

The Welfare Consequences of Income-Induced Expenditure Switching, American Economic Association Papers and Proceedings, by Rudolfs Bems and Julian di Giovanni

The data analyzed in this paper are taken from a proprietary dataset, which was obtained from Rimi Baltics. For further information about the data availability please contact the retailer at:

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All code that are used to generate the paper's results are written in Matlab and available on the American Economic Association Papers and Proceedings website

The underlying data set is take directly from:

Bems and di Giovanni, 2016, "Income-Induced Expenditure Switching," American Economic Review, 2016, 106(12).

Description of each code used to generate paper's results as well as the printout of code's results is provided below.

1. BASELINE RESULTS

- **Gen_MandE_data.m**

Computes quarter-on-quarter changes in expenditures and imports for each quarter of the crisis year. Aggregates results to annual changes

Printout of results:

Annual changes, data

d_lnM_dta d_lnE_dta

-0.3890 -0.2936

- **Gen_Table1.m**

Generates results that are reported in Column 2 of Table 1.

Printout of results:

Annual changes, model

d_lnM d_lnE d_lnP d_lnV

-0.3889 -0.3090 0.0122 -0.3212

- **Gen_Figure1.m**

Generates paper's Figure 1.

See paper for the figure.

- **Gen_Table2_Column1.m**

Generates results that are reported in Column 1 of Table 2.

Printout of results:

Annual changes, model

```
*****  
d_LnM   d_LnE   d_LnP   d_LnV  
*****  
-0.3737 -0.2937  0.0115 -0.3052
```

- **Gen_Table2_Column2.m**

Generates results that are reported in Column 2 of Table 2.

Printout of results:

Annual changes, model

```
*****  
d_LnM   d_LnE   d_LnP   d_LnV  
*****  
-0.0595      0  -0.0202  0.0202
```

- **Gen_Table2_Column3.m**

Generates results that are reported in Column 3 of Table 2.

Printout of results:

Annual changes, model

```
*****  
d_LnM   d_LnE   d_LnP   d_LnV  
*****  
-0.4335 -0.2937 -0.0088 -0.2849
```

2. ROBUSTNESS CHECKS FOR TABLE 1

- **Gen_MandE_data_Robust1.m and Gen_Table1_Robust1.m**

Computes results with group-specific μ_g and σ_g . To generate these results, we drop groups with extreme parameter estimates by restricting $-5 < \mu_g < 15$ and $\sigma_g > 0$. Otherwise, cannot solve for item share parameters in the groups with extreme parameter values. Eliminated product groups account for 2% of total expenditures.

Printout of results:

Annual changes, data

d_lnM_dta d_lnE_dta

-0.3879 -0.2920

Annual changes, model

d_lnM d_lnE d_lnP d_lnV

-0.3882 -0.3328 0.0091 -0.3419

- **Gen_MandE_data_Robust2.m and Gen_Table1_Robust2.m**

Computes results using annual rather than quarterly data.

Printout of results:

Year-on-year, data

d_lnM_dta d_lnE_dta

-0.2514 -0.1731

Year-on-year changes, model

d_lnM d_lnE d_lnP d_lnV

-0.2514 -0.2037 0.0085 -0.2122

- **Gen_Table1_Robust3.m**

Computes results using actual item price changes rather than constant prices, as assumed in Column 2 of Table 1.

Printout of results:

Annual changes, model

d_lnM d_lnE d_lnP d_lnV

-0.3891 -0.2595 -0.0095 -0.2500

- **Gen_MandE_data_Robust4.m and Gen_Table1_Robust4.m**

Computes results for an alternative four-quarter crisis window, starting one quarter earlier.

Printout of results:

Annual changes, data

d_lnM_dta d_lnE_dta

-0.3639 -0.2505

Annual changes, model

d_lnM d_lnE d_lnP d_lnV

-0.3641 -0.2903 0.0109 -0.3012