

Seven comments on

Heterogeneity in Intra-Monthly Consumption
Patterns, Self-Control, and Savings at Retirement

by

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- Motivation: The paper is concerned with US Citizens saving too little for retirement. (We assume?) The idea is that this may be due to hyperbolic discounting
- Objective: Explaining the consumption patterns within a pay-period (one month). Test exponential versus hyperbolic discounting.
- The sample: Individuals over 62 years of age who receive Social Security benefits. Distinguish between savers and non-savers.
- Food Consumption: caloric intake

Theoretical Predictions

- Exponential discounting, consumption smoothing: a linear decline in log-consumption within a pay-period (Comment: not shown in Figure 1)
- Quasi-hyperbolic discounting: an increasing decline in log-consumption within a pay-period

Perhaps a relevant reference

- "Consumption Pattern over Pay Periods" by Lanot and Kelly (2006, Keele and Halifax, UK). UK-FES data
- They show that weekly expenditures are U-shaped between receipts of regular monthly income
- Does Stephens (2006, UK data) also report this? (You refer to this study)
- Of course, Lanot and Kelly (2006) convinced me that a U-shape makes sense

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1. Figure 4.1. There is a quantity and quality decline over the pay-period for non-savers.

But why do savers start eating more healthy towards the end of the pay-period? The theory does not support this, or does it?

2. Does a low-calorie diet cost less than a high-calorie diet?
Is there a quality-price trade-off?

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3. The sample-split 'savers' and 'non-savers' is in a way also a split based on "patience". (apart from level of income effects etc.) Patient people may have higher savings than impatient people.

Then the difference in consumption behavior between these two groups is attributed to the way they discount. This is a bit suspicious.

4. P.14. Non-savers are claimed to consume more meals outside than savers. This inference is a bit too strong (Figure 2).

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5. Tables 3 & 4: the linear trend versus the time-dummy-variables model. This suggests an F-test for hyperbolic discounting.

Why is such a test not carried out? For savers and non-savers.

Related: test Shapiro's (2005) model.

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6. *Do non-savers feel hungry at the end of the month?*

Your empirical evidence in Table 5 suggest they are not. I guess we should be happy with this puzzling finding (based on the ‘enough food’ question).

7. I would like to see the panel-estimates. Including fixed effects. And show that the decline in consumption is increasing with time (within a pay period).