

ESSAYS ON CONSUMPTION

by

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Abstract

Abstract goes here.

Primary Reader: Some Person

Secondary Reader: Someone Else

Acknowledgments

Thanks!

Dedication

This thesis is dedicated to ...

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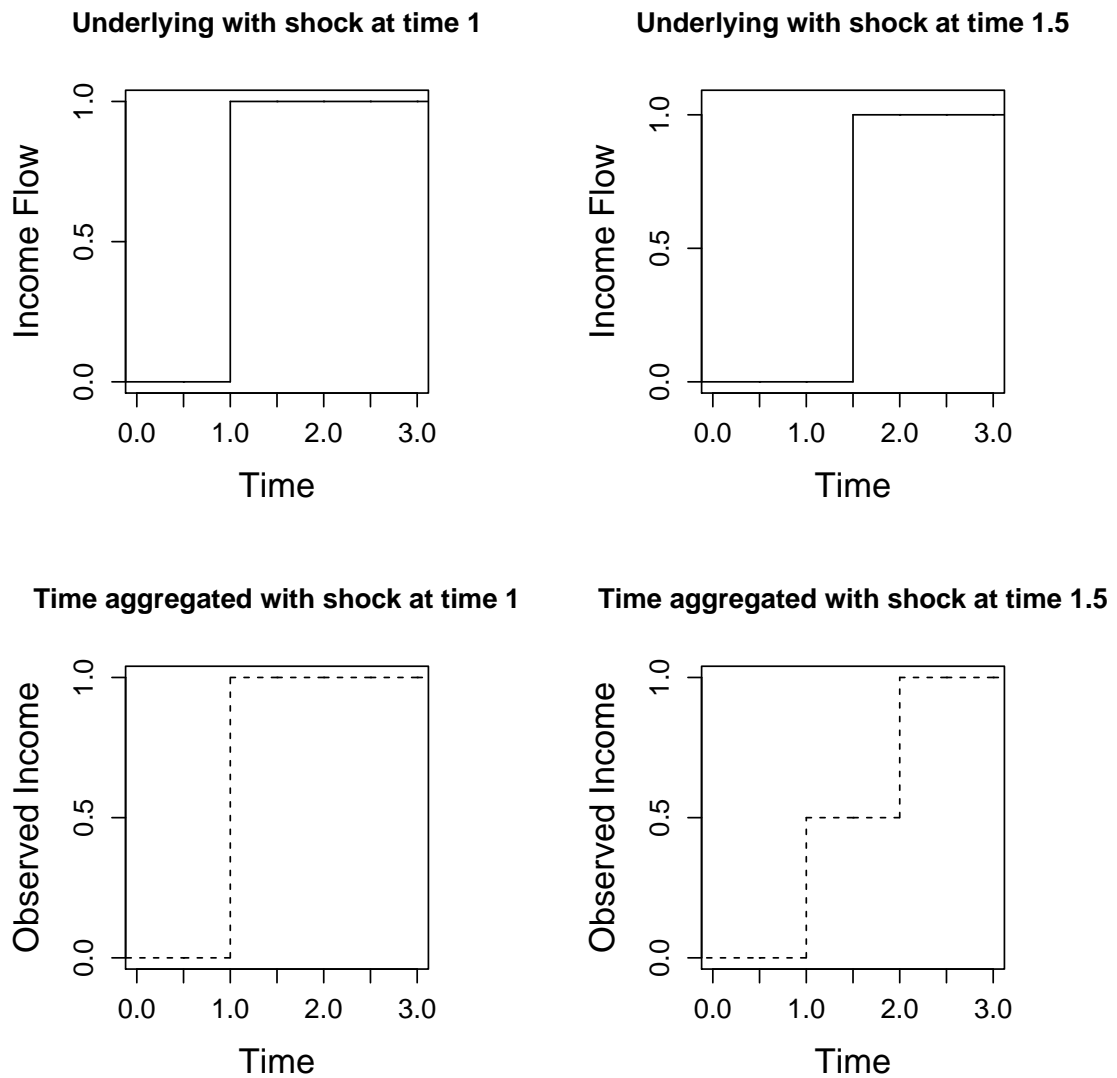
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Chapter 1

This is Chapter 1

The first two columns of table ?? show that the degree of persistence in the original BPP model makes a big difference to the estimate of ϕ , while all of the time aggregation models show similar estimates for ψ . This suggests the difference we see in the estimates of ϕ between BPP original model and the time aggregated model may be driven, at least in part, by misspecification in the model of transitive income shocks. It is reassuring that, in contrast to the BPP model, the values of both ϕ and ψ are relatively robust to the exact specification of transitive persistence in the time aggregated model. The first two columns of table ?? show that the degree of persistence in the original BPP model makes a big difference to the estimate of ϕ , while all of the time aggregation models show similar estimates for ψ . This suggests the difference we see in the estimates of ϕ between BPP original model and the time aggregated model may be driven, at least in part, by misspecification in the model

Figure 1.1: Time Aggregation Induces Serial Correlation



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Table 1.1: Minimum-Distance Partial Insurance and Variance Estimates

		Whole Sample		No College		College	
		BPP	Time Agg.	BPP	Time Agg.	BPP	Time Agg.
$\sigma_{P,T}^2$ (Variance perm. shock)	1979-1981	0.0103 (0.0034)	0.0247 (0.0043)	0.0068 (0.0037)	0.0234 (0.0063)	0.0101 (0.0053)	0.0189 (0.0050)
	1982	0.0208 (0.0041)	0.0358 (0.0071)	0.0156 (0.0052)	0.0290 (0.0099)	0.0253 (0.0060)	0.0455 (0.0099)
	1983	0.0301 (0.0057)	0.0333 (0.0100)	0.0318 (0.0074)	0.0553 (0.0128)	0.0234 (0.0090)	0.0086 (0.0148)
	1984	0.0274 (0.0049)	0.0292 (0.0114)	0.0334 (0.0073)	0.0232 (0.0131)	0.0177 (0.0060)	0.0361 (0.0161)
	1985	0.0295 (0.0096)	0.0363 (0.0124)	0.0287 (0.0073)	0.0504 (0.0145)	0.0208 (0.0152)	0.0025 (0.0205)
	1986	0.0221 (0.0060)	0.0327 (0.0136)	0.0173 (0.0067)	0.0247 (0.0172)	0.0311 (0.0101)	0.0597 (0.0202)
	1987	0.0289 (0.0063)	0.0420 (0.0143)	0.0202 (0.0073)	0.0478 (0.0182)	0.0354 (0.0098)	0.0229 (0.0211)
	1988	0.0158 (0.0069)	0.0082 (0.0137)	0.0117 (0.0079)	-0.0069 (0.0209)	0.0183 (0.0110)	0.0302 (0.0149)
	1989	0.0185 (0.0059)	0.0531 (0.0129)	0.0107 (0.0101)	0.0639 (0.0214)	0.0274 (0.0061)	0.0414 (0.0149)
	1990-92	0.0135 (0.0042)	0.0291 (0.0042)	0.0093 (0.0045)	0.0265 (0.0063)	0.0217 (0.0065)	0.0291 (0.0057)
$\sigma_{Q,T}^2$ (Variance trans. shock)	1979	0.0379 (0.0059)	0.0310 (0.0049)	0.0465 (0.0096)	0.0364 (0.0080)	0.0301 (0.0056)	0.0261 (0.0043)
	1980	0.0298 (0.0039)	0.0240 (0.0033)	0.0330 (0.0053)	0.0247 (0.0046)	0.0283 (0.0059)	0.0238 (0.0047)
	1981	0.0300 (0.0035)	0.0265 (0.0032)	0.0363 (0.0053)	0.0305 (0.0048)	0.0253 (0.0046)	0.0222 (0.0040)
	1982	0.0287 (0.0039)	0.0280 (0.0034)	0.0375 (0.0063)	0.0332 (0.0057)	0.0213 (0.0042)	0.0237 (0.0036)
	1983	0.0262 (0.0037)	0.0276 (0.0034)	0.0371 (0.0063)	0.0378 (0.0056)	0.0185 (0.0037)	0.0169 (0.0040)
	1984	0.0346 (0.0039)	0.0350 (0.0038)	0.0404 (0.0059)	0.0388 (0.0058)	0.0304 (0.0051)	0.0315 (0.0046)
	1985	0.0450 (0.0075)	0.0427 (0.0071)	0.0355 (0.0056)	0.0338 (0.0053)	0.0496 (0.0130)	0.0465 (0.0122)
	1986	0.0458 (0.0058)	0.0404 (0.0055)	0.0474 (0.0076)	0.0373 (0.0068)	0.0452 (0.0085)	0.0464 (0.0084)
	1987	0.0461 (0.0054)	0.0445 (0.0053)	0.0520 (0.0082)	0.0486 (0.0078)	0.0421 (0.0071)	0.0385 (0.0069)
	1988	0.0399 (0.0047)	0.0327 (0.0044)	0.0471 (0.0074)	0.0360 (0.0072)	0.0343 (0.0060)	0.0313 (0.0055)
	1989	0.0378 (0.0067)	0.0343 (0.0061)	0.0539 (0.0126)	0.0475 (0.0117)	0.0219 (0.0051)	0.0215 (0.0044)
	1990-92	0.0441 (0.0040)	0.0359 (0.0027)	0.0535 (0.0062)	0.0408 (0.0047)	0.0345 (0.0049)	0.0322 (0.0032)
θ (Serial correl. trans. shock)		0.1126 (0.0248)	N/A	0.1260 (0.0319)	N/A	0.1082 (0.0342)	N/A
		0.0097 (0.0041)	0.0122 (0.0039)	0.0065 (0.0079)	0.0114 (0.0070)	0.0132 (0.0040)	0.0146 (0.0039)
σ_{ξ}^2 (Variance unobs. slope heterog.)		0.6456 (0.0941)	0.3384 (0.0471)	0.9484 (0.1773)	0.4365 (0.0738)	0.4180 (0.0913)	0.2729 (0.0603)
ϕ (Partial insurance perm. shock)		0.0501 (0.0430)	0.2421 (0.0431)	0.0724 (0.0593)	0.2870 (0.0616)	0.0260 (0.0546)	0.1590 (0.0504)

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