



# The Arts and Cultural Production Satellite Account

## ‘Around the Bureaus’

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# The Arts and Cultural Production Satellite Account

“The positive value of arts and culture on society has been understood on a human level for millennia. With this new effort, we are now able to quantify the impact of arts and culture on GDP for the very first time.”

Penny Pritzker

U.S. Secretary of Commerce



# What are Satellite Accounts?

Frameworks designed to expand the analytical capacity of the standard accounts without interfering with their general purpose

- Allows more focus on a specific activity
- Provides a laboratory for development of concepts and methodologies
- Expands the detail of the accounts
- Flexible classification structure



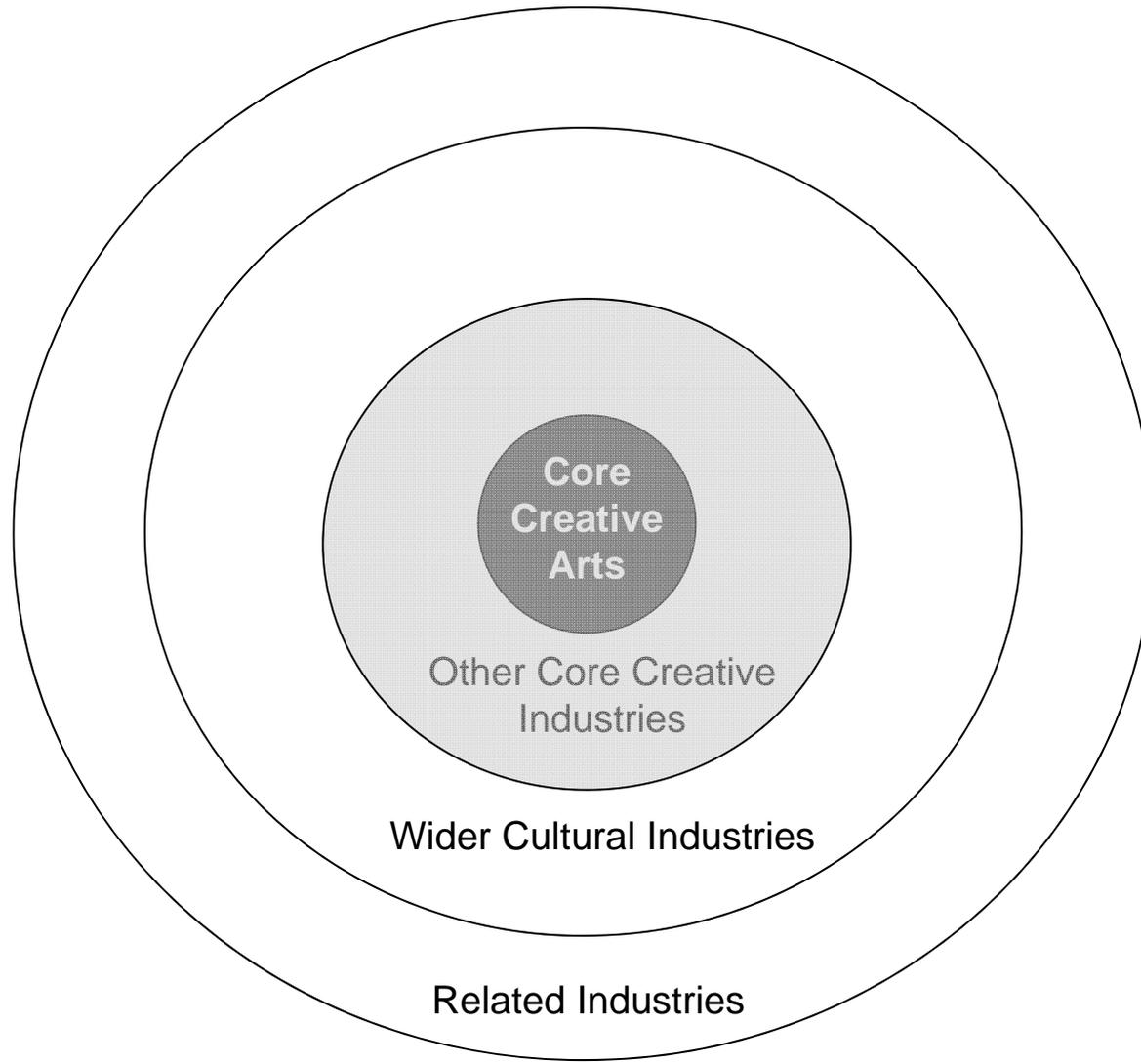
# The Arts and Cultural Production Satellite Account (ACPSA)

- Uses BEA's I-O framework to provide:
  - Information on a select group of arts and cultural goods and services that are *currently* in the U.S. GDP accounts, but not clearly visible
  - A detailed accounting of the economic contribution of the arts and cultural sector
  - An estimate of arts and culture employment

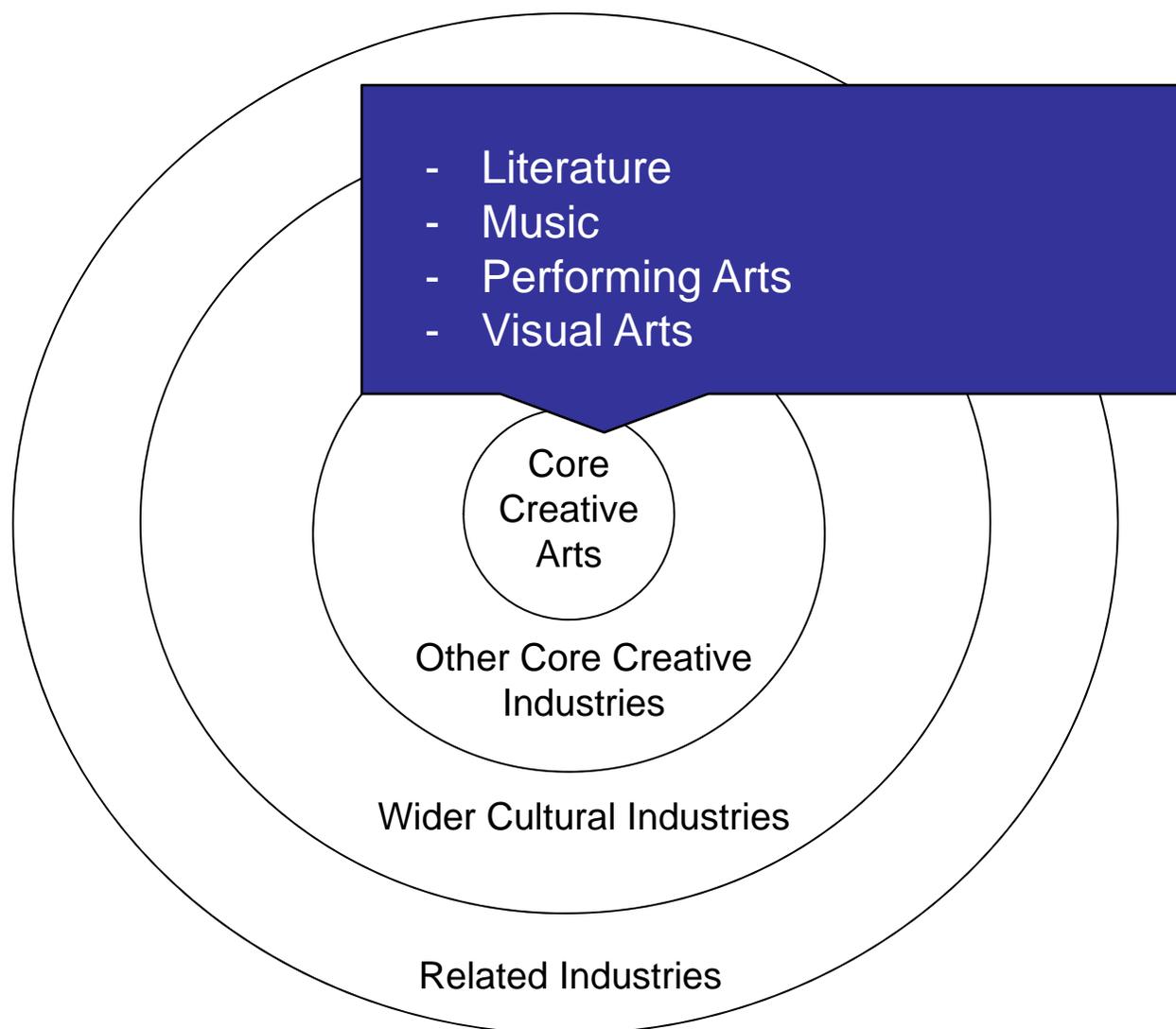
# Concentric Circles Model of Cultural Industries

- *The Concentric Circles Model of the Cultural industries*
  - David Throsby, Macquarie University, Sydney Australia
- A visual presentation of the relationships between core and support for the arts industries

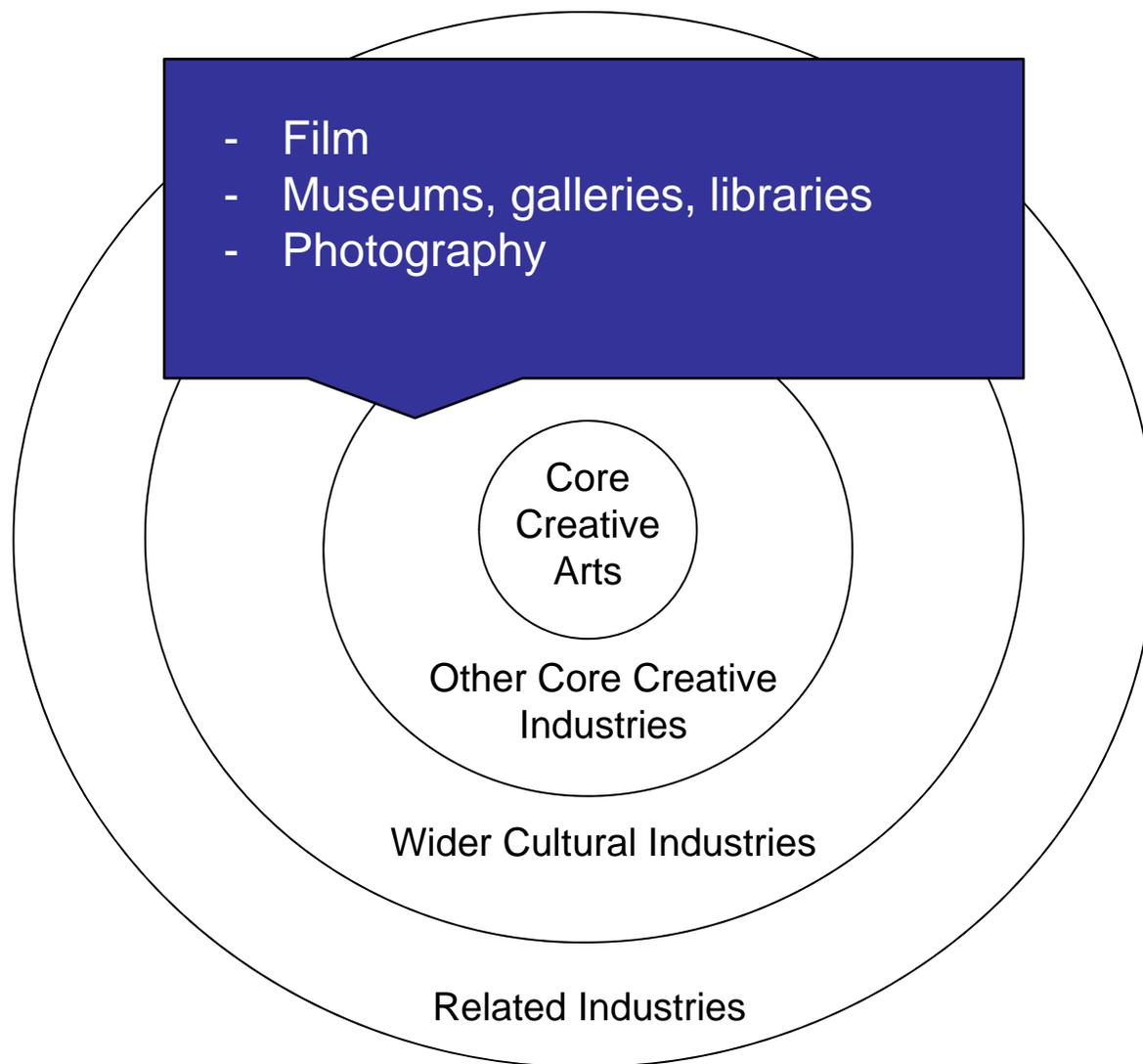
# Core, Other Core, Wider & Related



# Core Creative Arts

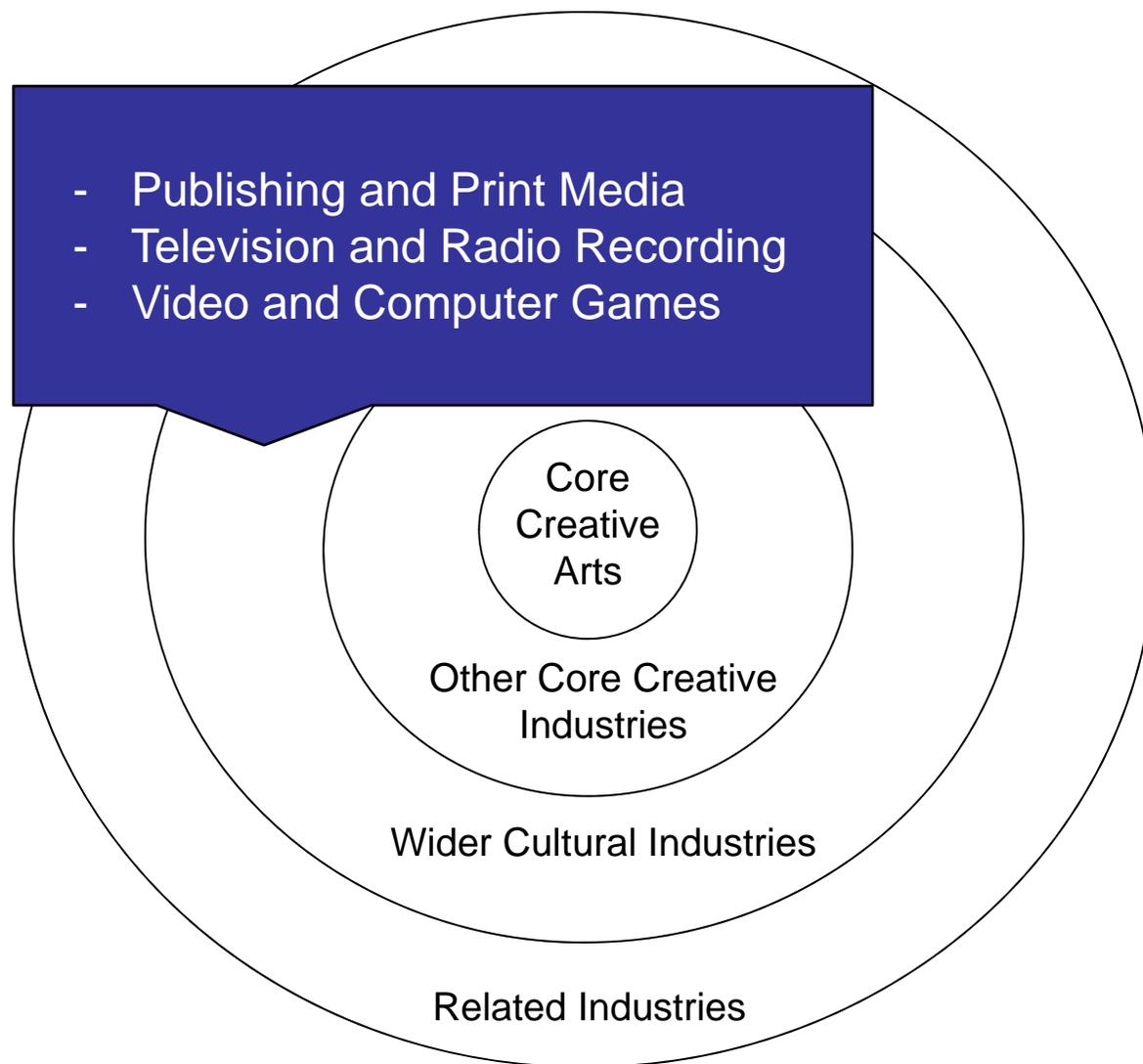


# Other Core Creative Industries



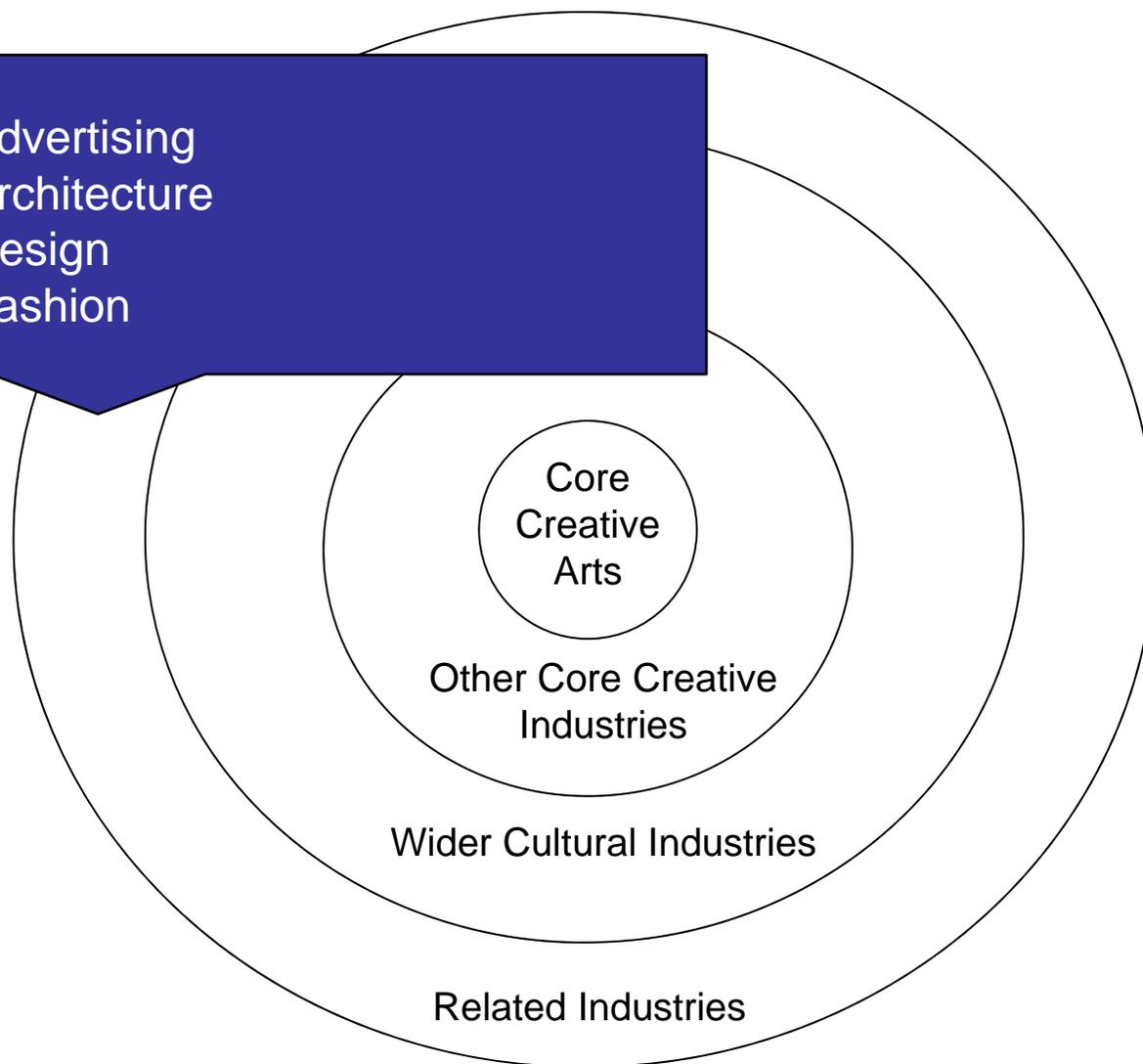
# Wider Cultural Industries

- Publishing and Print Media
- Television and Radio Recording
- Video and Computer Games



# Related Industries

- Advertising
- Architecture
- Design
- Fashion





# The big question: What percent of GDP is ACPSA?

- In 2012 Arts and Culture – as measured by BEA in the ACPSA – is 4.3% of GDP
  - \$699 Billion
- Travel and tourism was 2.6% of GDP in the same year or \$428 Billion

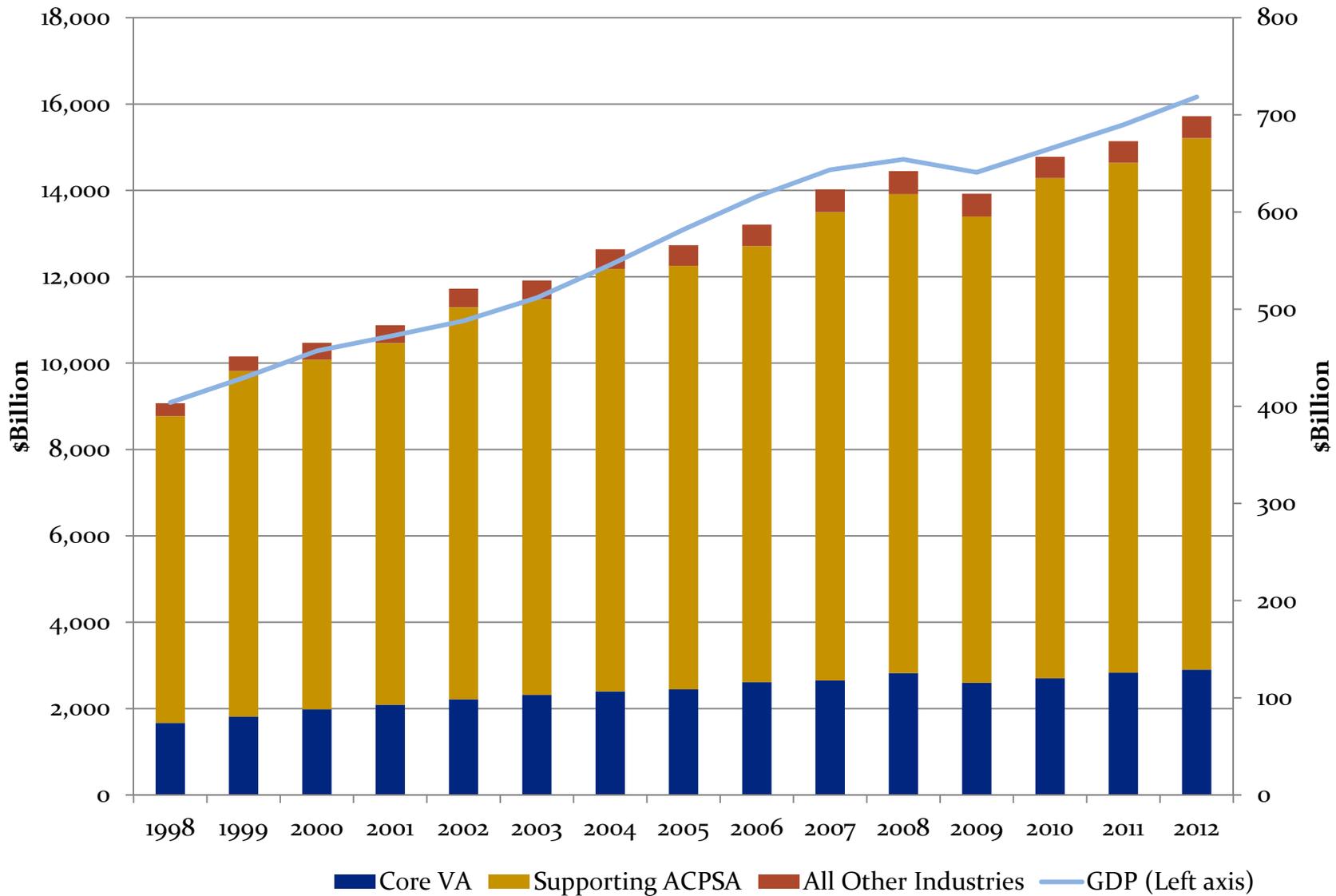
# What is in this satellite account?

## ACPSA Output and Value Added by Industry, 2012

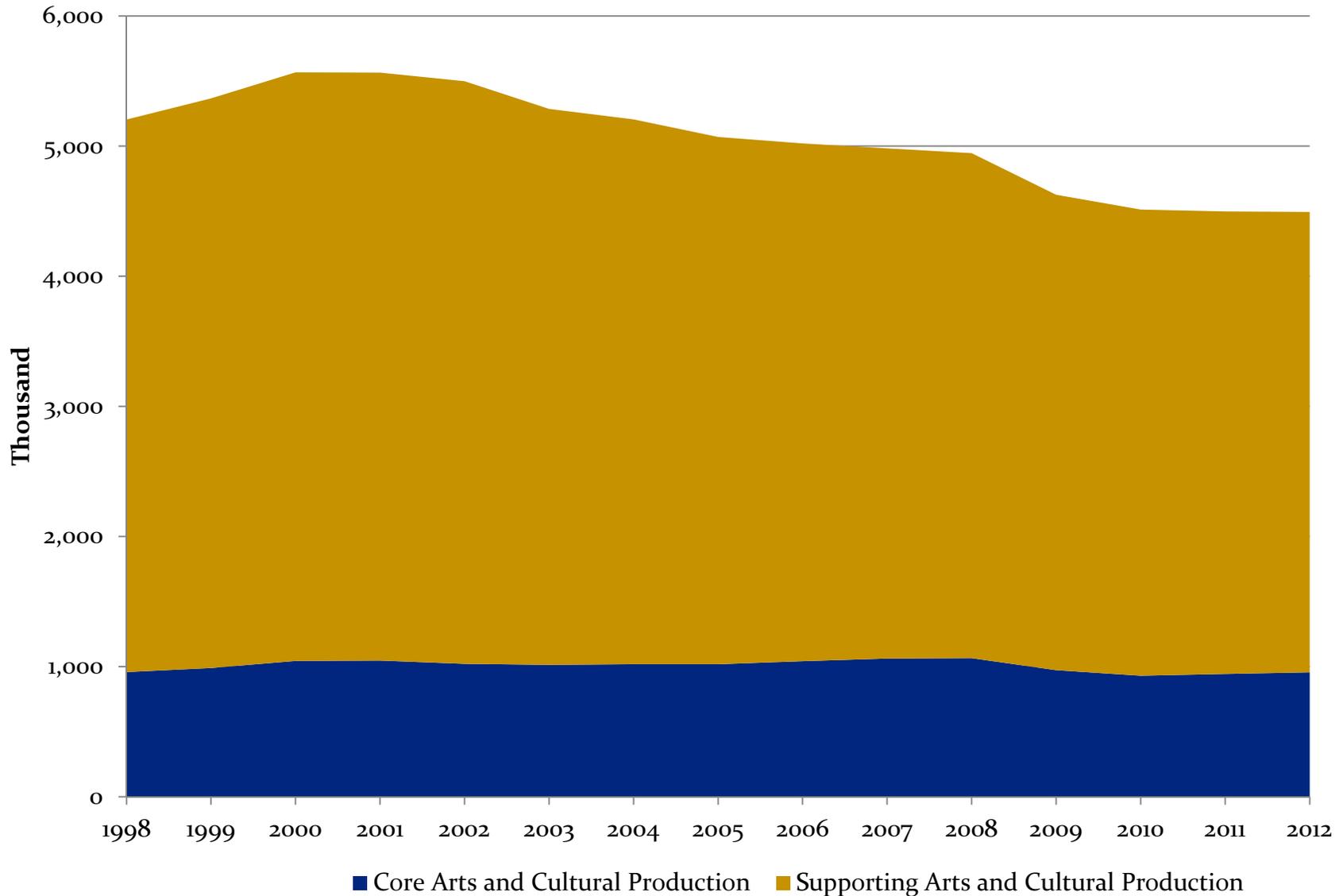
[Millions of dollars]

| Industry                                       | ACPSA output     | ACPSA value added |
|--|------------------|-------------------|
| <b>Core Arts and Cultural Production</b>       | <b>221,181</b>   | <b>129,011</b>    |
| Performing Arts                                | 81,267           | 45,079            |
| Museums  | 11,520           | 5,075             |
| Design Services                                | 114,951          | 71,277            |
| Arts Education                                 | 13,442           | 7,581             |
| <b>Supporting Arts and Cultural Production</b> | <b>869,321</b>   | <b>547,003</b>    |
| Art Support                                    | 145,121          | 103,502           |
| Information                                    | 546,306          | 343,073           |
| Manufacturing                                  | 38,940           | 17,012            |
| Wholesale & Retail Trade                       | 118,077          | 73,059            |
| Construction                                   | 20,875           | 10,356            |
| <b>All Other Industries</b>                    | <b>41,753</b>    | <b>22,681</b>     |
| <b>Total</b>                                   | <b>1,132,254</b> | <b>698,695</b>    |

# GDP versus ACPSA Value Added

# ACPSA Employment



Who makes what?

|  |                | COMMODITIES |        |              |               |                |       |         |          |       | TOTAL<br>INDUSTRY<br>OUTPUT |
|--|----------------|-------------|--------|--------------|---------------|----------------|-------|---------|----------|-------|-----------------------------|
|  |                | Agriculture | Mining | Construction | Manufacturing | Transportation | Trade | Finance | Services | Other |                             |
| <b>I<br/>N<br/>D<br/>U<br/>S<br/>T<br/>R<br/>I<br/>E<br/>S</b> | Agriculture    |             |        |              |               |                |       |         |          |       |                             |
|  | Minerals       |             |        |              |               |                |       |         |          |       |                             |
|  | Construction   |             |        |              |               |                |       |         |          |       |                             |
|  | Manufacturing  |             |        |              |               |                |       |         |          |       |                             |
|  | Transportation |             |        |              |               |                |       |         |          |       |                             |
|  | Trade          |             |        |              |               |                |       |         |          |       |                             |
|  | Finance        |             |        |              |               |                |       |         |          |       |                             |
|  | Services       |             |        |              |               |                |       |         |          |       |                             |
|  | Other          |             |        |              |               |                |       |         |          |       |                             |
| <b>TOTAL COMMODITY<br/>OUTPUT</b>                              |                |             |        |              |               |                |       |         |          |       |                             |

Who buys what – in order to make that?

|  |                       | INDUSTRIES  |        |              |               |                |       |         |          |       |                        | FINAL USES (GDP) |      |     |   |   |      |     | TOTAL COMMODITY OUTPUT |
|--|-----------------------|-------------|--------|--------------|---------------|----------------|-------|---------|----------|-------|------------------------|------------------|------|-----|---|---|------|-----|------------------------|
|  |                       | Agriculture | Mining | Construction | Manufacturing | Transportation | Trade | Finance | Services | Other | Total Intermediate Use | PCE              | GPFI | CBI | X | M | GOVI | GDP |                        |
| <b>C<br/>O<br/>M<br/>M<br/>O<br/>D<br/>I<br/>T<br/>I<br/>E<br/>S</b> | Agriculture           |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |
|  | Minerals              |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |
|  | Construction          |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |
|  | Manufacturing         |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |
|  | Transportation        |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |
|  | Trade                 |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |
|  | Finance               |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |
|  | Services              |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |
|  | Other                 |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |
|  | Noncomparable imports |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |
| Total Intermediate inputs  |                       |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |
| COMP   |                       |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |
| <b>VALUE ADDED</b>   | IBT                   |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |
|  | Other value added     |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |
|  | Total                 |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |
| <b>TOTAL INDUSTRY OUTPUT</b>   |                       |             |        |              |               |                |       |         |          |       |                        |                  |      |     |   |   |      |     |                        |



# Input – Output to ACPSA?

- The Input-Output table is a valuable tool to identify and then value each link in the ‘creative chain’
- This chain captures the economic value as we move from the creation of a cultural product to its production, then distribution and finally its consumption.



# How did we define Culture

- Creative artistic activity
  - The goods and services produced by it
  - The goods and services produced in the support of it
  - And finally the construction of buildings in which it is taking place
- BM-IO detail allows us to separate the creative from the repetitive

# An iterative process

- BEA and NEA began with the full item list (7,000+) from the 2007 Benchmark I-O Table.
  - Both agencies then identified what they thought made sense for this account.
  - Many meetings and conference calls were then held to arrive at the final list of ACPSA items.



# Examples

- The creative artistic activity in the design of jewelry, not the mass production of costume jewelry
- Promoters enable consumers to enjoy artistic performances
- Construction of an opera house necessary in order to enjoy the opera

# An example of ACPSA detail

- Construction is an industry in the I-O table
  - Census Value Put in Place (VPIP) is the primary source for BEA's construction statistics
    - Census' source for the VPIP is McGraw Hill
    - BEA worked with McGraw Hill to procure data for museums, opera houses, concert halls, libraries...
    - ACPSA construction is 1.8% of construction in 2012



# Capitalizing EO in the ACPSA

- The System of National Accounts (SNA) recommends that entertainment originals be treated as investment
  - Motion Pictures
  - Television programs
  - Books
  - Music compositions and recordings

# Capitalizing EO in the ACPSEA - Impacts

- This adds almost \$76 billion to the level of GDP in 2012
  - Motion Pictures \$22 billion
  - Television programs \$34 billion
  - Books \$10 billion
  - Music \$7 billion
  - Other \$3 billion

The slide features a dark blue header with a white title. In the top right corner, the BEA logo is displayed, consisting of a stylized 'BEA' acronym above the text 'BUREAU OF ECONOMIC ANALYSIS' and 'U.S. DEPARTMENT OF COMMERCE'. The background of the header includes a faint bar chart with vertical bars of varying heights and some numerical data points. The title 'What products does the ACPSA provide?' is written in a large, white, sans-serif font.

# What products does the ACPSA provide?

- In January of 2015, BEA released revised estimates for the following:
  - Annual output by detailed ACPSA industries and commodities
  - Employment and compensation within these industries
  - Value added by industry
- In 2016, BEA will develop a regional set of ACPSA estimates and adjust the estimates for inflation



# Looking Ahead

- Incorporate feedback from the user community
- Refine the scope
  - Boundary
  - Portion of item assigned to ACPSA
- Factor ACPSA into planning for 2012 BM-IO
- Showcase the ACPSA-R or regional estimates



# Conclusion

- The ACPSA promotes a better understanding of the impact on the U.S. economy of creative and cultural production.
- The benefits of the ACPSA will be felt in both the arts community, as well as the policy community, by providing important statistics that can be used to evaluate programs, grants, and other arts and cultural development tools.