

Gender Differences in the Marginal Propensity to Consume: The Role of Debt, Constraints and Expectations  
(joint with Olga Goldfayn).

We use responses to survey questions in the NY Fed Survey of Consumer Expectations that ask how households would adjust spending, saving and debt in response to an unexpected 10% change in income. We report substantial differences in how men and women respond both to positive and to negative income changes. Women are more inclined to pay off debt after an unexpected increase in income, and more likely to reduce spending in response to a decrease in income. Men are more likely to adjust savings in response to both changes of income. In Oaxaca-Blinder decompositions gender differences in unsecured debt holding, discouraged borrowing and liquidity constraints as well as expectations over future interest rates and debt delinquency explain much of the gender differences in responding to unexpected changes in income.