



# The Economics of Inaction: Stochastic Control Models with Fixed Costs

By Nancy L. Stokey



Download



Read Online



Get Print Book

**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:

##### Jose Anderson:

In this 21st one hundred year, people become competitive in most way. By being competitive now, people have do something to make them survives, being in the middle of the particular crowded place and notice by simply surrounding. One thing that at times many people have underestimated it for a while is reading. Yeah, by reading a reserve your ability to survive boost then having chance to stand than other is high. To suit your needs who want to start reading any book, we give you this The Economics of Inaction: Stochastic Control Models with Fixed Costs book as beginner and daily reading book. Why, because this book is greater than just a book.

**Louie Thompson:**

This book untitled The Economics of Inaction: Stochastic Control Models with Fixed Costs to be one of several books that will best seller in this year, this is because when you read this reserve you can get a lot of benefit into it. You will easily to buy this kind of book in the book store or you can order it by way of online. The publisher with this book sells the e-book too. It makes you quicker to read this book, since you can read this book in your Touch screen phone. So there is no reason for your requirements to past this e-book from your list.

**Jeff Cunningham:**

The publication untitled The Economics of Inaction: Stochastic Control Models with Fixed Costs is the e-book that recommended to you to learn. You can see the quality of the publication content that will be shown to you actually. The language that publisher use to explained their ideas are easily to understand. The copy writer was did a lot of exploration when write the book, so the information that they share to your account is absolutely accurate. You also will get the e-book of The Economics of Inaction: Stochastic Control Models with Fixed Costs from the publisher to make you much more enjoy free time.

**Shelly Reder:**

That book can make you to feel relax. That book The Economics of Inaction: Stochastic Control Models with Fixed Costs was multi-colored and of course has pictures on there. As we know that book The Economics of Inaction: Stochastic Control Models with Fixed Costs has many kinds or style. Start from kids until adolescents. For example Naruto or Investigator Conan you can read and believe that you are the character on there. So , not at all of book are make you bored, any it offers you feel happy, fun and loosen up. Try to choose the best book in your case and try to like reading which.

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

**#LG7SZHBI1WE**

## **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**