Index

absence of arbitrage trade 101, 103, 105, 106, 127, 129, 132
absence of double coincidence of wants
government-backed fiat money 84
inactive trade and Pareto efficiency 132
in microfoundations of the double coincidence of wants 101, 102–3
overlapping generations models 136
Pareto efficiency of trading post equilibrium with transaction costless media of exchange 127–8
Pareto inefficiency of trading post equilibrium with costly media of exchange 129–30
price theory of money 13
random matching 137
trading post model 16, 40, 44–9, 52–7, 112
unique ‘money’, convergence to 62–5, 76–81
absence of money, in the Arrow–Debreu model of general equilibrium viii, 5, 19–20, 26, 100–101, 109–10
see also barter
airline routes 98–9
Allais, M. 136
arbitrage trade 26, 103, 104, 105, 111
see also absence of arbitrage trade
Arrow, K.J. 5, 90, 100, 110–11, 117, 123, 139
see also Arrow–Debreu model of general equilibrium
Arrow–Debreu model of general equilibrium
an economy without money viii, 5, 19–20, 26, 100–101, 109–10
central marketplace 21–2, 24, 25–6, 36
contingent commodity markets 20, 21, 24–5, 27, 109
critique 25–7
decentralization 34, 49
futures markets 20, 21, 22–4, 26–7, 109
household budget constraints ix, 20–22, 23–4, 25, 125
Pareto efficiency 124–5, 126–8
price theory 5, 49, 142
single grand exchange ix, 20–21, 109, 124
uncertainty 24–5, 27
ask prices
Arrow–Debreu model of general equilibrium 26
general equilibrium models 124
liquidity 3, 43
sequence economies 134, 135
trading post model 15, 36, 38, 40, 110, 111, 112–13, 114–15, 122, 133
with linear transaction costs 45–6, 47, 52, 54
autarky 16
average cost pricing equilibrium
government-backed fiat money 85, 86, 87–8
large economy with scale economies in transaction costs 67–9, 139
trading post model 16
unique ‘money’, convergence to 60, 61–6, 72–3, 74–6, 78–81
barter
conditions 8
double coincidence of wants 8, 9, 14, 100, 101–2, 104–5, 108
inconveniences 19–20, 26

Ross M. Starr - 9780857938060
Downloaded from Elgar Online at 04/26/2019 09:46:23PM via free access
Why is there money?

as latent money 71, 73, 77, 81, 84
versus money 8–9
search and random matching models of money 14, 137
trading post model 15, 37, 57–8, 138, 139
unique ‘money’, in convergence process 63, 65, 71–2, 73–4, 75, 77, 78, 79, 80, 81–2
see also Arrow–Debreu model of general equilibrium; barter array
barter array 98, 99
Baumol, W.J. 10, 135, 139, 140
bid-ask spread
concept 53
double coincidence of wants, microfoundations of 101
economies of scale in transaction costs 60
government-backed fiat money 88
liquidity 3, 10, 15–16, 43–4
sequence economies 135
trading post model 15–16, 38–9, 40, 110, 133
with linear transaction costs 45–7, 49, 52, 53, 54, 65
unique ‘money’, convergence to 63, 65, 72, 73, 74, 75, 76, 79, 80–81
bid prices
Arrow–Debreu model of general equilibrium 26
double coincidence of wants, microfoundations of 102, 106, 107
general equilibrium models 124
government-backed fiat money 86
liquidity 3, 43
sequence economies 134, 135
trading post model 15, 36, 38, 40, 110, 111, 112–13, 114, 115, 122, 133
with linear transaction costs 45–6, 47, 48, 52, 54, 56
unique ‘money’, convergence to 64, 66, 69, 74, 79
Brouwer fixed-point theorem 31, 32
budget constraints ix, 26, 134, 135
see also firms’ budget constraints; households’ budget constraints;
multiple budget constraints; trading post budget constraints
 carriers of value see media of exchange
cartalist/chartalist-metallist controversy 5–7
central coordination, barter 20, 26
central marketplace, Arrow–Debreu model of general equilibrium 21–2, 24, 25–6, 36
central planner, efficient structure of exchange 90–91, 94–5
Clower, R. 14, 59, 91, 137
commodity-backed paper money 11
commodity money fiat money 10–11
metallism 5–6
microfoundations of double coincidence of wants 101, 102, 103–4, 106
trading post model 15–16, 47–9, 111, 122–3
see also contingent commodity markets; futures markets
commodity-pairwise trading posts
Arrow–Debreu model of general equilibrium 26
efficient structure of exchange 91, 92, 94–5, 96, 97
government-backed fiat money 84, 85, 87–8
Pareto inefficiency of trading post equilibrium with costly media of exchange 129–30
trading post model 15–16, 36, 37, 38, 39, 110, 112–13
with linear transaction costs 45, 47–9, 52–3, 55–7
unique ‘money’, convergence to 62, 71–3, 74, 75–6, 77–81
competitive equilibrium 16, 35, 41, 54–8, 60, 103, 124
constrained excess demand 120
constrained excess supply 117, 118
contingent commodity markets 20, 21, 24–5, 27, 109
Continuity 30, 31–4, 109, 111, 118, 120, 124
cost savings 72, 74, 79, 80, 81
see also efficient structure of
Index

exchange; low transaction costs; scale economies in transaction costs; zero transaction costs costs see average cost pricing equilibrium; cost savings; fixed costs; inventory costs; marginal cost pricing; marginal cost pricing equilibrium; marginal costs; set-up costs of markets; transaction costs credit rationing 103

Debreu, G. viii, 5, 49, 100, 110–11, 117, 123, 124, 125 see also Arrow–Debreu model of general equilibrium
debt 7, 27
decentralization
 Arrow–Debreu model of general equilibrium 34, 49
barter 8
markets 20, 26
trading post model 41, 54, 90
decomposable economies, efficient structure of exchange 98
demand
 Arrow–Debreu model of general equilibrium 22, 24, 25
double coincidence of wants, microfoundations of 102–3, 104
efficient structure of exchange 91, 92, 93, 94, 95–6
government-backed fiat money 88
sequence economies 134
trading post model 57–8, 119–20
unique 'money', convergence to 71, 72, 73, 74, 75, 77, 79, 80
under average cost pricing of scale economies in transaction costs 62, 64
see also excess demand
demand for money models 134, 135–6, 140
division of labor 8
double coincidence of wants
absence of see absence of double coincidence of wants
barter 8, 9, 14, 100, 101–2, 104–5, 108
microfoundations 100–108
monetary equilibrium ix, 104–7
price theory of money ix, 13, 14
search/random matching models of money 14, 137
trading post model 16, 17, 40, 137
with linear transaction costs 55, 57–8, 65–6, 130–31
unique 'money', convergence to 72–6, 137, 138, 139
under average cost pricing of scale economies in transaction costs 65–6, 67–9
economies of scale in transaction costs see scale economies in transaction costs
efficiency of commodity money equilibrium
economies not using media of exchange 130–32
Pareto efficiency of trading post equilibrium with transaction costless media of exchange 126–8
Pareto inefficiency of trading post equilibrium with costly media of exchange 128–30
taxation costs, essential and inessential sequence economies 124–6
efficient structure of exchange
airline routes as comparator 98–9
central problem of efficient exchange 90–91, 94–5
high fixed costs, low marginal costs and monetary trade 97–8
initial conditions 91–2
low fixed costs 95–6
trade plans 92–4
see also efficiency of commodity money equilibrium
Einzig, P. 71, 73, 77, 78, 81
Ellis, H. 6–7
essential sequence economies 125, 126
excess demand
 Arrow–Debreu model of general equilibrium 22
double coincidence of wants, microfoundations of 101
efficient structure of exchange 91, 93, 94, 95–6, 97
Why is there money?

general equilibrium models 27–34
trading post model 44, 120–21
unique ‘money,’ convergence to 73
excess supply
Arrow–Debreu model of general
equilibrium 22
double coincidence of wants,
microfoundations of 101
efficient structure of exchange 93,
94, 96, 97
general equilibrium models with
excess demand 30, 31, 32, 33
trading post model 39, 44, 116, 117
unique ‘money’, convergence to 73

fiat money 6, 10–12
see also government-backed fiat
money; unbacked fiat money
firms
Arrow–Debreu model of general
equilibrium 21, 22, 23, 24, 25
general equilibrium with excess
demand function 29
trading post model 111, 113, 114–18,
122–3
see also firms’ budget constraints;
firms’ market and dividend
plans; firms’ production plans;
firms’ trading plans;
production technology; profit
maximization; profits
firms’ budget constraints 113, 114
firms’ market and dividend plans
116–17
firms’ production plans 22, 25, 115,
116
firms’ trading plans 21, 22, 23, 24,
26–7, 29, 111, 113, 116
fixed costs 95–8, 99
Foley, D.K. viii, ix, 5, 10, 14, 38, 124,
125, 127, 128, 130, 131
futures markets 20, 21, 22–4, 26–7, 27,
109, 124
general equilibrium models
with excess demand function 27–34
Pareto efficiency 34–5, 124–5
sequence economies 134–5
with transaction costs model 14,
124–5

see also Arrow–Debreu model of
general equilibrium
gold money 10–11
government-backed fiat money
cartalist/chartalist-metallist
controversy 6–7
defined 6
evolution 11–12
price theory of money ix, 13
tax payments 7, 12, 13, 17, 83–9
trading post model 16, 17, 84–8,
138–9, 141
government expenditures 88

Hahn, F.H. viii, ix, 5, 10, 14, 36, 38, 49,
60, 124, 125, 126, 128, 132, 134,
138, 139, 140
Heller, W.P. 10, 101, 117, 134, 136, 139,
140
Hendricks, K. 98
Hicks, J.R. 4–5, 9–10, 13, 23, 36, 135,
140
high fixed costs 97–8, 99
high prices 101
high trading volume
efficient structure of exchange 94,
96
government-backed fiat money 87,
88
scale economies in transaction costs
13, 57, 59, 61, 63, 65
unique ‘money’, convergence to 71,
72, 73, 74, 75, 76, 77–8, 79, 80,
81
high transaction costs 61, 63, 85, 132
households
Arrow–Debreu model of general
equilibrium 20, 21–2, 23–5
double coincidence of wants,
microfoundations of 101–4
double coincidence of wants with
linear transaction costs 130–31
efficient structure of exchange 91
general equilibrium with excess
demand function 29, 30
Pareto efficiency of trading post
equilibrium with transaction
costless media of exchange
127–8
Pareto inefficiency of trading post
equilibrium with costly media of exchange 129–30
trading post model 36, 38, 40–41, 44–5, 111, 113–14, 118–20, 122–3
with linear transaction costs 41–2, 46–7, 49, 56–7
unique money under average cost pricing of scale economies in transaction costs 62, 63

*see also* households’ budget constraints; households’ consumption; households’ endowments; households’ preferences/utility; households’ trading plans; households’ utility optimization; labor; profit shares

households’ budget constraints

Arrow–Debreu model of general equilibrium 20–22, 23–4, 25, 125
double coincidence of wants, microfoundations of 103
efficient structure of exchange 91, 92
general equilibrium with excess demand function 29
trading post model 40–41, 46, 113–14, 119

households’ consumption

Arrow–Debreu model of general equilibrium 20, 21–2, 23–4, 25
double coincidence of wants, microfoundations of 106
general equilibrium with excess demand function 30
spot markets 27
trading post model 38, 46, 119

households’ endowments

Arrow–Debreu model of general equilibrium 20, 21–2, 23–4, 25
double coincidence of wants, microfoundations of 101, 102, 103, 104, 105, 106
double coincidence of wants with linear transaction costs 130
general equilibrium with excess demand function 29, 30
government-backed fiat money 84, 88

Pareto efficiency of trading post equilibrium with transaction costless media of exchange 127–8
Pareto inefficiency of trading post equilibrium with costly media of exchange 129–30
spot markets 27
trading post model 40, 44–5, 53–4, 102, 112, 118, 119
unique ‘money’, convergence to 62, 67, 73, 74, 75, 77, 78

households’ preferences/utility
double coincidence of wants, microfoundations of 101–3, 105
double coincidence of wants with linear transaction costs 130
general equilibrium with excess demand function 29
government-backed fiat money 84
Pareto inefficiency of trading post equilibrium with costly media of exchange 129
unique ‘money’, convergence to 62, 73, 74, 75, 77, 78

*see also* households’ utility optimization

households’ trading plans

Arrow–Debreu model of general equilibrium 21–2, 23, 24, 25, 26–7
double coincidence of wants, microfoundations of 102–3
efficient structure of exchange 92–3, 95, 96
trading post model 36–7, 40–42, 46, 54, 55, 62, 111, 113, 119–20
unique ‘money’, convergence to 73, 74, 75, 76, 77, 78, 79, 80, 81

households’ utility optimization

Arrow–Debreu model of general equilibrium 29
double coincidence of wants, microfoundations of 103
efficient structure of exchange 90–91, 92, 95
perfect markets and absence of money 4–5
Why is there money?

trading post model 36, 38, 41, 46–7, 49, 52, 54, 55, 119–20
unique money under average cost
pricing of scale economies in transaction costs 62
see also households’ preferences/ utility
hub-and-spoke array 97, 98–9
inactive trade 2, 15, 37, 44, 49, 75, 76, 81, 102, 131–2
‘inconveniences of barter’ 19–20
indecomposable economies 95–6, 97–8
inessential sequence economies 125, 126, 132
inflation viii, 135, 141–2
informational requirements of barter 20, 26
insurance 24, 25, 27, 109
interest rates 4, 135, 136
inventories 11, 12, 134, 135–6, 139
inventory costs 11, 12
investment 21, 23, 109
Jevons, W.S. 6, 8, 9, 16, 37, 40, 44, 45, 49, 54, 55, 58, 62, 77, 100, 137
see also double coincidence of wants
Kaulla, R. 7
Kiyotaki, N. 6, 14, 36, 37, 70, 137
Knapp, G.F. 6–7
Kurz, M. 42, 58, 101, 134, 136
labor
Arrow–Debreu model of general equilibrium 21, 25
division of labor 8
monetary trade 1, 12, 13, 14, 17
money as ‘strategic decoupler’ 3
trading post model 38, 39
language 90–91
large trade economies 67–9, 103, 139
latent money 71, 73, 77, 81, 83
learning by doing 10, 13, 81–2
Lerner, A.P. 7, 12, 83
linear array, efficient structure of exchange 93–5
linear transaction costs (TCL)
Arrow–Debreu model of general equilibrium 100–101
double coincidence of wants 130–31
government-backed fiat money 84–8
Pareto efficiency 130–31
trading post model 16, 39, 41–2, 43–9, 51–8, 65–6, 84–8
liquidity
concept and theory 2–3, 10, 43–4
metallism 5–6
trading post model 15–16, 48, 52, 55–6, 133
unique ‘money’, convergence to 61–6, 71, 72, 82
low average transaction costs 10, 61, 72, 81
low fixed costs 95–6
low inventory costs 12
low marginal costs 10, 97–8, 99
low prices 101, 102
low trading volume
efficient structure of exchange 94
transaction costs 39, 61, 85
unique ‘money’, convergence to 72, 74, 75, 78, 79, 80, 81
low transaction costs
government-backed fiat money 12, 84, 85, 87
metallism 5–6
‘natural money’ 58
price theory of money 13
trading post model 16, 49, 52, 55–6
unique ‘money’, convergence to 63, 72, 76, 80, 81
see also liquidity; low average transaction costs; scale economies in transaction costs; zero transaction costs

macroeconomics 141–2
marginal cost pricing 48, 90, 139–40
marginal cost pricing equilibrium 46–9, 55–7, 85
marginal costs 10, 46, 85, 95, 97–8, 99
marginal rate of substitution (MRS),
general equilibrium with excess demand function 30
marginal transaction costs 10, 39, 61, 85
marginal utility 4, 84
market clearing equilibrium
efficient structure of exchange 94
trading post model 15, 110, 111–12, 121–2, 123
with linear transaction costs 41–2, 57–8
trading post model with linear transaction costs 46, 47–9, 55–6, 57
unique money under average cost pricing of scale economies in transaction costs 63, 64, 65, 66
market frictions 4–5, 14, 36, 39, 135–6, 137
market segmentation 15
markets 20, 26, 60
media of exchange
double coincidence of wants 8, 9
function of money 3, 9, 43
nonsynchronization 8
’self-justifying’ 10, 61, 62–4, 65, 69
trading post model 36–7, 38, 41, 47–9, 52, 111–12, 122–3
transaction costs 9–10
see also commodity-backed paper money; commodity money; fiat money; monetary equilibrium; unique ‘money’
Menger, C. 1, 2–3, 5–6, 7, 10, 13, 15, 43, 47, 49, 52, 72, 81–2, 133
metallist-cartalist/chartalist controversy 5–7
monetary equilibrium
double coincidence of wants, microfoundations of 103–7
government-backed fiat money 85, 86, 87–8
sequence economies 134, 135
trading post model 15–16, 36, 37, 38, 111–12, 122–3, 133, 137, 138
with linear transaction costs 42, 47–9, 55–7
unique ‘money’, convergence to 71, 72, 73, 74–5, 76, 78, 79–80, 81–2, 133, 141
under average cost pricing of scale economies in transaction costs 61–6, 67–9
monetary policy 135, 141–2
monetary trade ix, 1–2, 94, 95, 96, 97–8, 103–7
monetary trading array 97, 98–9
money, functions ix, 1–5
multi-transaction models 7–10
see also trading post model
multiple budget constraints 15, 36, 37–9, 132, 133, 134
multiple equilibria 71, 72, 87
multiple media of exchange 42, 56–7, 58, 72, 87, 98, 111
multiple prices 111
‘natural money’ 58
natural monopoly 10, 16, 17, 58, 59, 60, 61, 71, 89, 139–41
network externality 16, 59, 60, 138, 139
nonconvex transaction costs (TCNC)
see scale economies in transaction costs
nonsynchronization, media of exchange 8
Ostroy, J.M. 14, 19–20, 37
overlapping generations models 36, 136, 140–41
paper money see commodity-backed paper money; fiat money; government-backed fiat money; unbacked fiat money
Pareto efficiency
Arrow–Debreu model of general equilibrium 124–5, 126–8
double coincidence of wants with linear transaction costs (TCL) 130–31
economies of scale in transaction costs 60
general equilibrium model 34–5, 124–5
inactive trade 131–2
sequence economies 135
trading post model 16, 40, 112, 126–8, 133
unique ‘money’, convergence to 62, 77
Pareto inefficiency 128–30, 135
population of firms, trading post model 114
population of households
government-backed fiat money 84, 85, 87
Why is there money?

Pareto efficiency of trading post equilibrium with transaction costless media of exchange 127
Pareto inefficiency of trading post equilibrium with costly media of exchange 129
trading post model 40, 44–5, 53–4, 56, 57, 118
unique ‘money’, convergence to 62, 63, 65, 73, 77, 78
price equilibrium
Arrow–Debreu model of general equilibrium 22
double coincidence of wants, microfoundations of 102, 106
double coincidence of wants with linear transaction costs 131
general equilibrium with excess demand function 28, 30–31, 32–4
Pareto efficiency of trading post equilibrium with transaction costless media of exchange 127–8
Pareto inefficiency of trading post equilibrium with costly media of exchange 129–30
trading post model 46–7, 48, 112, 123
price theory
Arrow–Debreu model of general equilibrium, inadequacies 5, 49, 142
monetary theory ix, 13–14, 17–18, 52, 69, 110, 123
two-trader and two-commodity models 2
prices/pricing
Arrow–Debreu model of general equilibrium 21–2, 24, 25–6
double coincidence of wants, microfoundations of 101, 102, 103, 104–6, 107, 108
efficient structure of exchange 91
general equilibrium with excess demand function 28–34
government-backed fiat money 12
overlapping generations models 136
random matching 137
trading post model 15, 41, 45–9, 111, 112–13, 119
two-trader and two-commodity models 2
unique ‘money’, convergence to 72
see also ask prices; bid-ask spread; bid prices; price equilibrium; price theory
production technology 21, 22, 25, 112, 114, 115–18
profit maximization 4–5, 21, 22, 111, 116–18, 121
profit shares 21, 22, 24, 25, 29, 30, 118, 119
profits 21, 22, 23, 25, 111, 114, 116–18, 119
see also profit maximization; profit shares; zero profits
public goods 60, 90–91
random matching/search models of money 14, 36, 137, 140–41
retail prices see ask prices; bid-ask spread
Rey, H. 59, 60
Roscher, W. 10
saleability see liquidity
Samuelson, P. 136
savings 23, 27
scale economies in transaction costs
double coincidence of wants, microfoundations of 103
government-backed fiat money 85–8
overlapping generations and random matching models 141
price theory of money 13
trading post model 16, 17, 39, 41–2, 56–7, 60–66, 137
unique ‘money’, convergence to 10, 13, 16, 17, 42, 56, 59–69, 71, 72–80, 139
Schumpeter, J.A. 6, 10
search/random matching models of money 14, 36, 137, 140–41
‘self-justifying,’ medium of exchange 10, 61, 62–4, 65, 69
sequence economies 94–5, 125–6, 128–30, 132, 134–5, 140
set-up costs of markets 60, 91, 99, 100, 101–2, 134, 139
Shubik, M. 3, 8, 37
silver money 11
single grand exchange ix, 20–21, 109, 124
single medium of exchange 111
see also ‘unique’ money
Smith, A. 1, 7, 8, 11, 12, 13, 17, 18, 35, 83
specialization of medium of exchange 10, 59, 72
spot markets 27
Starr, R.M. 8, 10, 12, 14, 19–20, 37, 59, 90, 98–9, 101, 110–11, 116, 118, 120, 134, 135, 136, 139, 140
Starrett, D.A. viii, 5, 10, 14, 36, 124, 126, 128, 133, 134, 135, 140
Stinchcombe, M.B. 59, 90, 98–9
’strategic decoupler’ 3, 8
supply
Arrow–Debreu model of general equilibrium 22, 24, 25
double coincidence of wants, microfoundations of 104
efficient structure of exchange 91, 92, 93, 94, 96
general equilibrium with excess demand function 28, 29, 30, 31–2, 33
sequence economies 134
trading post model 57–8, 116, 117, 118
unique ‘money’, convergence to 71, 73, 74, 75, 77, 79, 80
under average cost pricing of scale economies in transaction costs 62, 64
see also excess supply
tâtonnement adjustment process 71, 72–3, 74–6, 78–80, 87–8, 141
tax payments 7, 12, 13, 17, 83–9, 140–41
‘thick’ markets 17, 60, 63, 76, 81
‘thin’ markets 17, 62, 63, 76, 77, 81
three commodity–three trader model 9
time discounting, in futures markets 27
time factors see contingent commodity markets; futures markets;
overlapping generations models; sequence economies
trading post budget constraints 8–9, 15, 36–9, 40–41, 45, 52, 54, 55, 110, 113, 114, 125, 130
trading post equilibrium 123, 125–33
trading post model described 15–18, 36–42, 110–12, 138–9
double coincidence of wants, microfoundations of 101–8
efficient structure of exchange 91–9
government-backed fiat money 16, 17, 84–8, 138–9, 141
linear transaction costs (TCL) 16, 39, 41–2, 43–9, 51–8, 65–6, 84–8
Pareto efficiency 16, 40, 112, 133
research agenda 138–40, 141–2
unique ‘money’, convergence to 138, 142
with absence of double coincidence of wants 76–81
with average cost pricing of scale economies in transaction costs 61–6
with double coincidence of wants 71–6, 137, 138, 139
with scale economies in transaction costs 60–61
transaction costs
Arrow–Debreu model of general equilibrium 26, 27, 100–101
barter 20, 26
concept 53
double coincidence of wants, microfoundations of 101–2, 103, 104, 106, 108
efficient structure of exchange 91, 124–5
general equilibrium models 124–5
government-backed fiat money 85
monetary theory ix–x, 9–10
overlapping generations models 140
Pareto inefficiency of trading post equilibrium 128–30
price theory of money 13–14
random matching models of money
sequence economies 134, 135
trading post model 15, 36, 38–40,
112, 114, 132–3
see also high transaction costs; linear
transaction costs (TCL); low
average transaction costs; low
transaction costs; marginal
transaction costs; scale
economies in transaction costs;
zero transaction costs
two-commodity, two-trader models 2
unbacked fiat money 6, 83, 84, 136,
137
uncertainty 20, 21, 24–5, 27, 135
unconstrained supply 118
unique ‘money’
convergence, with absence of double
coincidence of wants 76–81
convergence, with double
coincidence of wants 71–6, 137,
138, 139
efficient structure of exchange 97–8
government-backed fiat money,
trading post model 16, 17
learning by doing 10, 13, 81–2
natural monopoly 59, 60, 61, 71,
139–40
price theory of money ix, 13
scale economies in transaction costs
10, 13, 16, 17, 42, 56, 59–69, 71,
72–80, 139
tâtonnement adjustment process 71,
72–3, 74–6, 78–80, 141
trading post model 38, 42, 56, 60–66,
138
unit simplex 28–9, 31, 32, 91, 111,
112
universal array, efficient structure of
exchange 93, 94, 95–6
value viii, 1–5, 12, 17, 136
value, carriers of see media of
exchange
Wallace, N. 36, 136
Walras, L. 37, 91
see also Walrasian auctioneer;
Walras’s Law
Walrasian auctioneer
Arrow–Debreu model of general
equilibrium 21–2, 24, 25
general equilibrium with excess
demand function 31–3
government-backed fiat money,
convergence to 87–8
unique ‘money’, convergence to
72–3, 74, 75–6, 78–81
Walras’s Law 30, 31–4, 120–21
wholesale prices see bid-ask spread; bid
prices
Wicksell, K. 4, 7, 9
Wright, R. 6, 12, 14, 36, 37, 70, 137,
141
Young, H.P. 60
zero profits 3, 4, 41–2, 54, 61
zero transaction costs 39, 52, 61, 84,
85, 100, 101, 126–8, 135