Abstract
Since 2008, the US personal saving rate had its strongest post-war jump, from 2% to 5%, and the investment ratio its sharpest fall from its post-war average of 16% to its lowest level of 12%. The coordination of saving and investment is analyzed here in a theoretical model of general equilibrium with rational expectations and no forward market. Shocks affect preferences for future consumption. A paradox of thrift is proven that formalizes an argument in the General Theory of Keynes but the equilibrium is a constrained Pareto optimum. Textbook fiscal policies are neutral at best, or inefficient.