

Time Discounting and Intergenerational Altruism

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Abstract

This paper presents empirical evidence concerning the relationship between the parent's time discounting and her parental behavior toward her children from unique U.S. and Japanese survey data. These data sets have been collected by Osaka University, and contain hypothetical questions about parental behavior and time discounting as well as socioeconomic variables. Our main finding is that parents' behavior depends on different measures of time discount factors regarding their financial decisions. The empirical results are interpreted in terms of the tough love model of intergenerational altruism.