

Macro Roundup Article

Headline: [Capital Is Making a Comeback](#)

Article Link: <https://www.wsj.com/articles/capital-is-making-a-comeback-intangible-tangible-climate-change-technology-demographic-automation-productivity-5f5bab66>

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Tweet: Btw 1985-2021 the capital intensity of the American economy was relatively flat as a rise in intangible investment was offset by a decline in tangible investment. @stevebogden makes the case that this dynamic is about to end.

Summary: The U.S. economy is about to become more capital-intensive. Demand for intangible investment will continue to grow to meet the needs of a tech-driven economy. Artificial intelligence will likely enable much cheaper software to diffuse faster throughout the economy. But for the first time in decades, demand for investment in tangible capital will have to rise to meet emerging economic challenges. From 1985 to 2021, tangible investment—including property, factories and equipment—decreased from 12.5% to 8.5% of private gross domestic product. That decrease was more than compensated for by growth in intangible investment—including intellectual property, software and process knowledge—which rose from about 11.5% to 16.75% to meet the demands of an increasingly digital economy. Overall, the rate of total private capital investment from 1985 to 2021 grew only 1%.

Primary Topic: Business Cycle

Topics: Business Cycle, Factoid, GDP, Op-Ed/Blog Post, Theory

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