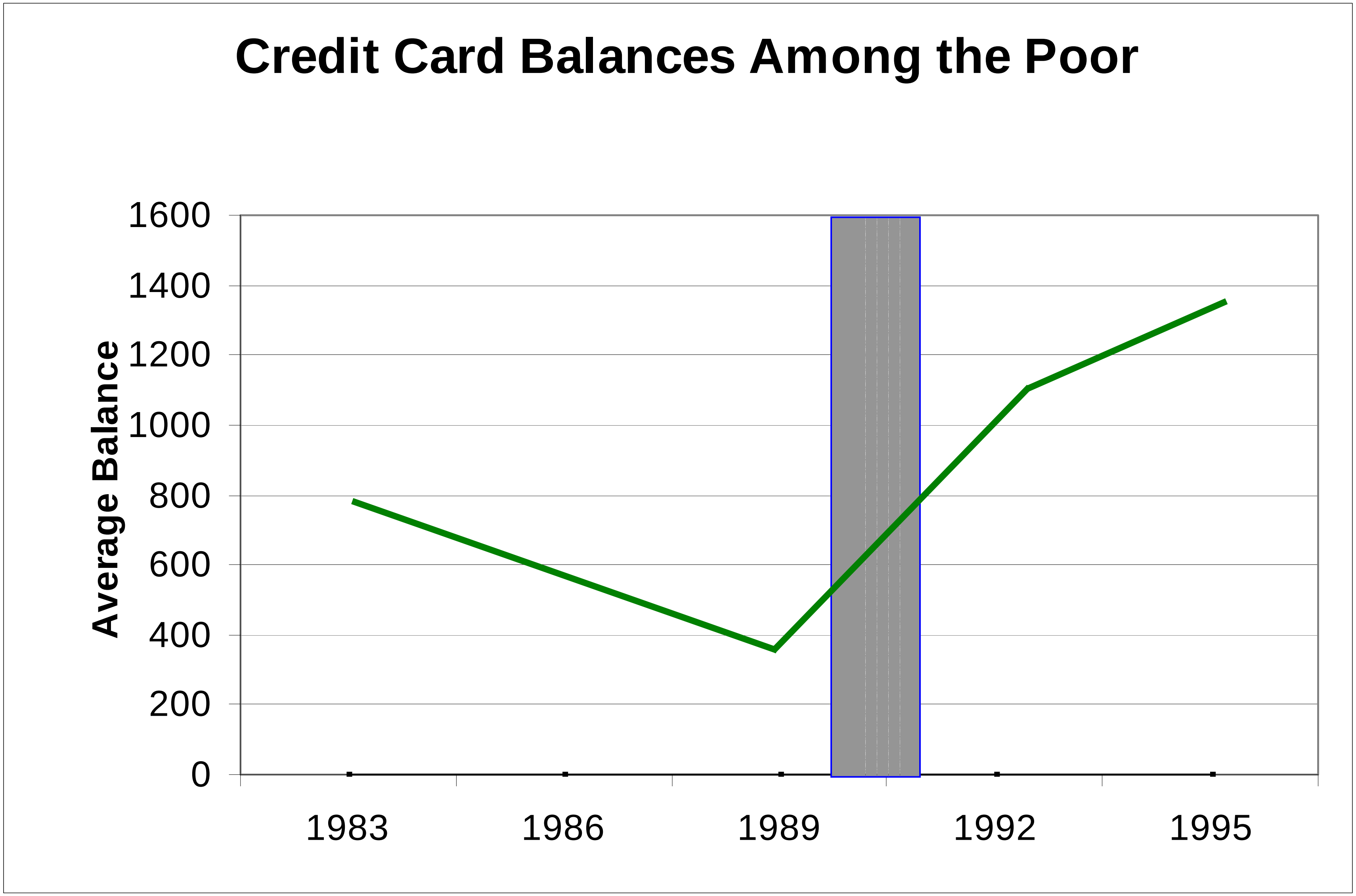
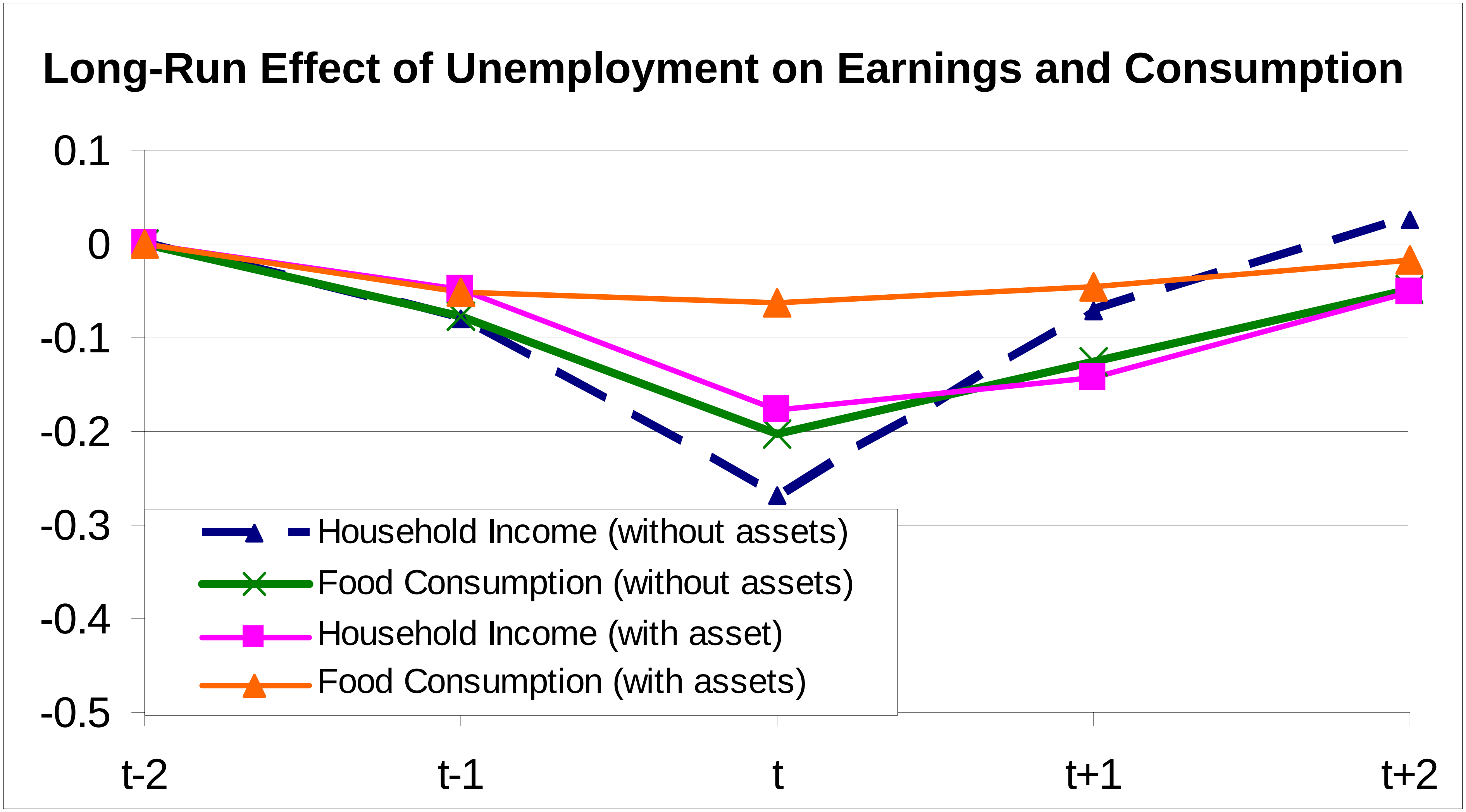


Source: Bird, Hagstrom, and Wild, 1999

Questions

- How do households maintain well-being during unemployment?
- Do households with limited resources respond differently?
- Do households borrow to maintain well-being?
- Does access to credit matter?



Source: Panel Study of Income Dynamics

Results

- I find no evidence that very low asset households use unsecured debt to smooth consumption
- Unsecured credit markets are not a safety net for these households
- These households are short on liquidity during unemployment
- Households with assets borrow about 10 cents for each dollar of lost earnings
- Among those with assets, borrowing is particularly responsive for younger and less-educated households
- Access to credit markets may matter