## Accepted Manuscript

Regulation of trades based on differences in beliefs

Hervé Crès, Mich Tvede

PII:S0014-2921(17)30180-0DOI:10.1016/j.euroecorev.2017.10.001Reference:EER 3060

To appear in:	European Economic Review
Received date:	1 September 2017

Accepted date: 2 October 2017

Merch Archeory Marken Role Charler Refer Marker Role M	N C
ISSN 0014-2021	
CONTENTS	
M. Mardan, Why countries differ in thin capitalization rules: The role of financial development	,
F. Langot and M. Lemoine, Strategic fiscal policies in Europe: Why does the labour wedge	15
H. Fehr, M. Kallweit and F. Kindermann, Families and social security	
P. Huber, H. Oberhofer and M. Pfaffermayr, Who creates jobs? Econometric modeling and evidence for Austrian firm level data	57
LHull, Amortization requirements and household indebtedness: An application to Swedish-style mortgages	72
P. Akyol and K. Krishna, Preferences, selection, and value added: A structural approach	89
H. Zhang, Static and dynamic gains from costly importing of intermediate inputs: Evidence from Colombia	118
M, Ampudia and M. Ehrmann, Macroeconomic experiences and risk taking of euro area households	146
D.J. Kuenzel, WTO dispute determinants	
A. Loeper, Cross-border externalities and cooperation among representative democracies	180
R. Kotschy and U. Sunde, Democracy, inequality, and institutional quality	
P. Sauré, Time-intensive R & D and unbalanced trade	
D. Murphy, Excess capacity in a fixed-cost economy	245
Contents continued on outside bo	ick cover
dollarised Available online at www.sciencednet.com	
ScienceDirect	
- She	
ELSEVIED ALL ALL ALL ALL ALL ALL ALL ALL ALL AL	

Please cite this article as: Hervé Crès, Mich Tvede, Regulation of trades based on differences in beliefs, *European Economic Review* (2017), doi: 10.1016/j.euroecorev.2017.10.001

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

## Regulation of trades based on differences in beliefs \*

Hervé Crès<sup>†</sup>

Mich Tvede<sup>‡</sup>

## Abstract

Some trades based on differences in beliefs might cause more harm than good. Should they be restricted? If yes, how? We propose three properties ensuring that regulation does not prevent beneficial trade and is consistent: *Unanimity* – the regulator should not object to trades with identical beliefs; *Merge Proofness of Autarky* – if the regulator does not object to finitely many unrelated trades, all with identical beliefs, then it should not object to the mere juxtaposition of the trades; and *Independence of Irrelevant Trade* – if the regulator does not object to any of the two trades standing alone. We show that there is a unique policy having these three properties, namely laissez-faire.

Keywords Heterogeneous Beliefs · Pareto Efficiency · Regulation · Speculative Trading

JEL Classification D51 · D69

<sup>\*</sup>We thank Darrell Duffie, Itzhak Gilboa, Larry Samuelson and Robert Sugden for insightful comments on earlier versions on this paper.

<sup>&</sup>lt;sup>†</sup>New York University in Abu Dhabi, PO Box 129188 Abu Dhabi, United Arab Emirates, email: herve.cres@nyu.edu

<sup>&</sup>lt;sup>‡</sup>University of East Anglia, Norwich, NR4 7TJ, UK, email: m.tvede@uea.ac.uk

Download English Version:

## https://daneshyari.com/en/article/7351604

Download Persian Version:

https://daneshyari.com/article/7351604

Daneshyari.com