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## Re: slides

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**David Backus <dbackus@stern.nyu.edu>****Sat, Apr 30, 2011 at 2:04 PM**

To: Thomas Cooley &lt;tcooley@stern.nyu.edu&gt;

Cc: Espen Henriksen &lt;espen@econ.ucsb.edu&gt;

Dirk was fine, had some useful thoughts, which I'll describe shortly.

On files:

- \* ms is your last version.
- \* slides attached. some of the figs are on my laptop, let me know if you need them. I'm working on age distribution pix, with help from Espen.

Dirk

- \* Likes the idea. Didn't say it, but the issue is what's new.
- \* Had a graph from Brooks that showed old-age dependence ratios for lots of regions. Said it's important to explain why capital isn't flowing into Lat Am and Africa, they're very young and a purely demographic approach would have them receiving capital. In practical terms, suggested we add a large ROW country. Also wanted us to explore what's going on in Germany.
- \* Had some neat arithmetic.
- \* Didn't think bequests were a big deal, thought our approach was fine.
- \* Was concerned that lots of the micro saving work suggested micro frictions were important.
- \* Worried (as I suggested in my talk) that no one has a good explanation for high Asian saving rates.
- \* Thought there would be a lot of action in next 20 years, suggested we extend time horizon of model.

Other people had some comments.

- \* Violante and Sagiri thought we should add government reallocation mechanisms like social security.
- \* There was general discussion of my comment that  $K/Y$  isn't the same across countries. Some thought different prices of capital goods could be it, but I don't think that's right.
- \* Roc brought up housing, a large fraction of aggregate  $K$ . Is it different?
- \* Sagiri couldn't understand why we didn't need convergence to a steady state or something of that sort to solve the model.

We didn't have a paper, which puts a limit on how good the response could be. But I think people find the topic interesting.

Gossip: Michael Song, the guy working with Kjetil who ave the paper on micro savings behavior in China, is said to be going to Chicago Booth.

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