1. Abstract

(a) Main research questions

The impact of rural household debt on household durable consumer goods decisions and durable goods consumption expenditure

(b) How to solve the research questions

The method used in the paper: Based on the research of existing panel data, a multivariate linear regression (fixed effect) model is adopted

Data source: China Family Panel Studies, covering 19 provinces and 5 municipalities across the country, and the survey years include the baseline survey in 2010 and four follow-up visits from 2012 to 2018.

(c) Main findings

1. Whether rural household debt still plays a mainly promoting role in durable goods consumption expenditure.

2. The positive impact of rural household debt on transportation and communication durable goods is significantly greater than that on furniture and office durable goods, and transportation and communication durable goods consumption is more sensitive than furniture and office consumption.

3. The positive impact of loans from non-bank, credit union and other financial institutions on durable goods consumption expenditure is greater than the impact of loans from formal financial institutions.

2. Discussion

(a) Model fitness

Advantages:

1. Directly usage of the original data, the panel data has a large number of observations, better reflects the group debt situation, and the regression data is more reliable

Disadvantages:

1. If not using the (S, s) model, ignoring the particularity of durable goods purchase decisions compared to other goods purchase decisions

2. Multicollinearity is not tested thoroughly (such as household income and household assets), which may lead to errors in the estimation of the effect of debt on durable goods consumption

3. Omitted variable problem: The regression results in the article do not show high R^2 or F data to prove that the factors considered in the regression are basically complete

(b) Other research directions:

1. Change the research strategy: Based on the 1998 credit reform/2008 financial crisis, do natural exp (the impact of debt on household durable consumer goods decisions and the impact on durable goods consumption expenditure (short-term))

2. Compare urban households with rural households, and cover both rural and urban households: which kind of households are more affected and more sensitive to the degree of debt

3. Causal relationship/equilibrium relationship between debt and durable consumption (different models): granger relationship, cointegration test

4. Increase the measurement method of household debt: Loan-to-value, Loan-to-income, LTI, etc.

5. Increase the impact of debt on durable consumption: Excessive debt of the household itself will cause the effect of increased debt on household durable goods to turn from positive to negative