

10.3 Social Discount Rate 3

Sunday, November 8, 2020

7:31 PM

- Optimal growth approach to the social discount rate
- Current VS future individuals
 - Future individuals richer (econ growth)
 - More productive later if invest today (econ growth)
 - Impatience

Golden Rule \rightarrow veil of ignorance

g = real econ growth rate

$\approx 2\%$

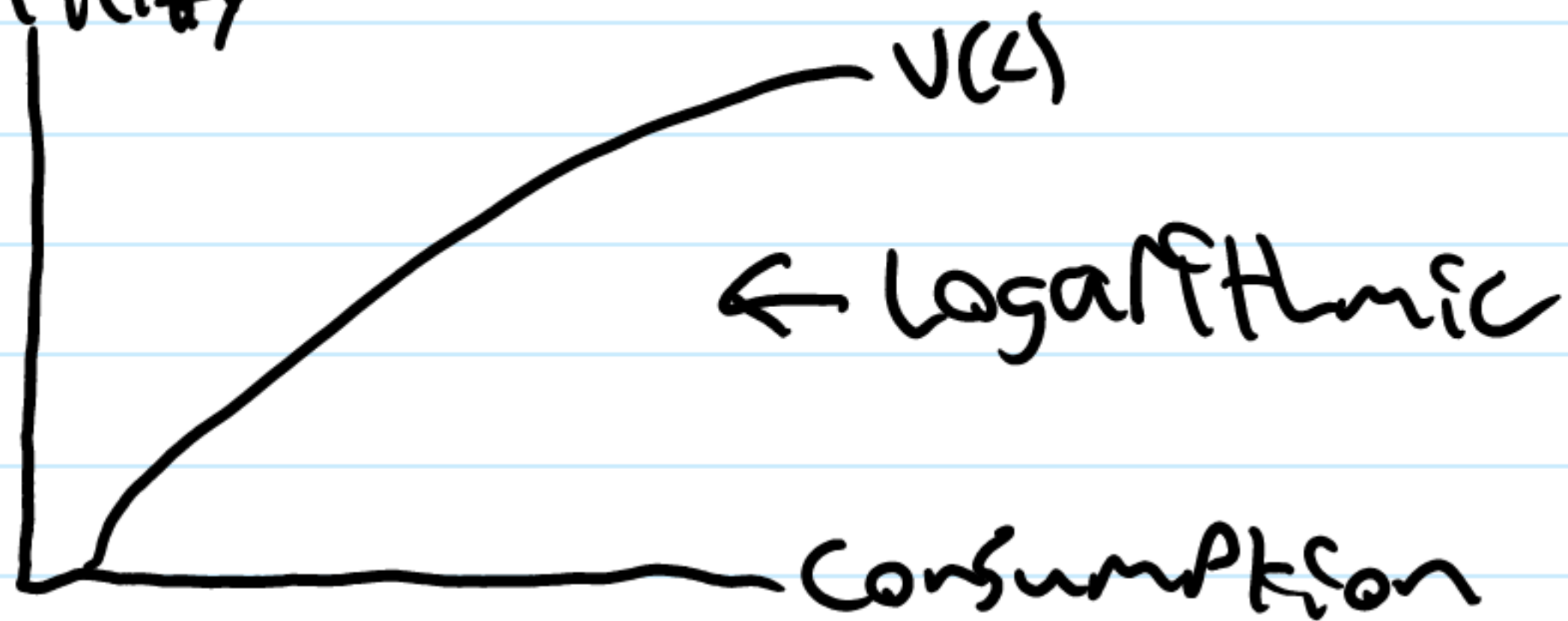
d = Pure rate of time preference

$\approx 1\%$

e = relative marginal utility of consumption

$\approx 1.5\%$

utility



$$r = d + ge \approx 3.5\%$$