

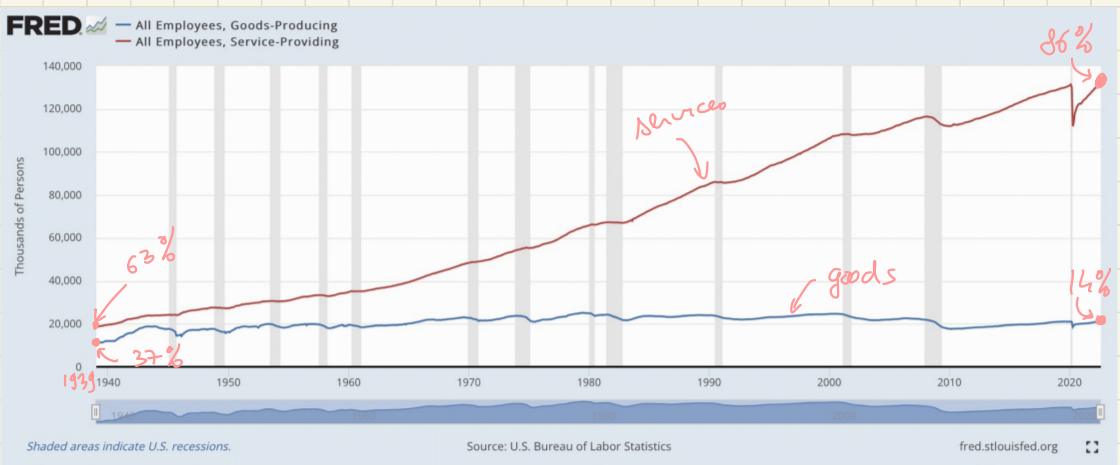
Structure of the Basic Model

Pascal Michailat

<https://www.pascalmichailat.org/t5.html>



- static model one-period model
- mass 1 of households
 - identical
 - large households → no randomness
- households produce services
 - no firms
 - production by households (self-employed)
 - only one market for services
(no labor + product market)



- households purchase & consume service (produced by other households)
- all services traded on matching market
 - matching function
- money
 - used as numeraire
 - held by household