Im Rahmen der öffentlichen Vortragsreihe

Economic Theory and Policy

des Forschungsbereichs Ökonomie
am Institut für Stochastik und Wirtschaftsmathematik der TU Wien

hält

Dr. Ronald Wendner

(Karl-Franzens Universität Graz)

einen Vortrag
mit dem Titel

On Hyperbolic Discounting

Abstract: Standard economic growth models employ the assumption of a constant rate of pure time preference (exponential discounting). While technically convenient, this assumption is not supported empirically. In contrast, empirical evidence suggests that people discount hyperbolically rather than exponentially. Prior literature argues that hyperbolic discounting is observationally equivalent to exponential discounting. In this paper, however, we show that this result holds true only under restrictive conditions. Considering that hyperbolic discounting introduces time-inconsistency, we define the concept of a sliding equilibrium path. Observational equivalence (OE) holds if a sliding equilibrium path coincides with an optimal path in the standard model with exponential discounting. We clarify the role of expectations for sliding equilibrium paths and introduce pseudo-perfect- and super-perfect expectations. If utility is logarithmic and expectations of time varying r(t) and w(t) are super-rational (pseudo-rational) OE holds (does not hold, unless the production function is Cobb–Douglas). If r(t)=r and w(t)=w, OE holds under both expectations. If utility is not logarithmic and r(t), w(t) are time varying, our analysis suggests that OE does not hold under either type of expectation.

Zeit: Montag, 28.10.2019, 17:00 Uhr

Ort: TU Wien, Sem.R. DB gelb 04
(Wiedner Hauptstraße 8, gelber Bereich, 4. Stock)