

position in those chains.

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PROCRASTINATION AS A PSYCHOLOGICAL AND ECONOMIC PHENOMENON

Human beings have been procrastinating for centuries. The problem is so timeless, in fact, that ancient Greek philosophers like Socrates and Aristotle developed the word *akrasia* to describe this type of behavior.

Akrasia is the state of acting against your better judgment. It is when you do one thing even though you know you should do something else. Loosely translated, you could say that *akrasia* is procrastination or a lack of self-control.

But nowadays procrastination means the act of delaying or postponing a task or set of tasks. So, whether you refer to it as procrastination or *akrasia* or something else, it is the force that prevents you from following through on what you set out to do. Undoubtedly, procrastination is a challenge we have all faced at one point or another. Originally, we have been struggling with delaying or procrastinating on issues that matter to us.

Behavioral psychology research has revealed a phenomenon called “time inconsistency”, which helps to explain why procrastination seems to pull us in despite our good intentions. Time inconsistency refers to the tendency of the human brain to value immediate rewards more highly than future rewards. So, we ought to follow the rule “Business before pleasure”. Only in this case we will have a good internal state and high productivity.

We cannot rely on long-term consequences and rewards to motivate ourselves. Instead, we have to find a way to move future rewards and punishments into the present moment. We have to make the future consequences become present consequences.

This is exactly what happens during the moment when we finally move beyond procrastination and take action. For example, let's say we

have a report to write. We've known about it for weeks and continued to put it off day after day. We experience a little bit of nagging pain and anxiety thinking about this paper we have to write, but not enough to do anything about it. Then, suddenly, the day before the deadline, the future consequences turn into present consequences, and we write that report hours before it is due. The pain of procrastinating finally escalated and we crossed the "Action Line".

There is something important to note here. As soon as we cross the Action Line, the pain begins to subside. In fact, being in the middle of procrastination is often *more painful* than being in the middle of doing the work. Point A on the chart above is often more painful than Point B. The guilt, shame, and anxiety that we feel while procrastinating are usually worse than the effort and energy we have to put in while we're working. The problem is not *doing* the work, it's *starting* the work.

Of course people come up with all sorts of creative reasons why now, why today, just isn't the right time. Too busy. Too stressed. Too inexperienced. Too old or too young. Occasionally those reasons are valid. But more often they are simply trying to avoid doing the real work.

At the core of that discomfort is fear. That strong and instinctive emotion the reason of which is to protect us from pain. However, fear can help us to hope that if we procrastinate long enough, our situation will improve. We tell ourselves that "one day" the timing will be better, our confidence will be stronger, our circumstances will be easier [1].

In economics procrastination could be explained by the tendency of humans to value their time now rather than later. At the same time we are evaluating the costs and benefits of doing an action. Economists call it "time-inconsistent preferences".

Procrastination can have a number of undesirable consequences, such as missed deadlines, wasted opportunities and sub-standard work as a result of insufficient time.

The famous words by Mark Twain "Never put off until tomorrow what you can do the day after tomorrow" sound wrongly today, because procrastination in the world of business means loss of money.

For example, we have two hypothetical investors, A and B. Long-term average annual rate is 5%. They invest \$2000 annually in an individual retirement account. But A is 30 years old and B is 40 years old, it means that they have 30 and 20 years before retirement respectively. Total Investment of A is \$60 000, of B – \$40 000. Individual retirement account of A would have grown to about \$132,878, twice the size of B's.

	A	B
Annual Rate of Return	5%	5%
Annual Investment	\$2 000	\$2 000
Period (years)	30	20
Total Investment (I)	\$60 000	\$40 000
Total Value (V)	\$132 878	\$66 132
Growth (V – I)	\$72 878	\$26 132
Cost Of Procrastination		\$26 746

Another situation. If we assume an 8% annual rate instead of 5%, under the same circumstances the cost of procrastination rises dramatically. As can be seen in Table 2, this cost increases to over \$95,000 [2].

	A	B
Annual Rate of Return	8%	8%
Annual Investment	\$2 000	\$2 000
Period (years)	30	20
Total Investment	\$60 000	\$40 000
Total Value	\$226 566	\$91 524
Growth	\$166 566	\$51 524
Cost of Procrastination		\$95 042

Let's face the fact that: the higher the rate of return, the higher the cost of procrastination. There are many ways to influence the economy, but putting off investment decisions definitely is the most effective.

Thus, both in the psychological and economic sense, procrastination is a negative phenomenon. Procrastination is the reason for people's bad mood. Procrastination is also one of the reasons for slow performance in economy of different countries. Time is really money when it comes to our personal finances and investments. We need to stop procrastinating. To stop it we must develop the habit of doing all that we have planned. It's easy to say, but very difficult to do.

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