

How did Americans use their coronavirus stimulus cheques?

The Economist

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Stimulus cheque

- Of the dozens of provisions tucked into America's CARES Act, the \$2.2trn fiscal-stimulus package passed in March, none was as popular as the one-off payments to households.
- Taxpayers earning less than \$99,000 a year (\$198,000 for couples) were sent cheques worth up to \$1,200, with an additional \$500 for each child
- How did Americans use their coronavirus stimulus cheques?

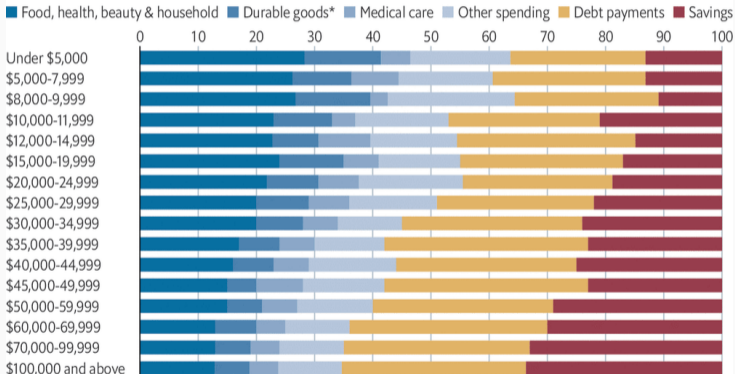
The hope

- In total, the Internal Revenue Service made 159m payments worth \$265bn.
- The hope was that consumers would spend the windfall and pep up the economy, which shrank by 9.5% in the second quarter.

Stimulus cheque

Hey big saver

United States, stimulus payment use by household income, %
July 2020



Source: "How Did U.S. Consumers Use Their Stimulus Payments?" by Olivier Coibion, Yuriy Gorodnichenko and Michael Weber, NBER working paper 2020

*Cars, appliances and other big-ticket items that last longer than a few years

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- But a new working paper by three economists—Olivier Coibion, Yuriy Gorodnichenko and Michael Weber—suggests that Americans did not use the payments quite as Uncle Sam had hoped
- A survey of 12,000 Americans
- The authors found that just 42% of the money was spent. Another 27% was saved. The remaining 31% was used to repay debts.

Discouraged work?

- Among those with jobs, the payments did not influence working hours one way or the other.
- Among those without, 4% said they put less effort into looking for employment, but 21% said the payment encouraged them to search harder