

Household Finances and the Macroeconomy

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Summary

How is macroeconomic activity affected by the distribution of wealth, assets, and debt among households? The goal of the course is to cover empirical and theoretical literature that investigates links between wealth, asset, and debt holdings of households' and macroeconomy activity. One key aspect is the reaction of the economy on shocks or reforms. A non-exhaustive list of topics of interest are the consumption and savings response of households, heterogeneous responses along the income and wealth distribution, effects on inequality and on labor force participation and unemployment.

The reference list contains a list of suggested readings. Every participant is strongly encouraged to suggest papers for presentation.

First meeting: October 20, 2015 at 4 pm, Room 0.017

References

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- DAVIS, M. A., AND S. V. NIEUWERBURGH (2014): “Housing, Finance and the Macroeconomy,” Working Paper 20287, National Bureau of Economic Research.
- DYNAN, K. E., AND D. L. KOHN (2007): “The rise in US household indebtedness: Causes and consequences,” .
- FAVILUKIS, J., S. C. LUDVIGSON, AND S. V. NIEUWERBURGH (2010): “The Macroeconomic Effects of Housing Wealth, Housing Finance, and Limited Risk-Sharing in General Equilibrium,” Working Paper 15988, National Bureau of Economic Research.
- HERKENHOFF, K. F. (2013): “The impact of consumer credit access on unemployment,” *University of California Los Angeles mirneo*.
- KAPLAN, G., AND G. L. VIOLANTE (2014): “A Model of the Consumption Response to Fiscal Stimulus Payments,” *Econometrica*, 82(4), 1199–1239.
- MIAN, A. R., K. RAO, AND A. SUFI (2013): “Household balance sheets, consumption, and the economic slump,” *Chicago Booth Research Paper*, (13-42).
- MIAN, A. R., AND A. SUFI (2014): “What Explains the 2007-2009 Drop in Employment?,” *Fama-Miller Working Paper*, pp. 13–43.