

NATIONAL
ENDOWMENT
FOR
THE ARTS

WASHINGTON
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A Federal agency advised by the
National Council on the Arts

Research Division Note #6 - October 20, 1983

THE ARTS IN THE GNP REVISITED

The latest revision of the National Income and Product Accounts is of special interest because it covers the last two recession periods of 1980 and 1981-82. It provides a perspective on the relative condition of admissions receipts to the nonprofit performing arts and admission receipts to two other elements of the Recreation section of the GNP, namely--spectator sports and motion picture theaters in very difficult economic times. The latest revision shows the nonprofit performing arts as the only one of three types of admission expenditures in the GNP to increase from 1979 to 1982 when allowance is made for inflation. Both spectator sports admission expenditures and motion picture admission expenditures declined slightly over this same period in constant dollar terms.

o 1979-1982 was strongly marked by two recessions. The second of these, the 1981-82 recession was one of the most severe in recent history. It reached its trough in November 1982. The 1979-1982 period is notorious for high rates of inflation, high interest rates and high unemployment rates.

o When admission expenditures are adjusted for inflation, only the nonprofit performing arts of the three Recreation admission expenditures used in estimating the GNP showed an increase from 1979 through 1982. It was at a growth rate of 5.8% compounded annually. Admission expenditures for motion pictures and spectator sports were slightly lower in 1982 than in 1979 in constant dollar terms.

o While the growth rate of admission expenditures to the nonprofit performing arts surpassed motion pictures and spectator sports during the whole period of 1979-1982, the nonprofits' admission expenditures were slightly negative in the last year of the period. In this same year, however, the growth of admission expenditures for spectator sports was slightly positive and admission expenditures for motion picture theaters moved up sharply.

o Expenditures for admissions to nonprofit performing arts in 1982 reached its highest level of \$1,717,000,000. When adjusted for inflation (1972 base), this was \$982,000,000 and is less than the inflation adjusted \$998,000,000 for 1981.

o 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. Expenditures for radio and TV receivers; records and musical instruments continued its downward slide since 1979 and for 1982 was at .80% of GNP or 19.42% of Recreation expenditures. This is its lowest level as a proportion of GNP in the years reported in these Notes.
2. Expenditures for books and maps were an increasingly important component of the GNP of Recreation expenditures through 1979 but relatively flat since then. The levels for 1982 are very slightly below 1979.
3. Admission expenditures to nonprofit performing arts continue to have the best overall growth record since 1976, the first year covered in these Research Division Notes; however, the 1982 data show the first year-to-year decline in constant dollars (adjusted for inflation). In current dollars, the nonprofit admission expenditures of 1982 are at the highest level reported.
4. 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 in 1979, declined more sharply in 1980, declined again in 1981, and finally rose in 1982 to a level below the peak proportion.
5. Admission expenditures to spectator sports continued its relatively flat pattern although the last two years of the period, 1981-82, show a decline as a proportion of the GNP.

o Dollar values of expenditures for the five GNP components just considered have been rising for every component in current dollar terms. However, adjustments for inflation reveal a somewhat different situation. Of the three specified entertainment admission expenditures, inflation adjusted figures for motion picture theaters and spectator sports show year-to-year increases between 1981 and 1982, but they are down over the period of 1979-1982. Nonprofit performing arts, on the other hand, show a slight decline from 1981 to 1982 but an overall growth for the 1979-1982 period in terms of inflation adjusted expenditures (constant dollars).

CAVEATS: As pointed out in Research Division Note #1, which first reviewed and discussed NIPA data, GNP estimates are subject to annual retrospective revisions which frequently go back a number of years. The latest release of data includes revisions for 1979-1981 in addition to new data for 1982. The data previously included in Note #1 for 1976-1978 were not revised and therefore, are not shown in the tables that are part of this Note.

Considerable caution should be used in working with the most recent year estimates. The Bureau of Economic Analysis revises these estimates retrospectively, often going back many years in each revision. The components of expenditures that are used in the imputation of the GNP, such as the selected Recreation expenditures, are subject to greater estimating errors than the aggregate GNP. These errors tend to be greatest for the most recent years which have received the fewest retrospective revisions or corrections.

ADMISSIONS RECEIPTS COMPARED FOR NONPROFIT THEATERS, OPERA AND OTHER ENTERTAINMENTS OF
NONPROFIT INSTITUTIONS WITH MOTION PICTURES AND SPECTATOR SPORTS, 1979-1982

	<u>1979 (\$ Millions)</u>		<u>1980 (\$ Millions)</u>		<u>1981 (\$ Millions)</u>		<u>1982 (\$ Millions)</u>	
	<u>Current</u>	<u>Constant</u>	<u>Current</u>	<u>Constant</u>	<u>Current</u>	<u>Constant</u>	<u>Current</u>	<u>Constant</u>
<u>Admissions Receipts to Specified Entertainments</u>	\$6,284	\$4,257	\$6,438	\$4,103	\$6,919	\$4,206	\$7,642	\$4,372
Motion Pictures (change from previous year)	2,946 (4.8%)	1,996 (-3.0%)	2,750 (-6.7%)	1,753 (-12.2%)	2,966 (7.9%)	1,803 (2.9%)	3,450 (16.3%)	1,974 (9.5%)
Nonprofit Theaters, Opera and Other Entertainments of Nonprofit Institutions* (change from previous year)	1,223 (14.9%)	829 (6.4%)	1,431 (17.0%)	912 (10.0%)	1,641 (14.7%)	998 (9.4%)	1,717 (4.6%)	982 (-1.6%)
Spectator Sports (change from previous year)	2,115 (9.8%)	1,433 (1.6%)	2,257 (6.7%)	1,438 (0.3%)	2,312 (2.4%)	1,405 (-2.3%)	2,475 (7.1%)	1,416 (0.6%)

* does not include sports

NOTE: Constant \$ values calculated with implicit price deflators specified for these expenditures in Table 7.12, Survey of Current Business, July 1983 (1972 = 100)

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TOTAL PERSONAL CONSUMPTION EXPENDITURES AND RECREATION EXPENDITURES AS A PERCENT OF GNP, 1979-1982

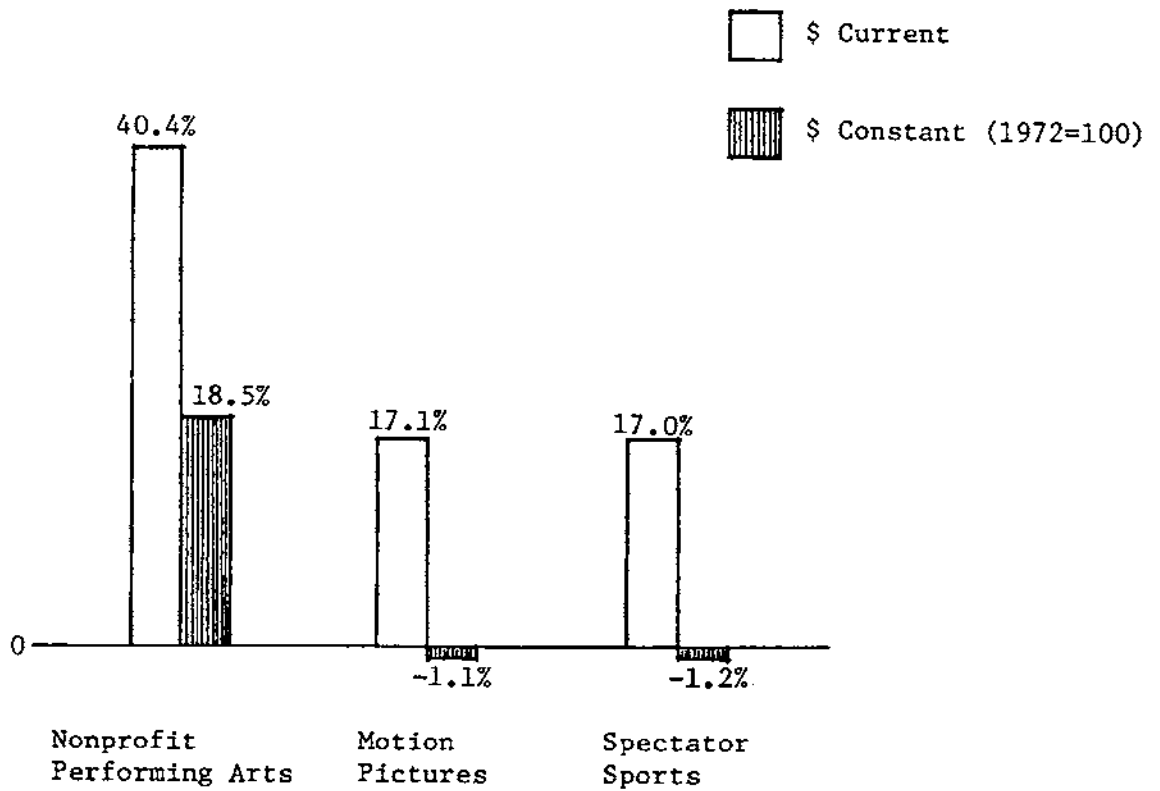
	1979		1980		1981		1982	
GNP in Millions (current \$)	\$2,417,759		\$2,631,688 r		\$2,954,069 r		\$3,072,989	
Total Personal Consumption Expenditures as a % of GNP	62.34%		63.38% r		62.87% r		64.82%	
Recreation Expenditures as a % of GNP	4.09%		4.07% r		4.10% r		4.12%	
<u>Selected Recreation Expenditures 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	0.86%	21.10%	0.84%	20.74% r	0.82%	20.13% r	0.80%	19.42%
Books and Maps	0.25%	6.18%	0.25% r	6.13% r	0.25% r	6.05% r	0.25%	6.13%
Admissions to Nonprofit Theaters, Opera and Other Entertainments of Nonprofit Institutions	0.05%	1.24%	0.05%	1.34%	0.06%	1.36% r	0.06%	1.36%
Admissions to Motion Picture Theaters	0.12%	2.98% r	0.10% r	2.57% r	0.10% r	2.45% r	0.11%	2.72%
Admissions to Spectator Sports	0.09%	2.14%	0.09%	2.11% r	0.08%	1.91% r	0.08%	1.95%

r = revised July 1983

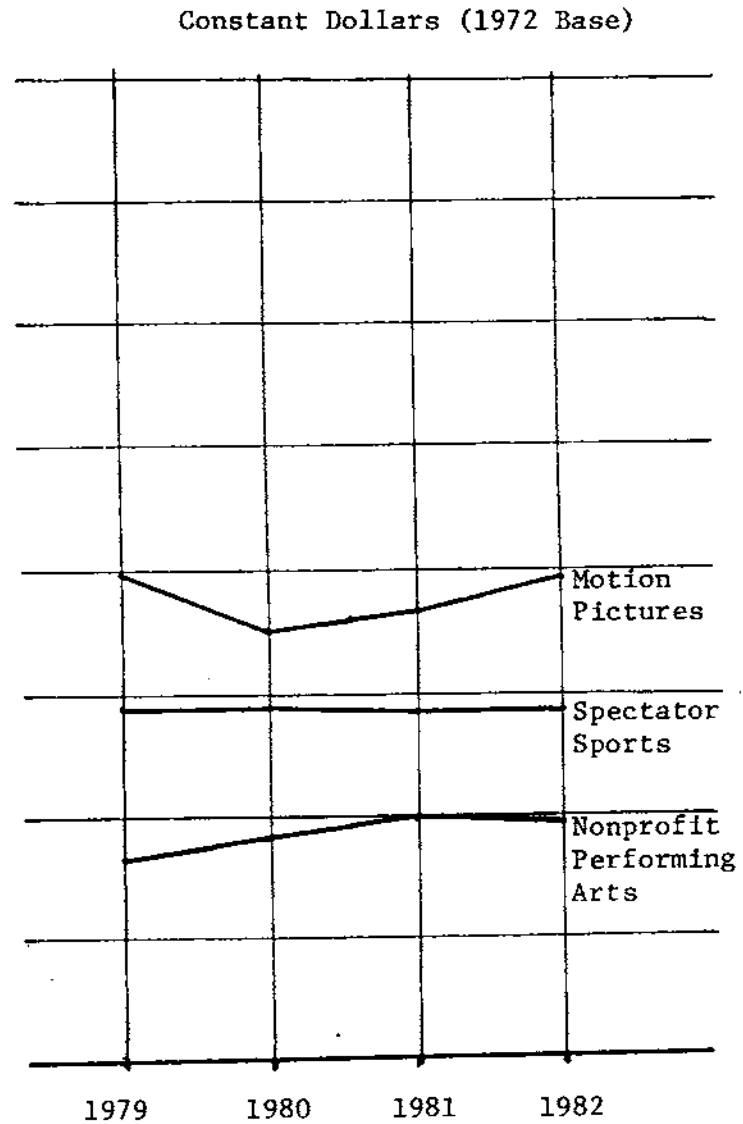
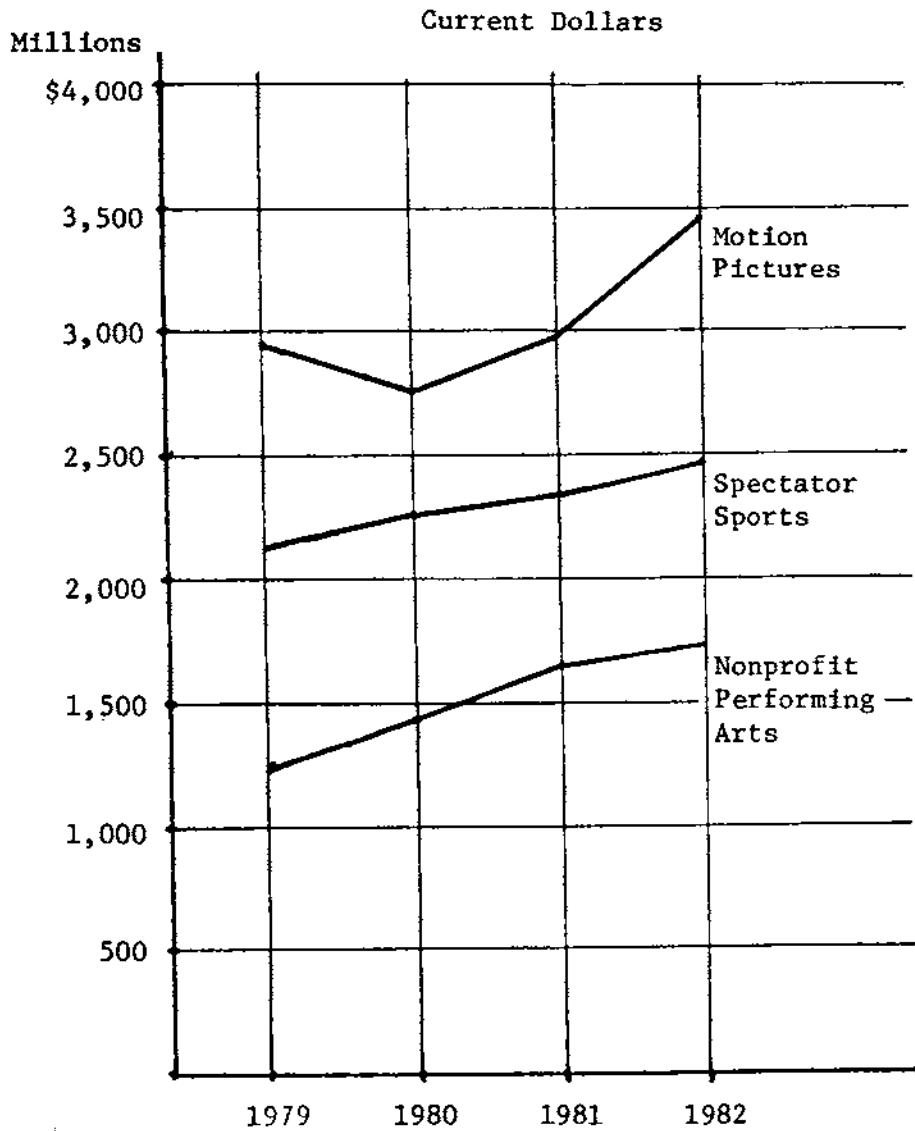
Source: Tables 1.1 and 2.4, "Revised Estimates of National Income and Products Accounts." Survey of Current Business, Bureau of Economic Analysis, U.S. Department of Commerce, July 1982; and corresponding tables in Survey of Current Business, July 1983.

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COMPARISON OF CHANGE IN ADMISSIONS RECEIPTS, 1979-1982



CHANGE IN ADMISSION RECEIPTS TO THREE TYPES OF ENTERTAINMENTS 1979-1982



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