

Abstract

The main focus of this work is theory of secular stagnation. The first part deals with the formulation of theory of secular stagnation, more concretely with a summary of the main ideas of its representatives. This theory implies a decline in the trend component of economic growth rate. I used state space model to test the hypothesis, if there is statistically significant decline in the trend component of economic growth rate. I found statistically significant decline in the trend component of economic growth rate for USA, Japan, UK, France and Canada. These findings are consistent with the theory of secular stagnation.