

*Emulation vs. Socializing  
Consumption:*  
The Hispanic Consumer

Discussant

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# HISPANIC CONSUMERS

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- US. The Hispanic population
  - 2009: Virtually identical number with blacks
  - But the past history is VERY different
  - In 1850, 25% of Americans were blacks
  - Fear: 1860 – America will be overrun by blacks
  - 2010 – America will be speaking Spanish!
- In real terms, the dollar value of Hispanic expenditures increased
  - 167.2% between 1990 and 2008
  - 34.9% for the population as whole
  - These are INCREASES not absolute

# Who is Hispanic?

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- ⦿ Are you a Latino or are you Hispanic?
- ⦿ What is happening with this population?
  - Intermarriage
  - Looser identification with the community
  - Specifics: Cuban origin vs. Mexican origin and the “rest”
  - How about Haitians or Brazilians
- ⦿ Where will the identities be in 50 years?

# Hispanic Consumer

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## ◉ Conspicuous Consumption

- Charles, Hurst, and Roussanov QJE (2009).
- “conspicuous consumption”  $\approx$  “snob” effect

## ◉ Emulation (Veblen, 1899)

## ◉ What exactly is Emulation?

# *Emulation* (Veblen, 1899)

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- “(w)ith the exception of the instinct of self-preservation, the propensity for emulation is probably the strongest and most alert and persistent of the economic motives proper” (Veblen, 1899, p. 85).
- Bowles and Park (2003) More inequality in a country, more hours worked – macro result
- Scott (2007) emulation leads to over borrowing

# *socializing consumption*

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- Hispanics shop with companions in larger numbers than other racial or ethnic groups
- Why is that?
- This is the premise of the paper

# MODELS

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- TIME USE

- CONSUMER MODELS with EMULATION

$$\begin{aligned} \ln(\text{expenditure component})_i = & \beta_0 + \ln(\text{Total Expenditure}) + \beta_1 \text{Black} + \beta_2 \text{Hispanic} + \beta_3 X \\ & + \beta_4 (\text{regional Controls}) + \beta_5 \text{Veblen1} + \beta_6 \text{Veblen2} + \varepsilon \end{aligned}$$

## ◎ The two data sources

- ATUS (Horrigan and Herz, 2004).and the CEX. Bureau of Labor Statistics
- CEX began imputing income in 2004 (Passero
  - (2009)).
  - Reference person between the ages of 25 and 65
  - Non-Hispanic Whites, Non-Hispanic Blacks and Hispanics
- TIME USE y : Shopping Alone, Others, Alone or Others
- CONSUMER: Expenditure Categories
  - Clothing and Jewelry (CJ), Entertainment Services (ES), All Housing (AH), Housing Furnishing (HF), Food, Alcohol, Tobacco, Transportation, Electronics, Housing Mortgage, Hosing Rental, Housing repair and improvement

# ATUS Model Results

Table 1: Shopping Habits

<i>Dependent Variable</i>	<i>Hispanic</i>	<i>Black</i>
Shopping Alone	-6.48**	1.13
Shopping with at least one Companion	8.49**	-22.9***
Shopping whether alone or with others	5.38**	-10.3***

\*\* Significant at 5% and \*\*\* Significant at 1%

# Why do Hispanic consumers do that? More in the family

NAMES AND MEANS OF VARIABLES USED IN THE SCHOOLING-TRANSITION ANALYSIS

VARIABLE NAME	VARIABLE DETAILS	VARIABLE MEANS		
		White	Black	Hispanic
Highest grade completed of father	Measured at age 14	12.2 (.08)	9.3 (.09)	7.9 (.17)
Highest grade completed of mother	Measured at age 14	11.9 (.06)	10.7 (.08)	7.8 (.16)
Number of siblings	Measured at age 14	2.9 (.05)	4.7 (.09)	4.5 (.12)
Broken home	Absence of one or both biological parents at age 14	.13 (.01)	.43 (.02)	.27 (.02)

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● Muchas  
Gracias