

SEMINAR SERIES on ICTs POLICY RESEARCH

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ISEG

Technology adoption with forward-looking agents

Abstract:

We investigate the effects of forward looking behavior in technology adoption. The setup is an overlapping generations model where agents choose between two alternative networks taking into consideration both the installed base and the expected base. The latter element is the distinctive feature of our approach. We use results from the global games literature to select the unique equilibrium on which agents coordinate their expectations. We consider both the cases of incompatible and compatible technologies, and show that technologies cannot lock-in, while the adoption path exhibits hysteresis. Network choices are characterized both in terms of their long run properties and expected time of adoption.

Tuesday, October 7th 2008 6:00pm

Room 7.21, 7th floor, North Tower, Instituto Superior Técnico

Refreshments provided

Co-organized by:

