

# **Essays on Social Comparison**

**av**

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**AKADEMISK AVHANDLING**

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## Abstract

**Paper 1:** By using hypothetical choice experiments, this paper presents evidence that individuals' concern for relative consumption depends on their relative consumption. Individuals with consumption levels above society's average consumption level tend to have, in general, lower concern for relative consumption. This supports Duesenberry's (Duesenberry, 1949) notion that people are more concerned with upward social comparison than with downward social comparison.

**Paper 2:** This paper presents a closed form consumption function for an individual when his utility depends both on his own current and previous consumption and on the consumption by his relevant others. Given this model, I argue that we can introduce an alternative definition of marginal propensity to consume (MPC) in addition to the traditional definition. This alternative definition can be called the individual's total MPC, which I show is smaller than the traditional MPC.

**Paper 3:** Based on Swedish survey evidence, professors are happier than lecturers; but employed academics with better self-reported publication lists are not happier than their colleagues. Both absolute wage and relative wage seem to affect happiness. Employed academics who earn more than faculty colleagues with the same academic position and gender are also happier. For those who just started their academic careers, the results show that students with relatively better exam results are not happier than their classmates. Moreover, it seems optimal for students' happiness to study 30-40 hours per week. Employed academics with average or worse self-reported publication lists are more likely to think they will be happier in the future than colleagues with better self-reported publication lists. This finding is similar for students: Students with worse exam results are more likely to think they will be happier in the future than their classmates with better or average exam results. Hence, while relative academic performance does not seem to affect current happiness, it does seem to be negatively correlated with expected future happiness.

**Paper 4:** Campbell and Mankiw's (1990) lambda model has frequently been used to estimate the fraction of rule of thumb consumers (i.e., consumers who do not smooth their consumption). However, the present note shows theoretically, as well as with a numerical illustration, that existing empirical applications of the lambda model imply a systematic underestimation of this fraction. The reason is that per capita values instead of aggregate values (which the model is designed for) are used.

**Paper 5:** Being sick listed is not always identical to being ill; it is rather a behaviour associated with illness. In this paper we have analysed whether there is a higher risk of becoming sick listed if a family member has been sick listed earlier – partly a family phenomenon. This aspect of sick listing has never been investigated before. Our results indicate that an individual's risk of being sick listed in 2007 was higher if he/she had family members who had been sick listed in 2006. This may be a sign for an existing "sick listing culture" – social norms within families.

**Keywords:** Marginal degree of positionality; relative consumption; marginal propensity to consume; self-reported current happiness; self-reported expected future happiness; relative academic performance; comparison wage; permanent income consumers; current income consumers; rule of thumb consumers; aggregation bias; sick listing; social norms

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