



ERSA Lecture Series in Economic Theory:
“Knightian Uncertainty in Economics and Finance”

18-19 February 2015
Pretoria

Lecturer:

Professor Frank Riedel
(University of Bielefeld, Germany)

Topic: Knightian uncertainty plays a fundamental role in recent years, both in economic policy as in economic theory. Knightian uncertainty refers here to situations in which the probabilities of relevant outcomes are not known. Such situations occur frequently in economics when, e.g. quantities such as the probability of default of a country or the outlook of a newly founded company have to be assessed.

In these lectures, we are going to discuss the decision theoretic foundations for economic analysis of Knightian uncertainty as opposed to pure risk models and highlight several interesting applications of these models in economics and finance.

Lecture 1: Knightian Uncertainty: Axioms and Models

Lecture 2: Strategic Ambiguity in Games

Lecture 3: Knightian Uncertainty in Financial Markets.

Frank Riedel is the Director of the Centre for Mathematical Economics at Bielefeld University. His representative publications include:

Optimal Stopping with Multiple Priors, *Econometrica*

Other-Regarding Preferences in General Equilibrium, *Review of Economic Studies*

Intertemporal Equilibria with Knightian Uncertainty, Journal of Economic Theory

Voronoi Languages, Games and Economic Behavior

On Equilibrium Prices in Continuous Time, Journal of Economic Theory

Dynamic Coherent Risk Measures, Stochastic Processes and Applications

On the Dynamic Foundation of Evolutionary Stability in Continuous Models Journal of Economic Theory

Optimal Consumption Choice under Uncertainty with Intertemporal Substitution, Annals of Applied Probability

Dates and Venue: 18-19 February 2015, Hatfield Campus (University of Pretoria)

Organizer: Professor Alex Zimper (University of Pretoria), alexander.zimper@up.ac.za

Funding: The number of participants will be limited to 10-15 delegates and while ERSA will cover travel and accommodation expenses for a few individuals from out of town, these places are limited and funding to attend the Lecture Series is entirely at the discretion of the organizer.

Should you wish to participate please email Prof Alex Zimper at alexander.zimper@up.ac.za and copy workshops@econrsa.org, with the subject line '*ERSA Lecture Series in Economic Theory*'.

Deadline for applications: 18 January 2015.