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Recent Evidence on Budget Deficits and National Savings

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This paper examines the recent United States experience with sustained budget deficits and concludes that the events of the last five years cast significant doubt on the proposition that the timing of taxes does not affect national savings. Rather than raising private saving, the recent deficits have if anything coincided with reduced saving and increased consumption. These findings suggest that realistic analysis of fiscal policies must recognize that consumers are liquidity constrained and/or myopic.

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"Finite Lifetimes and the Effects of Budget Deficits on National Saving." From Journal of Monetary Economics, Vol. 20, No. 2, pp. 369-391,(September 1987).

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SlidesBackground materials on mediationImai, Kosuke, Dustin Tingley, and Teppei Yamamoto. (2013). "Experimental Designs..."



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Panel on The Future of the Global Economy
Oleg Itskhoki, Harvard University and NBER
Paul Krugman, City University of New York and NBER
Linda Tesar, University of Michigan and NBER
July 8, 2025

The image is a promotional graphic for a panel discussion. It features a blue background with three circular headshots of the panelists: Oleg Itskhoki, Paul Krugman, and Linda Tesar. The text to the right of the headshots provides the event details, including the title 'Panel on The Future of the Global Economy', the speakers' names and affiliations, and the date 'July 8, 2025'.

2025, International Trade and Macroeconomics, "Panel on The Future of the Global Economy"

PANEL DISCUSSION

PRESENTERS: [OLEG ITSKHOKI](#), [PAUL R. KRUGMAN](#) & [LINDA TESAR](#)

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