Labor Share Decline and Intellectual Property Products Capital*

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Abstract

We study the behavior of the US labor share over the past 65 years. We find that intellectual property products (IPP) capital accounts entirely for the observed decline of the US labor share, which is otherwise secularly constant for traditional capital (i.e., structures and equipment). The decline of the labor share reflects the fact that the US is undergoing a transition to a more IPP capital-intensive economy. This result has essential implications for the US macroeconomic model.

Keywords: Labor Share, Intellectual Property Products, Capital, 1999- and 2013-BEA Revisions JEL Classification: E01, E22, E25

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