

Clubs and the Market

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This paper defines a general equilibrium model with exchange and club formation. Agents trade multiple private goods widely in the market, can belong to several clubs, and care about the characteristics of the other members of their clubs. The space of agents is a continuum, but clubs are finite. It is shown that (i) competitive equilibria exist, and (ii) the core coincides with the set of equilibrium states. The central subtlety is in modeling club memberships and expressing the notion that membership choices are consistent across the population.

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