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DOES THE SECULAR STAGNATION HYPOTHESIS MATCH WITH DATA? EVIDENCE FROM USA

Abstract:

The paper adds to the debate around Secular Stagnation in four ways. First, considering US historical data since 1870, the use of the term "Secular Stagnation" in the literature is misleading, since it should concern more long runs. Second, the slow growth in real per capita GDP experienced in more recent times represents a return back to normal, that is what US experienced before 1950. Third, we can speak about Secular Stagnation in terms of labour and multifactor productivity growth: their decline since the 1970s is not comparable to any previous period. In this sense, our findings provide views a' la Gordon (2015) and Hein (2016) with some support, but less to Summers (2014) negative natural rate hypothesis, which suffers from some theoretical inconsistencies. Fourth, despite the several approaches often implemented, we trace out a complementarity or even convergence in policy implications.

Keywords:

Secular Stagnation, Negative interest rates, GDP and Productivity slowdown in growth.

JEL Classification: E20, O40, O11