

Confucian Values and Attitudes Toward Time Discounting and Financial Risk

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Abstract

This paper examines the influence of Confucian values and attitudes on individual levels of time discounting and financial risk. We recruited equal numbers of Chinese and Canadian subjects from a Canadian university and asked them to make decisions in discounting and risk aversion tasks. The behaviour reflected from their decisions is further investigated by comparing their scores on the Chinese Value Survey, which was also conducted during the experimental session. Results indicate that Chinese males have different values and behave significantly differently from Chinese females and Canadian males. Chinese males exhibit higher discount rates, demanding more to compensate for their waiting time for future payments. Finally, both Chinese and Canadians often make choices that are not consistent between two different discounting methodologies as well as between high stakes and low stakes for discounting and risk aversion decisions.