

1. Drescher K., Fessler P., Lindner P. (2020). "Helicopter money in Europe: New evidence on the marginal propensity to consume across European households". *Economics Letters*, 195, 109416.

In their article, Drescher et al. (2020) examine marginal propensity to consume (MPC) of households in 17 European countries in response to a hypothetical windfall gain, which is seen as a proxy for helicopter money transfers. The authors use microdata from the Eurosystem Household Finance and Consumption Survey to estimate the average MPC and its distribution across income and wealth levels. Results show that households on average spend between 33% and 57% of a windfall gain, with decreasing MPCs associated with higher incomes. There is no clear correlation between MPCs and wealth. The study provides cross-country evidence on how helicopter money might be spent, with implications for policymakers looking to use such transfers as a tool for economic recovery. However, limitations include the use of hypothetical questions and the focus on a specific scenario, which may not fully capture the complexity of household consumption behavior.

2. Crossley T., Fisher P., Levell P., Low H. (2023). "Stimulus payments and private transfers". *Economics Letters*, 222, 110944.

In their study, Crossley et al. (2023) analyze the impact of private transfers on household responses to stimulus payments. The authors conducted a survey experiment to investigate the degree to which households transfer the windfall they receive to other households in greater financial need. The authors reported an 11% increase in marginal propensity to consume (MPC) among those informed that all households would receive the same payment, known as the "public windfall" scenario. The data were collected through the Understanding Society COVID-19 Study, which consists of a high-quality panel survey of individuals in the United Kingdom. The study includes questions about transfers given and received by respondents' households, as well as direct elicitation of individuals' MPCs. The study's usefulness lies in its contribution to policymakers' knowledge of the extent to which private transfers may affect the spending response to stimulus payments. However, a limitation of this study is that the sample only covers individuals in the United Kingdom. Overall, the authors conclude that the extent of transfers may depend on whether income windfalls are common or individual-specific.

3. Crossley T., Fisher P., Levell P., Low H. (2021). "MPCs in an economic crisis: Spending, saving and private transfers". *Journal of Public Economics Plus*, 2, 100005.

Crossley et al. (2021) investigate the potential effectiveness of a lump-sum income transfer or a tax credit paid to households in boosting spending during the COVID-19 pandemic. The study is based on data from a representative sample of UK adults, who were directly elicited for their marginal propensities to consume (MPCs) in July 2020 using a hypothetical unanticipated one-time income payment of £500. The results show that the fraction of households that would spend part of such a payment is low, with only 19% of respondents indicating they would increase spending. The average MPC is modest, at 11% on average, and the highest is still below 15% for any socioeconomic group. The study concludes that the majority of individuals behave in a way consistent with the permanent income hypothesis, although the average MPC reported is lower than other studies. One limitation of the study is that the data is based on a hypothetical payment of £500 and a three-month horizon. The paper is useful for policymakers who are considering policies to boost spending during the pandemic, and it highlights the importance of understanding the factors that influence individuals' spending behavior.