Selective Memory of a Psychological Agent

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Abstract :

We consider a single psychological agent whose utility depends on his action, the state of the world, and the belief that he holds about that state. The agent is initially informed about the state but has imperfect recall. Before action, he decides which states to remember and which ones to forget. We model the memory selection process by a multi-self game in which the informed first self discloses information to the uninformed second self with identical preferences. While it can be that perfect recall does not occur in equilibrium, we identify broad categories of psychological utility functions in which it does. We next add the possibility of an exogenous probability of forgetting and examine how it changes selective memory.