




Session 1 Discussion

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The views expressed are those of the discussant and do not necessarily reflect those of the Consumer Financial Protection Bureau or the United States.

Similarities

- ▶ Dynamics of Household Balance Sheets
- ▶ Consumption responses to arrival of income and transfers
- ▶ Reviews: Browning and Lusardi (1996), Jappelli and Pistaferri (2010), Fuchs-Schundeln and Hassan (2015)
- ▶ Background and Examples: Hall (1980), Deaton (1991), Hubbard, Skinner, and Zeldes (1995), Carroll (1997), Campbell and Mankiw (1989), Johnson, Parker, and Souleles (2006)
- ▶ Especially close to these papers: Gelman et al (2014), Wang (AER 2011), Kaplan and Violante (2014), Field (2005, 2007), Zhang (2015), Englund, Jansson, and Sinai (2014),

Treatment effects

Olafsson and Pagel	$\frac{dC}{d(\text{payday})}$
Ganong and Noel	$\frac{dC}{dY}, \frac{dC}{d(UI)}$
Lilienfeld-Toal, Sodini, Van Nieuwerburgh, and Vestman	$\frac{d(\text{everything})}{dH}, \frac{d(\text{everything})}{dW}$

Administrative Data Sources

Olafsson and Pagel	Meniga app, Iceland ~75000 people 2011-2015
Ganong and Noel	JP Morgan Chase Institute 210000 checking accounts 2012-2015
Lilienfeld-Toal, Sodini, Van Nieuwerburgh, and Vestman	Sweden 38 residential co-ops, public housing 2464 households 1999-2007

Important Difference: Time Horizons

Olafsson and Pagel	Within pay cycle
Ganong and Noel	Monthly
Lilienfeld-Toal, Sodini, Van Nieuwerburgh, and Vestman	Annually for 0 - 4 years, with different short- and long-run effects

Findings

Olafsson and Pagel	$\frac{dC}{d(\text{payday})} \approx \frac{1}{2} \bar{C}_{\text{daily}}$
Ganong and Noel	$\frac{d \log C}{d(\text{Employment})} \approx 0.06$ $\frac{d \log C}{d(\text{UI})} \approx 0.11$
Lilienfeld-Toal, Sodini, Van Nieuwerburgh, and Vestman	$\frac{dC}{dW} = 0.05 \text{ for Stayers}$ $\frac{dC}{dW} = 0.33 \text{ for Movers}$

Olafsson and Pagel

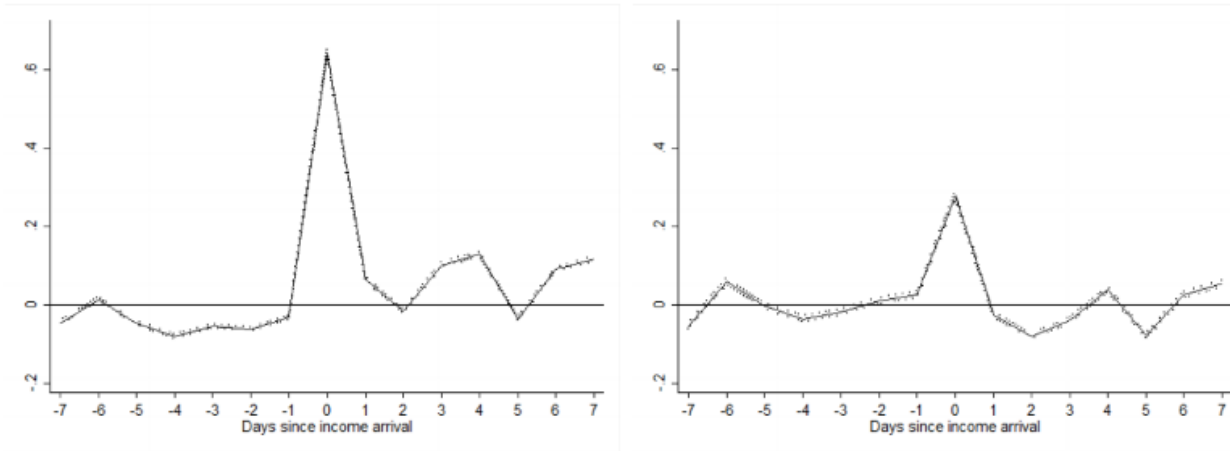
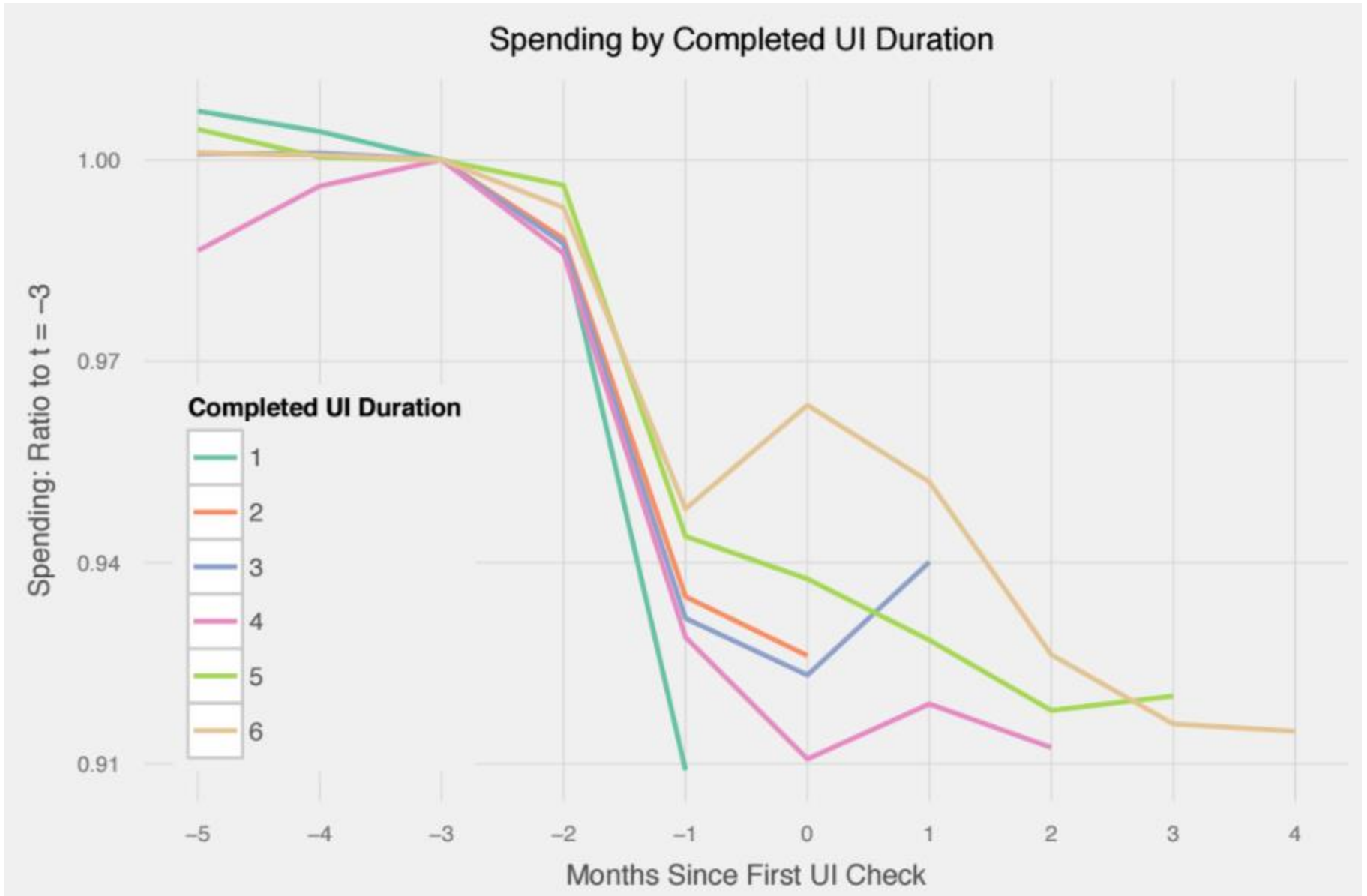
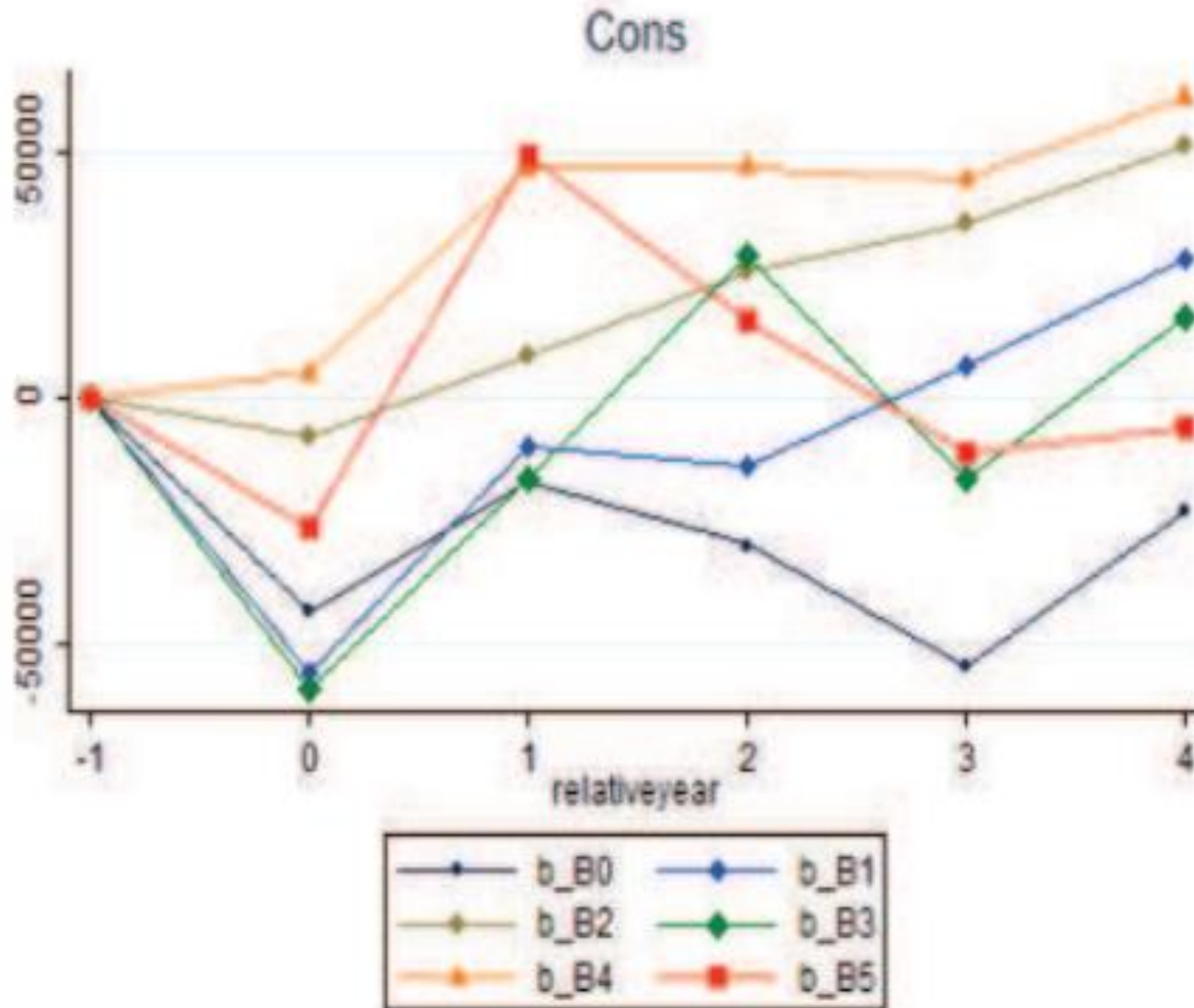


Figure 9: The Effects of Regular Income Arrival on Spending by Individuals who Hold on Average Less or More than one Month of Spending in Their Current Account

Ganong and Noel



Lilienfeld-Toal et al.



Questions

- ▶ What role for expectations?
 - ▶ Attenuation
- ▶ What role for models?
 - ▶ Basic science, welfare implications
- ▶ How do we reconcile short- and long-term responses?
 - ▶ Research priority

- ▶ Excellent papers that challenge us and advance the frontier of knowledge