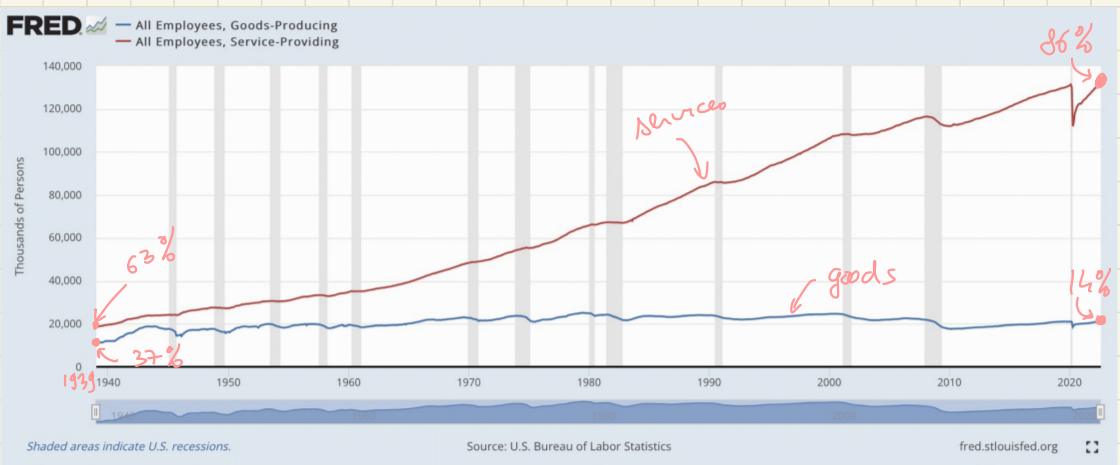# Structure of the Static Model

Pascal Michaillat
www.pascalmichaillat.org

- static model   one-period model
- mass 1 of households
  - identical
  - large households → no randomness

- households produce <u>services</u>
  - no firms
  - production by households (self employed)

  - only one market for services
    (no labor + product market)

Shaded areas indicate U.S. recessions.   Source: U.S. Bureau of Labor Statistics   fred.stlouisfed.org

- households purchase & consume service (produced by other households)

  - all services traded on <u>matching market</u>
    - matching function

  - <u>money</u>   • used as numeraire
                  • held by household