



Research Division Note #13 - November 6, 1985

THE ARTS IN THE GNP III

1984 consumer admissions expenditures for performing arts events were over two billion dollars (\$2,088,000,000) for the first time. When adjusted for inflation (1972 base), the 1984 level was equivalent to \$1,046,000,000 and in real terms was only slightly greater than the 1981 level of \$1,005,000,000.

For the 1979-1984 period, admissions expenditures for the performing arts increased 71 percent in current dollars and 26 percent in constant dollars. The 1983-1984 improvement in consumer expenditures for motion picture admissions was sufficient to increase the constant dollar expenditures for this entertainment type from 1979 to 1984 by 4 percent. Consumer admissions expenditures for spectator sports also rose in 1983-1984, but were still down 1 percent in constant dollar terms over the 1979-1984 period.

The information in this Note covers 1983 and 1984 and extends the data presented in Notes #1 and #6. Note #6 covered the period 1979-1982, which was strongly affected by two recessions. This Note covers 1983-1984 which was a period of recovery. All three types of consumer admissions expenditures (performing arts, motion pictures and spectator sports) increased in current dollars during the 1983-84 period, but the performing arts did not increase as substantially in constant dollars as the other types of admissions expenditures. In real terms, consumer expenditures for performing arts admissions were nearly flat for 1983-84 and about the same as in 1981. On the other hand, admissions expenditures for spectator sports made a substantial increase in real terms in 1984, and real term admissions expenditures for motion pictures made a big jump from 1980 to 1982 and continued to rise in 1983-84.

The latest NIPA data allows the following general observations on the proportions in the GNP for the five (of ten) components of the Recreation section that are of principal interest to the Arts Endowment:

1. Consumer expenditures for radios and television sets, records and musical instruments may have ended their downward slide in 1983. Expenditures were up slightly in 1984 when they represented .84 percent of GNP and 19.65 percent of the Recreation section of GNP.

2. Consumer expenditures for books and maps were about level in 1983-1984. In 1984, they represented .25 percent of GNP and 5.93 percent of the Recreation section of GNP.

3. Consumer admissions expenditures to the performing arts continued to grow in current and constant dollar terms. However, they were essentially flat relative to the GNP and the Recreation section of GNP, at .06 percent of GNP and 1.33 percent of Recreation in 1984.

4. Consumer admission expenditures to motion picture theaters as a proportion of the GNP peaked in 1978 (as shown in Research Division Note #1) but then declined for three consecutive years before rising strongly in 1982. Consumer admission expenditures to motion pictures continued to rise in 1983 and in 1984, ending as .11 percent of GNP and 2.65 percent of the Recreation section of GNP.

5. Consumer admission expenditures to spectator sports continued their relatively flat pattern, ending 1984 as .08 percent of GNP and 1.80 percent of the Recreation section of GNP.

CAVEATS: The system for the preparation of the National Income and Product Accounts and the associated estimates of GNP is revised and updated on a five-year cycle that is related to the five-year economic census conducted in the second and seventh year of each decade. The data collected in each economic census is used to construct a new Input/Output Model of the U.S. Economy, which is then employed to produce GNP estimates such as reported in these Notes. A more complete description of the process is contained in the following paper: Horowitz, Harold, "The Arts in the National Income and Product Accounts," The Economics of Cultural Industries, Vol. 1, Proceedings of the Third International Conference on Cultural Economics and Planning, April 25-28, 1984, University of Akron, 1984. A copy of this paper is available on request from the Research Division.

This Note uses the latest data published by the Bureau of Economic Analysis on the National Income and Product Accounts and completes a five-year cycle in the use of the current Income/Output Model of the U.S. Economy. A new I/O Model will come into use in 1986 and there may be some retrospective revisions of data for the years presented in this Note based on the new Model. These revisions will be presented and discussed in future issues of the Research Division Notes about The Arts In The GNP.

Considerable caution should be used in working with the most recent NIPA estimate, especially at the end of an Input/Output Model cycle when the "fit" to the real situation may be imperfect.

TOTAL PERSONAL CONSUMPTION EXPENDITURES AND RECREATION EXPENDITURES AS A PERCENT OF GNP, 1981-1984

	1981		1982		1983		1984	
GNP in Billions (current \$)	\$2,957.8 r		\$3,069.3 r		\$3,304.8		\$3,662.8	
Total Personal Consumption Expenditures as a % of GNP	62.52% r		64.67% r		65.24%		63.93%	
Recreation Expenditures as a % of GNP	4.10%		4.16% r		4.27%		4.29%	
<u>Selected Recreation Expenditures as a % of GNP and of all Recreation Expenditures on</u>	<u>GNP</u>	<u>Recreation</u>	<u>GNP</u>	<u>Recreation</u>	<u>GNP</u>	<u>Recreation</u>	<u>GNP</u>	<u>Recreation</u>
Radio and TV Receivers, Records and Musical Instruments	0.82%	20.19% r	0.80%	19.30% r	0.81%	19.18%	0.84%	19.65%
Books and Maps	0.25%	6.06% r	0.25%	6.06% r	0.25%	5.93%	0.25%	5.93%
Admissions to Nonprofit Theaters, Opera and Other Entertainments of Nonprofit Institutions	0.06%	1.36%	0.06%	1.34% r	0.06%	1.35%	0.06%	1.33%
Admissions to Motion Picture Theaters	0.10%	2.46% r	0.11%	2.70% r	0.11%	2.67%	0.11%	2.65%
Admissions to Spectator Sports	0.08%	1.87% r	0.08%	1.85% r	0.08%	1.82%	0.08%	1.80%

r = Revised July 1984. A major revision reflecting a new Input/Output Model of the U.S. Economy will be published in December 1985. It may result in revision of the data for 1982-84.

Source: Tables 1.1 and 2.4, "Revised Estimates of National Income and Products Accounts." Survey of Current Business, Bureau of Economic Analysis, U.S. Department of Commerce, July 1984 and July 1985.

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ADMISSIONS RECEIPTS COMPARED FOR NONPROFIT THEATERS, OPERA AND OTHER ENTERTAINMENTS OF
NONPROFIT INSTITUTIONS WITH MOTION PICTURES AND SPECTATOR SPORTS, 1981-1984

	1981 (\$ Millions)		1982 (\$ Millions)		1983 (\$ Millions)		1984 (\$ Millions)	
	Current	Constant	Current	Constant	Current	Constant	Current	Constant
<u>Admissions Receipts to Specified Entertainments</u>	\$6,864 r	\$4,201 r	\$7,540 r	\$4,314 r	\$8,252	\$4,413	\$9,067	\$4,543
Motion Pictures (change from previous year)	2,966 (7.9%)	1,815 r (1.0%)r	3,453 r (16.4%)r	1,975 r (8.8%)r	3,766 (9.1%)	2,014 (2.0%)	4,156 (10.3%)	2,082 (3.4%)
Nonprofit Theaters, Opera and other Entertainments of Nonprofit Institutions* (change from previous year)	1,642 r (14.7%)	1,005 r (7.5%)r	1,716 r (4.5%)r	982 (-2.3%)r	1,908 (11.2%)	1,020 (3.7%)	2,088 (9.4%)	1,046 (2.5%)
Spectator Sports (change from previous year)	2,256 r (0%)r	1,381 r (-6.3%)r	2,371 r (5.1%)r	1,356 r (1.8%)r	2,578 (8.7%)	1,379 (1.7%)	2,823 (9.5%)	1,414 (2.5%)

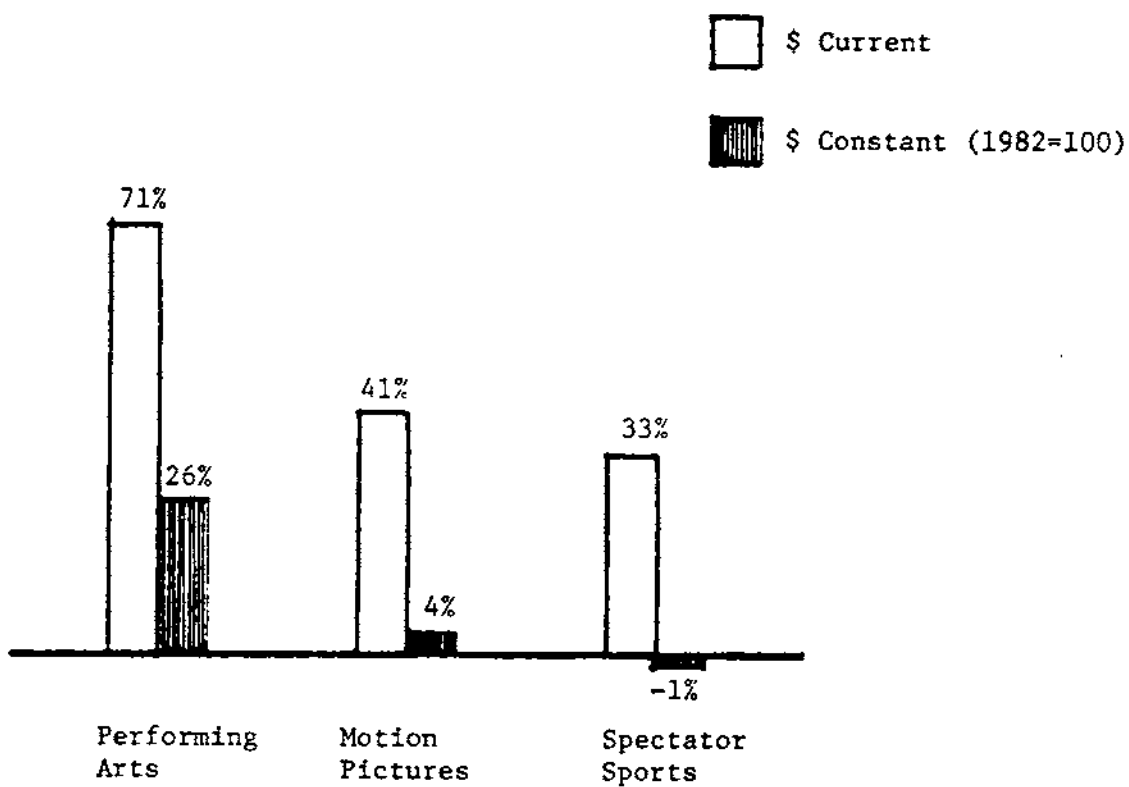
* Does not include sports

r = revised July 1984. A major revision reflecting a new Input/Output Model of the U.S. Economy will be published in December 1985. It may result in revision of the data for 1983-84.

NOTE: Constant \$ values are calculated with implicit price deflators specified for these expenditures in Table 7.12, "Revised Estimates of National Income and Products Accounts," Survey of Current Business, Bureau of Economic Analysis, U.S. Department of Commerce, July 1984 and July 1985 (1972=100).

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Change in Consumer Expenditures for Admissions, 1979-1984



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CONSUMER EXPENDITURES FOR ADMISSIONS IN CURRENT AND CONSTANT DOLLARS, 1979-1984

