

**Household Decision Making, Time Preferences, and Positional Concern:
Experimental Evidence from Rural China**

av

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AKADEMISK AVHANDLING

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Abstract

Paper I: Intra-household Decisions Making on Intertemporal Choices: An Experimental Study in Rural China

In this paper, we conduct an artefactual field experiment in rural China to investigate the determinants of individual and joint decisions regarding intertemporal choices, and estimate the relative influence of spouses on the joint decisions. We use the Convex Time Budget experimental method to elicit both individual and joint decisions on how much money to allocate to an early date and a later date. We find that the rates of return have a significant and positive effect on the allocations to later dates, yet both individual and joint decisions exhibit present-biased time preferences. We also find that both spouses have a significant influence on joint decisions. However, husbands on average have a stronger influence than wives. In particular, the relative patience of husbands significantly increases their relative influence on joint decisions. Although there are few individual and household characteristics related to the relative influence, we do find a link between relative influence in the experiment and households' decisions on financial savings in real life.

Paper II: Choice Shifts in Households: An Experiment on Intertemporal Decisions

In this paper, we investigate choice shifts in households regarding intertemporal choices. In particular, we examine whether and to what extent joint choices are more or less patient and time-consistent than individual choices. We use data from an artefactual experiment conducted by Yang and Carlsson (2012), where the Convex Time Budget experimental method was used to elicit both individual and joint time preferences. We find that 11% of the joint choices are more impatient than the two individual choices, while 9% are more patient. We also find that 17% of joint choice pairs are less time-consistent than the two individual choice pairs, while 12% of the joint choice pairs are more time-consistent. In addition, a number of observable characteristics are significantly correlated with these shifts in preferences from individual decisions to joint decisions. Finally, we also find a significant and consistent pattern between time-consistent/-inconsistent and patient/impatient shifts.

Paper III: Are You More Patient and Time-Consistent with Your Spouse's Money? An Experimental Study with Rural Couples in China

In this paper, we study how partners in a household make decisions for themselves and for their spouses regarding intertemporal choices. In particular, we investigate whether and to what extent the decisions made for the spouse are more or less patient and time-consistent than the subject's own decisions and predictions of the spouse's decisions. We conduct an artefactual field experiment with 122 married couples in rural China, and use the Convex Time Budget experimental method to elicit subjects' time preferences when it comes to own money and spouses' money as well as the predictions of the spouses' time preferences. We find that husbands are more patient when making decisions for their wives compared with their predictions of their wives decisions. However, the decisions made for the wives are more patient than the husbands' own decisions when the choice only involves delayed options. Regardless of the choice involving an immediate option or not, wives' decisions made for their husbands are similar to the wives' own decisions and their predictions of the husbands' decisions. We do not find any evidence that either husbands or wives are significantly more or less time-consistent for their spouses compared with their own decisions and the predictions of their spouses' decisions. However, highly impatient and time-inconsistent subjects make less impatient and less time-inconsistent decisions for their spouses compared with their own decisions. In contrast, patient and time-consistent subjects make less patient and less time-consistent decisions for their spouses compared with their own decisions.

Paper IV: Positional Concern, Gender, and Household Expenditures

This paper uses a survey-based experiment to investigate Chinese farmers' positional concerns and their determinants. We also examine the correlation between degree of positionality and household expenditures on a set of visible goods. On average, respondents have strong positional concerns for income. In particular, respondents from high-income households are more concerned with their relative position than others. We find a difference between males and females with respect to correlation between degree of positionality and household expenditures on visible goods. For females, there is a positive correlation between degree of positionality and household expenditures on clothes, restaurants, and mobile phones, respectively. For males, there is a positive correlation between degree of positionality and household expenditures on mobile phones. No significant correlation is found for either gender between degree of positionality and household expenditures on vehicles or housing.

Keywords: individual decisions; joint decisions; intertemporal choices; Convex Time Budget; relative influence; patience; time-consistency; choice shifts; own decisions; predictions; decisions for spouse; positional concern; gender; household expenditures; visible goods; rural China

JEL classification: C90, C91, C92, C93, D10, D12, D63

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