

## **Artistic Originals as a Capital Asset**

Topic: Organized session: The Measurement of Intangible Capital

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In 2002, I estimate that US artists, studios, and publishers produced artistic originals with a nominal value of \$65.1 billion, 0.62% of total GDP. Television programs accounted for more than half of total production, with the remainder split almost evenly between theatrical movies, books, original music and miscellaneous artwork. I have not yet completed my research for television programs and miscellaneous artwork, so those numbers could change significantly in the final paper.

The cost of producing this \$65.1 billion in original artwork could be treated either as a current expense or it could be treated as a capital investment. If production of artistic originals is treated as a current expense, then production costs are treated the same as advertising costs, manufacturing costs and shipping costs. None of these costs are included in private investment or capital stock. At the current time, BEA treats artistic production as a current expense.

On the other hand, production of artistic originals could also be treated as a capital investment. Under that treatment, the production costs of artistic originals is added to GDP as part of private investment and added to the pre-existing capital stock of artistic originals to get the total capital stock of artwork. This capital stock of copyrighted artwork then returns a flow of value to its owner, and that flow is counted in GDP as part of capital services. Finally, the total capital stock of copyrighted artwork is depreciated, which is known as consumption of fixed capital (CFC). In this paper, I will calculate GDP and CFC when production of artistic originals is an investment activity.