Below are the references cited in the responses to editor and referees.

References

- AKERLOF, GEORGE A, AND JANET L YELLEN (1985): "A near-rational model of the business cycle, with wage and price inertia," *The Quarterly Journal of Economics*, 100(Supplement), 823–838.
- Benigno, Pierpaolo, and Gauti B Eggertsson (2023): "It's Baaack: The Surge in Inflation in the 2020s and the Return of the Non-Linear Phillips Curve," Working Paper 31197, National Bureau of Economic Research.
- BLANCO, ANDRES, CORINA BOAR, CALLUM J JONES, AND VIR-GILIU MIDRIGAN (2024): "Non-Linear Inflation Dynamics in Menu Cost Economies," Working Paper 32094, National Bureau of Economic Research.
- Crawley, Edmund, and Andreas Kuchler (2023): "Consumption Heterogeneity: Micro Drivers and Macro Implications," *American Economic Journal: Macroeconomics*, 15(1), 314–41.
- ELSBY, MICHAEL W L, AND BART HOBIJN (2010): "The Labor Market in the Great Recession," *Brookings Papers on Economic Activity*.
- FAGERENG, ANDREAS, MARTIN B. HOLM, AND GISLE J. NATVIK (2021): "MPC Heterogeneity and Household Balance Sheets," *American Economic Journal: Macroeconomics*, 13(4), 1–54.
- GANONG, PETER, AND PASCAL NOEL (2019): "Consumer Spending during Unemployment: Positive and Normative Implications," *American Economic Review*, 109(7), 2383–2424.
- Graham, James, and Robert McDowall (2024): "Mental Accounts and Consumption Sensitivity Across the Distribution of Liquid Assets," *Available at SSRN 4793885*.
- HAGEDORN, MARCUS, FATIH KARAHAN, IOURII MANOVSKII, AND KURT MITMAN (2019): "Unemployment Benefits and Unemployment in the

- Great Recession: The Role of Macro Effects," Discussion paper, Working paper.
- HAGEDORN, MARCUS, AND IOURII MANOVSKII (2008): "The cyclical behavior of equilibrium unemployment and vacancies revisited," *American Economic Review*, 98(4), 1692–1706.
- Hai, Rong, Dirk Krueger, and Andrew Postlewaite (2013): "On the Welfare Cost of Consumption Fluctuations in the Presence of Memorable Goods," working paper 19386, National Bureau of Economic Research.
- Kekre, Rohan (2022): "Unemployment Insurance in Macroeconomic Stabilization," The Review of Economic Studies.
- Kueng, Lorenz (2018): "Excess Sensitivity of High-Income Consumers*," The Quarterly Journal of Economics, 133(4), 1693–1751.
- Laibson, David, Peter Maxted, and Benjamin Moll (2022): "A simple mapping from mpcs to mpxs," Discussion paper, National Bureau of Economic Research.
- MAXTED, PETER, DAVID LAIBSON, AND BENJAMIN MOLL (2024): "Present Bias Amplifies the Household Balance-Sheet Channels of Macroeconomic Policy," *The Quarterly Journal of Economics*, p. qjae026.
- MINCER, JACOB (1991): "Education and Unemployment," NBER Working Paper, (w3838).
- MITMAN, KURT, AND STANISLAV RABINOVICH (2015): "Optimal unemployment insurance in an equilibrium business-cycle model," *Journal of Monetary Economics*, 71, 99–118.
- RAVN, MORTEN O., AND VINCENT STERK (2017): "Job uncertainty and deep recessions," *Journal of Monetary Economics*, 90, 125–141.
- ROTHSTEIN, JESSE, AND ROBERT G VALLETTA (2017): "Scraping by: Income and program participation after the loss of extended unemployment benefits," *Journal of Policy Analysis and Management*, 36(4), 880–908.