

Public Investment: A social and global perspective

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(The Conference Board)

SPINTAN
smartpublicintangibles



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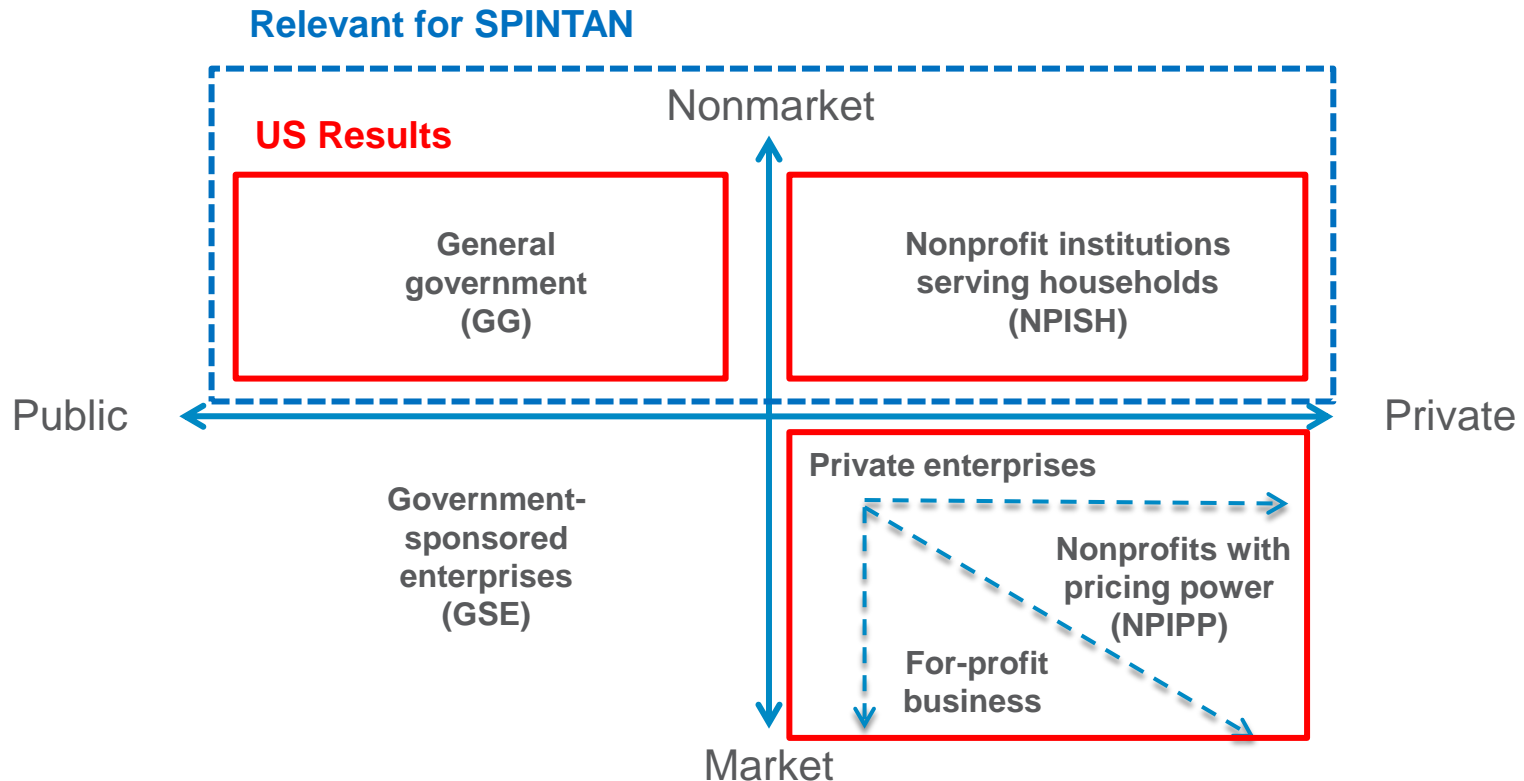
- Repetition: Understanding the Nonmarket sector
- Global View
- Intangible Investment in Brazil, China, and the United States
- Conclusions

- Appendix Slides – United States
 - Distribution of NA and non-NA intangibles
 - Public Intangible Investment in the MS and NMS
 - LP Decomposition, Total Economy, MS, NMS



Defining the Nonmarket Sector

Enterprises according to ownership (private, public) and ability to charge economically significant prices (market, nonmarket)



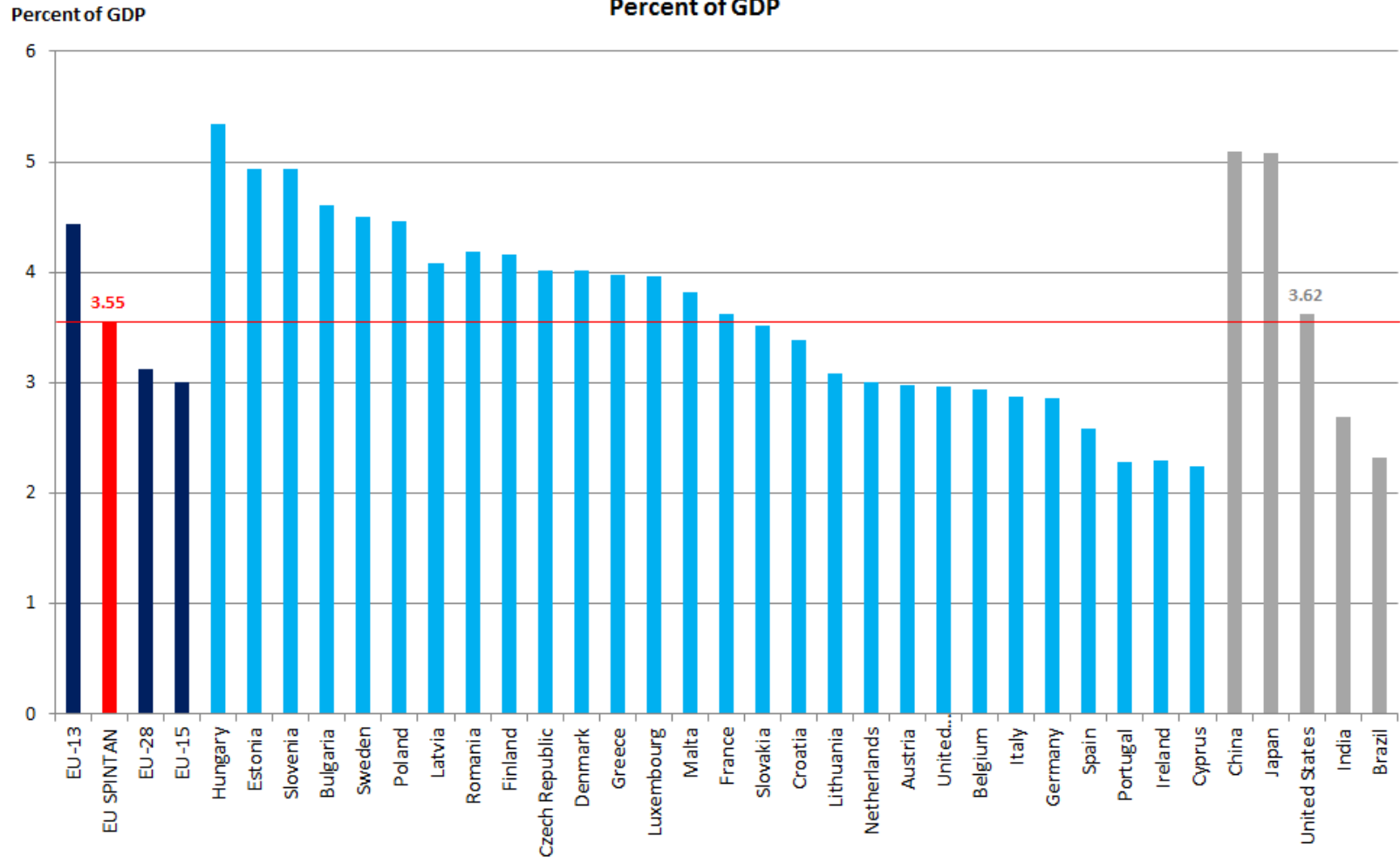
A single industry can reflect a mix of institutions

Brazil, China, and United States



Gov. Investment in US and EU-SPINTAN about the same

Government Investment, EU Aggregates and Selected Countries, 2010-2014



Note: Government expenditures are total general government expenditures. EU-SPINTAN is the average of at, be, bg cz, de, dk, es, fi, fr, gr, hu, ie, it, lu, nl, pl, pt, ro, se, sk, sl, uk.

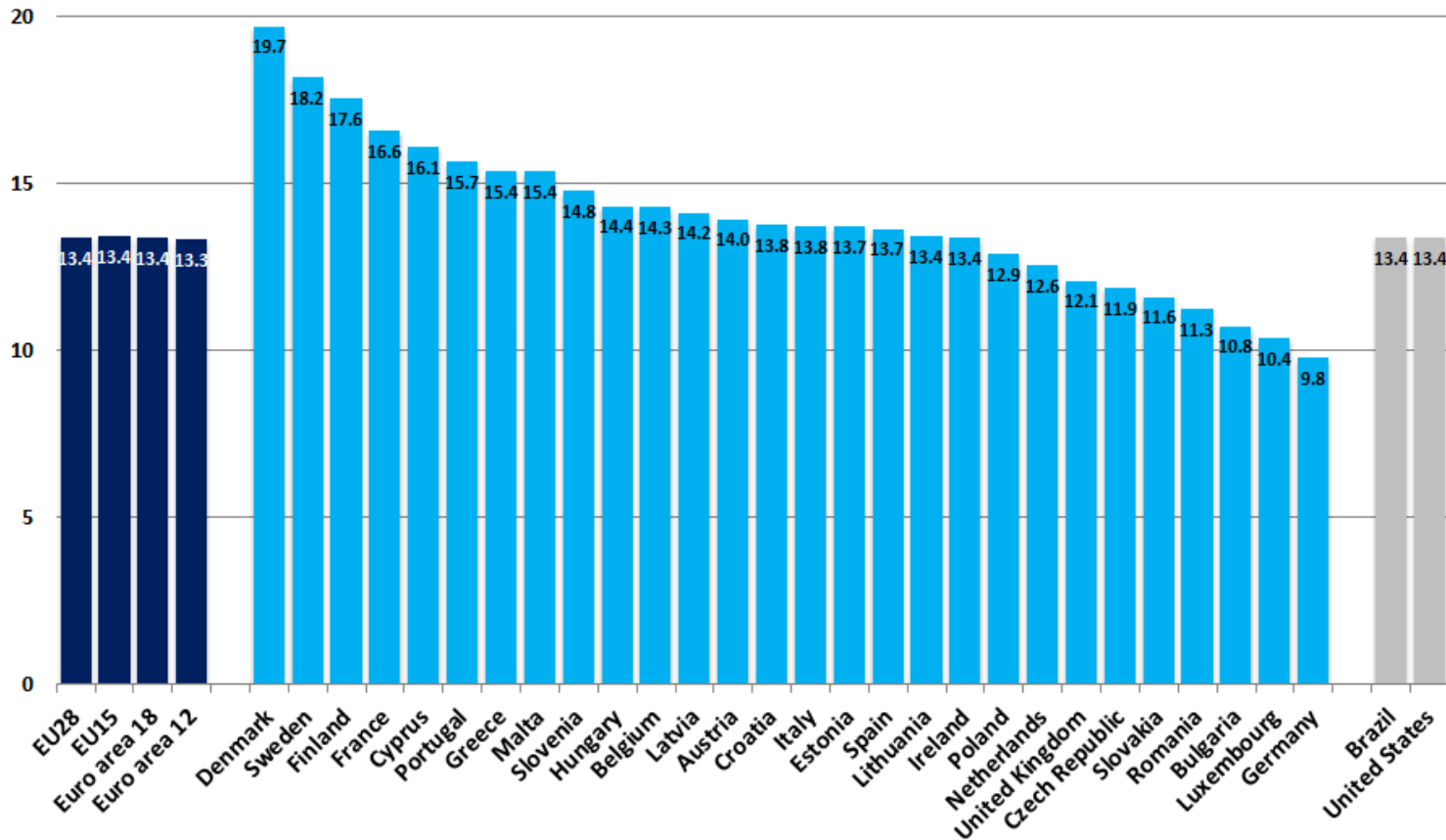
Sources: BEA, Eurostat, IMF, OECD.Stat, AMECO.



Gov. VA-to-GDP is about the same in US, BR, EU-Avg

Government, size in value added terms

Percent of GDP



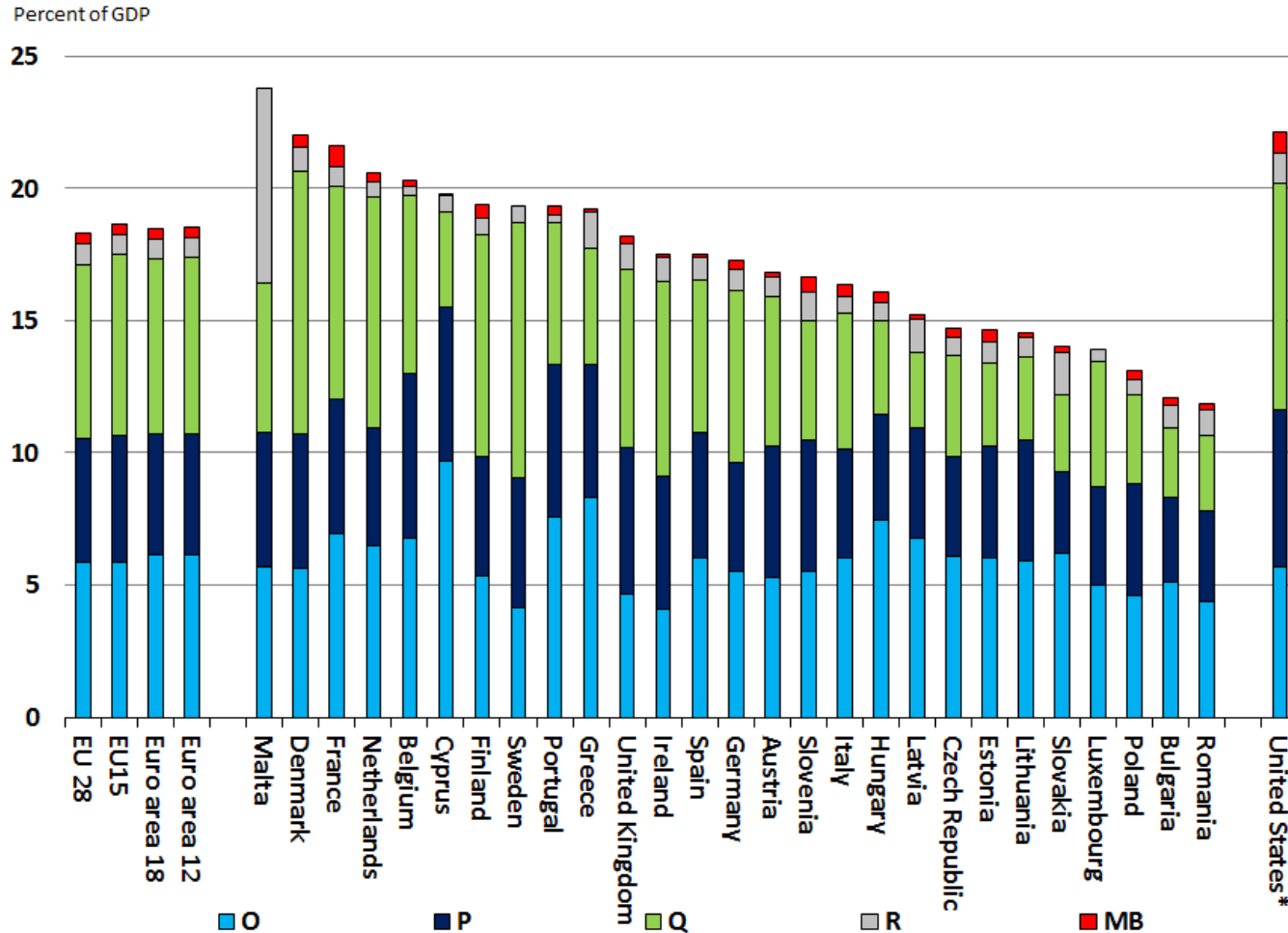
Source: Eurostat, IBGE.

Note: Data are for 2008 to 2013. EU28, Euro area 18, Brazil, Estonia, and Poland are for 2010 to 2013 only. U.S. is on a SNA basis



Fractions of social activities differ globally

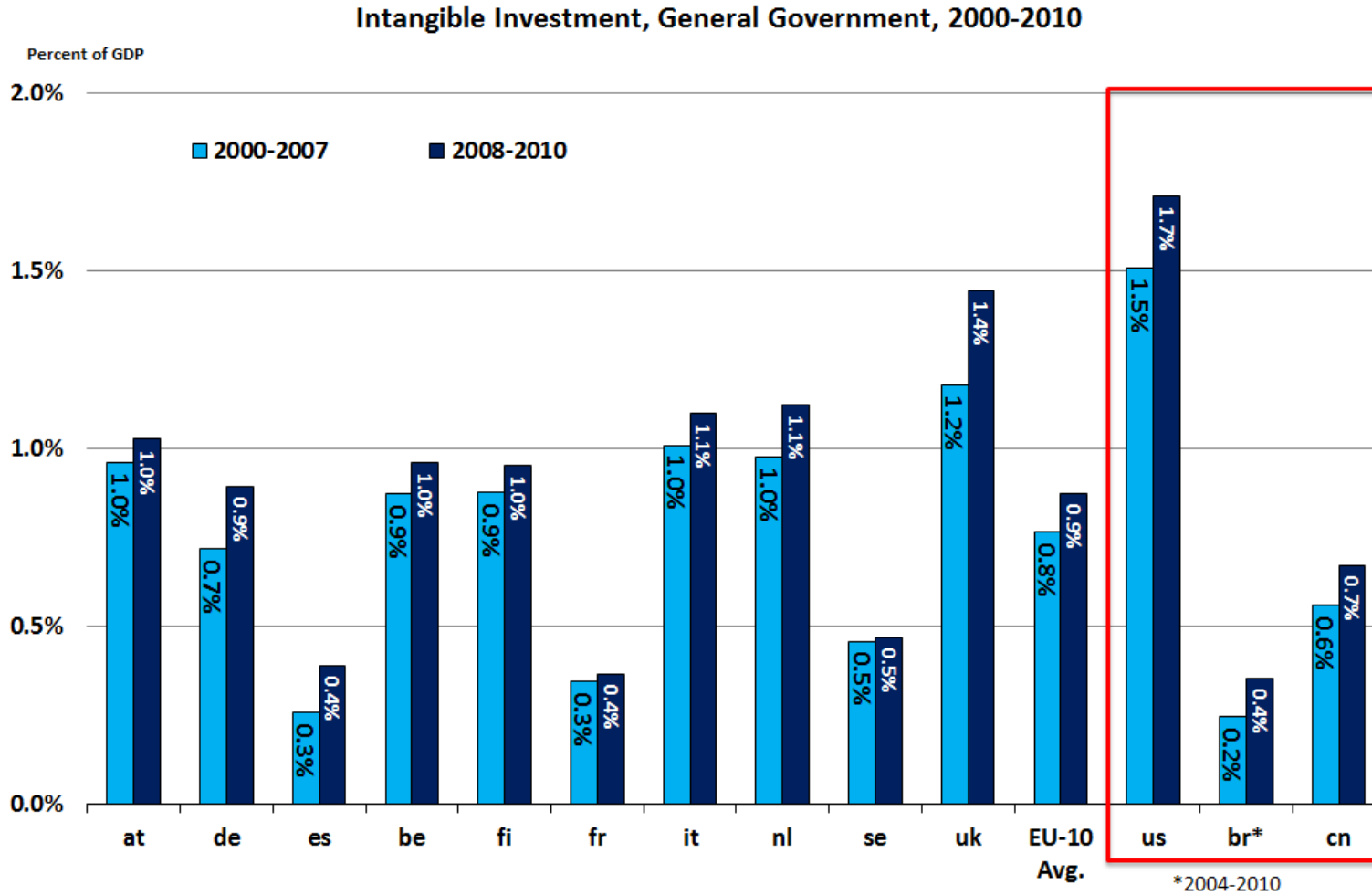
"Nonmarket" industries, size in value added terms



Source: Eurostat

Note: Data are for 2008 to 2012. O=Public administration and defence; compulsory social security; P=Education; Q=Health+Residential care activities and social work activities without accommodation; R=Creative, arts and entertainment activities; libraries, archives, museums and other cultural activities; gambling and betting activities; MB=Scientific research and development.

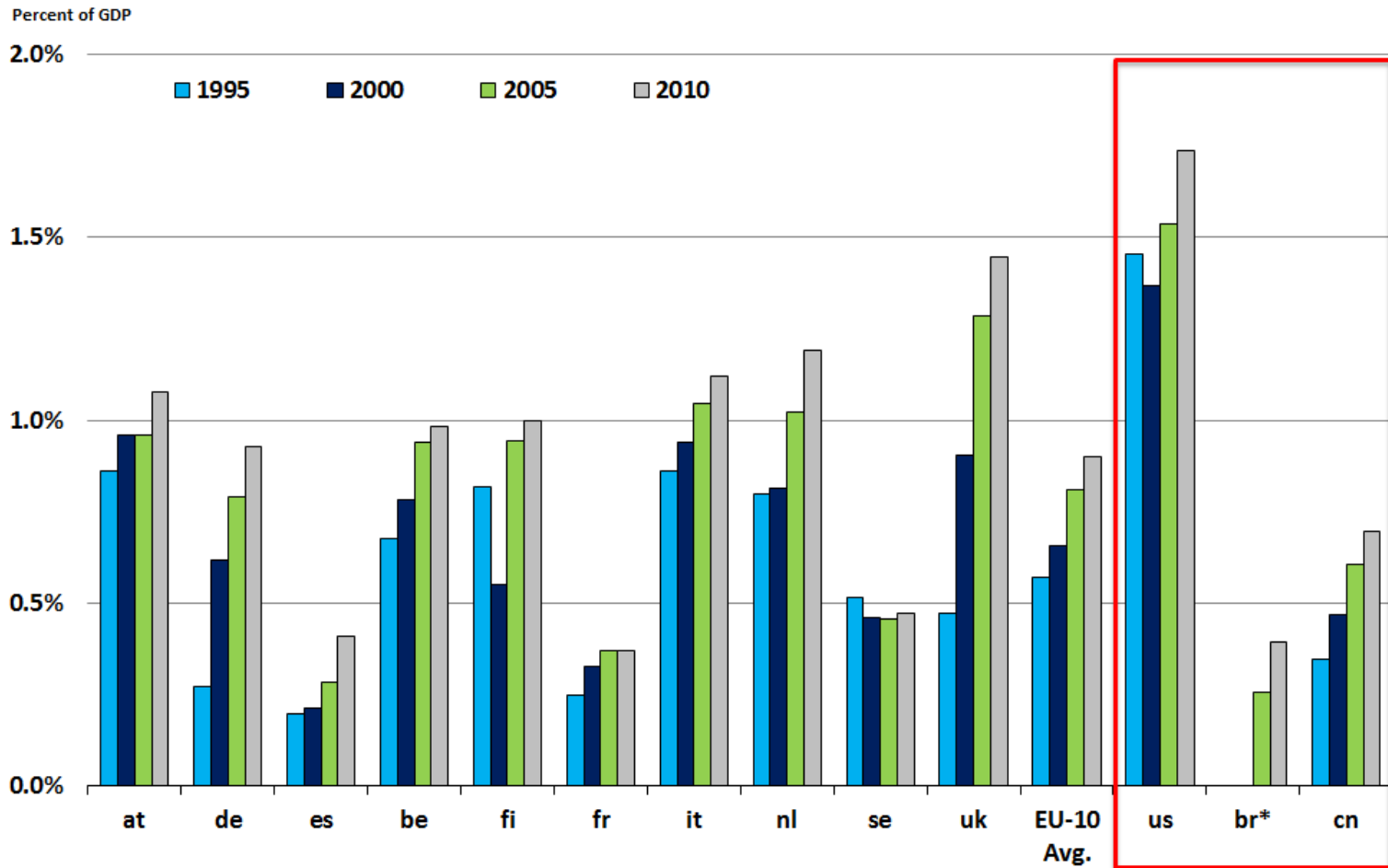
Public intangible investment differs across countries



Note: EU-10= Average of at, de, es, be, fi, fr, it, nl, se, uk

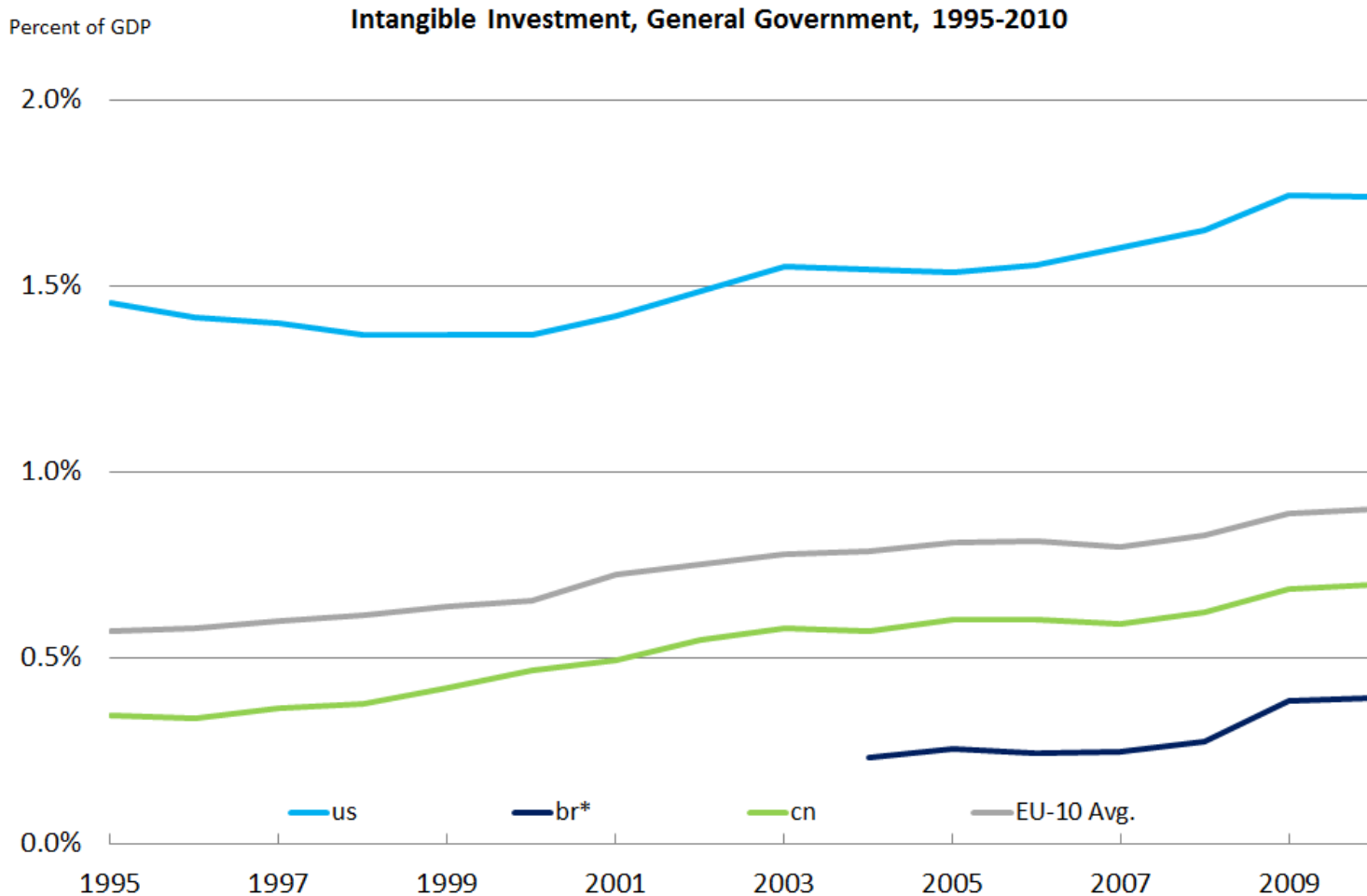
Intangible inv. did not increase rapidly in all countries

Intangible Investment, General Government, 1995-2010



Note: EU-10= Average of at, de, es, be, fi, fr, it, nl, se, uk

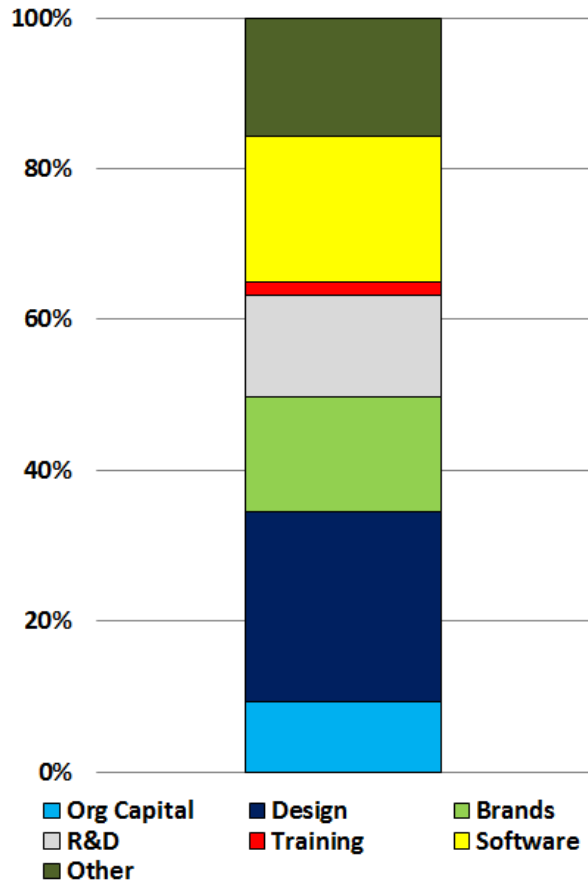
US pub. intangible investment exceeds Europe



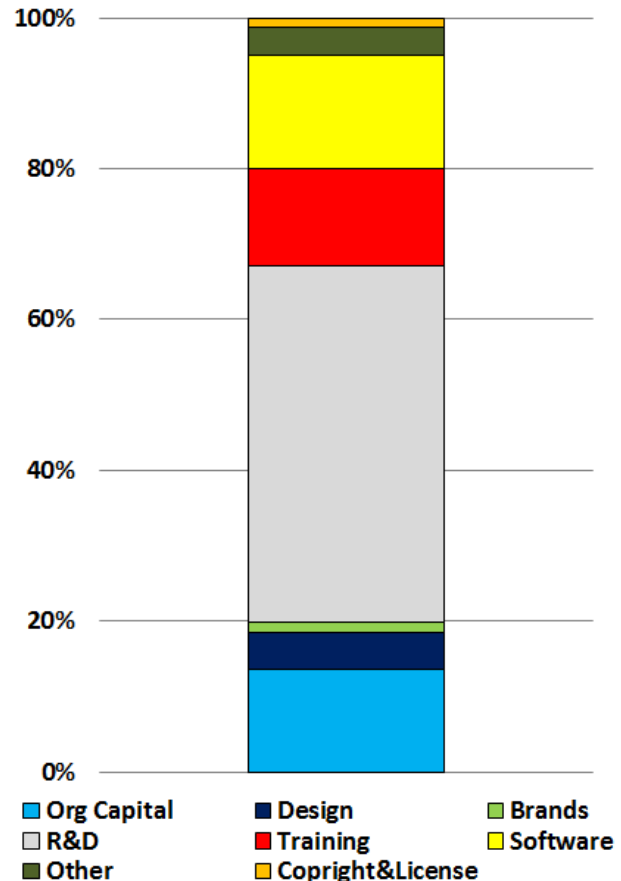
Note: EU-10= Average of at, de, es, be, fi, fr, it, nl, se, uk

Distribution of public intangibles differs in BR and CN

Distribution of intangible investment, Brazil 2004-2011

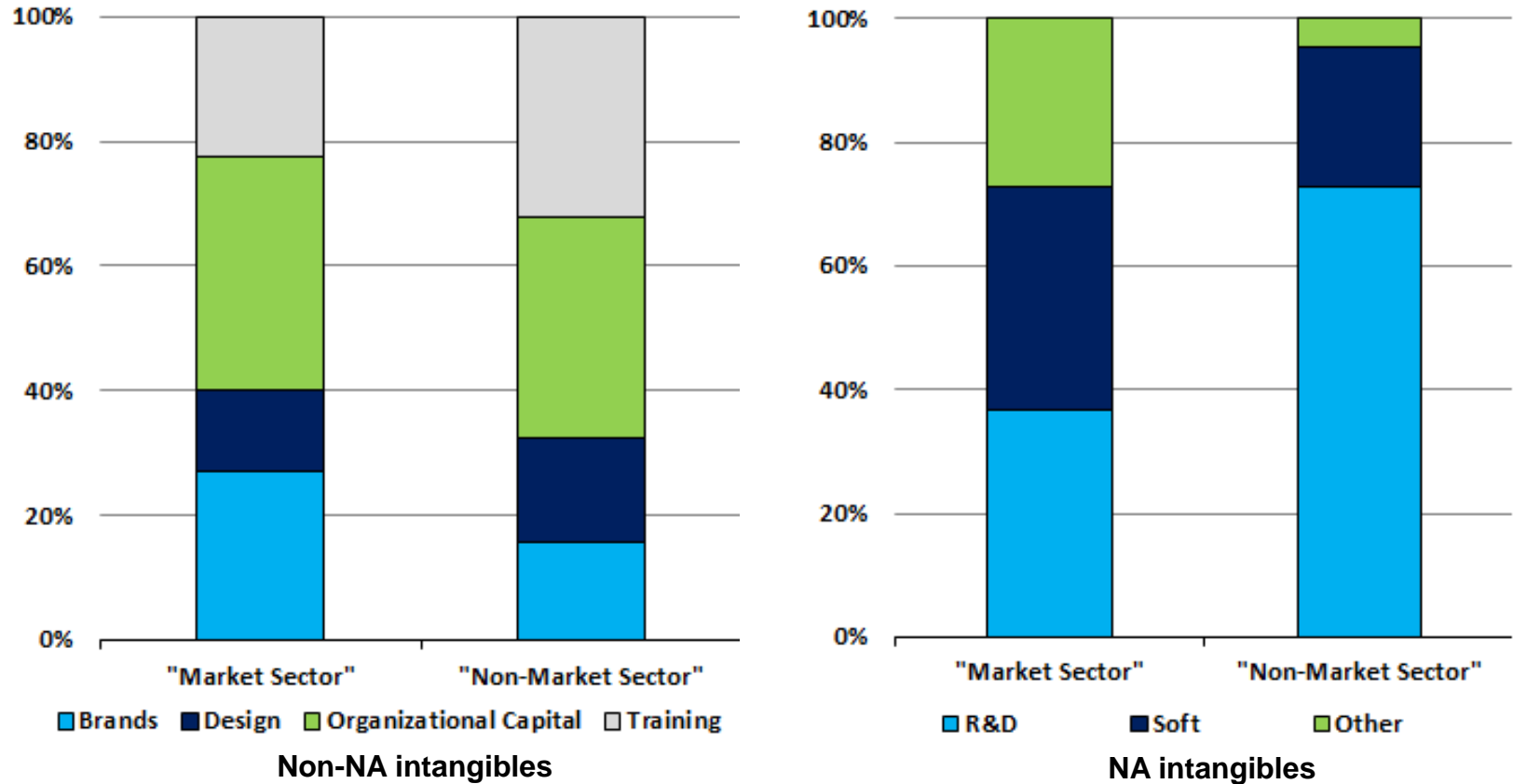


Distribution of intangible investment, China 2004-2011



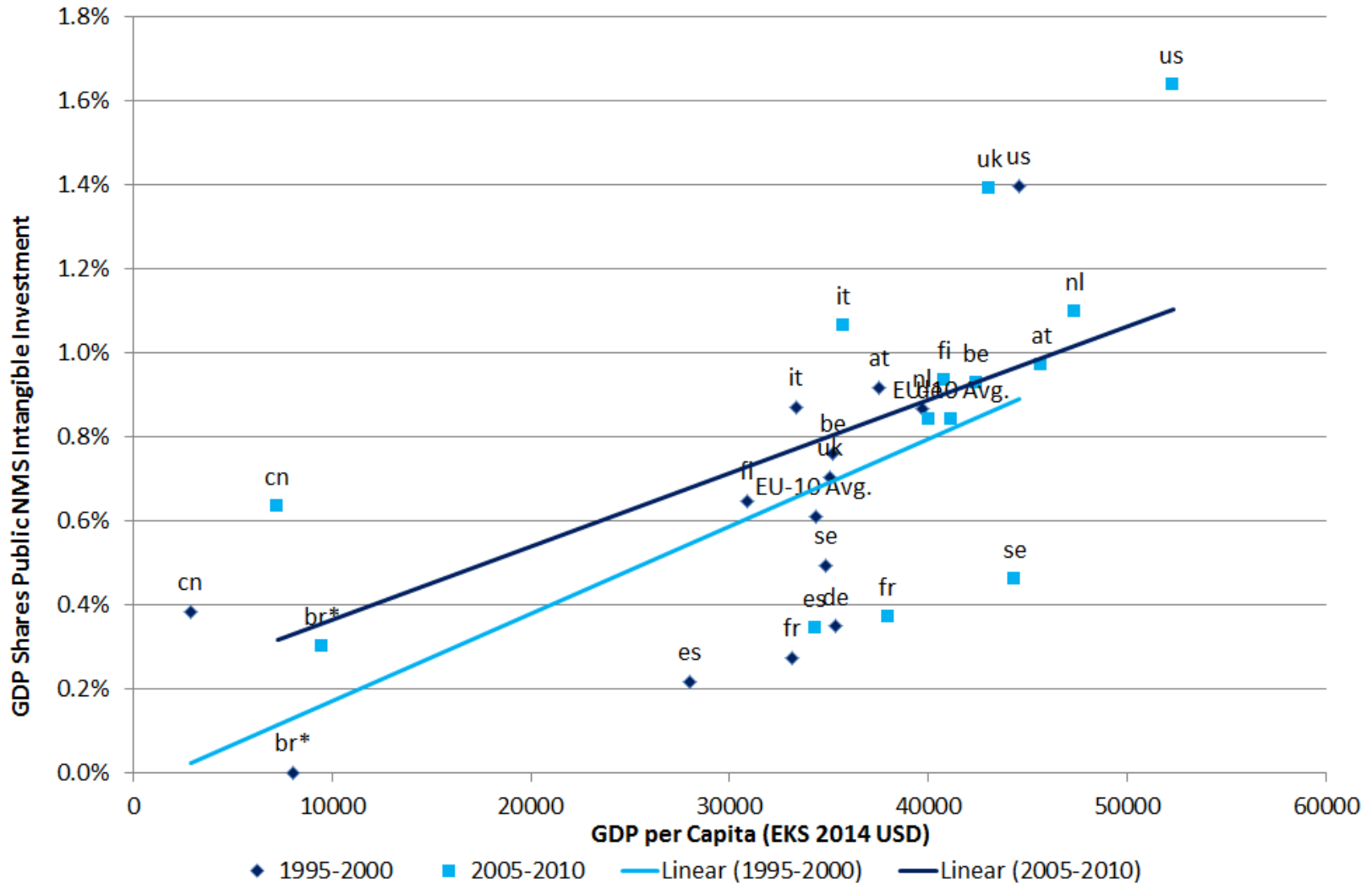
Org. Capital and R&D are main drivers of NMS intangibles

Distribution of Intangible Investment, United States 1995-2011



Note: Other= Entertainment & Artistic originals, Mineral Exploration, New financial product development

Public intangible intensity is positively correlated with the level of econ. development





Conclusions

- Public intangible investment and its composition differs strongly across countries
- Inputs to social activities are intangibles-intensive across the globe
- Intensity rises with correlates of wealth (labor productivity or GDP per capita), and possibly also market capitalization
- Picture in flux until we capitalize investments in education.

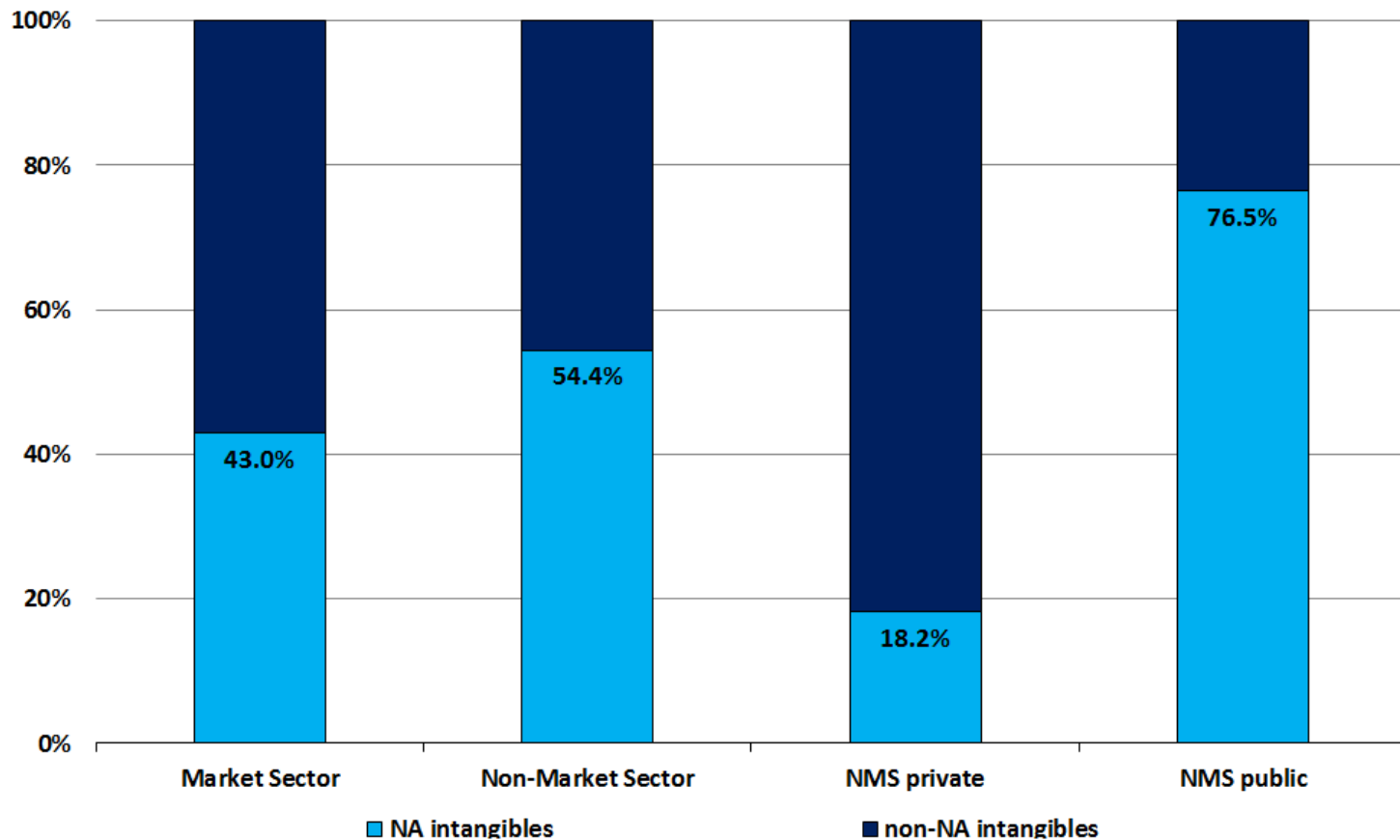


Backup Slides US



Split of intangible investment into NA and non-NA intangibles

Distribution of NA and non-NA intangibles, United States 1995-2011

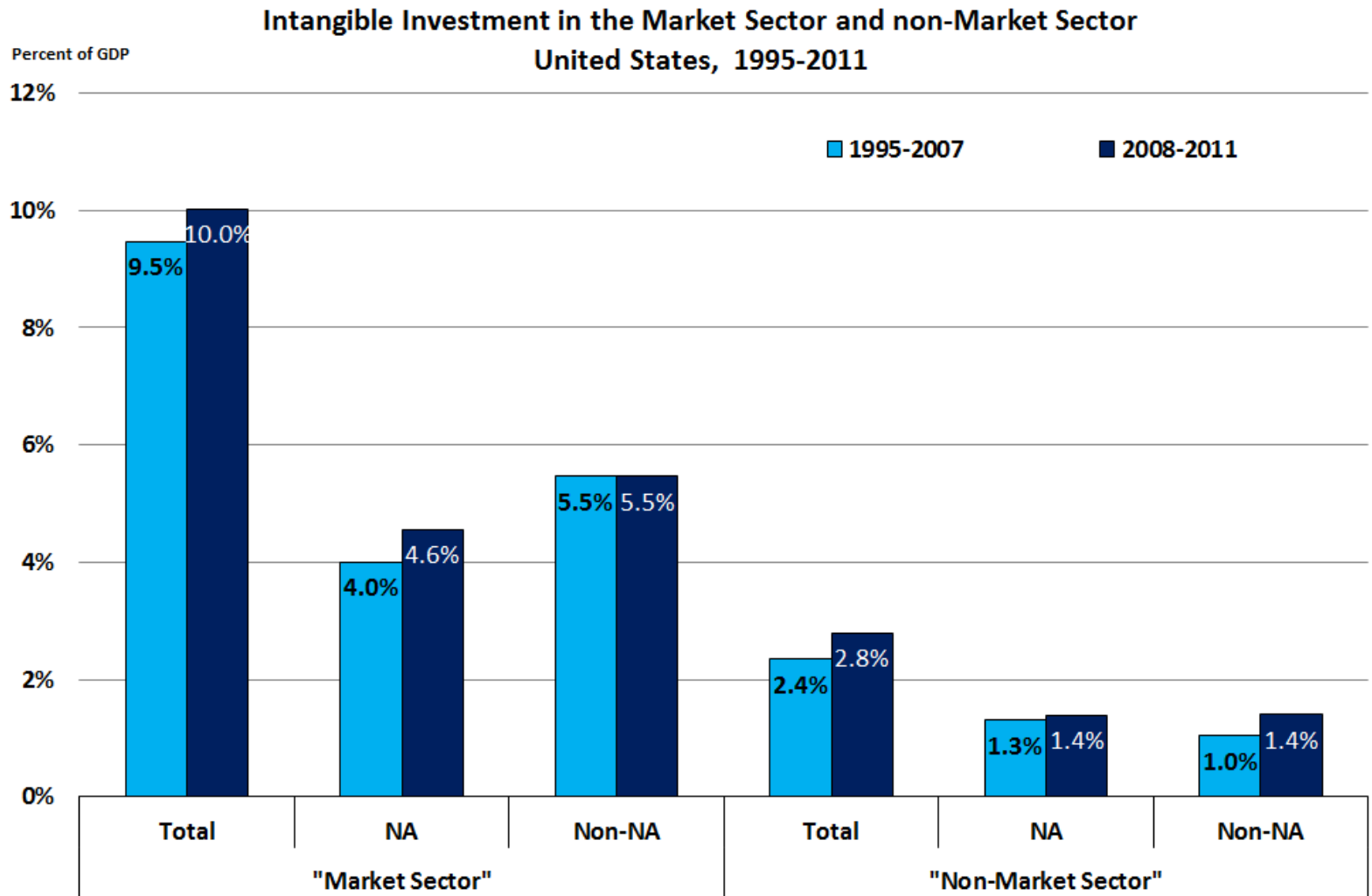


Source: BEA

Note: NA=National Accounts Intangibles: AO, Mineral Exploration, NFPD, R&D, Software

Non-NA=National Accounts Intangibles: Brands, Design, Organizational Capital, Training

Rise in NMS investment was driven by non-NA intangibles



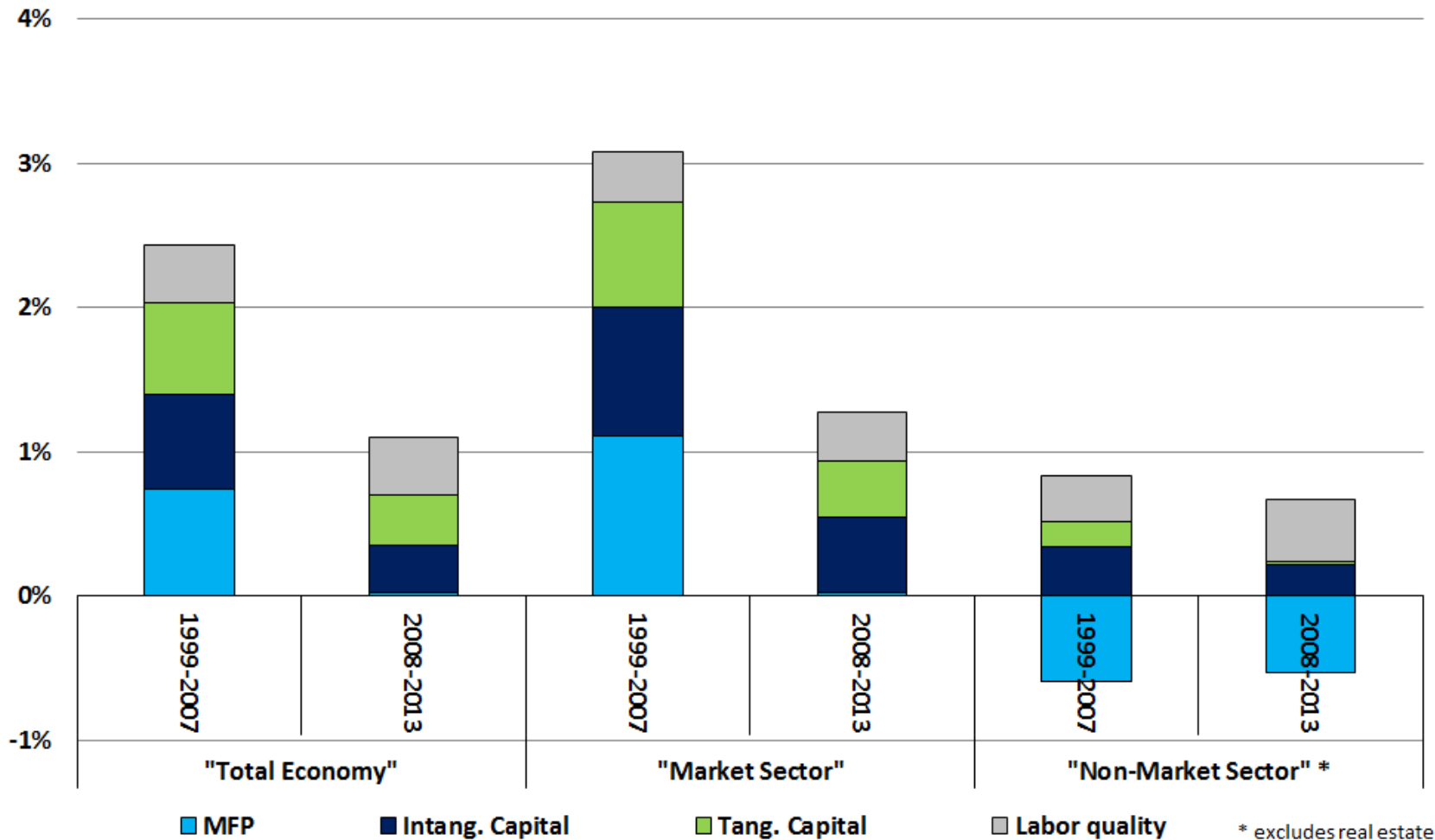
Source: BEA

Note: NA=National Accounts Intangibles: AO, Mineral Exploration, NFPD, R&D, Software

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Contribution of TFP: Positive in MS and negative in NMS

Contributions to Labor Productivity Growth,
United States, 1999-2013

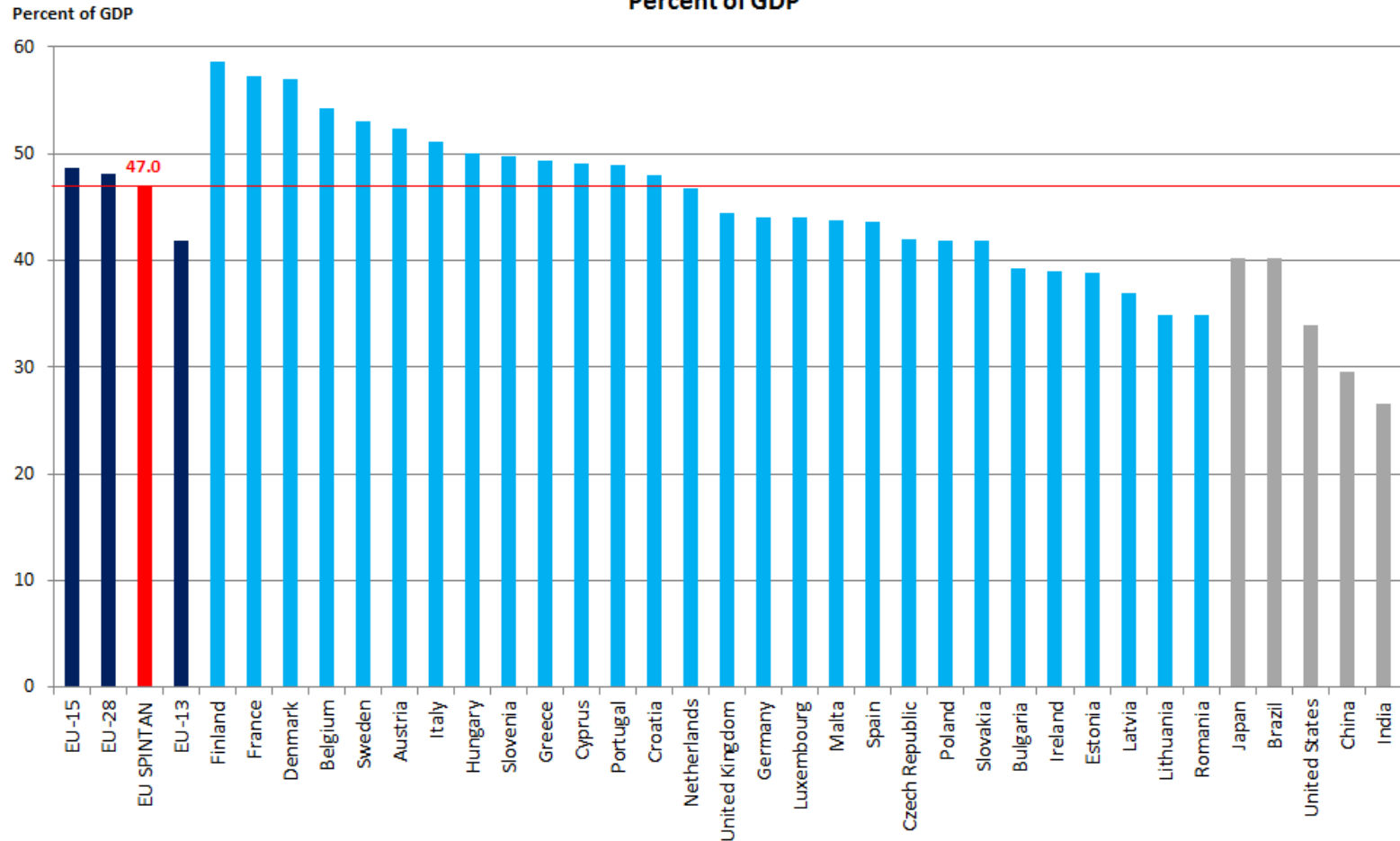


Backup Slides - Global



Gov. Expenditures of non-EU, US, and emerging countries below EU SPINTAN Average

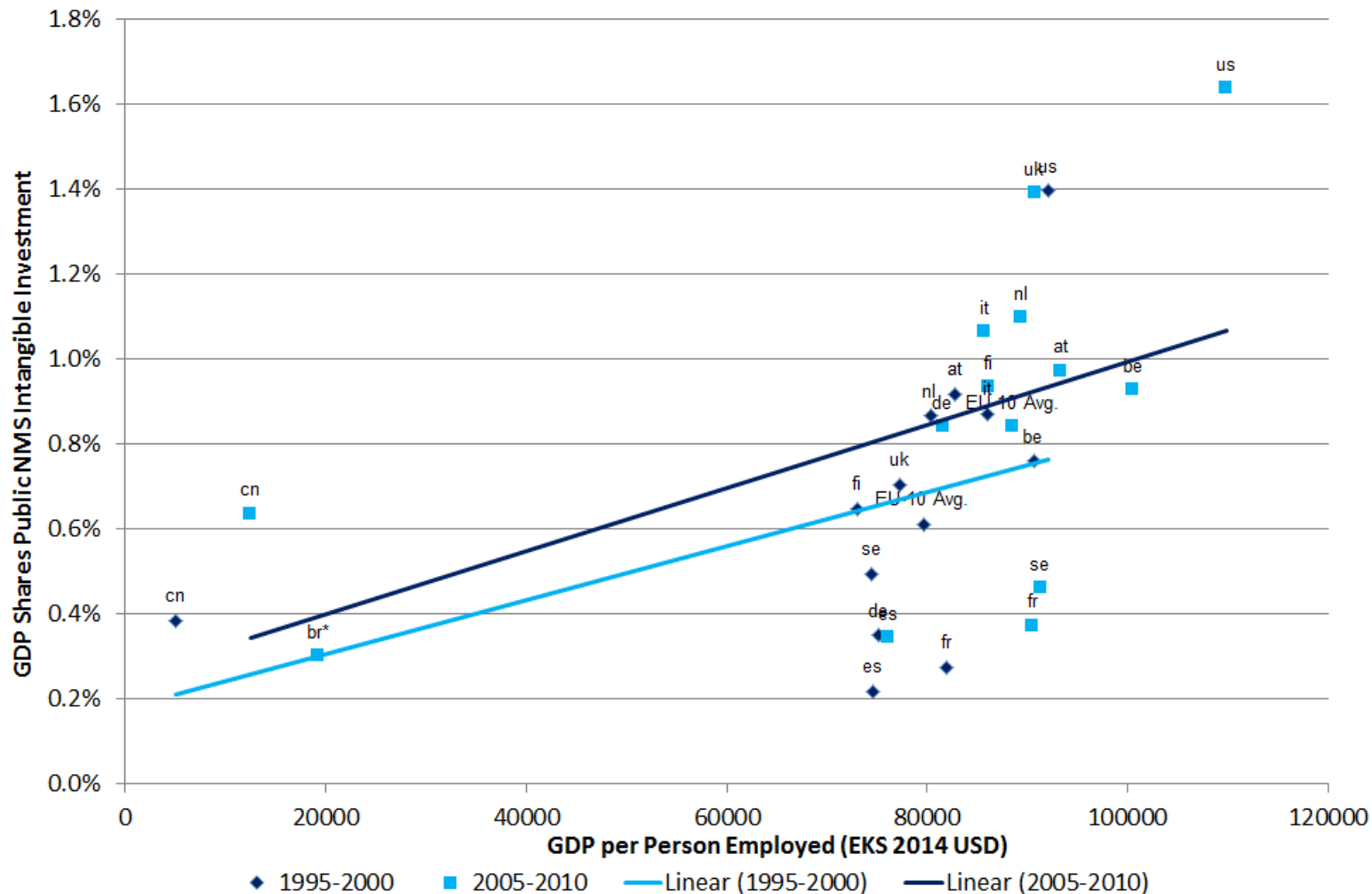
Government Expenditures, EU Aggregates and Selected Countries, 2014
Percent of GDP



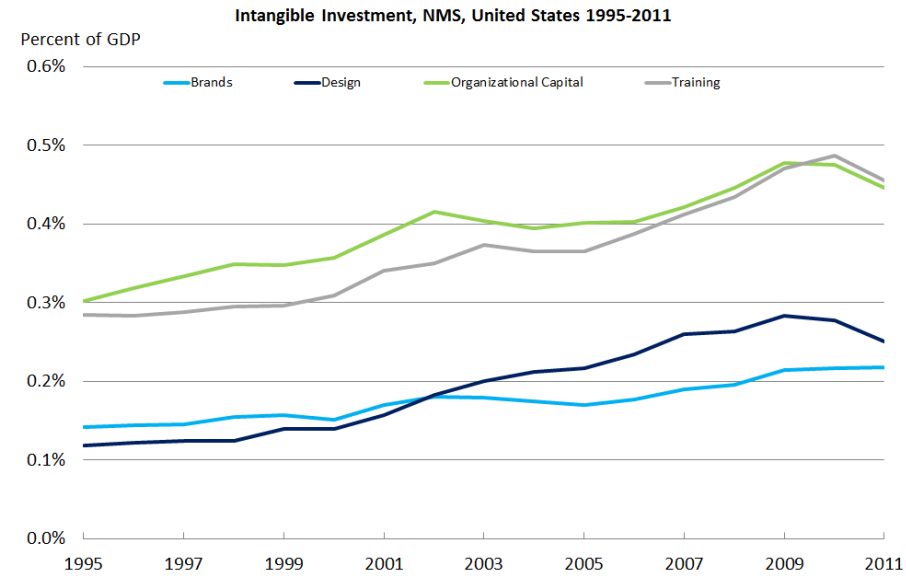
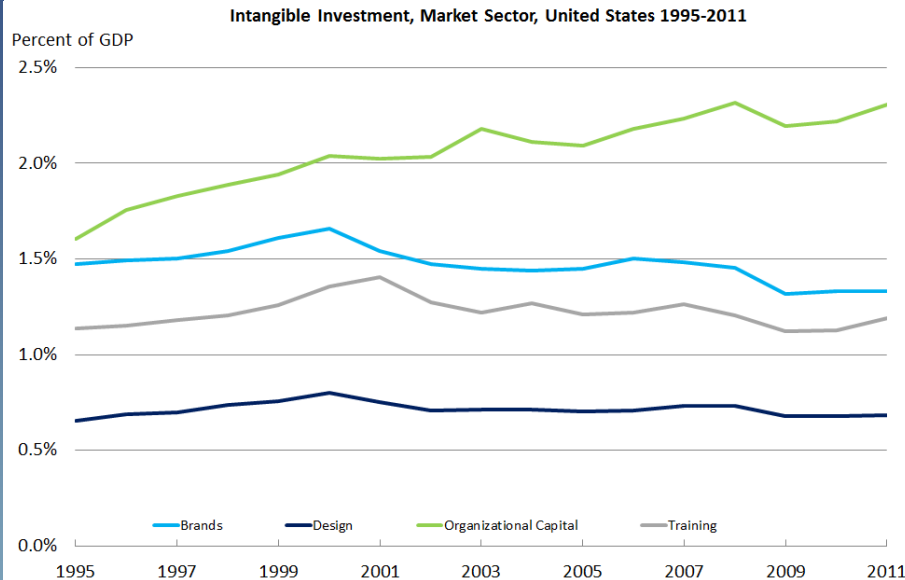
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Sources: BEA, Eurostat, IMF, OECD.Stat.

Public intangible intensity is positively correlated with labor productivity



Distribution non-NA intangibles

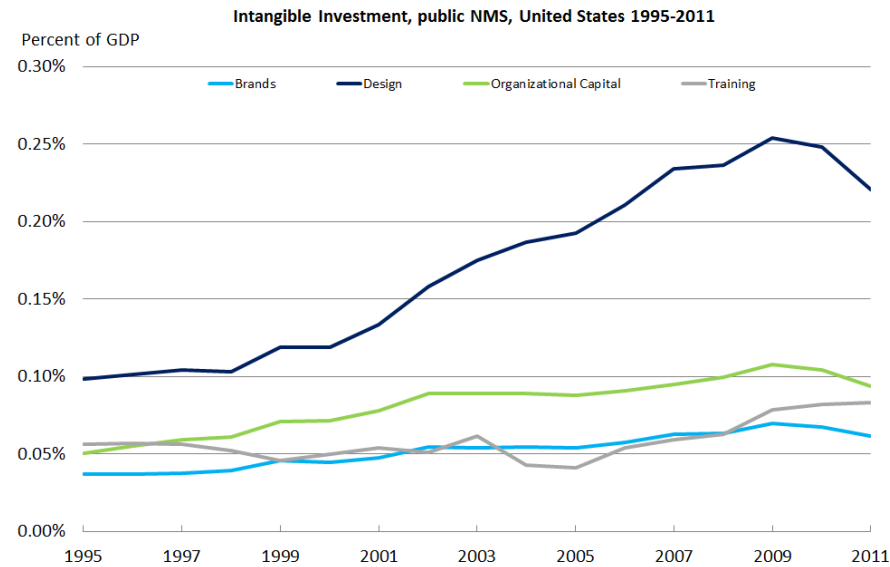
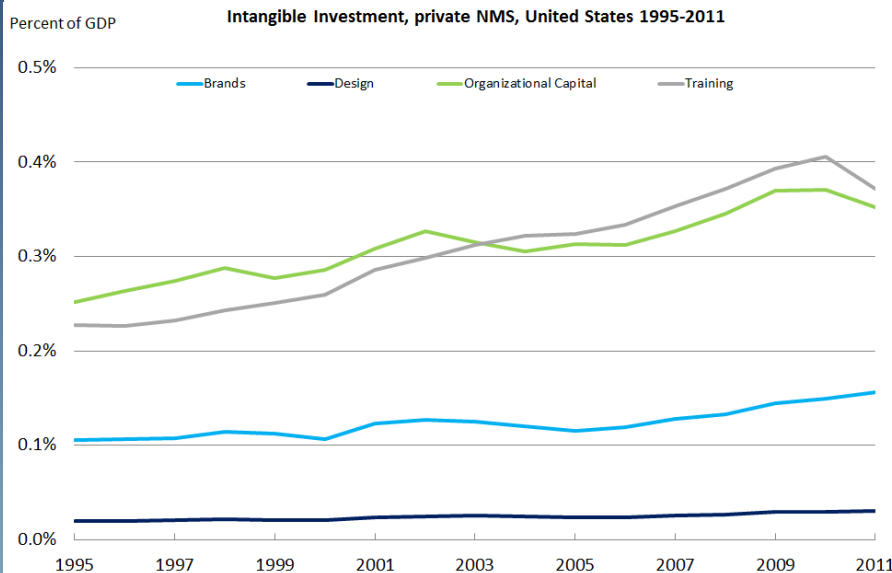


Source: BEA

Note: Non-NA=National Accounts Intangibles: Brands, Design, Organizational Capital, Training



Distribution non-NA intangibles



Source: BEA

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