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Tempospect Theory of Intertemporal Choice

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ABSTRACT

Anomalies in intertemporal choice (e.g. hyperbolic discounting, subadditive discounting, a sign effect, a magnitude effect, and a delay-speedup asymmetry) have been investigated in neuroeconomics and behavioral neuroeconomics. In this study we propose a " tempospect" theory of intertemporal choice which can account for these anomalies in intertemporal choice. The key features of the present theory are: 1) decision over time is made with psychological time; and 2) psychological time is determined by a change in delay until receipt (i.e., positive or negative time-interval between options); 3) psychological time is less sensitive to a decrease in delay in comparison to an increase in delay; and 4) psychological time is influenced by the sign and magnitude of the delayed outcomes. Implications of the present theory for neuroeconomics are discussed.

KEYWORDS

Time Discounting; Psychological Time; Psychophysics; Behavioral Economics; Neuroeconomics

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