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Finance and Intangibles in American Economic Growth: Eating the Family Cow

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Abstract

The American economy changed rapidly since the World Wars as producers expanded new products and services in communication, computers and transportation. We kept track of this transformation through the National Income and Product Accounts (NIPA), a set of statistical constructs designed before these changes started. The national accounts stretched to accommodate these new and growing activities, but efforts to fit them into our measurement of national product and of economic growth have not yet borne fruit. I argue in this paper that our current economic data fail to describe accurately the path of growth in our new economy. They fail to reveal that the United States is consuming its capital stock now and will suffer later, rather like killing the family cow to have a steak dinner.

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Additional information

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