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# Exchange, Generalized Gradients and Competitive Equilibrium

**Abstract.** Motivated by computerized markets, this paper considers direct exchange between matched agents, just two at a time. Each party holds a "commodity vector," and each seeks, whenever possible, a better holding. Focus is on feasible, voluntary exchanges, driven only by (projected) differences in generalized gradients. The paper plays down the importance of agents' competence, experience and foresight. It reduces the role of optimization, and accommodates non-smooth data. Yet it identifies reasonable conditions which suffice for convergence to competitive equilibrium.

Keywords: Bilateral exchange, Convex preferences, Competitive equilibrium, Generalized gradients, transferable utility.

JEL Classification: C63, D03, D51. MSC Classification: 91B26, 91B55.

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