# *The Decline in Household Saving: What Can We Learn From Survey Data*

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# *How the rates have fallen*

- **The paper aims at using the SCF to explain why (NIPA) savings have fallen so much since the eighties.**

- **Ideally one would use panel data for this, however SCF is only a panel for the waves 1983 and 1986.**

- **Why not use PSID or HRS?**

RAND

# *Have they fallen?*

- **The wealth to income ratio between 1950 and 2004 has risen from 4.3 to 5.1**

- **If households were in equilibrium in 1950, they may still be in equilibrium today.**

- **It seems that either households save more than we think, or the capital gains (and inheritances) do all the work for them. So why would they save? It would be more of a puzzle if they did save!**

# *The 1983-89 panel*

- **Table 5 lists the following saving rates:**
  - **Age under 40:     5.6%**
  - **Age 40-60:          12.7%**
  - **Age over 60:        -3.4%**
- **These rates seem higher than in NIPA over the same period. They are also well aligned with a typical LCH pattern.**

# *Synthetic panel*

- **Synthetic saving measures appear to be noisy.**

- **Yet, the only period with very low saving seems to be 1998-2001?**

# *So the question is:*

- **Is there a puzzle?**

- **Or is it a data problem?**