

## APPENDIX CC

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## Question and Answer Review

	<b>Extant theory</b>	<b>CDR Theory</b>
What is economics?	Economics is the study of the production and distribution of goods and services.	The typical course in economics begins with the assumption that there exists a demand for goods and services. It is also assumed that a capital stock of facilities that produce final goods and services just exist somehow, do not have to be created, and that economics are concerned with wealth distribution from these facilities to the exiting demand. In reality, all such capital must have been previously created. Its only source must be human capital ideas of imagination and creativity, otherwise known as entrepreneurship. Steve Jobs said entrepreneurship, where it succeeds, creates its own demand in the minds of people who do not know what they want until it is shown to them. Henry Ford is alleged to have said that if I had asked people what they wanted; they would have said faster horses. A new CDR growth model that accounts for entrepreneurial capital and capital stock, and combines them with democracy and rule of law, should be the first point in a beginning university course in economics.
<b>Question number 1</b>	<b>Extant theory</b>	<b>CDR Theory</b>
What is CDR?	CDR is a statistical model proposed to estimate GDP. It ignores the Solow growth model and Cobb Douglas production function. Therefore, it lacks economic validity.	The CDR model is an estimator of real per capita gross domestic product adjusted for purchasing power parity $G=f(C,D,R)$ . Here, Capitalist is a person who deploys his personal capital so as to maximize his own benefit. That is, all rational people. Capitalism is a method of organizing capital. It is measured by total market capitalization $C$ and includes entrepreneurial human capital plus capital stock less depreciation and obsolescence. Market capitalization is the value of outstanding shares of stock sold on the capital markets. Democracy is a measure of participatory governance and management. Rule of law, the reverse of corruption, is a measure of the enforcement of property rights where property is a legal expression of an economically meaningful consensus by people about assets, how they should be held, used and exchanged. The CDR model is the first to show that standard of living is dependent on $C$ , $D$ and $R$ , and is independent of natural resources, government spending, country size, location, culture, and physical characteristics of the population. It forms an economic theory of entrepreneurship and indicates that all countries can enjoy a high standard of living.