

Intertemporal Allocation of Consumption, Mortality and Life-history Strategies

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Abstract

This paper studies the bio-evolutionary origin of time preference. By examining human life-history strategies, it shows that time preference reflects the change in the value of survival, which depends on future reproduction and production. In addition, it demonstrates that time preference is fully embodied in mortality, is always positive, reaches its lowest at around age twenty and increases thereafter, and is higher when exchange transactions involve a reduction in present consumption than when they involve an increase in present consumption (intertemporal loss aversion). These implications are consistent with empirical findings.

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