

DISCUSSION

Intergenerational Transmission of Time Preferences:

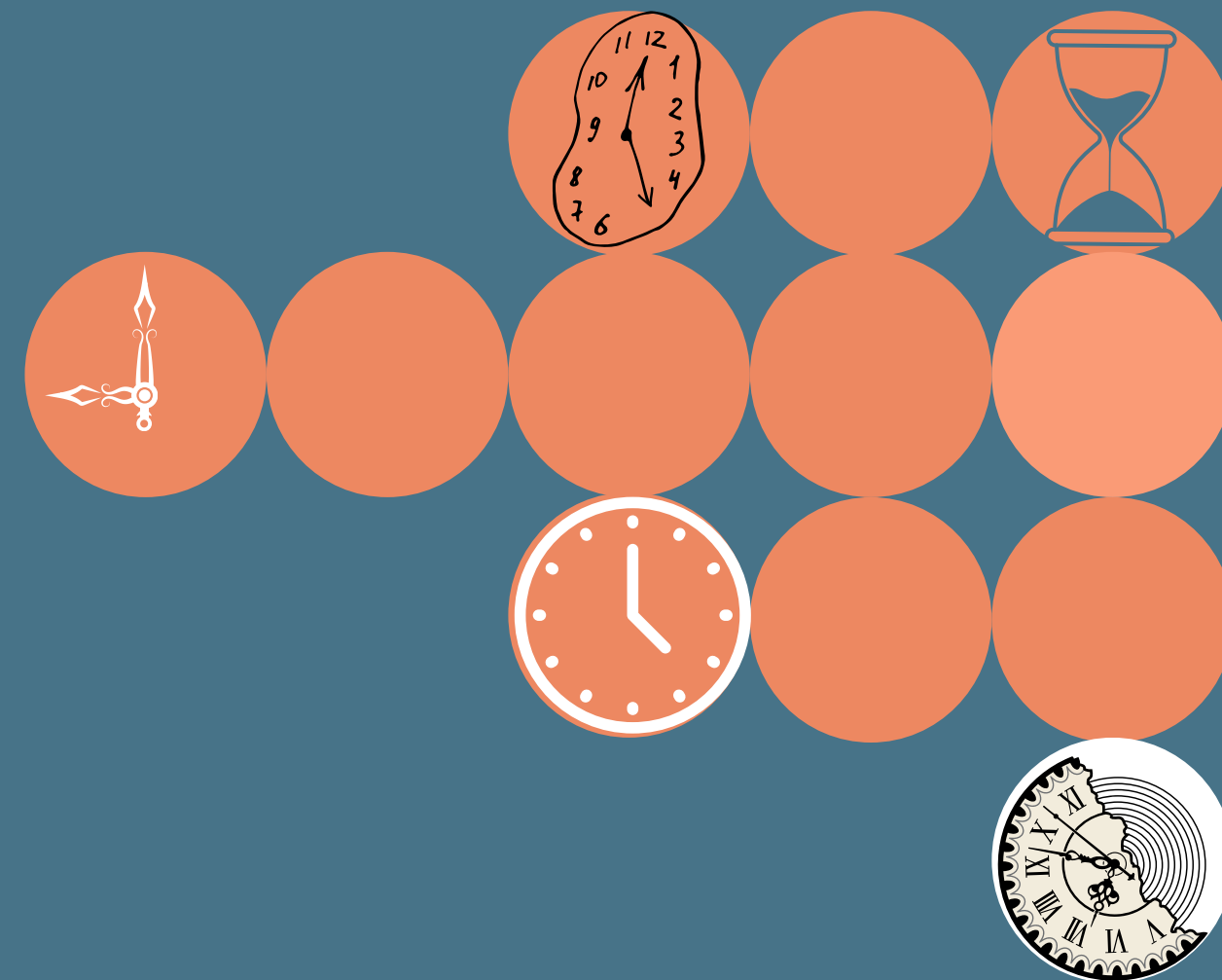
An Evidence from Rural Thailand

Suparee W. Boonmanunt

Wasinee Jantorn

Varunee Khruapradit

Weerachart T. Kilenthong



Discussant: Sunsiree Kosindesha, Thammasat University

PIER Research Workshop 2024

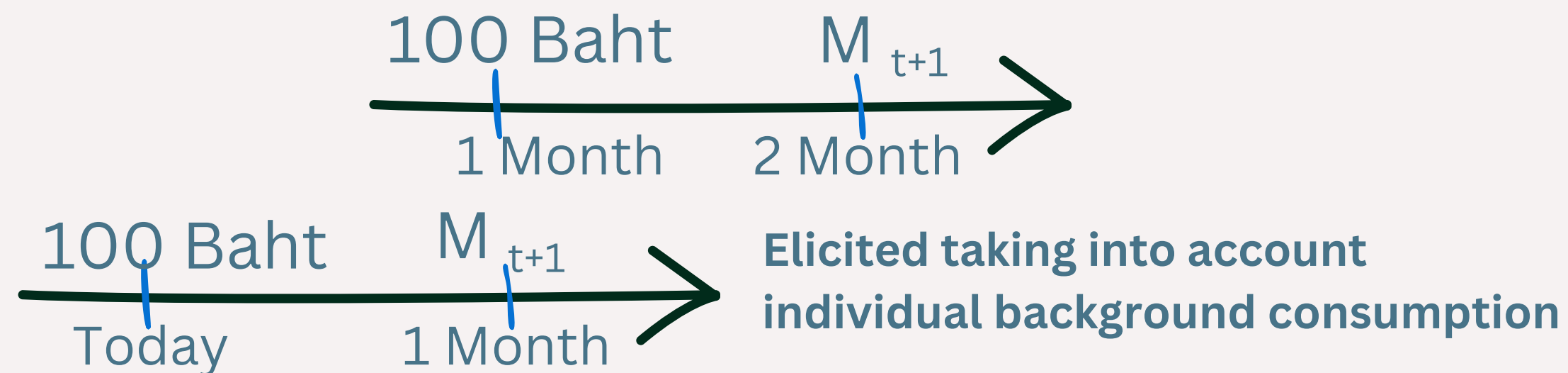
Summary

RIECE panel data is a relatively large and rich data set (709 children, 659 primary caregivers for this study) with the **incentivized elicitations of time preferences of younger children (5–8 yrs)**, parents, and **non-parent caregivers**.



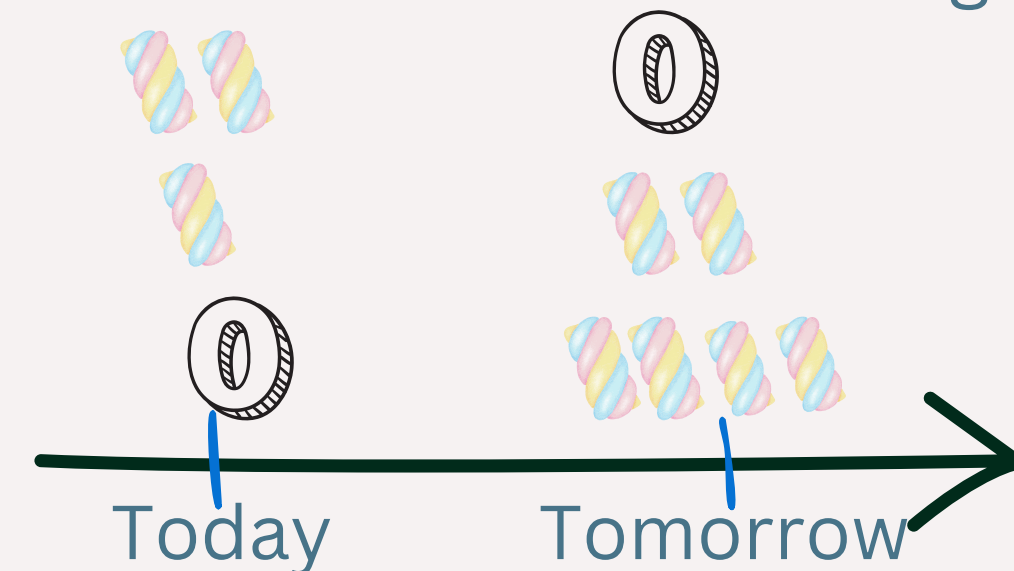
Present-Future & Future-Future MPLs

sooner-smaller vs. later-larger



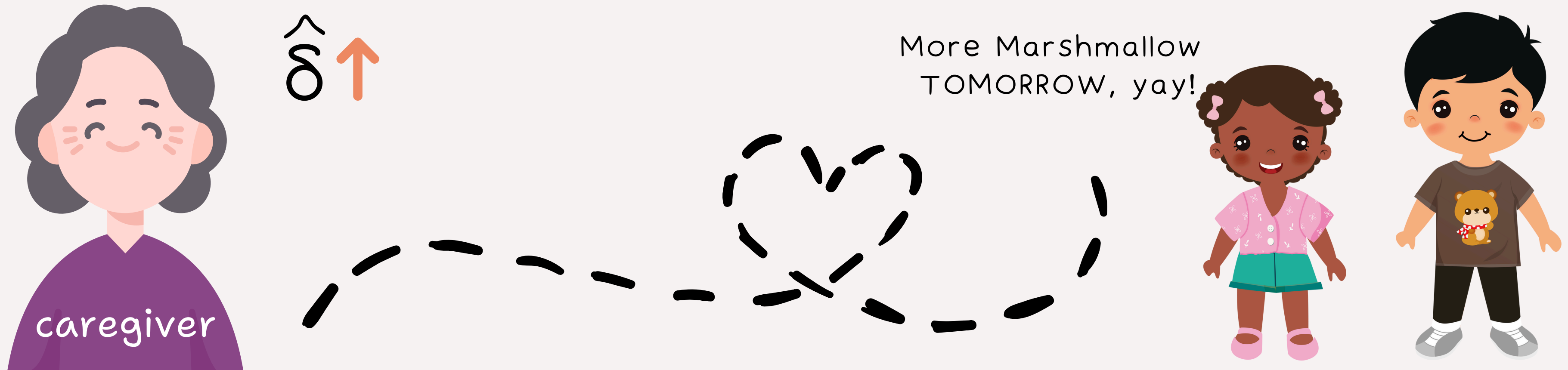
Marshmallow test

sooner-smaller vs. later-larger



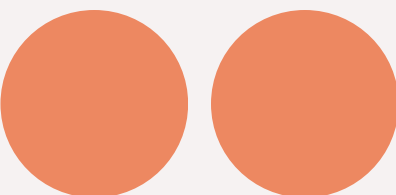
Robust Main Findings

Intergenerational transmission of patience



More patient primary caregivers (Higher exponential-discounting discount factor),
More patient children (More likely to decide to wait and delay gratification)

Heterogeneity: the correlation is stronger for older caregiver.



Highlight on Contributions

Preference formation when caregivers are not necessarily the parents.

- Literature has focused on the correlation of parent's and children's preferences.
- Skipped generation family
- Family with two working parents
- Importance for the understandings of preference formation and early childhood development.

Incentivized elicitation of children preferences

- “The assessment of child preferences is still in its infancy.” Andreoni et al. (2019)
- Elicited preferences might depend on literacy ability.

Individual-level background consumption

- Monthly consumption per-capita of household i



Discussion: Elicitation

“Choice paradigm” vs. “Marshmallow paradigm”

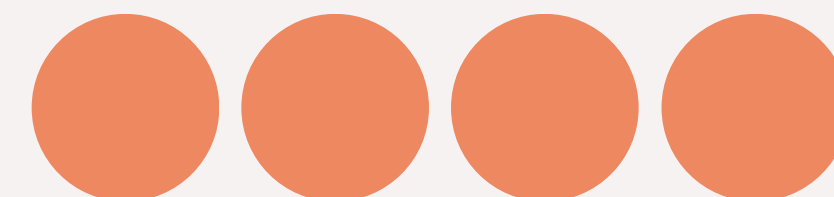
- Did the children need to exercise inhibitory control over today temptation?

47% of 659 caregivers are time consistent with $\hat{\beta} = 1$

- Same first switching rows in choice set 1 and 2; Never waited; Waited all
- Heuristics in making the choice tasks (?)
- Possibly controlling for time spent on the tasks(?)
- The correlation between $\hat{\beta}$ and present-biased behavior of caregivers
- Addition of the third choice set with the later sooner choice at 6 months or 1 year

Joint estimation of risk aversion and discount rate for the caregivers

- Andersen et al.(2008)



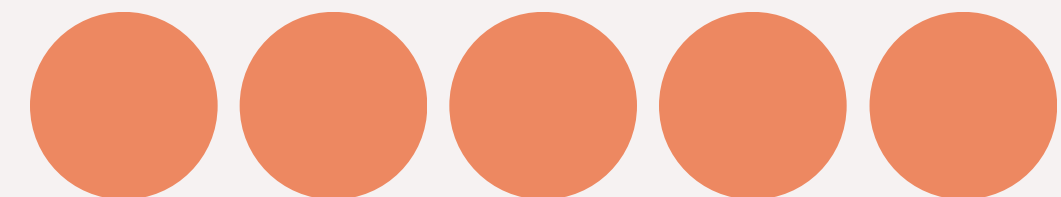
Discussion: Transmission mechanisms

Dynamics of preference formation

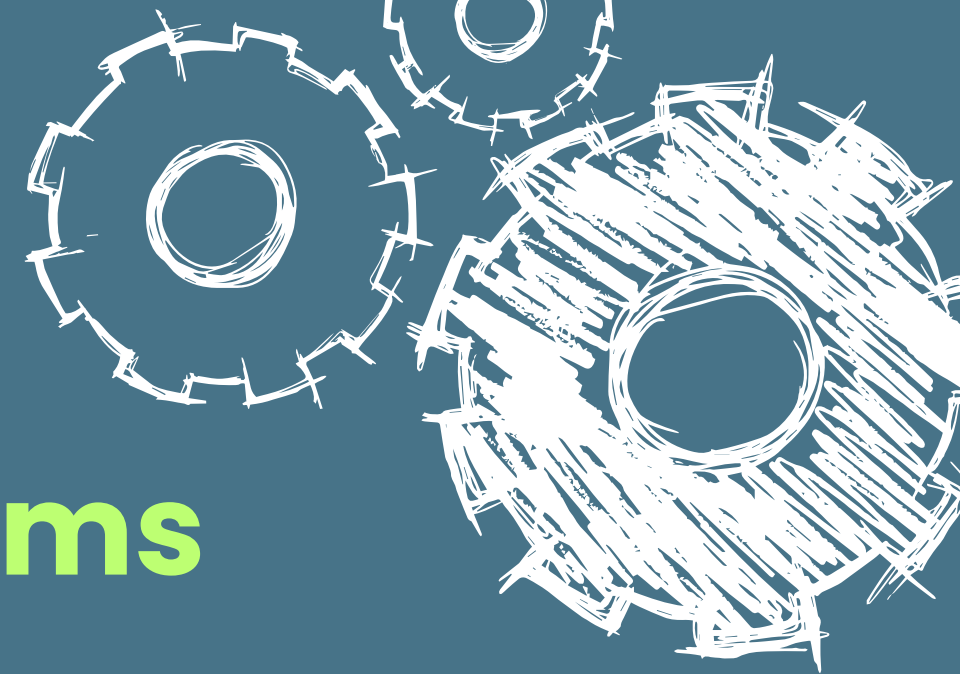
- Given that preferences might evolve during the early childhood development and might generally malleable/non-stable (Andreoni et al., 2019; Beauchamp et al., 2012), cultivating the panel structure of RIECE might yield further insights.
- How many years has the child been taken care of by the caregiver?
- How does the transmission change as children get older?

Parenting style and the level of parental investment as mediators

- Mediation analysis might be able to help tease out possible transmission channels.
- Caregiver's time preference → Parenting style/Parental investment → Child's time pref.



Ways forward

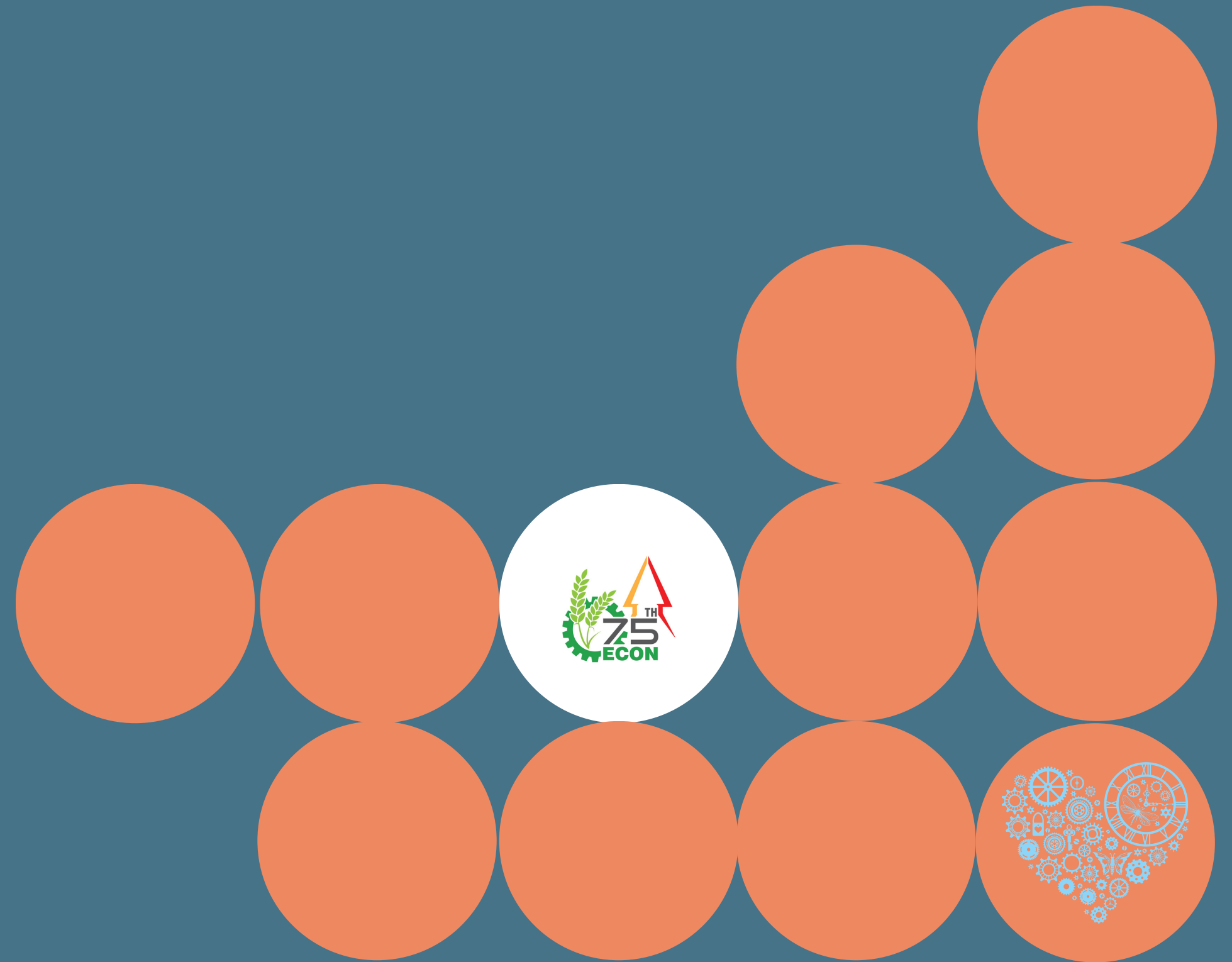


Tackling potential transmission mechanisms

- *A structural model* with caregiver's time preferences, parenting (caregiving) values/styles, parental investment (Doepke & Zilibotti, 2017)
- *An experiment* that manipulates the intensity of potential transmission mechanism



Thank you.



JUNE 2024

References

- Andersen, S., Harrison, G. W., Lau, M. I., & Rutström, E. E. (2008). Eliciting Risk and Time Preferences. *Econometrica: Journal of the Econometric Society*, 76(3), 583–618.
- Andreoni, J., Kuhn, M. A., List, J. A., Samek, A., Sokal, K., & Sprenger, C. (2019). Toward an understanding of the development of time preferences: Evidence from field experiments. *Journal of Public Economics*, 177.
- Beauchamp, J., Chabris, C., & Laibson, D. (2012). How malleable are risk preferences and loss aversion. Working paper. Available at https://scholar.harvard.edu/files/jonathanpbeauchamp/files/how_malleable_are_risk_preferences_and_loss_aversion.pdf
- Doepke, M., & Zilibotti, F. (2017). Parenting with Style: Altruism and Paternalism in Intergenerational Preference Transmission. *Econometrica: Journal of the Econometric Society*, 85(5), 1331–1371.

