



ALFRED-WEBER-INSTITUT FÜR WIRTSCHAFTSWISSENSCHAFTEN
GRABENGASSE 14, 69117 HEIDELBERG, TEL. 06221/54-2941, FAX: 06221/54-3592
REDAKTION: FREYA SCHADT, EMAIL: NEWSLETTER@AWI.UNI-HEIDELBERG.DE

AWI This Week

Monday, 1.12.08

Departmental Seminar

17.15-18.45

Cancellation of the lecture of
Giorgio Coricelli, Université Lyon I

AWI 1017

Wednesday, 3.12.08

Internal Seminar

17.15-18.45

Victor Filipe Martins da Rocha,
Fundação Getulio Vargas, Rio de Janeiro
"Endogenous Beliefs"

AWI 1017

Internal Seminar

Victor Filipe Martins da Rocha

"Endogenous Beliefs"

We consider a model with a sequence of markets and endogenous minimal borrowing constraints to preclude default. Contrary to Radner (1972) we assume that agents are heterogeneous in their capability of forming expectations. We split agents in two groups: sophisticated agents that have perfect foresight and form correct expectations about future equilibrium prices, and naive that are much more limited in their information-processing abilities. We introduce a new concept of equilibrium, called informational constrained equilibrium where naive agents rationally and endogenously form expectations on future equilibrium prices through the information revealed by endogenous borrowing constraints. Contrary to perfect foresight beliefs, these beliefs may not be common, degenerate and self-fulfilling. We prove that under standard assumptions, an informational constrained equilibrium always exists and we characterize the "degree" of information revealed at equilibrium by borrowing constraints.

(invited by Jürgen Eichberger)

Talks and Research Visits

On December 1, Andreas Irmen is going to present his latest paper "Population, Pensions, and Endogenous Economic Growth", co-authored with Burkhard Heer, Free University of Bozen, at the W.P. Carey School of Business, Arizona State University, Phoenix, Arizona.

On December 3-5, 2008 Christian Conrad is visiting the KOF Swiss Economic Institute at ETH Zurich (Jan-Egbert Sturm).

New Working Papers

Burkhard Heer and Andreas Irmen: "Population, Pensions, and Endogenous Economic Growth", Discussion Paper No. 479.

**Editorial deadline for issue 10/2008 of the newsletter:
Wednesday, December 3 2008, 12 o'clock
newsletter@awi.uni-heidelberg.de**

If you would like to receive the newsletter by email,
please contact the address above