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To Whom It May Concern

I'm writing this letter in support of Deniz Aydin's application for a NBER household finance grant. Deniz is a 5-th year Phd student in our department. Doug Bernheim is his main advisor, but in recent months I've been talking to him quite regularly.


Deniz is a student with an enormous, striking amount of energy and entrepreneurial spirit. Indeed, I predict that he will do pretty well in the academic job market if he targets the business school segment – he seems to be a perfect fit for them (and I mean this in the most genuine and impassionate way). Deniz' entrepreneurship is clearly in display with his job market paper/projects. He was able to convince one of the largest banks in European country X (he's not supposed to reveal it for confidentiality purposes) to release him proprietary data on its customers, detailing information on credit card usage for more than 8 years. In terms of richness, length covered, etc., this data set sets new standards (previous data sets used by Souleles, Agarwal, etc., had many more limitations). Deniz should be able to use these data to write many interesting and important papers in Macro and Household Finance. As if that was not enough, Deniz has also obtained approval to run a randomized treatment-control experiment in which the bank implements random changes in credit card limits (typically, increases) among its customers. Deniz is planning to use (or has already used) these data to study the importance of borrowing constraints for understanding household consumption behavior, as opposed to myopia or other "behavioral" explanations. He is also interested in measuring the marginal propensity to consume out of liquidity, an important policy parameters as is connected to the effectiveness of monetary policy interventions aimed at relieving people's liquidity constraints through, say, making mortgage refinancing activities more profitable. Finally, he plans to examine the idea (put forward by Mian and Sufi among others) that excessive levels of household debt slows down economic recoveries.

Financial support during his last year in graduate school would help Deniz to focus 100% on this very data-intensive project for which he needs all the time that he can muster. I hope you can

support him and I am happy to provide any extra information you may need. Many thanks in advance.

Sincerely,

Luigi Pistaferri

A handwritten signature in black ink, appearing to be 'L. Pistaferri', written in a cursive style.