

A Note on the Convergence to Competitive Equilibria in Economies with Moral Hazard

A. Bisin
New York University

P. Gottardi
Università di Venezia and Yale University

D. Guaitoli
Università Pompeu Fabra

November 1998[Ⓜ]

Abstract

In a simple economy with moral hazard we study conditions on the observability of trades under which competitive equilibria can be obtained or not as the limit of Nash equilibria of a corresponding economy with strategic financial intermediaries.

Keywords: asymmetric information, exclusivity, convergence
JEL : D 82, D 61, G 20

[Ⓜ]The financial and institutional support of the C.V. Starr Center for Applied Economics is gratefully acknowledged.