Martin-Luther-Universität Halle-Wittenberg

Juristische und
Wirtschaftswissenschaftliche Fakultät
Wirtschaftswissenschaftlicher Bereich
Volkswirtschaftslehre, insbesondere
Empirische Makroökonomik
Prof. Dr. Lars Börner

1st February 2022

RESEARCH SEMINAR
ECONOMIC HISTORY, GROWTH AND DEVELOPMENT*

We invite all researchers and students to discuss! The upcoming presentation takes place:

Thursday 10th February 2022

Prof. Dr. Gerben Bakker (London School of Economics)

Valuing Hollywood's Film Libraries: Technology Shocks and Copyright Portfolios in the Motion Picture Industry, 1948 – 2018

Date: 10.02.2022, **Time**: 15:30 (3:30 p.m.)
Place: online (Internet browser: Firefox or Chrome recommended)
Please contact Dr. Albers for link and password.

This paper examines the history of the Hollywood studios' back catalogues of motion pictures. Examining aggregate annual time series as well as a dataset of sales transactions of entire film libraries, it tries to document the value of these intangible assets over time, what determined their value, and how their value changed over time, and how this was affected by technology shocks. Before television, most old films were on the books of a studio for one dollar, after television they suddenly became very valuable. Subsequent technology shocks likewise affected the value of film libraries. Cases in point are stereo television, colour television, cable television, VCRs, pay television, DVDs and streaming. Sales of film libraries are especially important as a source as these sale transactions are a bit like a solar eclipse: a singular moment during which the asset value of back catalogues is briefly revealed (that is, the lower bound to the value that the highest bidder was willing to pay).

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* https://iw.wiwi.uni-halle.de/research_seminar/. In cooperation with Prof. Fertig, Prof. Grieben, and Prof. Kopsidis. Contact: Dr. Albers (hakon.albers@wiwi.uni-halle.de).

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The result is a picture of the long-run evolution of the value of film libraries, which will be put in the perspective of the history of other intangible cultural assets, including both commonalities and differences. This is already an original contribution because we know so little about this in economic history terms. Second, we get insight in to what extent technology shocks and copyright shocks affected the value of film libraries. We get some feel for the order of magnitude, and we can roughly estimate an upper bound to the effect of such shocks between 1948 and 2018.

The research is relevant, first, because it adds to our understanding of the value of cultural assets and how to account for them, second, because it examines how technology shocks can affect these asset values, and third, because it also investigates how institutional-legal changes can affect the assets' value. In addition, cultural assets have become more important for very-long-run investors such as life insurance companies and pension funds, so any very-long-run studies such as this paper that give additional insight into the nature and very long-run value of these assets will be highly relevant for those working in policy and practice.

The paper is structured as follows. Section 1 discusses the general context and literature of intangible cultural assets. Section 2 provides an analytical historical overview of the film libraries of the Hollywood majors. Section 3 analyses the relationship between Hollywood and television and analyses data on the licensing of motion pictures to television since the mid-1950s (i.e. sales, flow). Section 4 then analyses the data on the sale of entire film libraries (i.e. assets, stock). Section 5 examines the effect of technology and copyright shocks. Section 6 makes a brief comparison with other intangible and cultural assets. The final section concludes.