



Leibniz-Institut für
Wirtschaftsforschung Halle

IWH Research Seminar in Economics

Montag, 4. Dezember 2017, 14:15–15:45 Uhr, Konferenzsaal im Erdgeschoss



Capital Misallocation and Secular Stagnation

Professor Andrea Caggese, Pompeu Fabra University

(zusammen mit Ander Pérez-Orive, Federal Reserve Board)

The widespread emergence of intangible technologies in recent decades may have significantly hurt output growth-even when these technologies replaced considerably less productive tangible technologies-because of low interest rates. After a shift toward intangible capital in production, the corporate sector becomes a net saver because intangible capital has a low collateral value. Firms' ability to purchase intangible capital is impaired by low interest rates because low rates slow down the accumulation of savings and increase the price of capital, worsening capital misallocation. Our model simulations reproduce key trends in the U.S. in the period from 1980 to 2015.

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