TABLE 1
Estimates of Tax-Adjusted Q Model for Fourteen Countries[a]

Country	Conventional Panel Data Estimated Coefficient on Q[b]	Estimated Coefficient with Contemporaneous Tax Instruments[c]
Dependent Variable: I/K		
Australia	0.050 (0.019)	0.289 (0.153)
Belgium	0.103 (0.044)	0.587 (0.422)
Canada	0.041 (0.009)	0.521 (0.127)
Denmark	0.104 (0.085)	0.765 (0.308)
France	0.085 (0.042)	0.388 (0.116)
Germany	0.095 (0.040)	0.784 (0.296)
Italy	0.051 (0.018)	0.180 (0.120)
Japan	0.029 (0.008)	0.086 (0.035)
The Netherlands	0.069 (0.044)	0.633 (0.150)
Norway	0.069 (0.031)	0.512 (0.295)
Spain	0.044 (0.028)	0.404 (0.233)
Sweden	0.051 (0.047)	0.293 (0.169)
United Kingdom	0.062 (0.013)	0.589 (0.078)
United States	0.048 (0.006)	0.650 (0.077)

Notes: [a] *Source:* Calculations in Cummins, Hassett, and Hubbard (1996) using Global Vantage data.

[b] See Table 5 in Cummins, Hassett, and Hubbard (1996), GMM estimates. Instruments include twice- and thrice-lagged values of Q, (I/K), and the ratios of cash flow to capital.

[c] See Table 7 in Cummins, Hassett, and Hubbard (1996), GMM estimates. Instruments include twice- and thrice-lagged values of (I/K) and the ratio of cash flow to capital, twice-lagged value nontax components of q, and contemporaneous values of tax parameters.

TABLE 2

Benchmark Golden-Rule and Actual Levels of I^{net}/Y and K/Y

| Type of Capital | Golden-Rule Level | | Actual Level |
	Phelps	Ramsey	(1980-1994 average)
Net Investment as Percent of GDP:			
Total fixed	8.3%	6.0%	4.2%
Business fixed	4.8	3.6	2.4
Producers durable			
equipment	2.4	2.0	1.3
Nonresidential structures	2.0	1.3	1.2
Residential	2.7	1.6	1.8
Ratio of Capital Stock to GDP:			
Total fixed	3.3	2.4	1.9
Business fixed	1.9	1.4	1.0
Producers durable			
equipment	1.0	0.8	0.5
Nonresidential structures	0.8	0.5	0.5
Residential	1.1	0.6	0.9

Source: Cohen, Hassett, and Kennedy (1995, Table 2).

Note: Benchmark parameter values are:

   Labor force growth rate = 0.01

   Rate of labor-augmenting technical change = 0.15

   Social discount rate = 0.12

   Social intertemporal elasticity of substitution (Φ) = 3

$\alpha_{\text{Total fixed}} = 0.30$, $\alpha_{\text{Business fixed}} = 0.24$, $\alpha_{\text{Equipment}} = 0.18$, $\alpha_{\text{Structures}} = 0.06$, $\alpha_{\text{Residential}} = 0.06$