Discussion of "Anticipatory Spending" by Baker, Gelman, Kueng, and Lee

Jonathan A. Parker
MIT and NBER

ASSA January 2026
Philadephia PA

MIT MANAGEMENT SLOAN SCHOOL

MIT GCFP GOLUB CENTER FOR FINANCE AND POLICY

Paper Overview

- Account-level data (with observed cc spending) on 50,000+ users over many years
- Estimate *anticipatory* (pre) and *arrival* (post) marginal propensities to "consume" around **many** predictable fiscal transfers
- Have multiple estimates of two MPC's for the same household for different events
- Main (aggregated) specifications estimate cumulative MPCs over a window $D_{i,t}$:

$$c_{i,t} = \beta^{\text{post}} \frac{\text{Post}_{i,t}\,\text{Amount}_i}{D_{i,t}} + \alpha_{i,d(t)} + \alpha_t + u_{i,t},$$

$$c_{i,t} = \beta^{\text{pre}} \frac{\text{Pre}_{i,t}\,\text{Amount}_i}{D_{i,t}} + \alpha_{i,d(t)} + \alpha_t + u_{i,t}.$$

where β allowed to differ by event, and for heterogeneity, by household

A few of the main findings

1. **Substantial rise in spending following receipt:**
   Post-MPC of $3-11\%$ of payment in a week, $15-30\%$ of payment in a month
2. **Small but robust anticipatory spending:**
   Pre-MPC of 0.5–1.5% of payment in a week, 0 of payment in a month
3. **Heterogeneity and persistence:** individuals' pre- and post-MPCs are correlated within persons across events, are related to low liquidity/income, and are widely dispersed

Figure 1: Distribution of Anticipatory Pre-Payment vs. Post-Payment MPCs

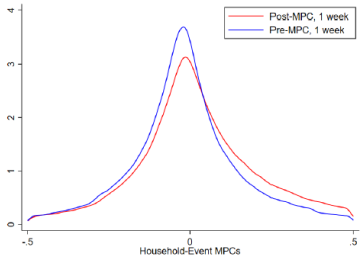
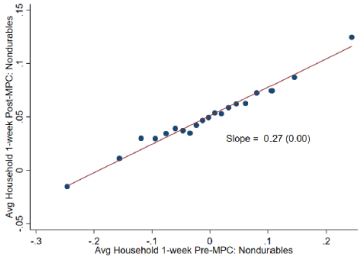


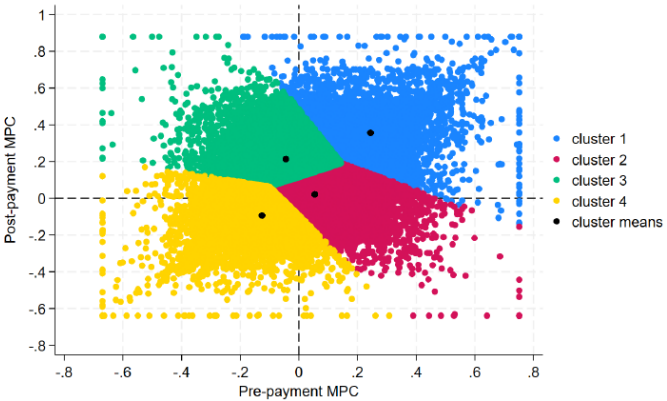
Figure 2: Relationship Between Within-Person Average Pre- and Post-MPCs



A few of the main findings

4. **Consumer types (k=4):** present-biased (Blue 9%), rational (Red 45%), mental-accountants (Green 24%), near-rational/inattentive (Yellow 21%)

Figure 4: Clustering of Consumer Types Based on Pre- and Post- MPCs



Comment 1: Estimation of average propensities

A **lot** to like in this paper. I got Dec 24 version (arrived by chimney). So some comments...

1. What is pre-MPC?
   - The pre-MPC is not measured from announcement date
   - There is no measure of the **amount** of news – were Alaskans expecting larger payments?
   - Parker Broda (2014) asked people; Baugh et. al. (2021) "Asymmetric Consumption Smoothing," used filing date and predicted refund or payment vs. actual
2. Sources of differences in MPC
   - Paper focus on sources of stability: preferences, and preferences into liquidity, income volatility, etc.
   - Also, payment size, state of economy, shocks to liquidity,
   - Past papers have been very interested in small changes in MPC due to external factors (e.g. Kaplan Violante, 2014)
3. Is TWFE a concern? Probably very small. But focus here on heterogeneity in MPC.

Is measured heterogeneity in MPC actual heterogeneity in MPC?

1. Measurement of out of pocket spending not consumption expenditures and is not consumption
   - Measurability: Cash vs. card vs. check vs. Venmo
   - Credit, like auto loan or BNPL
   - Rent vs. own
2. The measure of individual MPC includes **a lot of other stuff**

$$c_{i,t} = \beta_{i,t}^{\text{post}} \frac{\text{Post}_{i,t}\,\text{Amount}_i}{D_{i,t}} + \alpha_{i,d(t)} + \alpha_t + u_{i,t},$$

where β_i^{post} is allowed to vary across individuals and payment events
   - Akin to estimating individual-level treatment effect?
   - Standard approach, group by observed characteristics; Alternatives: Misra and Surico (2014), Lewis, Melcangi, Pilossoph (forthcoming)
   - $\hat{\beta}_i$ could includes a lot of or time-average of $u_{i,t}$ over Post period for each i? At individual level, $u_{i,t}$ is non-stationary
   - $\hat{\beta}_i$ could include differences in trend consumption such from impatience?

Is this mostly heterogeneity in MPC?

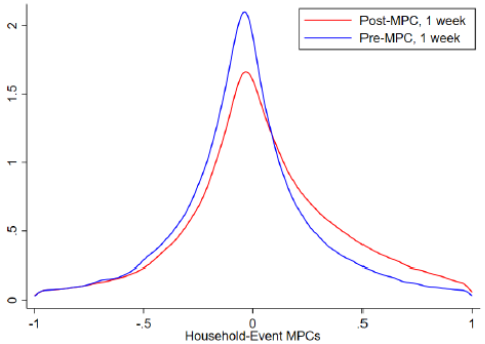
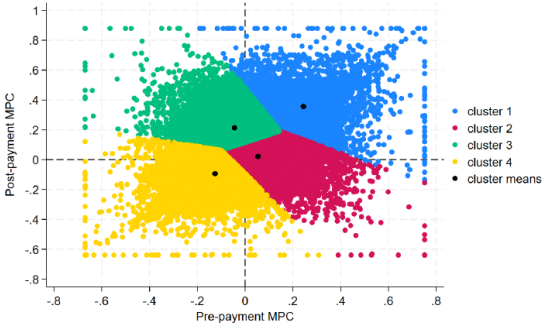


Figure 4: Clustering of Consumer Types Based on Pre- and Post- MPCs



Interpretation

Really neat to group these MPCs and assign types – what are they?

- Liquidity constraints and uncertainty – precautionary saving – implies a positive correlation between pre and post MPCs (there is a negative correlation from liquidity constraints with no uncertainty, but that is not our world)
- Present-bias? Maybe just impatient precautionary savers?
  - No way to identify present-bias without more than MPC
- Self-imposed liquidity constraint relaxes when uncertainty is resolved, so that full liquidity effect on consumption occurs at date of news.
- Not sure what to make of negative MPC, and I am not sure this is just "small" MPC

Summary

- Reading this paper, I though I saw lots of things I wished we had done in Baugh et. al. (2021) on consumption responses to tax filing and refunds/payments
- The data and experiments give us lots of information about how MPC changes across people and over events
- Lots of papers use models of mixtures of types (by impatience or model of behavior), fit to one event
- **By looking across events and people, this paper advances the frontier of measurement of differences in the propensity to spend out of news, before arrival of payment, and upon receipt of payment**