

Perfect Competition in Economies with Bads

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Abstract

We consider an exchange economy where there are a continuum of consumers and some commodities are bads. We prove that a Walrasian equilibrium exists if consumers' preference relations are similar in the sense that all consumers' upper contour sets at endowment vectors have the same asymptotic cone and their rates of convergence to the common asymptotic cone have a similar order.

Keywords: Bads; Existence of equilibrium; Atomless economy

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