NBER WORKING PAPER SERIES

A GRANT TO EVERY CITIZEN: SURVEY EVIDENCE OF THE IMPACT OF A DIRECT GOVERNMENT PAYMENT IN ISRAEL

Naomi Feldman
Ori Heffetz

Working Paper 28312
http://www.nber.org/papers/w28312

NATIONAL BUREAU OF ECONOMIC RESEARCH
1050 Massachusetts Avenue
Cambridge, MA 02138
December 2020

We thank Joel Slemrod, Claudia Sahm and Jonathan Parker for generously sharing their original materials, survey scripts, and calculations; seminar participants at the Hebrew University and IDC Herzliya; Aharon Haver, Lev Maresca, and Doron Zamir for excellent research assistance; and Israel's National Economic Council and Prime Minister's Office for funding the survey. The views expressed here are of the authors only; they have no financial or other material interests related to this research to disclose. The views expressed herein are those of the authors and do not necessarily reflect the views of the National Bureau of Economic Research.

A Grant to Every Citizen: Survey Evidence of the Impact of a Direct Government Payment in Israel

Naomi Feldman and Ori Heffetz

NBER Working Paper No. 28312
December 2020
JEL No. D14,D91,E21,E62,E65,H24,H31

ABSTRACT

In early August, 2020, during the COVID-19 pandemic, Israel disbursed one-time, universal grants to its citizens, of $220 per adult and $150 per child. Using survey data, we estimate that 25–45 percent either had already mostly spent or were planning to spend the money by year's end and 36–52 percent mostly paid down debts. Interestingly, about as many people reported mostly donating the grant or using it to help family or friends as reported saving it (10–18 percent), with donations mostly originating from higher-income respondents. This voluntary rerouting of governmental assistance may help alleviate the trade-off between targeting and simplicity/speed of disbursement.

Naomi Feldman
Bogen Family Department of Economics
The Hebrew University of Jerusalem
naomi.feldman@mail.huji.ac.il

Ori Heffetz
S.C. Johnson Graduate School of Management
Cornell University
324 Sage Hall
Ithaca, NY 14853
and The Hebrew University of Jerusalem
and also NBER
oh33@cornell.edu

In mid-July, 2020, the Israeli government announced one-time grants of roughly $220 per adult and $150 per child to all eligible citizens in response to the COVID-19 crisis. Thus, a family of four would have received about $740, nearly 18 percent of median monthly household income in 2018. By early August, the payments had been disbursed. The government argued that the grants would provide much needed stimulus to the domestic economy and encouraged those receiving the payments to go out and spend on domestically produced goods and services.

How were these grants used? This paper reports results from a survey conducted in late August, designed to answer this question. We view the Israeli episode as an opportunity to study the impact of such direct governmental transfers in a non-US setting and in an economic crisis of historic proportions. Moreover, the payments in Israel were, for all practical purposes, universal, thus providing a case study into the economic and political implications in a situation where everyone, needy or not, receives government handouts. Finally, by using a survey instrument modeled after those used to study past US episodes, and by replicating the calibration methods used in past research to estimate marginal propensities to consume out of the grant, we can compare our findings with past findings, and discuss similarities and differences across time, location, and context.

The COVID-19 pandemic spread quickly across the globe in the first quarter of 2020. Many countries began shutting down their economies in order to mitigate the health implications of a little-understood contagious virus. As part of their response to the severe economic consequences of these shutdowns, a number of countries turned to direct grant payments to citizens. The US provided stimulus payments of $1,200 per person and $500 per child up to a maximum of $3,400 per household. South Korea and Japan provided universal direct payments to each of its citizens of $340-$680 and $960, respectively.[1] A number of other countries provided one-time child supplements (e.g., Germany and Canada), while Spain

[1]The payments have a number of names, reflecting the different governments' views. They are called "stimulus payments" in the US, "emergency relief payments" in South Korea, and simply "special cash payments" in Japan. As of the time of this writing, to our knowledge, these non-US payments have not yet been studied in the academic literature.

appeared set to establish permanent basic income for its poorest residents. These direct stimulus payments are not new for the US, where they were also disbursed most recently in 2001 as part of a tax rebate pre-payment and in 2008 during the Great Recession.

Survey data from these earlier episodes suggest that the payments provided modest stimulus, with average marginal propensities to consume (MPC) estimated at around one-third (Shapiro and Slemrod (2003), Shapiro and Slemrod (2009), Sahm, Shapiro and Slemrod (2010)), though, consistently, around half of respondents report mostly using the payment to pay down debt. Recently, Parker and Souleles (2019) replicate these survey findings and show that they yield MPC estimates that are similar to those estimated from expenditure data. They conclude that "reported spending is highly informative about revealed-preference propensities to spend" and that their findings "lend credence to the use of reported causal effects to measure the effect of economic policy or to estimate model parameters." Most recently, studies of the 2020 COVID-19 stimulus payments in the US estimate MPCs in a similar range—25–42 percent—using a variety of data sources and methods (Baker et al. (2020) use individual-level financial-app data, Misra, Singh and Zhang (2020) use debit-card transaction data, and Coibion, Gorodnichenko and Weber (2020) use survey data). To our knowledge, little is known on such payments outside of the US, with the exception of Australia's direct payments of 2008–2009.[2]

We use a survey that is generally similar to those used in past work, but is conducted online. Akin to past findings, we find that the main reported short-term use of the money was paying down debt (42–52 percent of respondents), followed by spending (25–31 percent) and saving (15–18 percent). We further estimate a somewhat short-run MPC mostly within the range of 33-50 percent, although, depending on assumptions, calibration method, and time horizon, we also report slightly lower and higher estimates. Thus, to the extent that our

[2]During the global financial crisis of 2008–2009, Australia sent targeted direct payments to its taxpayers, focusing on lower income families with children and the elderly. Leigh (2012) estimates that about 40 percent of households mostly spent the payment—higher than in the US. He attributes the difference in part to marketing, noting that the Australian payment was called a "bonus" while the US payment was called a "rebate."

survey findings generalize, we cautiously conclude that in per-dollar terms, the government's stated goal of stimulating the economy was modestly achieved.[3]

New to our study, we also find that around 14 percent report either donating the money or giving it to family or friends, and around three percent report that the grant had no effect on them. Although our online survey—which did less to discourage response options other than spending, saving, and paying down debt—may have helped, these two findings may be unique to the 2020 Israeli context. In response to the grant announcement, grassroots campaigns sprung up mostly among secular, educated Israelis to collectively donate the money or even find ways to refuse to accept it (the latter, to our knowledge, was not possible). Reflecting a certain political zeitgeist, such campaigns were part of a public backlash against making the grants universal and thereby giving money to those who did not need it and were not directly financially harmed by the COVID-19 crisis. Consistently, we find that higher-income households are significantly more likely to mostly donate their grant, and we find suggestive evidence of inter-generational transfers in the flavor of Ricardian equivalence; we also find that the ultra-orthodox are less likely to report having done either. Finally, we find that the non-negligible number of respondents who refused to acknowledge that they did anything with the grant—whom we term "protest" responders—are secular and highly educated but, interestingly, are *not* of higher income.

We cautiously draw two lessons from these findings. The first is with regards to the perceived trade-off in governmental transfers between getting the money to where it is needed and getting it out quickly, transparently, with minimum bureaucracy and with minimum distortion to incentives. Our findings raise the possibility that, at least in a socially and politically aware society, universal or near-universal transfers may end up more targeted

[3]Stating the obvious, our data do not allow us to assess whether stimulating consumption created or saved jobs, nor any possible Keynesian multiplier effects, nor the per-dollar effectiveness of the grants compared with alternative stimulus policies. See Guerrieri et al. (2020) for analysis of these questions using a multiple-sector-economy model with pandemic-like lockdowns. We note however that the Israeli grants arrived at a time when much of the economy had already reopened. (Following the first lockdown, most sectors reopened during May, with limitations on number of customers/patrons; a second lockdown would only be announced in mid September.)

than they appear on paper. It may therefore, under certain social conditions, be possible for the government to disburse a universal grant quickly; and for society, acting as a decentralized allocation mechanism, to redistribute the grants to where they are most needed. Our second lesson is methodological. Survey data may be limited in their ability to measure the impacts of such grants when they encourage respondents, if only implicitly, to stick to the response options suggested by economic theory. Such limitations may be amplified when the grants are controversial or, more generally, when respondents are opposed to a government's actions. Future surveys may do well to give respondents more flexibility in responding, for example by explicitly offering response options that go beyond spend, save, and pay down debt.

1 Background

On July 15, 2020, the Israeli government announced a plan called "A Grant to Every Citizen." It provided for a universal grant to Israeli citizen-residents, of 750 New Israeli Shekels (NIS), or roughly $220 ($1 USD = 3.5 NIS), per adult (over the age of 18) and 500 NIS, or roughly $150, per child, with a maximum of three children per household. The plan was announced on prime-time TV by the Israeli Prime Minister, and became the topic of much local publicity and controversy.[4] After subsequent heated debates in the Knesset (Israeli Parliament) and the public sphere, the grant was slightly modified: it was ultimately capped at annual earnings of 650,000 NIS (in 2019) with no phase-out range;[5] the number of eligible children per family was uncapped with the first four children receiving 500 NIS each and subsequent children 300 NIS each; and certain individuals who were already receiving government benefits due to a disability or old-age, as well as new immigrants, victims of terrorist attacks, Holocaust survivors, and several others, were eligible to receive an augmented grant of 1,500 NIS.

[4]The government subsequently created a dedicated web page for the program, in Hebrew, Arabic, and English: `https://govextra.gov.il/mof-corona-eng/grantscitizens/`.

[5]In practice, less than 2 percent of citizens were ineligible due to either having income above the ceiling or not having filed a tax return for 2018 in spite of being obligated to do so (the large majority of taxpayers do not have to file tax returns). Thus, the grant was practically universal.

Eligibility was at the individual level, rather than the household level as is typical in the US. In particular, children were universally eligible, even the children of very wealthy households. Similarly, a low-earning spouse of a very high-earning individual who is ineligible may be eligible for the grant, in spite of their joint household income being at the top of the income distribution. According to the Bank of Israel, the final cost of the grants was estimated at the time to be 6.5 billion NIS (0.46 percent of 2019 GDP).[6]

The time from announcement of the grant in mid July to its disbursement was short, and by the first week of August, 2020, nearly all eligible citizens had received the direct deposit.[7] The grant was first disbursed to children (typically deposited into the parents' bank account); it was next disbursed to the elderly and those receiving the augmented grant; and finally to the remaining eligible adults. Thus, a married household with children potentially saw up to three deposits in a joint bank account—one for the children, and one for each adult, within the span of a week.

When the grant was announced, Israel—like other countries—was facing record numbers of unemployed and furloughed workers and distressed businesses. In addition, Israel's political situation was unprecedentedly fragile, with a newly formed government that many were frustrated with and predicted would not last long.[8] The government was thus facing a mix of political and economic discontent, and certain segments of the population held it responsible for a perceived lack of coherent plan for dealing with the COVID-19 crisis, among other things.

[6] "Israel Central Bank Chief Notes Progress on Cash Grant Plans." July 26, 2020. https://www.bloombergquint.com/global-economics/israel-cabinet-approves-grant-for-every-citizen-program.

[7] A very small number of eligible citizens without an established bank account experienced delays in receiving their grants. Instructions were provided by the National Insurance Institute as to how to obtain the money in cash at a post-office if obtaining a bank account was not feasible. However, after August 23, the remaining option is to provide a bank account number where the money will be deposited by mid-October, 2020. See https://www.btl.gov.il/English%20Homepage/Pages/each-citizen.aspx for further details.

[8] Israel held three divisive rounds of general elections—typically held every four years—within a single year, failing to resolve a political deadlock. An "emergency" national-unity government was eventually reluctantly sworn in only two months prior to the grant announcement. It brought in political opponents with little apparent mutual trust or willingness to work together. The new government could not seem to agree on a budget—the timely passing of which is a condition for avoiding a fourth round of elections. General frustration was visibly growing; large street protests, for example, were becoming increasingly common.

In addition to the grant, a number of other policies were announced in the preceding days—including extending unemployment benefits until June 2021, various safety net measures for the unemployed and a number of policies aimed at helping businesses, such as property tax abatement, loans, extending business licenses, and other stipends.

2 Data

We use data collected by an independent, third-party survey company (`https://www.panel4all.co.il/`) that administered the anonymous survey from August 26 to August 30, 2020. The respondent pool available to the survey company consists of active participants in its internet panel—individuals who voluntarily sign up to "make an impact and make money," according to the firm's website. While we have no expectations that panel participants are nationally representative of the Israeli population, especially with regard to unobservable characteristics, the company's large database of potential respondents can be sampled to match the Israeli 18+ population on five observable variables: sex, age, geographic region, level of religiosity, and income.

The survey was conducted in Hebrew, limiting responses by Israel's Arab minority and large immigrant population to those sufficiently proficient in the language. The company sent out 8,867 initial invitations and 1,128 reminders to its panel participants, of whom 1,182 began the survey, and 1,002 completed it, at which point the survey was closed.[9] This partial coverage of the Israeli population and non-response among panel participants should be kept in mind when generalizing from our survey findings.

The survey itself was based on the surveys used in Shapiro and Slemrod (2003), Shapiro and Slemrod (2009) and Sahm, Shapiro and Slemrod (2012), translated and adapted to

[9]The survey was promptly closed after four live days, upon reaching the requested target of 1,000 observations relatively quickly. While we speculate that response rate would have been somewhat higher had the survey remained open longer, unit nonresponse would likely remain quite high. Past research shows that easier-to-reach respondents may differ systematically from harder-to-reach ones, even after controlling for sample composition on observables, suggesting non-random nonresponse (Heffetz and Reeves, 2019).

better fit the nature of the Israeli grant, society and Hebrew language.[10]

Table 1 presents demographic summary statistics for our respondents, and compares them to national statistics. In spite of being relatively small, our sample is remarkably close to national population statistics collected by the Central Bureau of Statistics (CBS) in terms of age, religion, religiosity, and gender. While the income distribution of survey respondents is difficult to directly compare to the national distribution due to different bracketing, roughly 63 percent are below the national median income and roughly 88 percent of respondents are around or below the national 80th percentile, suggesting some undercoverage at the high end, though arguably very reasonable for an internet survey. In terms of education, our survey sample is significantly more educated than the Israeli population, possibly in part due to the survey being offered only in Hebrew and only online.[11]

Average household size in our survey is close to the national average; however, conditional upon having at least one child, our sample has substantially fewer children per household compared to the national distribution.

Table 1's bottom panel reports two variables derived from questions in our survey. *Financially damaged*: a Yes/No question asks "Because of the Coronavirus crisis, has your or your household's income declined?" Sixty-one percent responded affirmatively. Next, we define *Liquidity constrained*: a Yes/No question asks "Did you and/or your household fall behind on mortgage, rent or other payments due to the Coronavirus crisis?" Twenty-two percent responded affirmatively. Finally, as a check for the salience of the grant, we also asked households to self-report the amount that they received. Respondents report 1,774 NIS (roughly $520) on average. We use the government's formula and respondents' reported household composition to predict how much they were supposed to get; however, our predicted amount misses eligibility for the augmented grant because we do not have the required information on the long list of criteria determining eligibility. This would lead us to under-predict the

[10]Appendix A contains the English translation of the survey. The original Hebrew version is available from the authors upon request.

[11]We note that education was not one of the categories on which the survey company seeks to balance its sample.

grant amount for some households. In addition, there could be some confusion in family situations of divorced or separated parents. Nonetheless, sixty percent of respondents provide a figure that exactly matches our predicted amount. The discrepancies between what our implementation of the formula predicts and what survey respondents claim increase with the number of children in the household.

3 Results

Of the 1,002 respondents who completed the survey, four reported they were not eligible for the grant; our analysis is based on the remaining 998 respondents. In our sample, 975 respondents reported having already confirmed receipt of the grant, 15 believed that they had already received it but did not yet check their bank accounts, and eight had either not received it yet or had not checked their bank accounts but believed they would receive it soon.

Asked "How soon, in your estimation, will you / your household use or did use most (over half) of the grant money?," 30 percent responded "Even before actually receiving the grant," another 37 percent responded "Within two weeks of receiving the grant," and another 24 percent indicated between two weeks and three months. Put differently, less than 9 percent indicated that it will take them more than three months to use most of the grant.

3.1 How Israelis used the grant

Table 2 summarizes the survey results. We start with panel A, which reports response frequencies and percentages. Columns 1–6 are based solely on our main survey question:

> Compare the current situation in which you / your household received or will receive the grant to a situation in which no grant existed.
> What do you think is the grant's primary effect on you and your household?

Respondents could choose one of seven responses, presented in this order: "Spend more

money," "Increase saving," "Reduce debt," "Donate," "Help a friend or family member," "Don't know," and "Other. Specify: _____." All but two of the respondents who chose the "Other" option provided an explanation.[12]

Columns 1–3 report the raw data: column 1 shows the by-response frequencies of the 998 responses; column 2 reports the same responses as percentages of the 804 responses excluding "Don't know" and "Other"; and column 3 reports them as percentages of the 685 responses that correspond to the first three options, in order to facilitate comparisons with previous studies. Columns 2 and 3 thus implicitly redistribute the responses in the excluded categories proportionally among the first six and three categories, respectively.

Columns 4–6 replicate columns 1–3 after we recoded 68 of the 76 "Other" responses, based on the detail provided by the respondents (in an open textbox). Of course, such recoding involves judgement. That said, we only recoded when we felt that the provided text was sufficiently unambiguous. This recoding also resulted in a new category, "No/negligible effect," which did not originally exist as a response option but which 27 of the 76 "Other" respondents wrote in (e.g., "no effect," "did not have any effect"). As we will discuss in Section 4, one may interpret these "No/negligible effect" responses as protests against the government's universal grant. Another 41 responses were recoded into existing categories (e.g., "Mostly spend"). The remaining eight were empty or sufficiently ambiguous.[13]

[12]The original Michigan Surveys of Consumers' telephone question in Shapiro and Slemrod (2003), Shapiro and Slemrod (2009) and Sahm, Shapiro and Slemrod (2010) read:

> Thinking about your (family's) financial situation this year, will the rebate lead you mostly to increase spending, mostly to increase saving, or mostly to pay off debt?

See Shapiro and Slemrod (2003), section "4.3. *Converting Survey Responses into an Aggregate MPC*" for the considerations behind the design of this question (as opposed to asking, e.g., "What fraction of the rebate did you spend?") for the purpose of MPC estimation. We modified the original question slightly to better fit the Israeli context and Hebrew language, and we added the response option "Other. Specifiy:," which did not exist in the original script, due to our survey mode. (A telephone interviewer can ask for clarification, and classify in real time would-be "Other" responses into one of the other six response options.) For a similar reason, while the original telephone question explicitly mentions only the first three options—spend, save, and pay off debt—and allows for the other three options—donate, help, and don't know—only if volunteered by the respondent, in our online survey all response options are explicitly listed.

[13]We follow previous work in recoding "pay bills" as paying off debt. However, as noted e.g. by Sahm, Shapiro and Slemrod (2010) and Leigh (2012), the issue is not clear cut. On the one hand, the bills themselves may have increased due to increased consumption as a result of the grant, and/or paying them with the

Our findings in columns 1–6 show both similarities with, and differences from, findings from telephone interviews in the U.S. When looking at the only three response options explicitly mentioned by the interviewer in the US surveys—spend, save, and pay off debt—the percentages in columns 3 and 6 closely replicate US percentages. To see this, Table 3 compares the shares from column 6 in Table 2 with findings from all other past studies we are aware of. As the columns "Mostly spend," "Mostly save," and "Mostly pay off debt" show, across studies and US episodes, the three shares are almost always in the respective ranges 15–32, 17–37, and 46–55 percent.[14] The shares we find in Israel are within these ranges, with Mostly spend at the top of the range and Mostly save at its bottom.

Interestingly, our findings in Israel are almost identical to the CEX findings in Parker and Souleles (2019), whose calibration methodology we use below for estimating marginal propensities to consume. Studying the 2008 episode in the US, they find that 32, 17, and 51 percent of their respondents report mostly spending, saving, and paying off debt, respectively, compared with our 31, 18, and 51 percent (or, in our Table 2 column 3, 29, 18, and 52 percent).

At the same time, when looking at the full distribution of responses in Table 2, we find in columns 1 and 4 more donate, help, don't know, and other than in the US surveys. While likely at least partly a result of the differences in survey mode (see footnote 12), the high shares of donate and help friends or family (7 percent each in columns 2 and 5) and of the new category no/negligible effect (3 percent in column 5) may be unique to the Israeli context. We return to this point below.

Finally, columns 7–9 provide estimates that also include *delayed* spending from the grant. They are based on columns 4–6, but additionally recode some of the "Mostly save" and "Mostly pay off debt" responses as "Mostly spend" responses, based on two follow-up ques-

grant may have released other funds, increasing spending. On the other hand, if the bills had already been outstanding, then paying them is paying down debt. We also recode "routine payments" as paying off debt, but we recode "routine expenditures" as increased spending. Among the eight responses that we did not recode are "help in lieu of income," "I did not understand the question," and "peace of mind."

[14]Leigh's 2012 study of the Australian episode stands out with more Mostly spend and less Mostly pay off debt).

tions. Specifically, those who responded "Increasing saving" were asked:

> Do you / your household plan to use the money saved, including the grant money, by the end of the year?

Similarly, those reporting "Reducing debt" were asked:

> As a result of reducing your debt with the assistance of the grant money – do you think that you will spend more money later this year compared to what you would have spent without the grant?[15]

Those who responded positively to (one of) these questions were moved in column (7) to "Mostly spend" relative to column (4). This recoding only affected the top three rows of the table. The resulting estimates of delayed behavior are thus more reliant on reported *planned* future behavior—albeit near future, as the end of the year was only four months away. These estimates also rely on the assumption that respondents interpreted the two follow-up questions as again asking them—like the main survey question—about the *primary* effect, although these follow-up questions did not explicitly repeat that language.[16]

3.2 Estimating marginal propensities to spend

Panel B of Table 2 translates the estimated percentages of mostly spenders from panel A into estimates of a marginal propensity to consume (MPC) out of the grant. Its first row

[15]The original Michigan Surveys of Consumers questions read:

> Do you plan to keep your savings higher until the end of this year? Or do you plan to spend the rebate later this year?
>
> Do you plan to keep your debt paid off until the end of this year? Or do you plan to spend the rebate later this year?

We again slightly modified the original text to better fit into the Israeli context, language and interview mode.

[16]We note that the 11 respondents who in the main survey question responded "Other" (column 1) and were recoded by us into the saving/debt categories (column 3) were not asked one of the two follow-up questions. We also note that some respondents may have interpreted the follow-up questions as referring to the end of the *Jewish* year, which was on September 19, i.e., only three weeks into the future. However, other respondents may have interpreted "later this year" more generally as "later on."

("Input from A: Share mostly spend") reproduces these percentages from panel A, for ease of reference. These shares are the only input into the next two rows, which turn them into MPC estimates using two different methods, both taken from Parker and Souleles (2019).[17]

The first method follows the literature on reported spending, and was originally used by Shapiro and Slemrod (2003) to estimate the MPC out of the US tax rebate of 2001. While relying on arguably arbitrary—yet not unreasonable—assumptions, this method has become somewhat of a standard: it was again used by Shapiro and Slemrod (2009), Sahm, Shapiro and Slemrod (2010) to estimate the MPC out of the 2008 stimulus package, and by Leigh (2012) for the Australian 2009 rebate. The method is explained in detail in Shapiro and Slemrod (2003, Appendix), and again in Parker and Souleles (2019, online Appendix A.7)—whose version we implement. Briefly, it relies on two assumptions: (i) that those reporting mostly spending spend at least one-half of the transfer amount; and (ii) that the density function of propensities is piecewise linear, starting at a height of A at zero propensity, increasing to a maximum height of B at the share of respondents reporting mostly spending, and decreasing to zero at propensity one. Given (i) and that the density must integrate to one, one can solve for A and B as a function of the share who mostly spend, thus uniquely determining the density and, with it, average propensity in the population.

The second method used by Parker and Souleles (2019) starts with the first method but modifies its assumptions in a way that results in a simple calculation, equivalent to assuming that the average spending propensity of households that report mostly spending is 80 percent, and that of all other households is 25 percent. Parker and Souleles get the first assumption from a simple calibration they make (see their online Appendix A.7); alternatively, one trivially gets it by assuming that propensity among mostly spenders is uniformly distributed between 50 and 110 percent.[18] They get the second assumption by explicitly assuming that

[17]Parker and Souleles (2019) use three MPC calibration methods. We use the first two; the third is based on dollar amounts that people report spending in one of their surveys, and that we did not elicit.

[18]Parker and Souleles (2019) allow for the the spending propensity of some mostly spenders to be higher than 100 percent "to account for the possibility that some households purchase durable goods and so spend more than the payment amount." Indeed, their estimates using the CEX expenditure data suggest that mostly spenders spent on average 122 percent of the payment during the three-month period following

propensity among mostly non-spenders is uniformly distributed between 0 and 50 percent.

Panel B shows that these two methods yield MPCs that are broadly in line with each other, though the Shapiro and Slemrod (2003) estimates are lower in all columns. The estimates range from 28 to 42 percent in columns 1–6, and from 40 to 50 percent in columns 7–9.

Panel B's bottom line uses a third MPC-calibration method for columns 3, 6, and 9. Recall that the above two methods take a single input from panel A—the share of mostly spenders—and plug it into *assumed* distribution functional forms from the literature to calculate population-average MPC. In contrast, this third method takes also the shares of mostly debt payers and mostly savers as additional inputs, and combines them with average MPC *estimates* for these three groups—84, 42, and 21 percent, respectively—from Coibion et al.ś (2020, Table 3) study of the US 2020 stimulus grants, to calculate population-average MPCs. This method is thus based on estimates that we do not have for Israel; it results in MPCs that are 8–13 percentage points higher than the Shapiro-Slemrod and the Parker-Souleles methods. We report them mostly to facilitate comparing our findings with those of Coibion, Gorodnichenko and Weber (2020) in Table 3. As far as we know, that study is the only one estimating MPCs during COVID-19 using comparable survey methodology.[19]

3.3 How spenders spent and debtors paid off debt

The top panel of Figure 1 breaks down how "Mostly spend" respondents and those who report eventually spending (column 7 of Table 2) report spending or intending to spend the money. Respondents were shown a list of spending categories and asked to mark all relevant ones; thus, the figure sums to more than 100 percent. Food (and nonalcoholic beverages)

payment receipt; see their Table 3.

[19]Confidence intervals around our MPC estimates are straightforward to calculate. Treating the "Mostly spend" percentages in each column as estimated means from binomial distributions (with their column's respective N as number of trials), their estimated standard errors range from 1.3 percent (column 1) to 1.8 percent (column 9). Similarly, the standard errors around the Parker and Souleles (2019) MPC estimates, for example, which are each a linear function of its column's "Mostly spend" percent, have an almost identical range.

was marked by 55 percent of respondents. By the time the grants had been distributed to households, much of the economy had already reopened, so this high share of spending on food is *not* due to supermarkets having been the only stores open.

The bottom panel breaks down which debts were paid by "Mostly pay down debt" respondents. Again, because respondents were shown a list of categories and asked to choose all that apply, the sum of the categories is greater than 100 percent. The main use of the money was for paying down bank-overdraft debt.[20] Since the government transferred the grants directly into people's checking accounts, the transfers automatically paid down such debt for anyone who had a negative balance (without taking any further action).

Finally, we note that "Mostly spend" and "Mostly pay off debt" respondents reported using most (over half) of the grant faster than all other respondents: 90 and 95 percent, respectively, indicated use within a month of receiving the grant.

3.4 Heterogeneity in grant use

Figure 2 presents further breakdowns of our baseline findings from column 4 of Table 2. Its top-left panel presents grant use above and below median income. "Mostly spend" rates are nearly identical, at 23 percent (rounded)—a recurring result that we return to in the next subsection. The main difference between households above and below the median is that the fraction who pay down debt is substantially lower among the former: 25 versus 44 percent. In contrast, above-median households are more likely to save (17 versus 11 percent) and twice as likely to donate or give away the grant to family or friends (18 versus 9 percent). Finally, these same households are also more than twice as likely to respond that the grant had no/negligible effect (4 versus 2 percent).

The top-right panel breaks down grant use by age. Middle-aged respondents (36–47

[20]Traditional credit cards do not exist in Israel whereby people can hold credit card debt. Credits cards in Israel are essentially debit cards that are paid off every month. As a result, most bank accounts come with the ability to have a negative balance and interest is paid on this balance. In a 2018 survey by Israel's Central Bureau of Statistics (2019), 42 percent of households who owned a bank account reported having a negative balance (overdraft) for at least one of the previous twelve months, and roughly half of those for at least ten months.(Central Bureau of Statistics, 2018)

years old) have the largest share of "Mostly spend," while those aged 60 or above have the smallest share (29 versus 17 percent). In addition, and consistent with a theory of Ricardian equivalence, 28 percent of the 60+ age group engage in inter-generational transfers, either by donating their grant or by giving it to family or friends. This is roughly three to four times higher compared with other age categories. Young respondents (18–28) are the most likely to respond "Don't know/Other" (19 percent).

The bottom-left panel breaks down grant use by an indicator of financial damage (see Table 1). Households who report no financial damage due to the pandemic are, like those of higher income, much less likely to pay off debt (26 versus 45 percent) and more than twice as likely to donate and help family or friends (19 versus 8 percent), suggesting a rerouting of the grant from those who need it less to those who may need it more. Somewhat deviating from the income figures, no-financial-damage respondents are a little less likely to "Mostly spend" (20 versus 25 percent).

Finally, the bottom-right panel breaks down grant use by those who are liquidity constrained and those who are not. Again, the biggest difference between these two groups is in the fraction that choose to mostly pay down debt (54 versus 32 percent). Non-liquidity-constrained households are also much more likely to give away their grant to others (14 versus 6 percent). Surprisingly, again there is virtually no difference in the fraction that report mostly spending.

While the simple breakdowns reported in Figure 2 are informative, they mask correlations across households in income, age, financial damage, and other variables such as education, religion, religiosity, and having children. In the next subsection we use a multinomial regression model to analyze the determinants of grant use in a framework that simultaneously controls for these variables.

3.5 Determinants of grant use

Table 4 reports the average marginal effects from a multivariate multinomial logistic regression (robust standard errors are in parentheses). The dependent variable is reported grant use, coded as in Table 2's column 4; however the eight "Other" responses that we could not recode are assigned to the "Don't know" category, yielding seven dependent-variable categories. The independent variables are those reported in the table and, in addition, geographic region (nine regions) and household size (with a top category of seven or more).

To deal with multiple hypothesis testing, the discussion in the rest of this section focuses on (all) "statistically significant" results, using a false discovery rate (FDR) threshold of 10 percent (Benjamini and Hochberg, 1995). Rather than controlling the Type I error rate for each coefficient in isolation, the FDR threshold ensures that the null hypothesis is true (in expectation) for at most 10 percent of the entire set of coefficients we refer to as significant throughout the discussion. We look at the impact of each of our independent variables on the probabilities of choosing among the possible ways to use the grant.

Income. Perhaps surprisingly, even in a regression framework with a long list of controls, the percent of subjects who mostly spent the grant is fairly stable across the income categories. However, this (non)result in fact replicates past studies.[21] It has been interpreted as casting doubt on the conventional wisdom—originating from canonical theory and the literature on consumption smoothing—that the MPC is higher at lower incomes. Higher income households are more likely to donate compared to the base category, by 10–11 percentage points (pp)—more than doubling the baseline share of 6 percent from column 4 of Table 2 for the 17,001-20,000 and 20,001+ NIS categories. The highest income category is also less likely to pay down debt and more likely to save (18 and 13 pp, respectively).

[21] Shapiro and Slemrod (2003) use three questions to assess liquidity constraints, Shapiro and Slemrod (2009) use income, Sahm, Shapiro and Slemrod (2010) use income and stock ownership, and Leigh (2012) uses income. None of them finds a significant relationship with the share of mostly spenders. Parker and Souleles (2019) and Coibion, Gorodnichenko and Weber (2020) use several measures and find mixed results. As they discuss, their mixed results, as well as differences across studies, could result from measurement issues, including those related to survey methodology, e.g., differences in questions, samples, and the response behavior of high- versus low-income households.

Age. Households in the 48–59 age group are more likely to pay down debt and less likely to save (20 and 14 pp, respectively). These are both economically large impacts given the baseline of 37 and 13 percent from Table 2. Households in the 60+ age category are also more likely to pay down debt and less likely to save (18 and 15 pp, respectively). Finally, while not statistically significant, the large point estimates suggest that these latter households are roughly twice as likely to donate the grant or give it to family or friends compared to any other age category.

Education. Education does not show much explanatory power across the various categories of grant use. With a single exception, no coefficient is statistically significant even by old t-test standards. The exception is that respondents with at least a Bachelor's degree are more likely to respond "No effect" (p-value = 0.01). While narrowly missing our FDR threshold, the 2.7 pp estimate is economically significant: it means a doubling of the baseline rate (of 2.7 percent).

Religion and children. Jewish households are nearly eight pp more likely to save. Relative to secular respondents, traditionally observant ones are less likely to save and report "No effect," and more likely to spend (the only statistically significant predictor of "Mostly spend"), while ultra-orthodox ones are less likely to save, give away the grant, and report "No effect." Families with children under the age of 18 are 14 pp likelier to pay down debt.

Financial damage and liquidity constraints. Households that report being financially damaged or liquidity constrained are more likely to pay down debt (12 and 14 pp, respectively). Moreover, liquidity constrained households are seven pp less likely to save.

4 Discussion

Depending upon the underlying assumptions, we estimate a range of MPCs from 28 to 51 percent in the near term and up to 58 percent in the longer run. We cautiously conclude that the government was modestly successful in achieving its goal of stimulating consumption, and

perhaps more than modestly when we take into account delayed spending. We also maintain that these grants serve a larger purpose than simply stimulating aggregate demand. Paying down debt, especially by financially distressed households, is, in our view, an important outcome. It could, in addition, have *future* expansionary effects on aggregate demand. These are hard to measure.

Table 3 shows that over all grant episodes studied, the fraction of those who mostly pay down debt is remarkably consistent: it is around 50 percent, over time and economic crisis, with the single exception of Leigh (2012), who estimates 35 percent for Australia's 2009 episode. The heterogeneity across studies is seen primarily in the fraction who mostly spend and the fraction who mostly save. We offer one possible insight into this observation. As Coibion, Gorodnichenko and Weber (2020) note, one explanation for the low level of spending during the 2020 stimulus grant episode in the US is that the grants were relatively large compared to previous episodes and relative to median monthly household income in the US.[22] The larger these one-time payments get, diminishing returns induces individuals to consume smaller fractions of their temporarily higher income. Coibion, Gorodnichenko and Weber (2020) find 15 and 33 percent, respectively, of mostly spenders and mostly savers; in comparison, we find roughly twice the share of spenders and half the share of savers in Israel's COVID-19 episode. One potential explanation is a mental accounting argument along the lines of Shefrin and Thaler (1988) and Feldman (2010). It maintains that larger payments may enter the "wealth" mental account—and therefore generally face a higher marginal propensity to save—and smaller payments may enter the "consumption" mental account—where they are meant to be spent.

There is however an important difference in the Israeli context compared to other grant episodes: the Israeli grant was, for all practical purposes, universal (excluding the top few percent of the wealthiest taxpayers). The government had effectively decided that speed of

[22]Median household income in the US was $68,700 in 2019, so a $3,400 payment for a family of four is equal to nearly 60 percent of median monthly income. In comparison, the payment in Israel was nearly 18 percent of median monthly income in 2018.

delivery was more important than more careful targeting. Furthermore, the government may have lacked the information and the tools necessary to conduct effective targeting.

With this universality came political backlash. However, our results suggest that some of the protest behavior itself may have become part of the solution. While the biggest disadvantage of universal transfers is that many people who "don't need" the money get it, our results suggest that many of them redirected it towards people they believed to be of higher need. To give a concrete example, an online crowdfunding campaign called "Move it Forward" collected nearly 18.5 million NIS from 21,600 donors—about 850 NIS per donation, on average. The express purpose of this and similar campaigns was to encourage people to donate their grants to those more needy (see Figure 3). Thus, while not a typical argument in such a situation, it may well be possible under some cultural, social, and political circumstances to send money quickly to everybody, trusting to some extent that people will generously move it along to where it is most needed. Individuals may have better relevant information than the government, especially when speed is of the essence and given the asymmetric-information limitations governments inherently face.

Our results suggest that many recipients of the grant took matters into their own hands, effectively creating a decentralized grant-allocation mechanism. Fourteen percent of households claimed to have given their grants away, a response that is not typically studied in previous grant episodes in the US.[23] In particular, higher income households were more likely to mostly donate their grants, while 28 percent of those above age 60 either mostly donated their grant or gave it to family or friends. These actions of the older population are in line with the theory of Ricardian equivalence if they expect that future generations will face higher taxation as a result of the grant—again, an argument that was frequently made in Israel at the time.

[23]We do not suggest that donations are unique to Israel. They were made particularly salient during the 2020 episode by the vocal opposition to the universality of the grant (and, more generally, to the "emergency" national-unity government at the time). In addition, as discussed above, because "Donate" and "Help a friend or family member" were not explicitly offered as a response option in the surveys administered in the US, we are unable to offer a clean comparison. We encourage future iterations of such surveys to offer a more complete picture of the available options for using direct government grants.

Finally, we have noted what we call "protest" responses—those who claim "No/negligible effect." We find it remarkable that income is not a statistically significant determinant of such responses; it suggests against interpreting them simply as reflecting the fact that a fixed-size grant matters less for high-income individuals. Short of burning the money, respondents must have done *something* with the grant but choose instead to provide a response that, to us, seems to suggest that they disliked this particular fiscal policy. The demographics that most strongly predict such protest are being a secular Jew with higher education—a group that was less likely to support the government at the time.[24] This finding is an important reminder that when certain groups are strongly opposed to a particular fiscal policy, that itself may hinder the policy's goals—but it may also diminish the policy effects *as measured in surveys*. In such cases, alternative to surveys—which, as we noted, are becoming increasingly viable—may be particularly important.

5 Conclusion

In response to the COVID-19 pandemic that hit the Israeli economy—along with many other economies around the globe—the Israeli government disbursed one-time universal grants of 750 NIS (about $220) per adult and 500 NIS (about $150) per child to resident citizens. The time from the government's first announcement of its intention to provide the grants to their deposit in bank accounts was barely three weeks. The stated goal of the grants was to stimulate the domestic economy. There was significant public backlash against the grants, largely due to their essential universality (i.e., their delivery also to those who did not necessarily need them) and to their being commonly perceived among certain constituencies as simply adding to a view that Israel's fiscal policies at the time were haphazard and

[24]Survey data from the Israel National Election Studies (2019-2020) administered around the September 2019 elections show that 50 percent of secular Jewish respondents ranked their support for the Prime Minister at 2 or below, on a scale from 0 (rejection) to 10 (support)—compared with only 13 percent of non-secular Jewish respondents. The data also show a lack of support among higher-educated individuals (with at least a B.A. degree), albeit less dramatic. The sharpest difference is seen at the top of the scale: 19 and 7 percent of lower- and higher-educated respondents, respectively, gave the Prime Minister a full 10.

inadequate to address the needs of those who had been suffering from financial damage due to the pandemic.

Using data collected from an internet survey in the weeks after the grants had been disbursed, and our preferred classification of responses (column 5, Table 2), we find that 42 percent of households reported using the grants to mostly pay down debt, 26 percent to mostly spend it, 15 percent intended to mostly save the grant, 14 percent reported to have either donated the money to a third party or given it to family or friends and 3 percent claimed no effect. We find these latter two categories particularly interesting. We speculate that they may suggest, first, that under some circumstances, individuals may be able to target payments to those who are truly needy more efficiently and quickly than the government; and second, that estimating the true impact of such grants with a survey may be problematic when respondents are politically opposed to the policy at hand. Future research could investigate both conjectures, e.g., by using other, newly available data to supplement survey data. In addition, future surveys could explicitly invite respondents to express a wider range of possible outcomes than those suggested by narrowly interpreting economic theory.

References

Baker, Scott, R.A. Farrokhnia, Steffen Meyer, Michaela Pagel, and Constantine Yannelis. 2020. "Income, Liquidity, and the Consumption Response to the 2020 Economic Stimulus Payments." *NBER WP 27097*.

Benjamini, Yoav, and Yosef Hochberg. 1995. "Controlling the False Discovery Rate: A Practical and Powerful Approach to Multiple Testing." *Journal of the Royal Statistical Society Series B*, 57(1): 289–300.

Central Bureau of Statistics, CBS. 2018. "Ownership of Financial Assets by Households: Findings from the Longitudinal Survey 2018."

Coibion, Oliver, Yuriy Gorodnichenko, and Michael Weber. 2020. "How did U.S. Consumers Use their Stimulus Payments?" *NBER WP 27693*.

Feldman, Naomi. 2010. "Mental Accounting Effects of Income Tax Shifting." *Review of Economics and Statistics*, 92: 70–86.

Guerrieri, Veronica, Guido Lorenzoni, Ludwig Straub, and Iván Werning. 2020. "Macroeconomic Implications of COVID-19: Can Negative Supply Shocks Cause Demand Shortages?" *NBER WP 26918*.

Heffetz, Ori, and Daniel B. Reeves. 2019. "Difficulty to Reach Respondents and Nonresponse Bias: Evidence from Large Government Surveys." *Review of Economics and Statistics*, 101: 176–191.

Israel National Election Studies. 2019-2020. "Election Studies Survey." `https://www.tau.ac.il/~ines/elections.html`.

Leigh, Andrew. 2012. "How Much Did the 2009 Australian Fiscal Stimulus Boost Demand? Evidence from Household-Reported Spending Effects." *The B.E. Journal of Macroeconomics: Contributions*, 12.

Misra, Kanishka, Vishal Singh, and Qianyun Zhang. 2020. "Impact of the CARES Act Stimulus Payments on Consumption." *Working Paper*.

Parker, Jonathan A., and Nicholas S. Souleles. 2019. "Reported Effects versus Revealed-Preference Estimates: Evidence from the Propensity to Spend Tax Rebates." *American Economic Review-Insights*, 1(3): 273–290.

Sahm, Claudia, Matthew D. Shapiro, and Joel Slemrod. 2010. "Household Response to the 2008 Tax Rebates: Survey Evidence and Aggregate Implications." *Tax Policy and the Economy*, , (24): 69–110.

Sahm, Claudia, Matthew D. Shapiro, and Joel Slemrod. 2012. "Check in the Mail or More in the Paycheck: Does the Effectiveness of Fiscal Stimulus Depend on How It Is Delivered?" *American Economic Journal: Economic Policy*, 4(3): 216–50.

Shapiro, Matthew D., and Joel Slemrod. 2003. "Did the 2001 Tax Rebate Stimulate Spending? Evidence from Taxpayer Surveys." *Tax Policy and the Economy*, , (17): 83–109.

Shapiro, Matthew D., and Joel Slemrod. 2009. "Did the 2008 Tax Rebates Stimulate Spending?" *American Economic Review*, 99(2): 374–379.

Shefrin, Hersh, and Richard Thaler. 1988. "The Behavioral Life Cycle Hypothesis." *Economic Inquiry*, 26: 609–643.

Table 1: Summary Statistics: Percent of Households

	Survey Sample	National Census
Male	49	50
Age		
18-29	25	26
30-39	23	20
40-49	16	17
50-59	17	14
60+	19	23
Religion		
Jewish	80	75
Muslim	14	18
Christian	3	2
Druze	2	2
Other	1	4
Religiousity		
Secular	47	43
Traditional	37	33
Religious	11	17
Ultra-orthodox	5	7
Income (NIS)		
less than 5,000	14	
5,001-8,000	17	
8,001-11,000	17	
11,001-14,000	15	
14,001-17,000	13	
17,001-20,000	12	
20,001+	12	
50th perc. (˜14,000 in 2018)	63	50
80th perc. (˜20,000 in 2018)	88	80
Education		
HS degree and below	26	56
BA student	7	3
Bachelor's degree +	49	30
Other (e.g., trade school)	19	11
No. in household (avg)	3.0 (1.6)	3.3
Households with at least one child:		
Under 18	40	
Over 18	36	
Children		
1 - 2	73	37
3 - 4	23	43
5 +	4	20
Financially damaged	61	= 1 if the household's income has declined due to Covid-19, 0 otherwise. (Appendix: Survey question 5)
Liquidity constrained	22	= 1 if the household reports having falling behind on bills (Appendix: Survey question 8)
Household grant (avg NIS)	1,774 (1,017)	household self-reported grant

Notes: Source: Central Bureau of Statistics. *Children*: Number of children is conditional upon having at least one child living at home under the age of 17 (Census) or 18 (survey). *Religiosity*: in census, based upon Jewish and Arab population only. Standard deviations in parentheses for averages (household size and grant amount); all other statistics are in percentages. $N = 998$.

Table 2: Responses to 2020 Universal-Transfer Survey

	Raw data			Recoded			Recoded + Delayed		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A: Responses to Main Survey Question (# = Frequency, % = Percent)									
	#	%	%	#	%	%	#	%	%
Mostly spend	201	25	29	228	26	31	325	37	45
Mostly pay off debt	358	45	52	367	42	51	315	36	44
Mostly save	126	16	18	129	15	18	84	10	12
Mostly donate	59	7		61	7		61	7	
Mostly help friend or family	60	7		60	7		60	7	
No/negligible effect	0	0		27	3		27	3	
Other	76			8			8		
Don't know	118			118			118		
N	998	804	685	998	872	724	998	872	724
B: Calibrating Marginal Propensity to Consume (MPC; Percent)									
Input from A:									
Share mostly spend	20	25	29	23	26	31	33	37	45
Output: average MPC by method									
Shapiro and Slemrod (2003)	28	33	37	31	35	39	40	44	48
Parker and Souleles (2019)	36	39	41	38	39	42	43	46	50
Average MPC using US estimates									
Coibion et al. (2020)[a]			50			51			58

Notes: Percentages are rounded to the nearest whole number. Marginal propensity to consume (MPC), or to spend, out of grant: Shapiro-Slemrod calibration is based on the Parker-Souleles implementation of Shapiro-Slemrod (see their Table 4 and Appendix A, with $\chi = 1$); Parker-Souleles calibration is based on their "Alternative calibration" (see their Table 4 and Appendix A); Coibion et al. calibration is based on their MPC estimates for mostly spenders, savers, and debt payers (see their Table 3).

[a]This method uses two additional inputs from A: share mostly pay off debt and share mostly save.

Table 3: Spending Propensities Across Countries, Episodes, and Studies

Study Dataset	Country & episode	Mostly spend	Mostly save	M. pay off debt	N	Estimated MPC
Shapiro and Slemrod (2003)						
MSC[a] Sep-Oct 2001	US 2001	21.8	32.0	46.2	1,444	33–36*
MSC Mar-Apr 2002	US 2001	24.9	27.1	48.0	1,002	34–37
HAR[b] Sep-Oct 2001	Hypothetical	16.6	36.5	46.9	752	
Shapiro and Slemrod (2009)						
MSC Feb-June 2008	US 2008	19.9	31.8	48.2	2,245	33 (32–35*)
Sahm, Shapiro and Slemrod (2010)						
MSC Feb-Dec 2008	US 2008	20	28	52	3,417	
MSC Nov-Dec 2008	US 2008	22	23	55	990	33 (30–35)
Leigh (2012)						
ANU[c] 2009	Australia 2009	40.5	24.0	35.5	805	41–42
CEX[d] 2008	US 2008	31.2	18.2	50.7	5,192	37–39
SIPP[e] 2008	US 2008	28.9	17.6	53.6	54,402	36–38
Parker and Souleles (2019)						
CEX 2008	US 2008	32	17	51	4,076	
Shapiro-Slemrod						40
Alternative calibration						42
Reported spending in NCP						58
NCP[f] 2008	US 2008	19	27	54	19,149	
Shapiro-Slemrod						27
Alternative calibration						36
Reported spending in NCP						50
Coibion, Gorodnichenko and Weber (2020)						
NCP June 2020	US 2020	15	33	52	11,793	
Reported amounts (shares)		[42]	[27]	[31]		42
The present paper						
Aug 2020 (Table 2 column 6)	Israel 2020	31	18	51	724	
Shapiro-Slemrod						39
Alternative calibration						42
Coibion et al. calibration						51

Notes: With exception to Coibion et al. (2020) and where indicated under Parker and Souleles (2019) and this present paper, all estimates use Shapiro-Slemrod calibration. Parker and Souleles (2019) use NCP scanner data to calculate aggregate MPC, and combine it with survey answers (Reported spending in NCP rows). Coibion et al. (2020) did not use NCP scanner data; in addition to answering what they mostly used their rebate for, their survey respondents gave quantitative answers (reported dollar amounts) to how much of the rebate they used for spending, saving and for paying off debt. The respective row—Reported amounts (shares)—reports these as mean shares in brackets; they are not comparable with other entries in their columns. The row's estimated MPC is the share reported as spending. The present paper's alternative calibration uses that in Parker-Souleles, and its Coibion et al. calibration uses mean share expenditures from Coibion et al. to calibrate the qualitative answers.
Notice that the data presented in Shapiro and Slemrod (2009) is a subset of the data in Sahm, Shapiro and Slemrod (2010).
Estimates with * are given in Leigh (2012).

[a]Michigan Surveys of Consumers
[b]How America Responds Survey (University of Michigan Survey Research Center)
[c]Australian National University, survey conducted by Social Research Center in Melbourne
[d]Consumer Expenditure Survey: https://www.bls.gov/cex/taxrebate.htm
[e]The Survey of Income and Program Participation
[f]Nielsen Consumer Panel

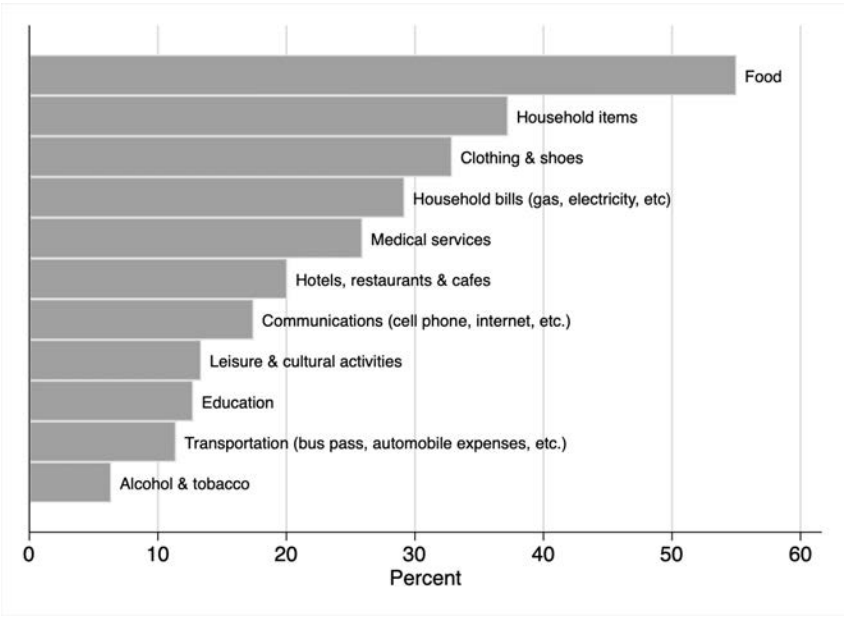
Table 4: Determinants of Grants Use (Multinomial Logit–Avg. Marginal Effects)

	Spend (1)	Pay debt (2)	Save (3)	Donate (4)	Family (5)	No Effect (6)	DK/Ot. (7)
Income (NIS), Base = ≤ 5K							
5–8K	−0.021	0.004	0.016	0.004	0.011	−0.013	0.000
	(0.054)	(0.057)	(0.032)	(0.015)	(0.032)	(0.018)	(0.037)
8–11K	−0.097	0.065	0.011	0.030	0.014	−0.013	−0.010
	(0.055)	(0.060)	(0.034)	(0.20)	(0.032)	(0.020)	(0.039)
11–14K	−0.087	0.070	0.053	0.038	−0.026	−0.011	−0.059
	(0.057)	(0.061)	(0.037)	(0.021)	(0.030)	(0.025)	(0.038)
14–17K	−0.022	−0.147	0.064	0.058	−0.006	0.000	0.053
	(0.064)	(0.063)	(0.042)	(0.025)	(0.036)	(0.022)	(0.047)
17–20K	−0.065	−0.078	0.048	0.105	−0.002	0.009	−0.017
	(0.066)	(0.068)	(0.043)	(0.036)	(0.037)	(0.023)	(0.046)
20K+	−0.062	−0.179	0.127	0.112	0.024	0.008	−0.028
	(0.067)	(0.065)	(0.047)	(0.039)	(0.045)	(0.026)	(0.045)
Age, Base = 18–28 years							
29–35	0.068	0.066	−0.068	0.005	−0.040	0.035	−0.068
	(0.044)	(0.044)	(0.042)	(0.021)	(0.018)	(0.022)	(0.037)
36–47	0.100	−0.004	−0.100	0.023	−0.011	0.064	−0.072
	(0.046)	(0.044)	(0.043)	(0.025)	(0.023)	(0.031)	(0.039)
48–59	0.009	0.204	−0.138	−0.013	−0.001	0.015	−0.076
	(0.048)	(0.053)	(0.049)	(0.021)	(0.026)	(0.018)	(0.039)
60+	−0.057	0.178	−0.150	0.072	0.056	0.005	−0.104
	(0.047)	(0.056)	(0.047)	(0.036)	(0.034)	(0.013)	(0.042)
Education, Base = ≤ HS graduate							
Non−academic trade	−0.085	0.045	0.018	−0.024	0.016	−0.002	0.031
	(0.043)	(0.046)	(0.032)	(0.027)	(0.021)	(0.009)	(0.033)
Student	−0.039	0.083	0.017	−0.007	−0.012	0.009	−0.050
	(0.059)	(0.066)	(0.046)	(0.039)	(0.028)	(0.019)	(0.034)
Bachelors +	−0.035	0.012	0.004	−0.037	0.023	0.027	0.006
	(0.037)	(0.038)	(0.026)	(0.023)	(0.019)	(0.010)	(0.026)
Jewish	0.035	−0.013	0.075	−0.015	−0.032	0.022	−0.073
	(0.0.4)	(0.046)	(0.024)	(0.032)	(0.028)	(0.010)	(0.043)
Religiousity, Base = Secular							
Traditional	0.114	−0.005	−0.063	0.004	−0.008	−0.028	−0.012
	(0.030)	(0.033)	(0.023)	(0.017)	(0.016)	(0.011)	(0.022)
Religious	0.022	0.026	−0.067	−0.001	0.005	−0.031	0.045
	(0.044)	(0.053)	(0.032)	(0.024)	(0.029)	(0.014)	(0.038)
Ultra−Orthodox	0.146	−0.038	−0.012	−0.062	−0.066	−0.042	0.074
	(0.074)	(0.066)	(0.058)	(0.010)	(0.011)	(0.009)	(0.056)
Kids over 18	0.038	−0.097	0.025	−0.040	0.014	0.045	0.014
	(0.043)	(0.045)	(0.044)	(0.024)	(0.022)	(0.034)	(0.035)
Kids under 18	−0.013	0.142	−0.002	−0.045	−0.020	−0.016	−0.045
	(0.046)	(0.051)	(0.036)	(0.027)	(0.025)	(0.013)	(0.033)
Financial damage	0.022	0.122	−0.037	−0.022	−0.026	−0.010	−0.049
	(0.030)	(0.032)	(0.023)	(0.016)	(0.018)	(0.012)	(0.025)
Liquidity constraints	−0.027	0.138	−0.073	0.000	−0.032	0.013	−0.019
	(0.035)	(0.042)	(0.024)	(0.021)	(0.016)	(0.020)	(0.028)

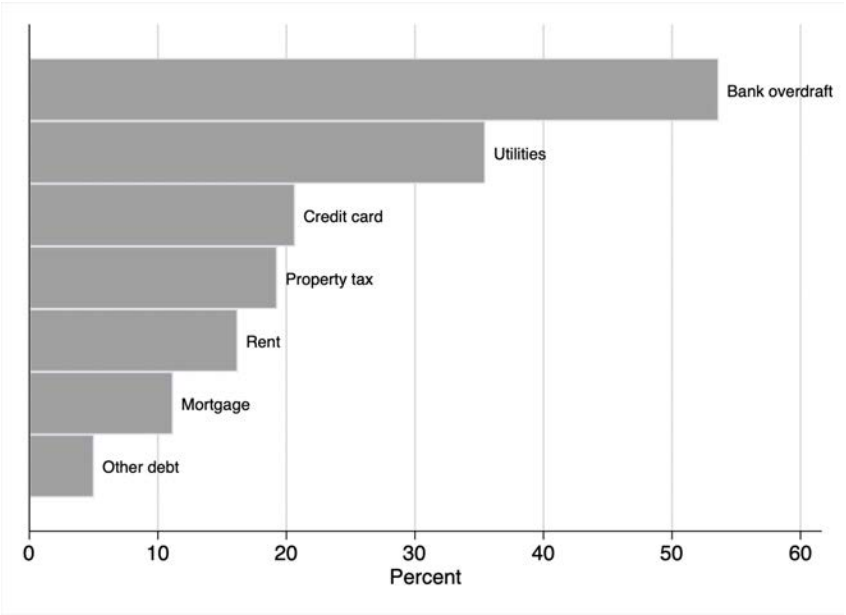
Notes: All columns include binary indicators for geographic region and number of members in the household. Robust standard errors in parentheses. $N = 998$.

Figure 1: Categories of Grant Use

(a) How the grant is spent (conditional upon spending)

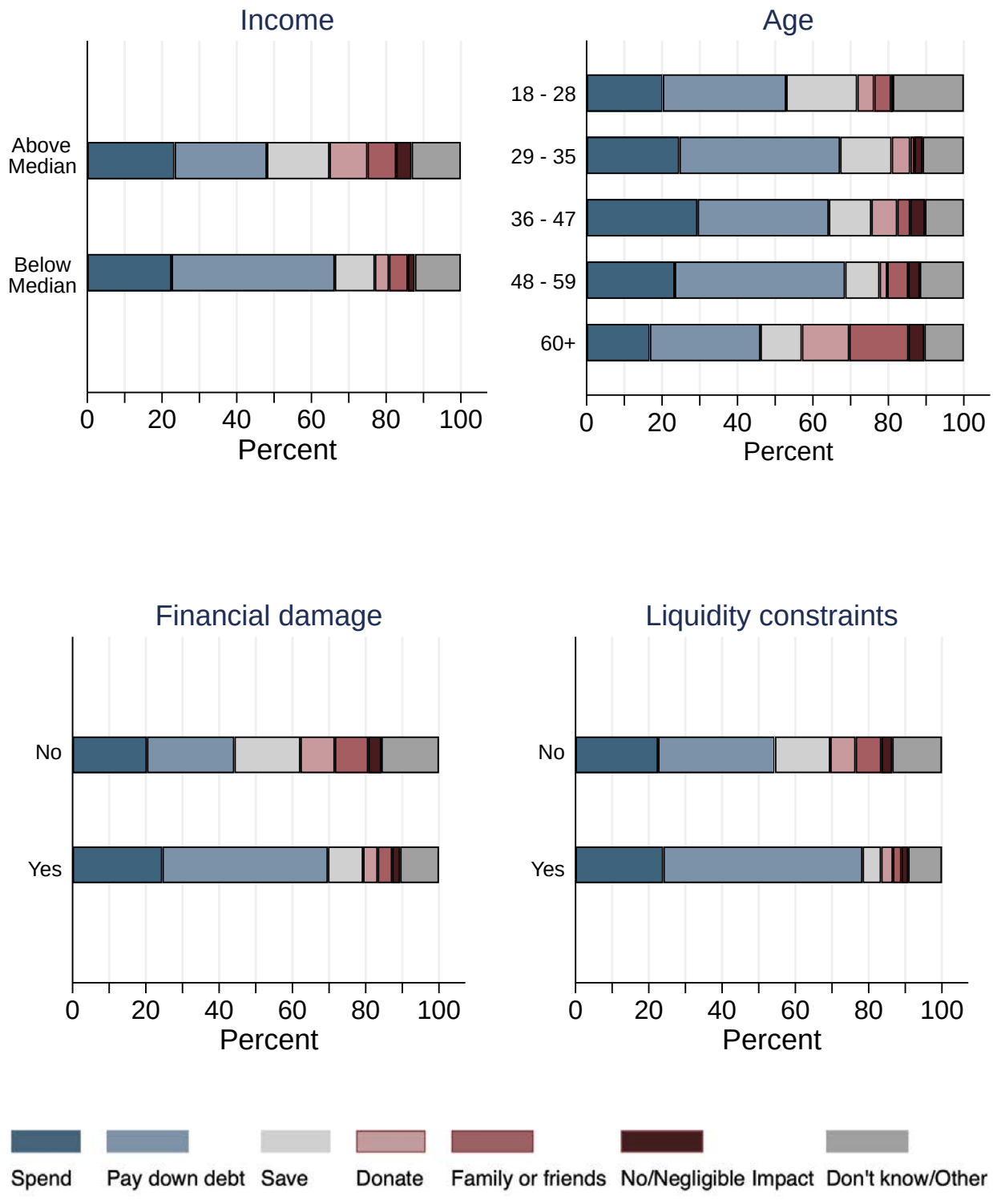


(b) Debts paid (conditional upon paying down debt)



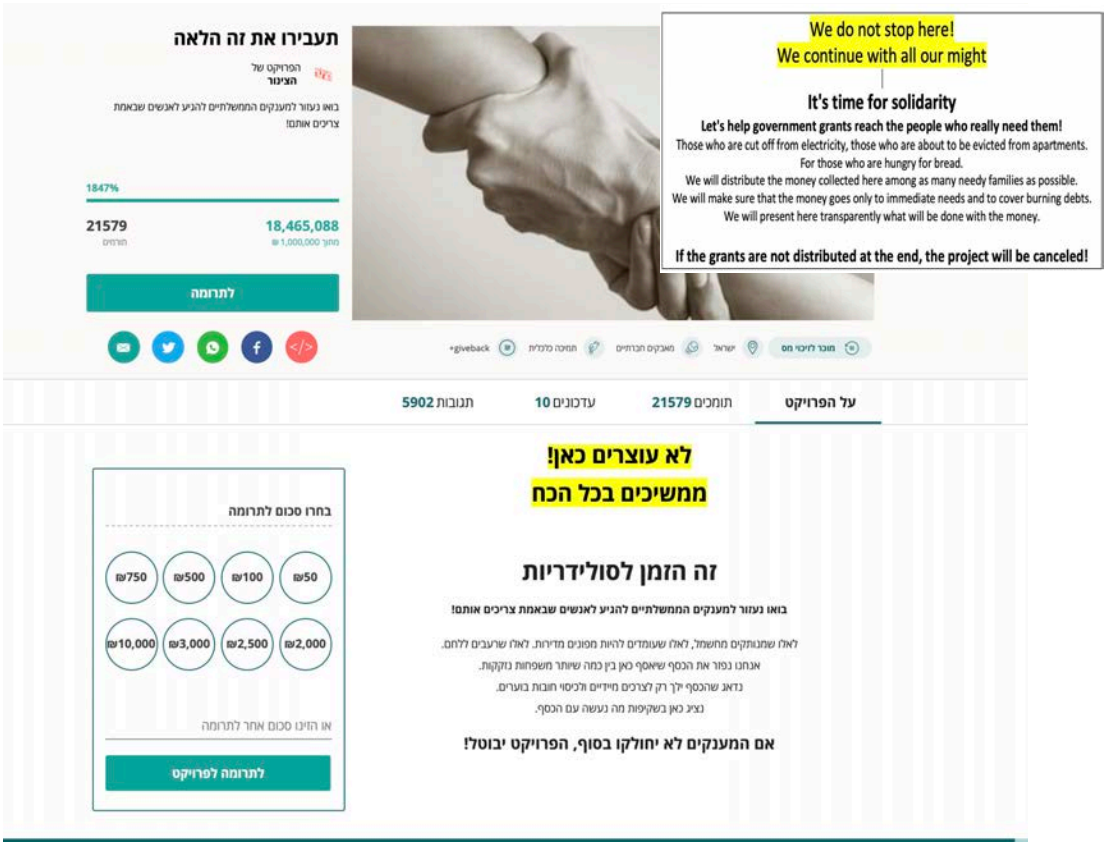
Notes: Fraction of respondents who report (a) spending on ($N = 228$) or (b) paying down debt on ($N = 367$). Total sums exceed 100 percent because respondents could choose as many categories as applied to them.

Figure 2: Heterogeneity in grant use



Notes: See Table 1 for variable definitions. $N = 998$.

Figure 3: "Move It Forward" Campaign



Notes: https://giveback.co.il (Accessed on October 11, 2020.) Translation in top-right corner is provided for the reader (not part of original webpage).

A Appendix: English Translation of Online Survey

[Survey starts on next page.]

A Grant to Every Citizen

During or after August and due to the Coronavirus crisis, most Israeli citizens received or will receive **A Grant to Every Citizen**:

• NIS 750 to every citizen over the age of 18 who earns less than NIS 650,000 a year.

• An additional NIS 500 to parents for each child under the age of 18, up to four children, and an additional NIS 300 for the fifth child and above.

• Enlarged grants for recipients of government benefits.

For the purpose of researching and evaluating the effectiveness of the grant program, we would like to know if the grant funds helped you and how you used them.

The survey is written in masculine for convenience but is intended for all genders.

This survey is anonymous.

As part of the study, we ask of you to answer on behalf of your **household**. That is, if you **live** and manage your finances in partnership with a spouse, and / or **have children under the age of 18, please answer on behalf of all of you together**. If you live alone or live with others but manage your finances separately from them, **please answer on behalf of yourself only**.

For this survey children over the age of 18 are **not** considered part of your household.

1. Have you and / or a member of your household received this grant?

- o Yes
- o No
- o Don't know

1.1. To those who answered "No"

Are you and / or someone in your household eligible for the grant and are expecting to receive it?

- o I and / or someone in my household is eligible, and I believe that we will receive the grant
- o I and / or someone in my household is eligible, but I do not believe that we will receive the grant *[GO TO QUESTION 5]*
- o I and / or someone in my household is eligible, but I do not know if we will receive the grant
- o I do not know if I and / or someone in my household is eligible to receive the grant
- o No one in my household is eligible *[GO TO QUESTION 5]*

1.2. To those who answered "I and/or … is eligible, but I do not know if we will receive the grant" or "I do not know if I and/or … is eligible to receive the grant"

Regardless of your eligibility, do you think you will receive the grant?

- o Yes
- o No *[GO TO QUESTION 5]*

1.3. To those who answered "Don't know"

A. Why don't you know?

- o Usually someone else in the household takes care of financial matters
- o I have not checked my bank account recently
- o I did not pay attention to whether the grant was received or not
- o I do not know how to check whether my household received the grant
- o Other *[with textbox for open response]*

B. Although you do not know for sure, do you think you and / or someone in your household received the grant?

- o I think that we received the grant
- o I think that we did not receive the grant, but we will receive it in the future
- o I think that we did not receive the grant, and we will not receive it in the future *[GO TO QUESTION 5]*

2. To the best of your knowledge, how much money did you / your household receive or are going to receive from the grant?

NIS _____ *[Open response, numbers only]*

3. How soon, in your estimation, will you / your household use or did use most (over half) of the grant money?

- o Even before actually receiving the grant
- o Within two weeks of receiving the grant
- o Within a month of receiving the grant
- o Within three months of receiving the grant
- o Within more than three months of receiving the grant
- o Only after the Coronavirus crisis is over

4. Compare the current situation in which you / your household received or will receive the grant to a situation in which no grant existed.

What do you think is the grant's primary effect on you and your household?

- o Increased spending
- o Increased saving
- o Reduced debt
- o Giving to charity
- o Giving to friends or family
- o Don't know
- o Other *[with open textbox for explanation]*

4.1. **To those who answered "Increased saving"**

Do you / your household plan to use the money saved, including the grant money, by the end of the year?

- o We plan to use the savings by the end of the year, including the grant money added to the savings
- o We plan NOT to use the savings by the end of the year, including the grant money added to the savings

4.2. **To those who answered "Reduced debt"**

A. As a result of reducing your debt with the assistance of the grant money - do you think that you will spend more money later this year compared to what you would have spent without the grant?

- o Yes, we will spend more money because of the grant we received
- o No, the grant we received will not cause us to spend more money

B. What is the nature of the debt that has been paid or will be paid with the assistance of the grant funds?

- o Debt that has accumulated due to the Coronavirus crisis
- o Debt that is not related to the Coronavirus crisis
- o Both debt that has accumulated due to the Coronavirus crisis and debt that is not related to the Coronavirus crisis

C. We would be happy if you could elaborate, what debts were paid with the assistance of the grant money? *[Multiple choices can be selected]*

- o Negative bank account balance
- o Bills (electricity, water, gas, etc…)
- o Mortgage
- o Rent
- o Property tax
- o Previous purchases being paid in monthly installments
- o Other loan
- o Other debt

4.3. **To those who answered "Increased spending" in question 4, or "We plan to use the savings by the end of the year…" in question 4.1 or "Yes, we will spend more money…" in question 4.2.A**

A. You indicated that you / your household spent or will spend more money due to receiving the grant. In what way?

- o Mainly on the same things we would have spent money on regardless of the grant, but we will now spend more money on them
- o Mainly on things different from the things we would have spent money on without receiving the grant
- o Mainly on expenses unique to the Coronavirus crisis

B. What specifically did you / your household spend or spend more on after receiving the grant? (Mark all correct answers) *[Multiple choices can be selected]*

- o Food and non-alcoholic beverages
- o Tobacco and alcoholic beverages
- o Clothes and shoes
- o Housing, electricity, fuel and gasoline
- o Household equipment
- o Health and medical services
- o Transportation (public transportation, buying a vehicle, vehicle repairs, etc…)
- o Communication (TV, internet or cell phone bills, etc…)
- o Leisure and culture
- o Education
- o Restaurants, cafes and hotels
- o Other

5. Because of the Coronavirus crisis, has your or your household's income declined?

- o Yes
- o No

6. Because of the Coronavirus crisis, have you or someone in your household lost a job, been laid off, been furloughed, or worked fewer hours? *[Multiple choices can be selected]*

- o Yes, I or someone in my household lost a job or was laid off
- o Yes, I or someone in my household was furloughed
- o Yes, I or someone in my household owns a business or is self-employed and worked fewer hours or lost income due to the crisis
- o Yes, I or someone in my household is an employee and worked fewer hours or lost income due to the crisis
- o No

7. Do you and / or anyone in your household receive or have received unemployment benefits during the Coronavirus crisis? (Mark <u>all</u> correct answers) *[Multiple choices can be selected]*

- o Yes, starting from before the Coronavirus crisis
- o Yes, during the beginning of the crisis
- o Yes, I and / or someone in my household is currently receiving unemployment benefits
- o No

8. Did you and / or your household fall behind on mortgage, rent or other payments due to the Coronavirus crisis?

- o Yes
- o No

9. Did you and / or anyone in your household contract the Coronavirus?

- o Yes
- o No

[Demographic questions]

10. According to the definition of "household" in this survey, are there any other people included in your household in addition to you? (You can select multiple choices) *[Multiple choices can be selected]*

- o Spouse or significant other
- o Children under the age of 18
- o I am the only one included in my household

10.1 **To those who answered "Children under the age of 18"**

How many children under the age of 18 live **in your household**?

_____ *[Dropdown menu: 1…9, 10 or more]*

11. Do you have children over the age of 18?

- o Yes
- o No

11.1 **To those who answered "Yes"**

A. How many children **over the age of 18** do you have?

_____ *[Dropdown menu: 1…9, 10 or more]*

B. Do your children over the age of 18 have their own bank account and manage their finances separately from you?

- o Yes
- o No

C. Do you financially support your children that are above the age of 18? (By giving them a monthly allowance, help with rent, living in your home, etc...)

- o Yes
- o No
- o Some of my children yes, some of them no

D. How many of your children above the age of 18 **live in your home**?

_____ *[Dropdown menu: 0, 1…9, 10 or more]*

12. What is your birth date?

_____ *[Dropdown menu: 2003 or later, 2002…1931, 1930 or earlier]*

13. What is your gender?

- o Man
- o Woman
- o Other

14. What is your area of residence?

- o Northern Israel
- o Haifa Metropolitan Area
- o Tel Aviv Metropolitan Area
- o The West Bank
- o The Sharon Plains (Herzliya, Raanana, etc…)
- o Jerusalem Metropolitan Area
- o The Shfela (Beit Shemesh, Modi'in, Rehovot, etc…)
- o South (Near Gaza Strip to Beer Sheva)
- o South (South of Beer Sheva)

15. What is the highest level of education among the members of your household?

- o High school or less (no diploma)
- o High school Diploma
- o Professional training (non-academic)
- o Practical Engineering degree
- o Undergraduate university student
- o Bachelor's degree
- o Graduate degree

16. To which sector do you ascribe yourself?

- o Jewish
- o Arab – Muslim
- o Arab – Christian
- o Druze
- o Other

17. How do you describe your level of religiosity?

- o Secular
- o Traditional
- o Religious
- o Ultra-Orthodox *[only available to those who answered "Jewish" to question 16]*

18. What is your marital status?

- o Single
- o Married
- o Civil Union
- o Divorced
- o Widowed

19. To the best of your knowledge, what is the total monthly income level of your household (before taxes, in NIS)?

- o Up to 5,000
- o 5,001 – 8,000
- o 8,001 – 11,000

- 11,001 – 14,000
- 14,001 – 17,000
- 17,001 – 20,000
- 20,001 – 55,000
- Above 55,000

20. What is your native language?

- Hebrew
- Arabic
- English
- Russian
- Amharic
- French
- Other