Policy Analysis in the Post-Great-Recession Era

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• Will draw on:

Federal Reserve Bank of Dallas Working Paper 1301 (with Carlos Zarazaga)

*BIS Papers* No. 74, December 2013, pp. 11-18

*Public Choice*, 1983, pp. 229-235
Real GDP per capita

Source: Penn World Table 8.0 (base year = 2005)
U.S. Log real GDP per capita, 1947–2013

Source: Bureau of Economic Analysis, base year = 2005
PRIVATE GROSS DOMESTIC INVESTMENT
Data and Model Predictions
Effects of Fully Anticipated Switch to Higher Capital Income Tax Regime
(detrended variables)

Long-run trend implied by 1977-2007 average capital income tax rate

Data

Predicted trajectory with anticipated switch to a higher capital income tax regime in 2013
ARGENTINA
Capital stock per working age person (log scale)

Projected path if capital per working age person had grown at normal rate (same as annual productivity growth of 1%)

Actual path

October 1983: interest payment on sovereign debt missed. Talks of "debt restructuring" begin.