JOURNAL ARTICLE

The Borrower's Curse: Optimism, Finance and Entrepreneurship Get access >

The Economic Journal, Volume 106, Issue 435, 1 March 1996, Pages 375–386, https://doi.org/10.2307/2235253

Published: 01 March 1996

Abstract

This paper argues that most of the facts characterising small-scale businesses, including high failure rates, reliance on bank credit rather than equity finance, relatively low interest rate margins, and credit rationing, can be explained by a tendency for those who are excessively optimistic to dominate new entrants. Drawing on findings in psychology, we model entrants as relatively naive optimisers. Banks on the other hand are viewed as well informed and efficient processors of information.

This content is only available as a PDF.

The © 1996 Royal Economic Society

Issue Section: Articles

You do not currently have access to this article.

Sign in



1 Get help with access

Royal Economic Society members

Sign in through society site >



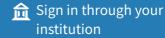
Personal account

Institutional access

- Sign in with email/username & password
- Get email alerts
- Save searches
- Purchase content
- Activate your purchase/trial code
- Add your ORCID iD



Register



Sign in through your institution

Sign in with a library card

Sign in with username/password

Recommend to your librarian

Institutional account management

Sign in as administrator

Purchase

Subscription prices and ordering for this journal

Purchasing options for books and journals across Oxford Academic

Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? Register

The Borrower's Curse: Optimism, Finance and Entrepreneurship - 24 Hours access

EUR €51.00 GBP £44.00 USD \$55.00

Rental



This article is also available for rental through DeepDyve.