

# **Discussion of “Social Network as Safety Net: The Role of Emotional Support in Avoiding Financial Distress” (Da Ke)**

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# What Does This Paper Propose/Find?

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- Having family/friends

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- Having family/friends → Emotional support → Less likely to experience financial hardship

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- NOT experiencing emotional support from family/friends → More likely to experience financial hardship

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- Having family/friends → Emotional support → Less likely to experience financial hardship
- NOT experiencing emotional support from family/friends → More likely to experience financial hardship
  
- Empirical setting and findings:
  - NLSY
    - Y: Household had either “quite a bit” or “great deal” of difficulty in paying bills over the past year
    - X: “How much do you feel loved and cared for by your relatives?”
      - “How much can you open up to your relatives if you need to talk about your worries?”
      - “How much do you feel loved and cared for by your friends?”
      - “How much can you open up to your friends if you need to talk about your worries?”
    - Negative association between Y and X

# What Does This Paper Propose/Find?

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- Empirical setting and findings:

- HRS

- Y: “Very difficult” or “completely difficult” to meet monthly bill payments
    - X: How much can respondents open up to spouse, children, immediate family members and friends about their worries and how much do these people really understand how the respondents feel?
    - Negative association between Y and X

- HILDA

- Y: Household could not pay (i) mortgage or rent or (ii) electricity, gas or telephone bills on time in the past year because of a shortage of money
    - X: “There is someone who can always cheer me up when I am down.” Respondent has someone he/she can confide in.
    - Negative association between Y and X

# Overall Impression

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- Enjoyed reading it.
- Learned something.
- Highly recommend people to take a look at the paper.



# 1 ½ Thoughts

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# Thought 1

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- **General emotional well-being** closely linked to **how well we interact with our social circle** (e.g., Gallagher, Vella-Brodrick, 2008; Siedlecki, Salthouse, Oishi, Jeswani, 2013).



**This paper**

- **General emotional well-being** also closely linked to **how well we “function” in various “economic” tasks**.
  - Positively linked with academic performance (Carmona-Halty, Salanova, Llorens, Schaufeli, 2019)
  - Positively linked with job satisfaction and job performance (Wright, Cropanzano, 2000)
  - Positively linked to level of savings and labor income; negatively linked to level of debt (Balloch, Engels, Philip, 2022)

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**Could at least partially  
also be this**


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# Need “sth” that causes variation in (X1) while holding (X2) constant

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X2

X1

- **General emotional well-being**  **linked to how well we interact with our social circle** (e.g.  higher, Vella-Brodrick, 2008; Siedlecki, Salthouse, Oishi, Jeswani, 2013).



Y

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# Do you have intra-year data?

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The New York Times

## The Return of Holiday Season Agita

Nov. 16, 2022



“Holidays are a minefield and every therapist in the U.S. will probably be talking about them for the next three months,” Sinead Smyth, a family therapist based in California, said in an email.

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# Do you have intra-year data?

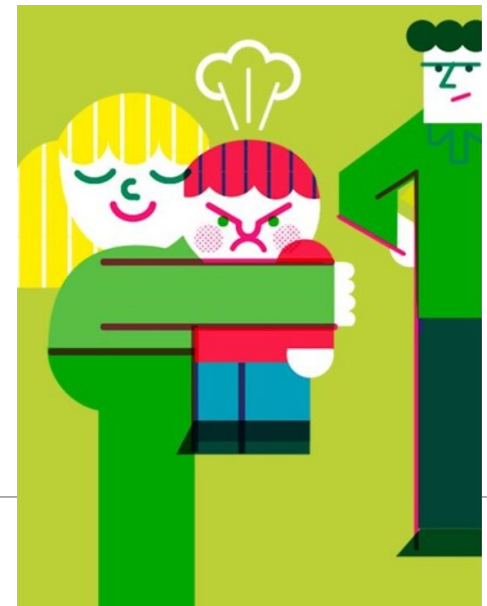
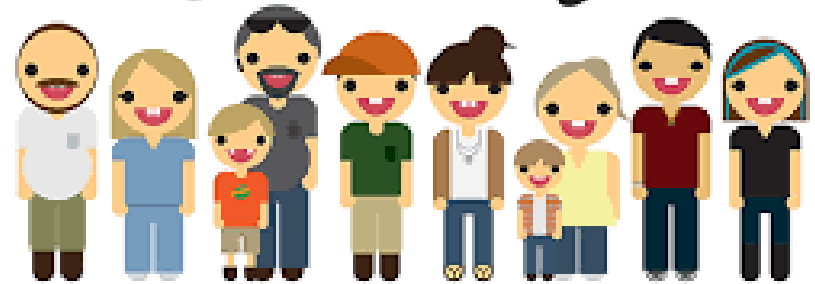
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ONE BIG HAPPY  
*Family*



ONE BIG HAPPY  
*Family*



# At least augment survey evidence with online experiment?

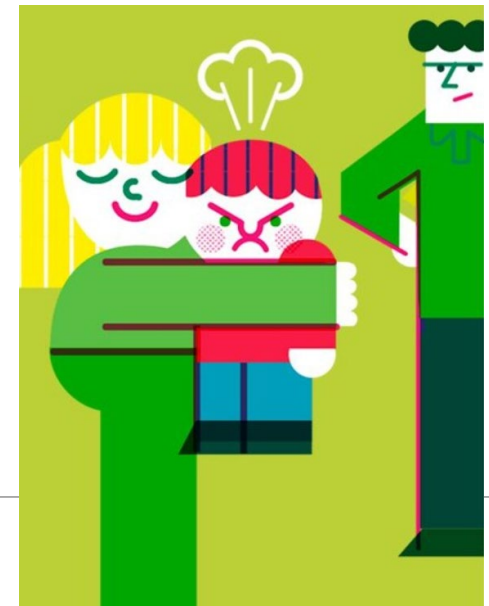
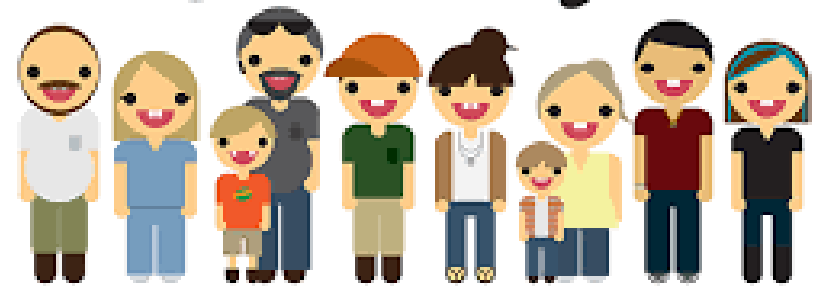
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ONE BIG HAPPY  
*Family*



ONE BIG HAPPY  
*Family*



# Thought 1/2

Table 1

at all” and five means “a great deal.” Emotional support in the HRS sample is a composite of eight variables rating how much the respondent can open up to (i) spouse, (ii) children, (iii) other immediate family members, and (iv) friends about worries; and how much each source really understands the way the respondent feels. The ratings range from zero to three, where zero means “not at all” and three means “a lot.” A rating of zero is assigned if a respondent does not have anyone for a particular source. Emotional support in the HILDA sample is based on the statements (i) “there is someone who can always cheer me up when I am down” and (ii) “I do not have anyone that I can confide in” on a scale from one to seven, where one means “strongly disagree” and seven means “strongly agree.” The scoring for (ii) is reversed so that higher scores correspond to higher levels of emotional support. To ease comparisons across samples, all emotional support measures are in percentile ranks. Payment difficulties (PD) in the NLSY sample is a dummy equal to one if the household had “quite a bit” or “a great deal of” difficulty paying bills over the past 12 months. PD in the HRS sample is a dummy equal to one if it is “very difficult” or “completely difficult” for the household to meet monthly bill payments. Housing PD is a dummy equal to one if the household could not pay mortgage or rent on time in the past year because of a shortage of money. Utility PD is a dummy equal to one if the household could not pay electricity, gas or telephone bills on time in the past year because of a shortage of money. Male is a dummy equal to one if the respondent is male. In the NLSY sample, children of the female respondents in the original NLSY79 sample are the survey respondents. In the HRS sample, the family member who answers questions about household finances is designated as the respondent. In the HILDA sample, the head of the household is the survey respondent. Age denotes age in years. College is a dummy if the respondent is college-educated. Married is a dummy equal to one if the respondent is married. Healthy is a dummy equal to one if the respondent’s self-reported health is either “very good” or “excellent.” Log family income denotes the logarithm of family income in the previous year. Own home is a dummy equal to one if the household owns the home.

	NLSY ( $N = 29,076$ )		HRS ( $N = 27,917$ )		HILDA ( $N = 119,199$ )	
	Mean	SD	Mean	SD	Mean	SD
Emotional support	0.50	0.29	0.46	0.29	0.47	0.28



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Why so low?

