Theoretical Foundations of
Buffer Stock Saving

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Abstract

"Buffer-stock" models of saving are now common in the consumption literature. This paper builds theoretical foundations for rigorous understanding of the main features of such models, including the existence of a target wealth ratio and the proposition that aggregate consumption growth equals aggregate income growth in a small open economy populated by buffer stock savers.

PDF:	http://econ.jhu.edu/people/ccarroll/papers/BufferStockTheory.pdf
Slides:	http://econ.jhu.edu/people/ccarroll/papers/BufferStockTheory-Slides.pdf
Web:	http://econ.jhu.edu/people/ccarroll/papers/BufferStockTheory/
Archive:	http://econ.jhu.edu/people/ccarroll/papers/BufferStockTheory.zip
	(Contains software for solving and simulating the model)

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