



The Tale of the Cuts and Raises: Public Budgets for Culture in the European Countries During the Financial Crisis

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Abstract

The article examines to what extent the public financing of the cultural sector was different, compared to other economic sectors of the economy in crisis. We perform an econometric analysis on the Eurostat COFOG dataset for 29 European countries in years 1990-2014. The results show that cuts in the cultural sector were present at general, central and local levels, yet happened with different characteristics than for other sectors of the economy. Also, the dynamics of public budgets for culture during the crisis significantly differed across the analysed countries and cuts were not present on a uniform level.

Keywords: European Countries, Public budgets for culture, Financial crisis, Blundell-Bond models, Institutional quality.

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1. Introduction

In economically stable periods, European countries use very diverse cultural policies and cultural financing strategies. Some of the countries emphasize the role and the importance of direct government intervention (centralised cultural and fiscal policy), others believe in market mechanisms and the government prefers the “arm’s length” cultural and fiscal policy-making. There are countries, which try to combine the characteristics of the two main models.

However, a market failure can cause a crisis, which generates confusion in the everyday practises. In the case of crisis, the fields of sports and culture suffer the most by government

