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Discounting and the representative median agent

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- The social discount rate (SDR) determines the value of future costs & benefits today
- Inequality dynamics can affect intergenerational welfare and hence the SDR
- Median, not mean, income growth can be used to derive an inequality adjusted SDR
- In the UK/U.S., this adjustment leads to a lower SDR by of up to 1 percentage point
- The median, not mean, income as the representative agent has a welfare justification

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