

Grasping Reality with Both Hands

The weblog
of Brad DeLong. Since 1999.
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Quiggin: Intangibles = Monopoly—Noted

We kinda-sorta understood the economies of the past: the agrarian-age economy based on agriculture in handicrafts, the succeeding commercial-age economy to which was added commerce, the industrial-revolution economy based more on manufacturing and non-animal power sources, and then modern economic growth based on mass production and engineering communities. But now we have a problem. Our problem now is that, increasingly, our computer age information and attention economy works differently. And we do not understand it terribly well:

John Quiggin: *Intangibles = Monopoly* <https://crookedtimber.org/2020/08/11/intangibles-monopoly/>: ‘The fact that the most profitable companies, particularly tech companies, don’t have all that much in the way of capital assets compared to their market value. What they have is monopoly power, which has been increasing steadily over time...

...“intangibles”.... The crucial point about intangibles isn’t that they aren’t physical, it’s that they can’t be reproduced by anyone else.... There’s a complicated relationship here between the rise of monopoly and the development of the information economy in which the top tech firms operate. Information is the ultimate ‘non-rival’ good. Once generated by one person it can be shared with anyone else without diminishing in value. As the cost of communication has fallen, it’s become possible for everyone in the world to gain access to new information at essentially zero cost. What this means is that there is very little relationship between the value of information and the ability of corporations to capture value from it....

Traditional ideas about capital and investment are largely irrelevant in the information economy...

.#economics #informationeconomy #monopoly #noted #2020-08-14

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