Four main points

1. Frame the debate in macroeconomic terms
   • Implications for GDP – “true” trajectory of investment incl. impact budget/fiscal issues (a la Landefeld)
     • Requires timely understanding of the current economy
     • Updating estimates of KBC relies on researchers
   • Implications for understanding structural productivity trends (rate than can be maintained over a cycle, between equal points of labor utilization)
     • Labor utilization a major concern
Labor utilization, not productivity, dragging down US living standards

Note. Multifactor productivity is for total economy and does not include intangibles.
Four main points

2. Key comparative results suggest importance of **institutions** as well as thinking about **infrastructure** that promotes diffusion

- intangibles intensity associated with higher levels of development and ease of doing business
- spillovers from KBC deepening to TFP growth (aka diffusion)
- KBC-ICT complementarity

  - What does big data need? (broadband, supercomputing)
  - What do bio-systems need? (avoid over regulation)
Four main points

3. Modeling challenges remain
   • Internationalization of intangibles
     • MNCs and technology transfers are not appropriately modeled, much less measured, using current approaches
   • Prices for intangibles – policy implications cannot be ignored
4. Measurement dilemmas

- “The statistical system is not ready”
  - Innovation account can be created (Hulten and I have a recent paper that sketches this out)
- “Measuring brand equity is not a priority”
  - Think: marketing, not advertising, and remember the Nestle presentation (BE was 21% of intangibles!)
- Alfred Marshall pondered impact of advertising on prices.
  - Empirical literature has not been dispositive . . .
  - Taking advantage of a “natural experiment” (simultaneous increase and decrease in advertising tax across regions in Austria), a recent study (Rauch 2011) found that advertising lowered consumer prices, on average.
Thank you.

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