



Show Business:

The Economics of Entertainment

- Coming to a (computer) screen near you!
- A new online learning unit on the economics of entertainment!
- It's colossal! It's stupendous! It's FREE!
- Look for it in 2005!

Maybe you're a true believer, convinced that kids need to know more about economics. So, go ahead. Put your convictions to the test.

Walk into a high school classroom and start telling the "leaders of tomorrow" why studying economics will make them healthy, wealthy, and wise. Then launch into a discussion of basic economic principles. And, just for good measure, be sure to work in that tired old chestnut about a factory that produces widgets... whatever *they* are. If you're lucky, you might walk out of the room with your dignity intact.

Sadly, the dismal science – along with spinach, daily exercise, and C-Span – falls into the category of "things that are good for you, *but*...".

continued



Which isn't to say we should give up on teaching economics to anyone under the age of 18. When we manage to spark their interest, kids often respond with enthusiasm and an intuitive grasp of economic reasoning. The challenge, of course, is to spark their interest, and for better or worse, entertainment does the trick.

Not convinced? Try engaging the aforementioned high school students in a conversation about government's role in protecting intellectual property rights. Then, after you recover from the disheartening lack of response, ask them their opinion on free music downloads. Odds are, you'll meet with greater success, and with some skillful direction, the kids will learn a thing or two about intellectual property.

And that's one of our main reasons for developing *Show Business*. The Federal Reserve Bank of Boston's new online learning unit will be the latest effort in our longstanding commitment to making economics more accessible to a greater number of students and teachers.

Show Business will feature six "stand-alone" mini-modules designed to give users the flexibility to focus on sections that best fit their needs. Each module will include a concise narrative, learning activities, and a listing of resources.

We hope to post the first two modules on our web site by mid 2005. In the meantime, if you have any comments or suggestions, we'd love to hear from you:

robert.jabaily@bos.frb.org
phone: (617) 973-3452

Six Stand-Alone Modules

Module 1: Climbing the Charts

How product markets develop and evolve

The entertainment world is glitzy, glamorous, and fun. But make no mistake, entertainment is a business – a *big* business. **Climbing the Charts** looks at how the music industry was born: The shift from homemade music to "factory-produced" music, and the evolution of the music market from local to regional to national to international. It also examines how technological change has affected the market for music products, with a side story on intellectual property rights and the controversy over music downloads.

Module 2: "He'll Be Back."

Labor markets

Back in 1940, Warner Brothers released *You Ought to be in Pictures*, a blend of animation and live action, in which Daffy Duck convinces Porky Pig to leave cartoons and try his luck as a leading man . . . er, leading pig. (Daffy, of course, has an ulterior motive.) Studio boss Leon Schlesinger agrees to tear up Porky's contract, but with a nod to the camera, he lets the audience know that Porky will be back. Although it runs for just nine minutes, the cartoon classic deftly captures the essence of how labor markets function, and that's why we use it as the centerpiece for module two, "He'll Be Back."

Module 3: They Might Be Giants

The impact of market consolidation

Media conglomerates are getting bigger every day. **They Might Be Giants** looks at how the trend might affect your entertainment choices and the price you pay for entertainment products.

Module 4: Why Did They Cancel My Favorite Show?

Consumer choice and the marketplace

At one time or another, and in one form or another, every TV viewer has pondered the same question: **Why Did They Cancel My Favorite Show?** Module 4 sets out to find an answer by examining how ratings, demographics, and market forces affect what we see on TV. It begins with a general overview and then focuses on the demise of a critically acclaimed 1980s network TV show, *Frank's Place*. (And if you've never heard of *Frank's Place* . . . well . . . that's why we used the word "demise.")

Module 5: Saturday Night At the Movies

Factors that influence price levels

Mention the movies to grandma or grandpa and you're almost guaranteed to hear:

(1) "When I was a kid, you could see two movies for 50 cents, and popcorn was only a quarter."

and/or

(2) "They don't make good movies anymore."

Saturday Night at the Movies looks at what's happened to the cost of going to the movies and how the product has changed over the years. There's also a side story on the process of bringing a film to the screen, with special emphasis on financing a film project.



Rob Melnychuk/Digital Vision

Module 6: Another Lethal Weapon?

Globalization

Action movie sequels may not be high art, but they make big money in the global marketplace, where dazzling special effects matter more than crisp dialogue. **Another Lethal Weapon?** looks at economic issues related to the worldwide popularity of U.S. entertainment products – movies, music, TV, computer games, and licensed apparel. ■