

# EQUILIBRIUM AND DISEQUILIBRIUM IN ECONOMIC THEORY

PROCEEDINGS OF A CONFERENCE ORGANIZED BY THE  
INSTITUTE FOR ADVANCED STUDIES, VIENNA, AUSTRIA

JULY 3-5, 1974

/

*Edited by*

GERHARD SCHWÖDIAUER

*Institute for Advanced Studies, Vienna, Austria*



D. REIDEL PUBLISHING COMPANY

DORDRECHT-HOLLAND/BOSTON-U.S.A.

## TABLE OF CONTENTS

|                      |      |
|----------------------|------|
| PREFACE              | IX   |
| INTRODUCTION         | XI   |
| LIST OF PARTICIPANTS | XLIX |

### PART 1 / EQUILIBRIUM

|   |    |
|---|----|
| K. VIND / Equilibrium with Respect to a Simple Market   | 3  |
| D. GALE and A. MAS-COLELL / On the Role of Complete, Transitive Preferences in Equilibrium Theory               | 7  |
| C. WEDDEPOHL / Equilibrium in a Market with Incomplete Preferences where the Number of Consumers May Be Finite  | 15 |
| W.P. HELLER / Continuity in General Nonconvex Economies (with Applications to the Convex Case)                  | 27 |
| H. KEIDING / Are Core Allocations Obtainable as Exchange Equilibria?  | 39 |
| P. VAN MOESEKE / Equivalence of Competitive and Relative-Core Allocations on a Measure Space of Economic Agents | 47 |
| V. BÖHM / Non-Stable Cores of Exchange Economies  | 53 |
| M.J. BECKMANN / Does Perfect Competition in Spatial Markets Maximize Welfare?                                   | 67 |
| W.E. DIEWERT / Walras' Theory of Capital Formation and the Existence of a Temporary Equilibrium                 | 73 |

### PART 2 / CRITIQUE OF EQUILIBRIUM THEORY

|  |     |
|--|-----|
| M. ALLAIS / Theories of General Economic Equilibrium and Maximum Efficiency              | 129 |
| H. ABELE / Towards a Neo-Austrian Theory of Exchange                                     | 203 |
| M. SHUBIK / Competitive and Controlled Price Economies: the Arrow-Debreu Model Revisited | 213 |

PART 3 / EXTENSIONS OF EQUILIBRIUM THEORY –  
IMPERFECT COMPETITION, UNCERTAINTY, AND MONEY

|  |     |
|--|-----|
| T. HANSEN and A.S. MANNE / Equilibrium and Linear Complementarity – an Economy with Institutional Constraints on Prices                                      | 227 |
| R. R. CORNWALL / Marketing Costs and Imperfect Competition in General Equilibrium  | 239 |
| A. R. G. HEESTERMAN / Oligopoly and Its Macroeconomic Implications   | 255 |
| G. TINTNER / Risk and Uncertainty. Their Importance for the Homogeneity of Demand and Supply Functions and the Dichotomy between Real and Monetary Economies | 277 |
| G. HEAL / Notes on the Economic Consequences of Uncertain Product Quality  | 295 |
| M. KING / Corporate Policy, Uncertainty, and the Stock Market  | 315 |
| A. ULPH and D. ULPH / Efficiency, Inessentiality and the 'Debreu Property' of Prices   | 337 |

PART 4 / PROBLEMS IN DYNAMICS

|  |     |
|--|-----|
| S. SMALE / An Approach to the Analysis of Dynamic Processes in Economic Systems    | 363 |
| K. NAGATANI and P. A. NEHER / On Adjustment Dynamics – An Exercise in Traverse     | 369 |
| W. A. BROCK and J. A. SCHEINKMAN / On the Long-Run Behaviour of a Competitive Firm | 397 |
| N. GEORGESCU-ROEGEN / Dynamic Models and Economic Growth                           | 413 |

PART 5 / DISEQUILIBRIUM AND MACROECONOMIC THEORY

|  |     |
|--|-----|
| P. W. HOWITT / The Qualitative Effects of False Trading                                    | 453 |
| P. G. KORLIRAS / Non-Tâtonnement and Disequilibrium Adjustments in Macroeconomic Models    | 463 |
| T. NEGISHI / Existence of an Under-Employment Equilibrium                                  | 497 |
| J.-P. BENASSY / A Neokeynesian Model of Price and Quantity Determination in Disequilibrium | 511 |

|   |     |
|---|-----|
| D.M. JAFFEE / The Specification of Disequilibrium in Flow of Funds Models                                   | 545 |
| R.J. BARRO and H.I. GROSSMAN / Consumption, Income, and Liquidity   | 565 |
| D.A. STARRETT / A Model of Dynamic Keynesian Equilibrium  | 593 |
| T. RADER / Many-Good Multiplier Analysis under Traditional, Classical and Neo-Keynesian Conditions          | 611 |
| C. AZARIADIS / Stochastic Disequilibrium in a Labor Contracts Economy                                       | 651 |
| G.D. DEMOPOULOS / Expectations, the Real Rate of Interest, and Labor Market Behavior in a Macromodel        | 671 |
| R. BRITTO / Optimal International Adjustment for a Country in a State of Fundamental Dynamic Disequilibrium | 691 |
| S.W. ARNDT / International Trade and Payments when Markets Fail to Clear                                    | 705 |
| INDEX OF NAMES  | 723 |
| INDEX OF SUBJECTS   | 728 |