

EI Research in Progress
Car Markets and the Alaska Permanent Fund

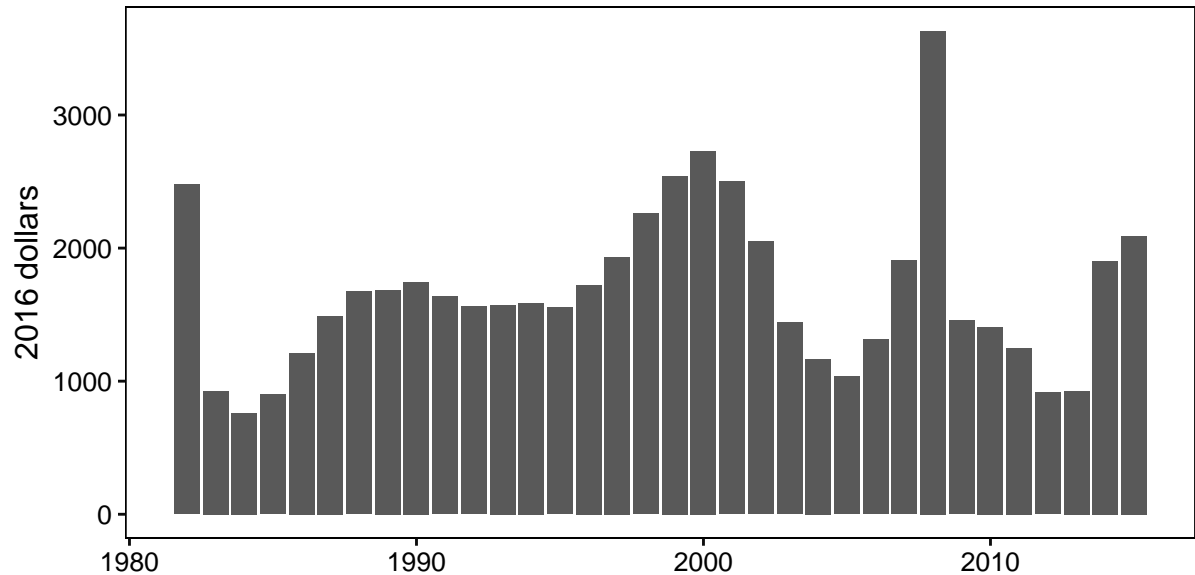
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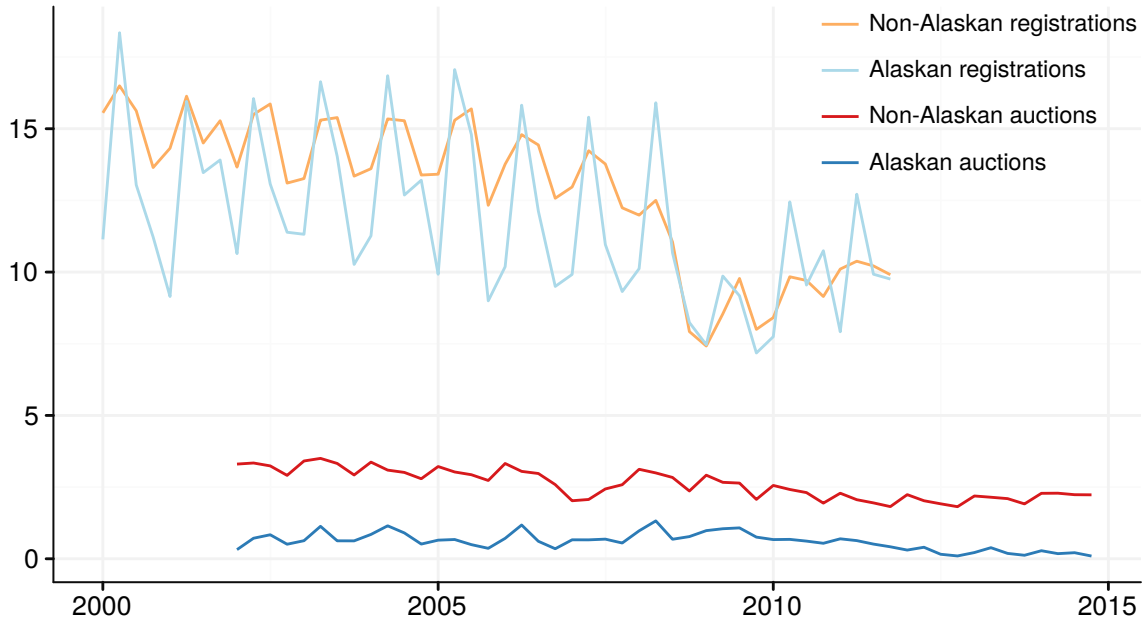
- Residents of Alaska get a large check every fall.

Alaska Permanent Fund payments, per individual



- People in Alaska buy cars.
- I observe a large fraction of wholesale used car market sales.

Quarterly sales per 1000 people



Outline

Why cars?

Alaska Permanent Fund details

Research

Data

Why Cars and the APF: Energy

- They're how we consume gasoline.
- Energy efficiency gap:
 - Does relaxing income constraint matter for the composition of cars people buy?
 - Do people treat money from this kind of dividend differently than money from work?

Why Cars and the APF: Non-energy

- Cars are expensive and economically important.
- Refunding resource wealth to citizens.
- Permanent income hypothesis (Hsieh 2003).

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- ▶ 2008 bonus (\$2069 → \$3269).
- ▶ 2016 reduction (\$2052 → \$1022; not in my data).

Research questions

- Quantity effects?
- Price effects?
 - Paid by Alaskan buyers
 - Received by Alaskan sellers
 - For non-Alaskan dealers in states where Alaskan dealers are buying
- Composition effects?
 - Newness
 - Fuel efficiency
 - Luxury
- Dealer anticipation?

Identification: difference-in-differences

- In a window around each dividend payment.
 - (Accounting for dealer anticipation)
- DD in states where Alaskan buyers are active.
- Something fancier, maybe synthetic controls.

Identification assumptions

- ▶ Alaskan car dealers are similar to some mix of non-Alaskan dealers.
- ▶ In particular, there are no seasonal differences within the window I'm examining.
- ▶ Dose-response in the amount of the APF payment can't be identified separately from macro trends.

Data!

- Manheim wholesale auction data.
 - Transaction level, ~50 million sales (8 million resales)
- Polk county-by-quarter vehicle registrations.
- Consumer expenditure survey.

Next steps

- Price, quantity and composition effects.
- Dealer anticipation.
- Consumer side?

Questions?