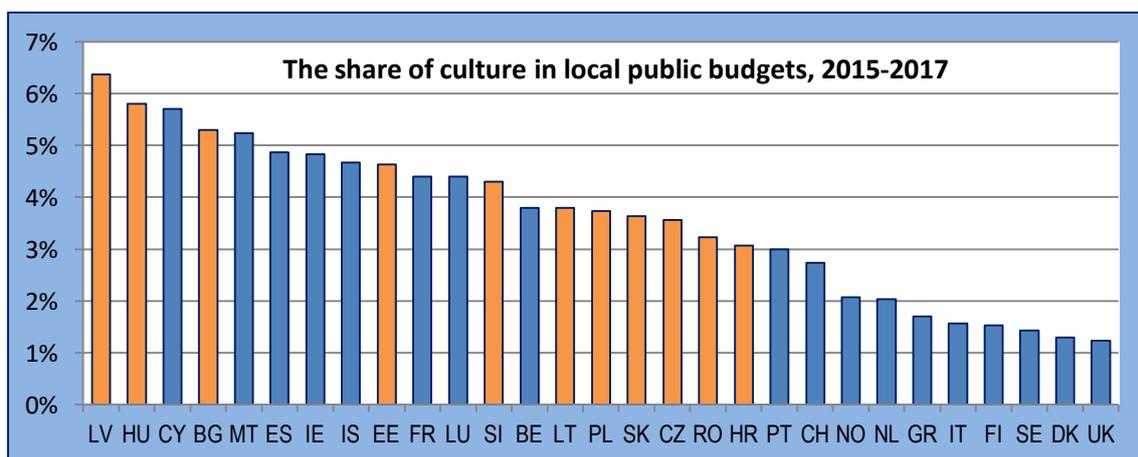
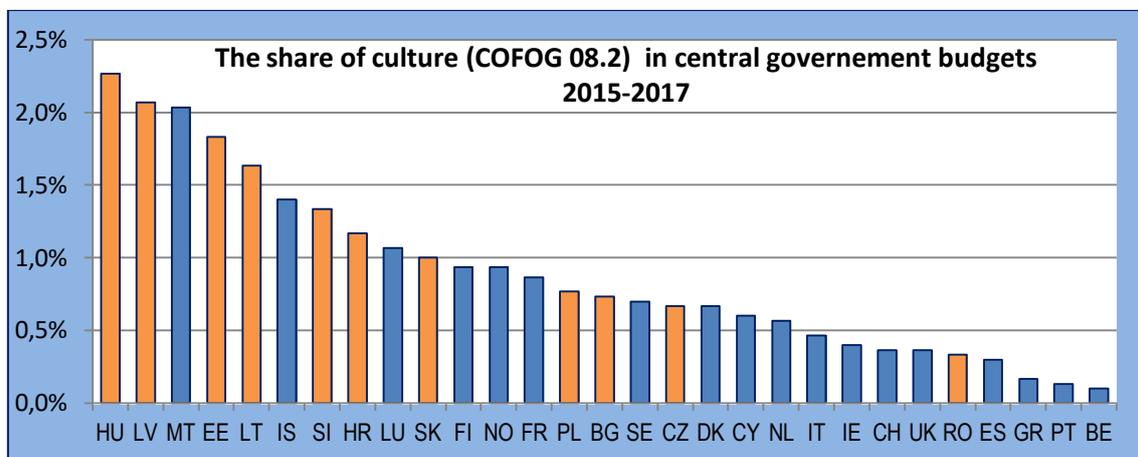
In this regard and in absolute amounts Italy is no real match for the East 11. From 5,609 million in 2004, the cumulated public spending on cultural services by the state and the local governments in Italy sank to 5,262 million euro in 2017. In the same period the eleven eastern countries' joint public cultural expenditure grew from 3,620 to 8,610 million.



## Central and local public cultural funding

Our analysis has shown public spending in its entirety. This, in addition to the expenditure of the central national governments, includes the budgets of the tens of thousands of local governments that range from large units like Scotland or Lombardy to minuscule French or Bulgarian villages. We shall now observe the position of culture separately in the central and local expenditure. This will be done on 26 countries, as the Austrian and German administrative division to central and local has not been adjusted to the COFOG logic.

The next two charts rank countries by the percentage share of cultural services in their central and local public expenditure respectively.

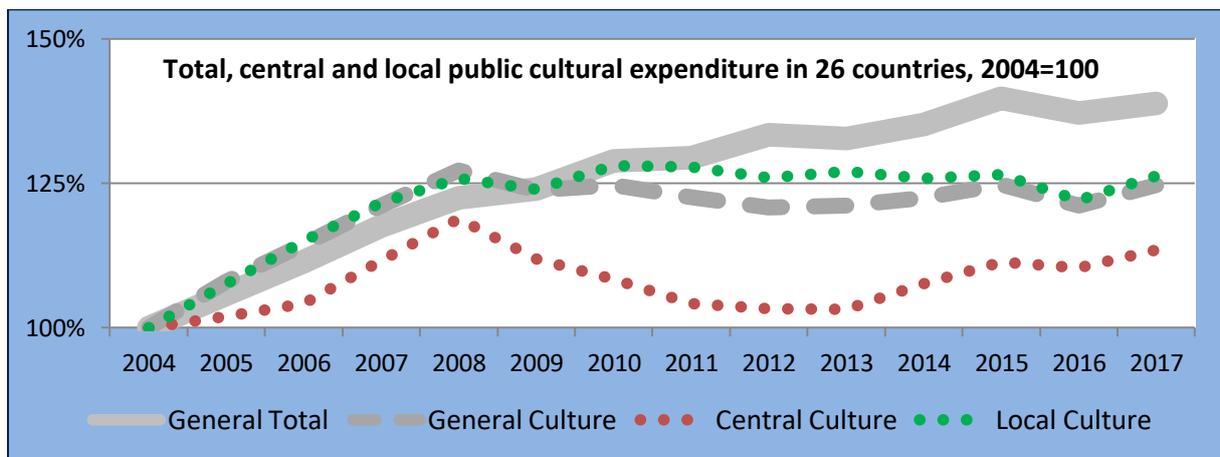


Comparing the two graphs with the one on the top of page 11 raises questions that could be answered by diving deeper into COFOG tables only. Namely: if the Estonian share of total public spending on culture (COFOG 08.2) in the percentage ratio of the GDP is on a par with Hungary, why does Estonian culture have a more modest place in the central and local budgets? Also: if Ireland spends so little on culture in general, how come it claims one of the highest rates in local budgets?

Turning a page on these methodological dilemmas, we must note the enormous differences between countries, especially with regard to the central budgets. The federal structure explains the minuscule share in Belgium but not in Greece and Portugal.

The percentage share of culture on local level shows a smoother scale. One finds, however, a breach between eight countries – eight old democracies – and the rest. In these eight, on average, culture receives less than two percent of local government budgets – the smallest in the UK. There, as apparently in some Nordic and Mediterranean countries, local culture is to a great extent financed from central budgets. These are the nuances that COFOG figures cannot explain but can trigger questions and further exploratory work.

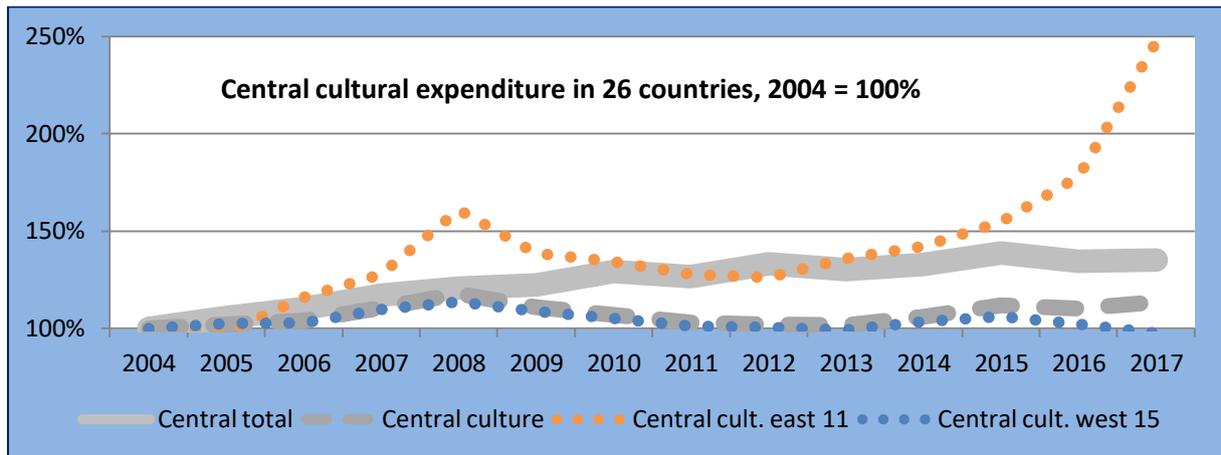
From figures of the latest period we return to the time span of thirteen years after 2004.



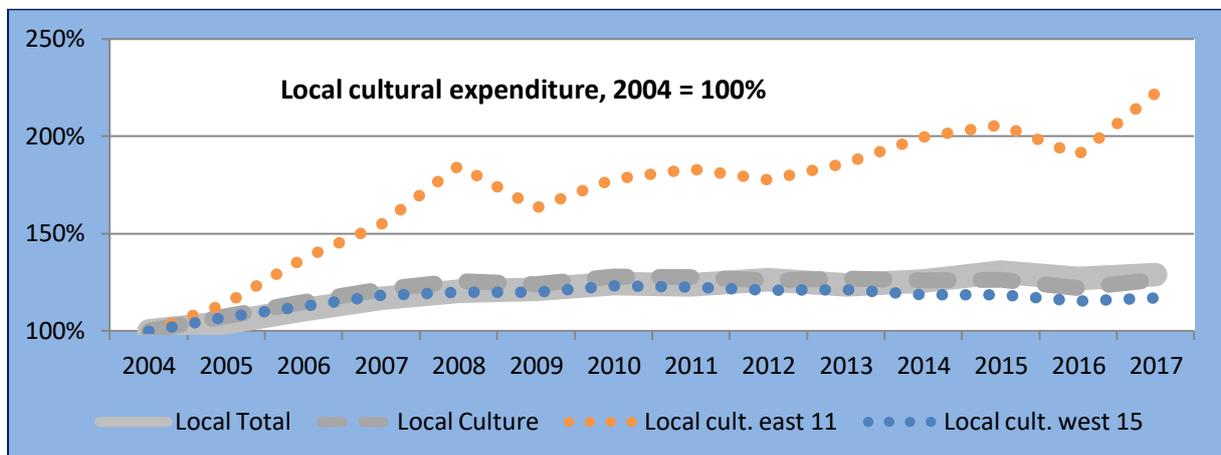
In this diagram the thick grey line stands for the dynamic of all public spending of the 26 countries in the EU (excepting Austria and Germany), similar to the same of 28 countries on page 4. We saw there that the curve of general cultural spending was lagging behind the ascent of the grand total. The important message of the diagram is that the spending of local governments on culture grew quicker than the central cultural expenditure over the entire period; this latter suffered a serious fallback after 2008.

Zooming on central cultural expenditure, the 26 countries are split between the 11 post-communist countries and the remaining 15 member states. Due to their sheer size, the 15 western countries largely determine the common trend of the 26 countries. These parallel lines (the 26- and the 15-country trends) show that the cultural allocations of central governments lagged behind general public expenses. After 2008 things turned really sour, most central governments administering cruel cuts of cultural expenditure.

Here the east-west divide is particularly acute. In 2004, the 11 post-communist governments spent altogether 1.768 million euro on culture which by 2017 rocketed up to 4.362 million, two-and-a-half more than the starting value. At the same time the 15 governments in 15 old democracies got stuck at the start line – in fact in 2017 they fell 2% below the 2004 value!



Spending on culture in the regions and cities is in the focus of the next diagram.

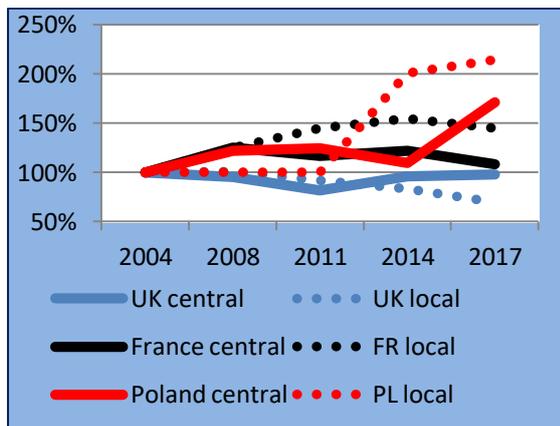


As seen on the previous page, on an EU level the public financing of local culture progressed at a fairly similar pace as the total. The eleven new member states, however, follow a different trajectory. There, local cultural spending swiftly accelerates from the outset and keeps this advantage even following the blow of the 2008 crisis. After a hiccup in 2016 another leap forward occurred in 2017: regional and municipal cultural expenditures in the eastern countries copied the expansion administered at the central government levels.

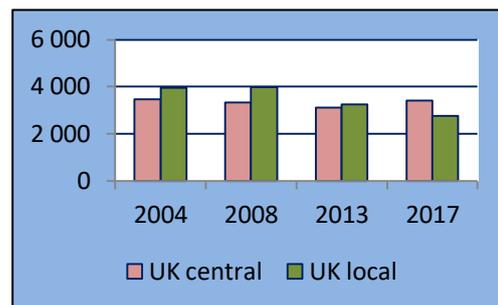
## Central and local cultural funding on country level

After the combined trends of 26, 15 and 11 countries, we show developments in smaller groupings. These diagrams allow for comparing absolute amounts of cultural expenditure between countries.

First, we can compare larger countries from both camps (east and west). Before 2008, the central government in France focused on culture which then lost momentum to meet the British curve in 2017 barely above the initial level. The financing of French local culture, however, remained relatively strong, while that in the UK it has clearly been dwindling both in relative and absolute terms.

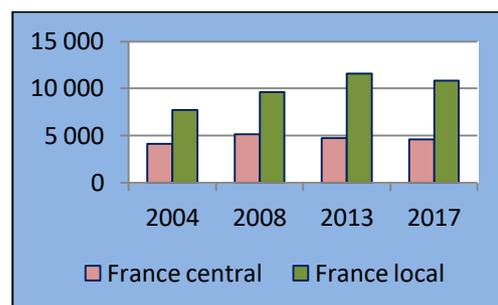


The sad story of the UK can be observed also with the absolute amounts (million euro spent centrally and locally):

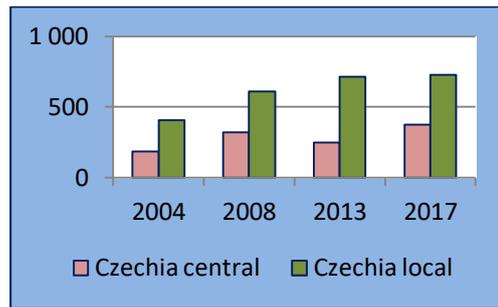
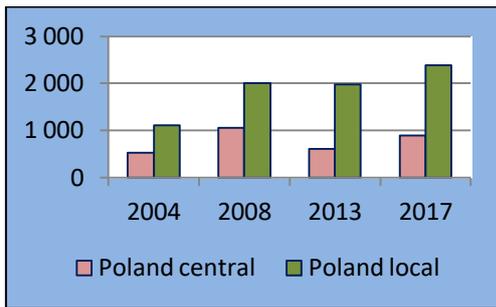


Except for certain redressing of the central funding, British data report monotonous decline.

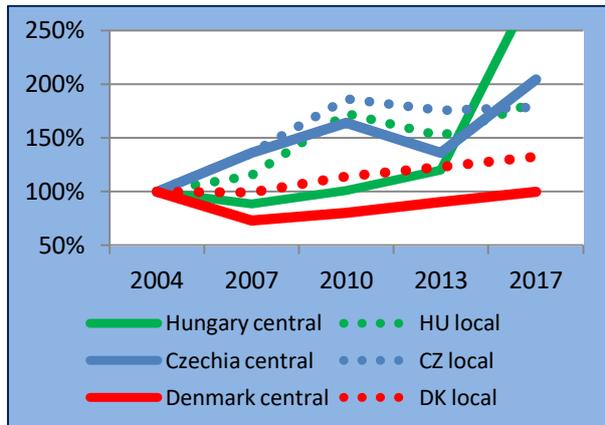
The equivalent diagram of France, however, displays ascending local funding where the last column of 2017 stands for over four times more money than the UK sum: 11,175 million euro in regions and cities in France versus 2,750 million in Britain.



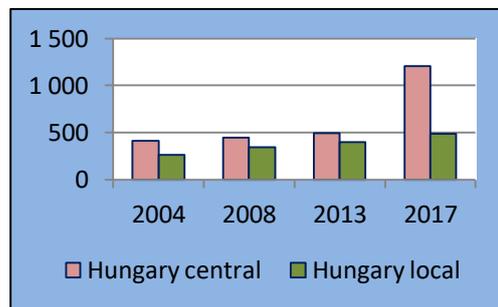
The Polish pattern can be interpreted in comparison with those of Czechia and Hungary further down.



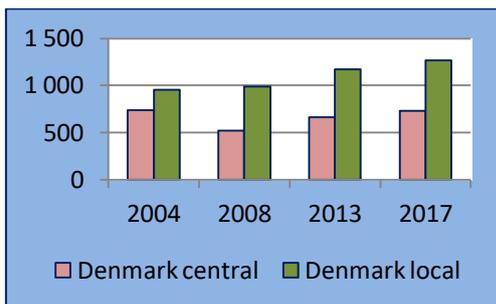
Czech and Hungarian trends are seen together with the Danish data.



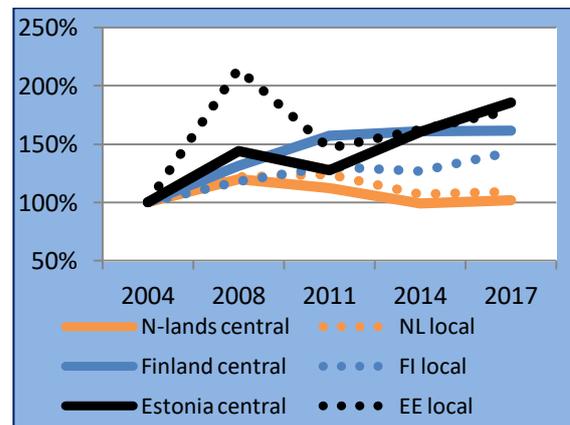
Hungary follows a unique path with the exceptional pace of centralisation, next to maintaining growth on the local level, too.



Differently from most western countries, in Denmark central cultural funding fell before 2008 and has been growing afterwards. A more decentralised scheme came about and has been preserved.

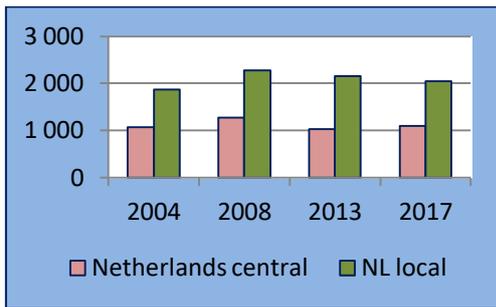


The third trio of countries displays the sudden rise and fall of local funding in Estonia, which happens to be very similar to the line of central funding in Poland.



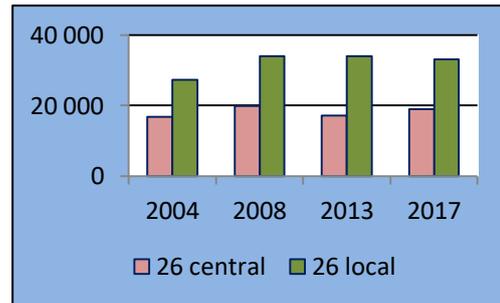
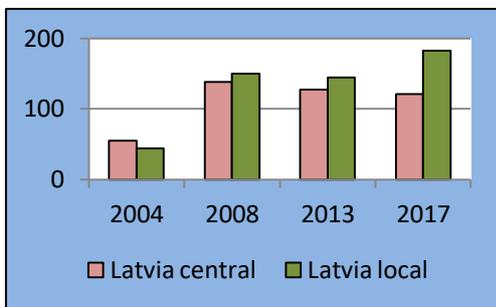
Cultural financing was and remained decentralised also in the Czech Republic.

This diagram reveals that the Netherlands (another decentralised country), spent just about the same amount on culture from central sources as thirteen years earlier.



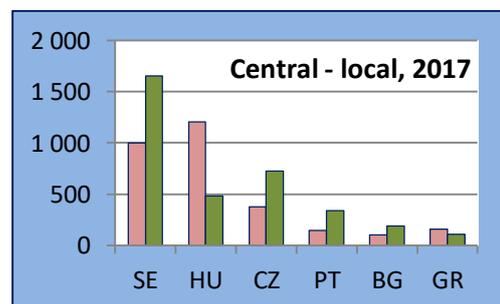
Regardless of the latest overall trend of centralisation, which is striking in some individual cases, the basic pattern of public financing of culture in Europe shows that the greater part of public resources is spent in regions and cities, even if the nearly two to one rate in 2013 was gone by 2017.

We shall finally see the Latvian case, the country that percentage-wise devotes more to culture than anywhere else, combining growth with moderate decentralisation:



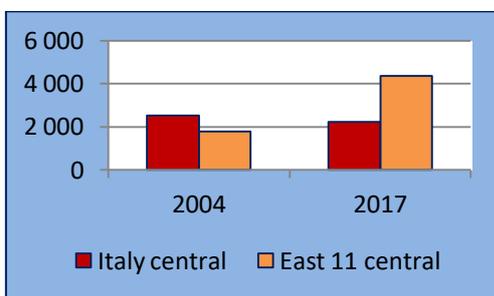
### Central and local cultural funding, million euro

Trends are important but obviously absolute amounts matter. In the next diagram the latest public central and local cultural expenditure of six middle sized European countries is presented on the same scale. In 2017, Swedish regions and municipalities spent as much on culture as all of the regions and municipalities in the five other countries in the graph.

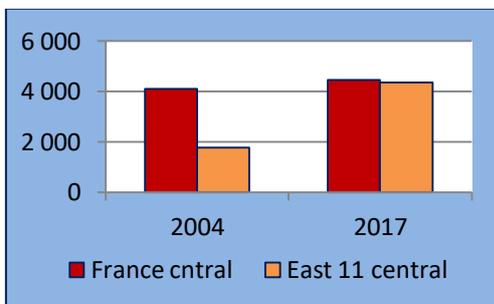


The habitual focus of the Budapest Observatory is the post-communist countries in east-central Europe. The analysis ends with matching their combined amounts to selected western countries.

The combined amounts of the cultural expenditure of the **central** governments in the 11 countries are shown against the respective Italian data.

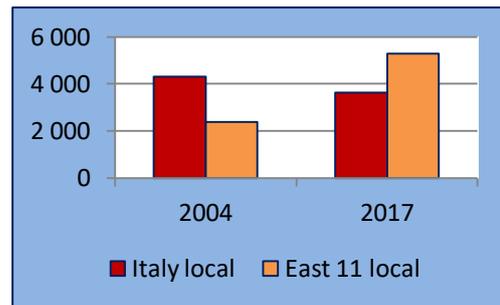


Nevertheless, due to the sharp increase in the east, a more robust benchmark is needed: France lends itself to this purpose.

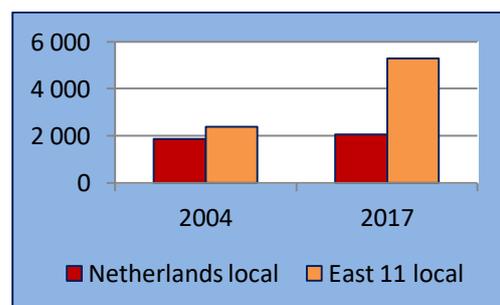


In 2004, the French government spent 4,113 million on cultural services, more than double of the combined equivalent figure of 1,768 million in the east. By 2017, the total money earmarked to culture in the central budget of France increased to 4,463 million euro. Growing much faster, the eleven states in the east altogether reached 4,361 million, going above the 2004 figure in France but stopping short of the 2017 mark.

COFOG data reveal that **local** cultural expenditure in Italy was less than it was thirteen years earlier while the same in the east was almost two and a half the original amount.



Our last graph displays the spectacular growth in the east against a western country where in 2017 local culture received more than in 2004. At the outset, Dutch provinces and cities spent altogether a notch less than what the post-communist eleven did. This was not the case in 2017.



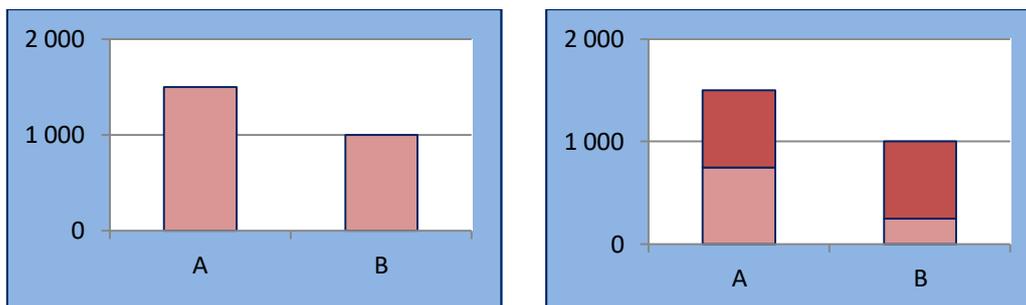
## Conclusion

The preceding pages present plenty of facts about country level public financing of culture. These statistics, however, bring you closer only one step towards grasping the essence. The amounts of finance invested into culture clearly matter, no doubt. To comprehend what and how much really benefit culture nevertheless requires more knowledge about the content of public interventions.

Does culture in country (city) “A” flourish 50% more than in “B” in the picture below? For the answer we must know the internal structure of the funding. In the COFOG logic, this would mean going one digit deeper to see 08.21, 08.22 etc.

But then we must find a common language about the assessment of the cultural realm: consensual concepts, terms, indicators etc. about the vibrancy, vitality, strengths, assets, successes etc. of culture.

One rough general indicator would be the share of funding that affects the life of culture straight. If in B three quarters of the money directly **generates new value** or **facilitates citizens’ interaction with culture**, financing in that place is on a par with A, where half of public funding is spent on overhead, bureaucracy and protocol, and is wasted on prestige projects and other nonsense.



How to define the dividing line between genuine cultural investment from the rest in statistical terms – it is of course not easy. On the one hand, it is about **efficiency**. What share of the resources is spent on wrapping and empties, deadwood, miscalculated or overpriced acquisition etc? On the other hand, it is about the soundness of **policy priorities**. Too little has been done to explore these issues. The diagrams in our paper cry for systematic comparative analysis of the cultural expenditure of the central governments of, say, Latvia and Portugal, or those of a typical municipality in Poland and Germany. Such research would nicely complement the dozens of mapping of the creative industries that have been and will be carried out across Europe.

Our conclusion therefore goes against the energy invested in the statistical analysis and visualisation in this paper. We should care less about the amount of funding (should especially stop mystifying percentages of GDP) and should focus on quality, on the soundness and effectiveness of financing.

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Accessible at <http://www.budobs.org/files/Public%20cultural%20funding%202004-2017.pdf>