Diagnosing the Reason for the Fall in the National Saving Rate

The Primary Reason for the Decline in the National Saving Rate is the Rise in Consumption. Government has on balance been a force for increasing national saving.

Personal Consumption Used to Fluctuate Around 62 Percent of GDP. In the Early 1980s it began to rise, and now it is at 70 Percent of GDP.

Government Purchases Used to Fluctuate Around 21 Percent of GDP, and it has been falling steadily since the 1970s, so that now it is around 19 Percent of GDP.