Testable Implications of Models of Intertemporal Choice: Exponential Discounting and Its Generalizations
(joint with Federico Echenique and Taisuke Imai)

The abstract is:

We present the first revealed-preference characterizations of the models of exponential discounting, quasi-hyperbolic discounting, and other time-separable models of consumers' intertemporal decisions. We contribute to the axiomatic work that tries to describe the behavioral content of models of intertemporal choice. Ours is the first axiomatization of these models taking finite consumption streams and market purchases as primitives. The characterizations provide non-parametric revealed-preference tests. We apply our test to data from Andreoni and Sprenger (2012), and find that less than half the subjects are consistent with exponential discounting; only a few more are consistent with quasi-hyperbolic discounting.