

# **The Value Added and Operating Surplus Deflators for Industries: The Right Price Indicators that should be Used to Calculate the Real Interest Rates**

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**Paper Abstract:** After the global financial crisis of 2008-2009, the governments of the world are piling up deficits to close the saving-investment gap in the private sector. The governments cannot accumulate deficits endlessly so that they must urgently promote the investments in the private industries. It is obvious that lowering the market rate of interest is one of the best policies to boost the capital investment. The problem is that what inflation rate they have in their mind when the entrepreneurs make investment decisions. Not only the output prices, but also the composition of inputs and their prices differ from one industry to another. Therefore, the value added deflator or even the operating surplus deflator for each industry are better alternative to calculate the real interest rate.