



Research Division Note #20 - February 2, 1987

THE ARTS IN THE GNP: A NEW BEGINNING

1985 consumer admission expenditures for nonprofit performing arts events were \$3 billion in current 1985 dollars and \$2.5 billion in constant dollars (adjusted for inflation; 1982=100). The \$3 billion amount is the largest ever estimated for the nonprofit performing arts in the GNP. It compares with \$2.7 billion in 1984 (revised level reflecting both most recent information and the new I/O Model). The increases in nonprofit performing arts admissions expenditures have brought the 1985 estimates up to equality with spectator sports admissions expenditures for the first time.

The data in this Note reflect the latest five-year revision of the Input/Output Model that is used for the estimation of the GNP. Readers of the previous Research Division Notes about the arts in the GNP (#1, #6, and #13) know that the Bureau of Economic Analysis employs this model to prepare the periodic Gross National Product (GNP) estimates for the U.S.

Every five years, a new Input/Output Model of the U.S. Economy is created. The model relates the economic activity in all sectors and provides the means for estimating total GNP. A more detailed discussion of the system and its periodic revisions can be obtained from the Research Division by requesting a copy of: Horowitz, Harold, "The Arts in the National Income and Product Accounts," The Economics of Cultural Industries, Volume 1, Proceedings of the Third International Conference on Cultural Economics and Planning, April 25-28, 1984; University of Akron, 1984.

In the tables that are part of this Note, the estimates for 1985 are presented for the first time. They reflect both the latest Input/Output Model and the most recent data. The estimates shown for 1982-84 have been revised from Research Division Note #13. They now reflect both the new Input/Output Model and the most recent data. In general, only minor revisions are made to the earlier estimates of the overall U.S. GNP for 1982-84 as a result of the updating of the I/O Model. The finer detail levels of the estimates often show greater change than the aggregate. This can be seen by examining the Note tables in relation to the ones that were presented as part of Note #13.

In parallel with the revision of the I/O Model, the base year for calculating inflation (constant dollars) was changed from 1972 to 1982. The new base is 1982=100. As a result of this change, the impact of inflation as shown by the constant dollar figures in this Note will appear to be small when compared to those shown in previous Research Division Notes on the GNP. This is due in part to the low level of inflation since 1982 and in part to the limited number of years reflected in the constant dollar adjustment (1982 base to 1985.)

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

1. Consumer expenditures in 1985 for radios and TV sets, records, and musical instruments are now estimated at 0.88 percent of the GNP and 19.91 percent of Recreation Expenditures. The changes for this component are small.

2. Consumer expenditures in 1985 for books and maps are now estimated at 0.20 percent of the GNP and 4.54 percent of Recreation Expenditures. These estimates compare with the 0.25 percent of the GNP and 5.93 percent of Recreation Expenditures for 1984 that were reported in Note #13. These new estimates are substantial decreases in the proportion of expenditures for books and maps within the GNP.

3. Consumer admission expenditures in 1985 to nonprofit theater, opera, and other entertainments of nonprofit institutions is now estimated at .08 percent of GNP and 1.70 percent of Recreation Expenditures. These estimates compare with the .06 percent of GNP and 1.33 percent of Recreation Expenditures for 1984 that were reported in Note #13. These very substantial increases result primarily from the new I/O Model that gives increased importance to the proportion of this component.

4. Consumer admission expenditures in 1985 to motion picture theaters were estimated at .09 percent of the GNP and 2.10 percent of Recreation Expenditures. The revised 1982-84 estimates are down substantially. For example, the 1984 estimate reported in Note #13 was 0.11 percent of GNP and 2.65 percent of Recreation Expenditures. The new revision for 1984 is 0.10 percent of GNP and 2.36 percent of Recreation Expenditures. The 1985 estimate declines for motion picture admissions expenditures in terms of both current and constant dollars. Therefore, while motion picture theater admissions expenditures still exceed those for spectator sports and for nonprofit performing arts, the differences are shrinking. In 1985, the difference is only 0.01 percent of GNP and 0.4 percent of Recreation Expenditures.

5. Consumer admission expenditures to spectator sports as a proportion of GNP is now estimated at .08 percent, and 1.70 percent of Recreation Expenditures. As mentioned above, these estimates are the same as those for nonprofit performing arts for the first time.

CAVEATS: This Note uses the latest data published by the Bureau of Economic Analysis on the GNP. They mark the beginning of a new five-year cycle in the use of the latest Input/Output Model of the U.S. Economy. Comparisons with estimates for years before 1982 should be made with caution because of the differences in the I/O Model.

ADMISSIONS RECEIPTS COMPARED FOR NONPROFIT THEATERS, OPERA AND OTHER ENTERTAINMENTS OF  
NONPROFIT INSTITUTIONS WITH MOTION PICTURES AND SPECTATOR SPORTS, 1982-1985

	1982 (\$ Millions)		1983 (\$ Millions)		1984 (\$ Millions)		1985 (\$ Millions)	
	Current	Constant	Current	Constant	Current	Constant	Current	Constant
<u>Admissions Receipts to Specified Entertainments</u>	\$7,800	\$7,800	\$8,600	\$8,000	\$9,400	\$8,300	\$9,700	\$8,000
Motion Pictures (change from previous year)	3,300 (n.a.)	3,300 (n.a.)	3,600 (9%)	3,400 (3%)	3,900 (8%)	3,400 (0)	3,700 (-5%)	3,100 (-9%)
Nonprofit Theaters, Opera and other Entertainments of Nonprofit Institutions* (change from previous year)	2,100 (n.a.)	2,100 (n.a.)	2,400 (14%)	2,200 (5%)	2,700 (13%)	2,400 (9%)	3,000 (11%)	2,500 (4%)
Spectator Sports (change from previous year)	2,300 (n.a.)	2,300 (n.a.)	2,600 (13%)	2,400 (5%)	2,800 (8%)	2,500 (4%)	3,000 (7%)	2,500 (0)

\* does not include sports

NOTE: Constant \$ values are calculated with implicit price deflators specified for these expenditures in Table 7.10, "National Income and Products Accounts," Survey of Current Business, Bureau of Economic Analysis, U.S. Department of Commerce, July 1986 (1982=100).

n.a. = 1982-1981 comparisons are not given because of revision of I/O Model (see text).

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TOTAL PERSONAL CONSUMPTION EXPENDITURES AND RECREATION EXPENDITURES AS A PERCENT OF GNP, 1982-1985

	<u>1982</u>		<u>1983</u>		<u>1984</u>		<u>1985</u>	
GNP in Billions (current \$)	\$3,166.0		\$3,405.7		\$3,765.0		\$3,998.1	
Total Personal Consumption Expenditures as a % of GNP	64.77%		65.61%		64.49%		65.04%	
Recreation Expenditures as a % of GNP	4.37%		4.47%		4.39%		4.41%	
<u>Selected Recreation Expenditures as a % of GNP and of all Recreation Expenditures</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	0.77%	17.72%	0.83%	18.54%	0.83%	18.93%	0.88%	19.91%
Books and Maps	0.21%	4.77%	0.21%	4.73%	0.19%	4.72%	0.20%	4.54%
Admissions to Nonprofit Theaters, Opera and Other Entertainments of Nonprofit Institutions	0.07%	1.66%	0.07%	1.58%	0.07%	1.63%	0.08%	1.70%
Admissions to Motion Picture Theaters	0.10%	2.39%	0.11%	2.37%	0.10%	2.36%	0.09%	2.10%
Admissions to Spectator Sports	0.07%	1.66%	0.08%	1.71%	0.07%	1.69%	0.08%	1.70%

Source: Tables 1.1 and 2.4, "National Income and Products Accounts." Survey of Current Business, Bureau of Economic Analysis, U.S. Department of Commerce, July 1986.