

Supply and Demand as Density Functions

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Abstract

When we take our undergrad studies, most of us go through the mathematical exercise of "vertically summing" individual demand functions. This gives us the necessary intuition of how aggregate demand (and supply) functions are made: it is simply the addition of individual willingness to pay (and sell) functions. Although this is a great insight, I've not seen much about the generalization (and use) of this idea. [In this paper I set out assume a continuum of agents]

1 Introduction

2 The Model