

Copyright Industries in the U.S. Economy: The 1998 Report

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Executive Summary

This 1998 study by Economists Incorporated for the *International Intellectual Property Alliance (IIPA)* demonstrates, for the seventh straight year, that the U.S. copyright industries continue to be one of the largest and fastest growing segments of the U.S. economy. This study details the importance of the copyright industries to the U.S. economy based on three economic indicators: 1) value added to gross domestic product (GDP); 2) share of national employment; and 3) revenues generated from foreign sales and exports. This study updates five prior studies and extends the earlier analyses to include 1995 and 1996 data for copyright industry value added and employment measures. In addition, it provides 1996 data on foreign sales for the core copyright industries.

Contribution to the U.S. Economy

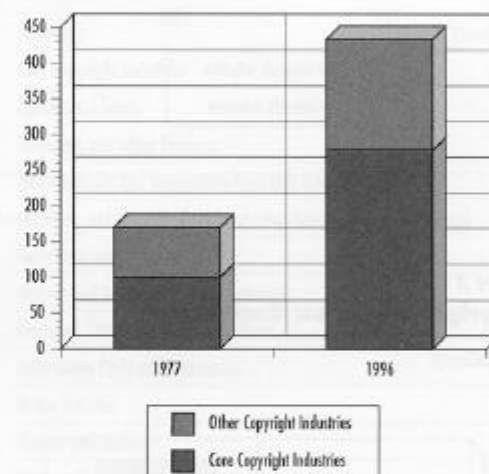
The U.S. copyright industries contribute a significant share to the U.S. economy, measured by value added, and reflected in their share of GDP. These industries also continue to grow more than twice as fast as the remainder of the economy.

► In 1996, the core copyright industries¹ contributed an estimated \$278.4 billion to the U.S. economy, accounting for approximately 3.65% of GDP. This

1. The "core" copyright industries encompass those industries that create copyrighted works as their primary product. These industries include the motion picture industry (television, theatrical, and home video), the music and recording industry (music publishing, records, tapes and CDs), the book, journal and newspaper publishing industry, the computer software industry (including data processing, business applications and interactive entertainment software on all platforms), legitimate theater, advertising, and the radio, television and cable broadcasting industries.

Chart 1
Copyright Industries: Value Added to GDP

(billions of 1996 dollars)



represents an increase of 3.5% from 1995 when these industries accounted for \$269.1 billion in value added (in real 1996 dollars), or approximately 3.63% of GDP (Chart 1).

► In 1996, the total copyright industries² contributed an estimated \$433.9 billion to the U.S. economy, accounting for approximately 5.68% of GDP. This also represented an increase of 4.3% from 1995 when these industries accounted for \$416.1 billion

2. The "total" copyright industries encompass the "core" industries and portions of many other industries which either create, distribute, or depend upon copyrighted works. Examples include retail trade (a portion of which is sales of video, audio, software and books, for example), the doll and toy industry, and computer manufacturing.

Chart 2
Copyright Industries:
Value Added to GDP as Share of GDP

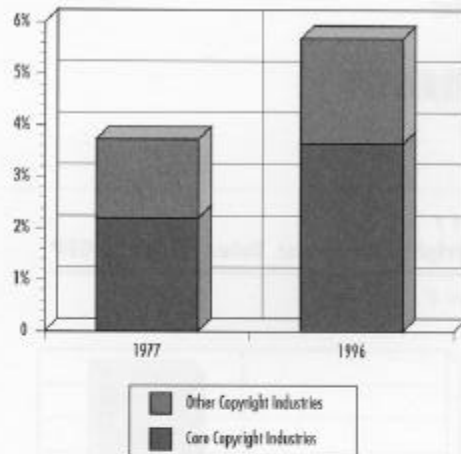


Chart 4
Copyright Industries:
Employment Share of National Employment

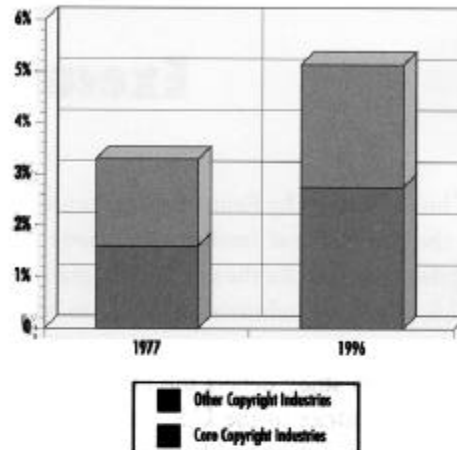
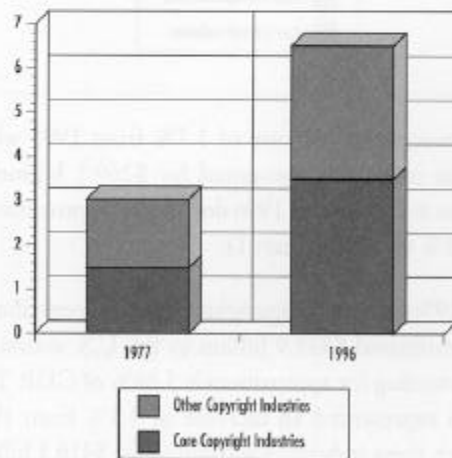


Chart 3
Copyright Industries: Employment
(in millions)



in value added (in real 1996 dollars), or approximately 5.62% of GDP (Chart 2).

- The real annual growth rate of the core copyright industries (adjusted for inflation) has been more than double the growth rate of the economy as a whole. Over the last 20 years (1977-1996), the core copyright industries grew at an estimated compound annual growth rate of 5.5% while the rest of the U.S. economy grew at an annual rate of 2.6%.

Estimated Average Annual Real Growth Rate

	1977-96	1987-96	1991-96
Core Copyright Industries	5.5	4.0	4.0
Remainder of U.S. Economy	2.6	2.7	3.3

Employment

The copyright industries have created jobs at a much faster rate than many leading sectors of the economy. Moreover, more U.S. workers are employed in the copyright industries than in many leading industries such as aircraft manufacturing, motor vehicle manufacturing, steel mills, pharmaceuticals, textiles and apparel.

- ▶ Employment in the core copyright industries grew from 1.6% (1.5 million workers) of the U.S. workforce in 1977 to 2.8% (3.5 million workers) in 1996 (Chart 3). Total copyright employment grew from 3.3% (3 million workers) of the U.S. workforce in 1977 to 5.2% (6.5 million workers) in 1996 (Chart 4).
- ▶ During the period 1977-1996, job growth in the core copyright industries (4.6% annual rate) was nearly three times the employment growth in the economy as a whole (1.6% annual rate).

Foreign Sales and Exports

Foreign sales and exports of the core copyright industries continue to grow rapidly. Preliminary estimates conservatively measure foreign sales of the core copyright industries to be at least \$60.18 billion in 1996 (Chart 5). This represents a 13.3% gain over the 1995 sales figure of \$53.11 billion.

- ▶ The copyright industries' foreign sales/exports are larger than the U.S. Commerce Department's International Trade Administration estimates of the exports of almost all other leading industry sectors. For 1996, they exceeded even the combined auto-

mobile and automobile parts industries as well as the agricultural sector (Chart 6).

Annual Growth Rate of Foreign Sales and Exports

Year	1991	1992	1993	1994	1995	1996
Growth Rate	6.4%	8.3%	11.7%	10.4%	10.2%	13.3%

Chart 6 Estimated Foreign Sales/Exports for Selected Industries in 1997

(in billions of dollars)*

Industry	Foreign Sales
Core Copyright Industries	60.18
Agricultural Sector	59.80
Chemicals and Allied Products	58.50
Motor Vehicles and Automotive Parts and Accessories	53.30
Chemicals and Allied Products (excluding Plastics, Rubber and Drugs)	37.69
Computers and Peripherals	37.63
Aircraft and Aircraft Part Manufacturing	37.27
Electronic Components and Equipment	35.75
Automotive Parts and Accessories	30.29
Motor Vehicles	23.01
Plastics and Rubber	21.97
Paper and Allied Products	14.00
Radio and TV Communications and Navigation Equipment	8.92
Drugs and Pharmaceuticals	8.89
Apparel	8.10
Telephone and Telegraph Equipment	6.57
Lumber and Wood Products except Furniture	6.24
Textiles	6.18
Surgical, Medical and Dental Instruments and Supplies	5.82
Photographic Equipment and Supplies	4.46
Steel Mill Products	4.35
Laboratory instruments	3.95
Total	421.05

Sources: Core Copyright Industries: Table 9, Siwek & Masteller, 1996, 1997.
U.S. Department of Agriculture (www.usda.gov/nass/)
International Trade Administration (www.ita.doc.gov)

Chart 5 Copyright Industries: Foreign Sales

(in billions of dollars)

