What’s New in Commercial Knowledge for Economists?

1. GDP is a tabulation. It offers no growth mechanism . Our knowledge does.

2. Competition between firms is obvious. But we find that competition between their products is the vital factor. It changes everything in the analysis of growth.

3. Growth always originates from ideas – the ultimate intangible - risk-fully sieved from many candidates.

4. Innovation that results from 3. is defined and enumerated by a very simple ratio p / c

5. p (what economists call ‘quality’) is connected to price using the very simple law p = P Q (that does not resort to hedonic attributes) where PQ is a specific area under the demand curve. Because p enumerates ‘value’ over ‘price’ it provides a segue to ‘Going Beyond GDP’.

6. GDP arises from four fundamental factors - p, c, Q and iDe – that are connected by simple algebra arranged around a parallelogram.

7. Expense - not capital - drives innovation into growth. Intangible capital is a resource, not a driver, while labor impacts growth through two distinct skillsets.

8. Creative destruction is initiated between p/c and Q in a market

9. All of which delivers a true productivity (there is no ‘residual’) = GDP(t) / iDe(t – δ).