



The Economics of Inaction: Stochastic Control Models with Fixed Costs

By Nancy L. Stokey

Download now

Read Online 

The Economics of Inaction: Stochastic Control Models with Fixed Costs By Nancy L. Stokey

In economic situations where action entails a fixed cost, inaction is the norm. Action is taken infrequently, and adjustments are large when they occur. Interest in economic models that exhibit "lumpy" behavior of this kind has exploded in recent years, spurred by growing evidence that it is typical in many important economic decisions, including price setting, investment, hiring, durable goods purchases, and portfolio management.

In *The Economics of Inaction*, leading economist Nancy Stokey shows how the tools of stochastic control can be applied to dynamic problems of decision making under uncertainty when fixed costs are present. Stokey provides a self-contained, rigorous, and clear treatment of two types of models, impulse and instantaneous control. She presents the relevant results about Brownian motion and other diffusion processes, develops methods for analyzing each type of problem, and discusses applications to price setting, investment, and durable goods purchases.

This authoritative book will be essential reading for graduate students and researchers in macroeconomics.

 [Download The Economics of Inaction: Stochastic Control Mode ...pdf](#)

 [Read Online The Economics of Inaction: Stochastic Control Mo ...pdf](#)

The Economics of Inaction: Stochastic Control Models with Fixed Costs

By Nancy L. Stokey

The Economics of Inaction: Stochastic Control Models with Fixed Costs By Nancy L. Stokey

In economic situations where action entails a fixed cost, inaction is the norm. Action is taken infrequently, and adjustments are large when they occur. Interest in economic models that exhibit "lumpy" behavior of this kind has exploded in recent years, spurred by growing evidence that it is typical in many important economic decisions, including price setting, investment, hiring, durable goods purchases, and portfolio management.

In *The Economics of Inaction*, leading economist Nancy Stokey shows how the tools of stochastic control can be applied to dynamic problems of decision making under uncertainty when fixed costs are present. Stokey provides a self-contained, rigorous, and clear treatment of two types of models, impulse and instantaneous control. She presents the relevant results about Brownian motion and other diffusion processes, develops methods for analyzing each type of problem, and discusses applications to price setting, investment, and durable goods purchases.

This authoritative book will be essential reading for graduate students and researchers in macroeconomics.

The Economics of Inaction: Stochastic Control Models with Fixed Costs By Nancy L. Stokey
Bibliography

- Sales Rank: #986358 in Books
- Published on: 2008-11-09
- Original language: English
- Number of items: 1
- Dimensions: 9.20" h x 1.10" w x 6.30" l, 1.30 pounds
- Binding: Hardcover
- 320 pages

 [Download The Economics of Inaction: Stochastic Control Mode ...pdf](#)

 [Read Online The Economics of Inaction: Stochastic Control Mo ...pdf](#)

Download and Read Free Online **The Economics of Inaction: Stochastic Control Models with Fixed Costs** By Nancy L. Stokey

Editorial Review

Review

"The presentation of all these problems and solutions is impeccably precise, perfectly appropriate for textbook use in a taught course, and suitable for independent reading by readers with standard mathematical and economic background."--**Giuseppe Bertola, *Journal of Economic Literature***

From the Back Cover

"Fixed adjustment costs are pervasive in economic modeling and until this book there was no place where the needed tools were developed in a way that was accessible to a broad group of economists. Now there is. This brilliantly lucid book is self-contained, first developing the mathematical preliminaries and then using the tools in a number of illustrative economic applications. I advise economists to add this book to their bookshelf."--**Edward C. Prescott, Nobel Laureate in Economics**

"Stochastic control problems arise everywhere in modern economics. *The Economics of Inaction* gives a wonderful treatment for students and practitioners alike. It is rigorous yet clear, concise yet thorough. Inaction would not be the optimal decision about this book: read it now!"--**Avinash Dixit, Princeton University**

"Nancy Stokey has given us a clear, elegant, and rigorous distillation of why and how we should delay action until the status of a decision problem changes enough. By combining the mathematical apparatus with a wealth of applications to production, macroeconomics, and other fields, this book immediately becomes the definitive treatment. It will be the stepping stone into the subject for almost every interested researcher."--**Darrell Duffie, Graduate School of Business, Stanford University**

About the Author

Nancy L. Stokey is the Frederick Henry Prince Professor of Economics at the University of Chicago. She is the author, with Robert Lucas and Edward Prescott, of "Recursive Methods in Economic Dynamics".

Users Review

From reader reviews:

Lawrence Rector:

Now a day those who Living in the era exactly where everything reachable by connect with the internet and the resources inside can be true or not involve people to be aware of each data they get. How people have to be smart in obtaining any information nowadays? Of course the answer is reading a book. Looking at a book can help men and women out of this uncertainty Information specially this *The Economics of Inaction: Stochastic Control Models with Fixed Costs* book since this book offers you rich details and knowledge. Of course the info in this book hundred pct guarantees there is no doubt in it everbody knows.

Christina Ochs:

This *The Economics of Inaction: Stochastic Control Models with Fixed Costs* is a great book for you because the content is full of information for you who always deal with the world and have to make decisions every minute. This particular book reveals its facts accurately using great management words or we can point out no rambling sentences included. So if you read that hurriedly you can have whole details in it. Doesn't mean it only gives you straight forward sentences but tricky core information with wonderful delivering sentences. Having *The Economics of Inaction: Stochastic Control Models with Fixed Costs* in your hand like getting the world in your arm, data in it is not ridiculous a single. We can say that no book that offers you the world in ten or fifteen minutes right but this publication already does that. So, it is a good reading book. Hey Mr. and Mrs. active do you still doubt which?

Gerald Kelly:

Is it anyone who has spare time and then spends it whole day simply by watching television programs or just laying on the bed? Do you need something totally new? This *The Economics of Inaction: Stochastic Control Models with Fixed Costs* can be the response to, oh how comes? A fresh book you know. You are so out of date, spending your extra time by reading in this brand new era is common not a nerd activity. So what do these textbooks have that the others?

Nancy Collins:

Don't be worried in case you are afraid that this book will fill the space in your house, you can have it in e-book method, more simple and reachable. This *The Economics of Inaction: Stochastic Control Models with Fixed Costs* can give you a lot of buddies because by you considering this one book you have a point that they don't and make you more like an interesting person. This particular book can be one of one step for you to get success. This reserve offers you information that possibly your friend doesn't understand, by knowing more than others make you to be great persons. So, why hesitate? Let us have *The Economics of Inaction: Stochastic Control Models with Fixed Costs*.

Download and Read Online *The Economics of Inaction: Stochastic Control Models with Fixed Costs* By Nancy L. Stokey
#HLXP805ADEC

Read The Economics of Inaction: Stochastic Control Models with Fixed Costs By Nancy L. Stokey for online ebook

The Economics of Inaction: Stochastic Control Models with Fixed Costs By Nancy L. Stokey Free PDF d0wnl0ad, audio books, books to read, good books to read, cheap books, good books, online books, books online, book reviews epub, read books online, books to read online, online library, greatbooks to read, PDF best books to read, top books to read The Economics of Inaction: Stochastic Control Models with Fixed Costs By Nancy L. Stokey books to read online.

Online The Economics of Inaction: Stochastic Control Models with Fixed Costs By Nancy L. Stokey ebook PDF download

The Economics of Inaction: Stochastic Control Models with Fixed Costs By Nancy L. Stokey Doc

The Economics of Inaction: Stochastic Control Models with Fixed Costs By Nancy L. Stokey Mobipocket

The Economics of Inaction: Stochastic Control Models with Fixed Costs By Nancy L. Stokey EPub