Bounded Rationality in Economics and Finance

edited by

Christian Richter
Contents

Acknowledgements I
List of Contributors III
Introduction 1

Part I: Bounded Rationality in Financial Markets

Andrew Hughes Hallett and Christian Richter
On the Dynamics of Capital Markets – An Analysis of the Short End of the Term Structure of Interest Rates in Britain 7

Simone Alfarano, Iván Barreda-Tarrazona and Eva Camacho-Cuena
Heterogeneous and Imperfect Information in an Experimental Asset Market 39

Ioannis Krassas
Investor Reactions, Trading Volume and EPS surprise: The Case of Profit Warnings 59

Part II: Bounded Rationality in Industrial Organisations

Tom De Schryver
Strategic Change: Small Is Beautiful, to Research 89

Federico Sallusti
Organizational Structure and the Trade Off Between Static and Dynamic Efficiency of the Firm 113


Frederic B. Jennings, Jr.
A Horizontal Theory of Pricing in the New Information Economy 141

Frederic B. Jennings, Jr.
Horizon Effects, Sustainability, Education and Ethics: Toward an Economics of Foresight 153

Laurent Percebois
Reconciling Bounded Rationality with the Search for Performance in Public Administration: Herbert Simon’s Perennial Ideas vs. the New Public Management? 167