

SEMINARIO DE ECONOMÍA

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Título:

“On the effects of private capital falling into the public domain”

Ponente:

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Lugar e hora:

Aula-Seminario 6

12:00 h

**Cambio
de hora**

Organiza:

RGEA
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On the effects of private capital falling into the public domain

The fact that some private capital eventually slides into the public domain (e.g. taxes on household savings and income channelled to fund public infrastructures, or R+D investments as patents expire) inefficiently distorts downwards the capital accumulation. This is established for both infinitely-lived agents and overlapping generations setups. I provide next a tax and transfers balanced policy able to decentralize the planner's steady state without resorting to the (impracticable) extension of property rights otherwise needed to address the problem. It consists of (i) subsidizing the rental rate of capital by an amount equal to the depreciation/obsolescence rate of the capital sliding into the public domain, and (ii) taxing households debt issued against future dividends.