



Policy Impacts on Growth: an OECD Cross-Country Study with an Emphasis on Capital Rates Accumulation

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A growing body of literature tests the effects of different tax structures on long-run economic growth. The paper aims at testing if the composition of tax revenue affects economic growth in the long run via the capitals saving rates. To avoid heterogeneity and endogenous bias in the estimation process we use a multilevel finite mixture model. We run both parametric and finite mixture models with special attention to capital saving rates coefficients, and show how those parameters can be affected by different tax policies. Moreover we find that effects of taxation on capital accumulation rates and growth is different for different countries.