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Planning failures induced by budgetary overruns cause intertemporal impulsivity

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Abstract

Recent research has identified intertemporal impulsivity as a critical cognitive variable for explaining the autocatalytic nature of socioeconomic status (SES). But how exactly this relationship transpires has not been clearly identified. We present results from a novel experimental study, demonstrating that decision-makers' time preference becomes more present-focused when they experience budgetary overruns in a sequential decision-making task. On the basis of these results, we hypothesize that steep intertemporal discounting in low SES individuals may arise as a rational metacognitive adaptation to persistently experiencing planning and control failures in long-term plans. Consilient evidence in support of this hypothesis and downstream policy implications are briefly discussed.