



You are cordially invited to

UCLouvain Economics Seminar

On Thursday December 7, 2017, from 12:45 to 14:00
Doyen 22, Place des Doyens, 1

Heiner Schumacher
(KU Leuven)

Will give a presentation on

Equilibrium Contracts and Boundedly Rational Expectations

Abstract:

We study a principal-agent framework in which the production and cost functions are represented by a non-parametric causal model. The agent only takes a subset of the model's components into account. She then fits her subjective model to the objective probability distribution, which may cause her to incorrectly extrapolate how o-equilibrium actions map into outcomes. We recover and extend several results from the literature on contracting with boundedly rational agents, while having consistency of beliefs with equilibrium outcomes. We obtain new results on the role of organizational structure for effort motivation and on the welfare effects of add-on price regulation. (Joint paper with Heidi Cristina Thysen (London School of Economics))

Information:

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