The ideal three discount factor theorem, its implication and the question it poses

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Abstract

In this paper, I describe the ideal three discount factor theorem, its implication and the question it poses.
The paper ends with "The End"

Introduction

In a previous paper, I've described discount factors, the four discount factor theorem and its implication.
In a previous paper, I've described the three discount factor theorem, its implication and the question it poses.
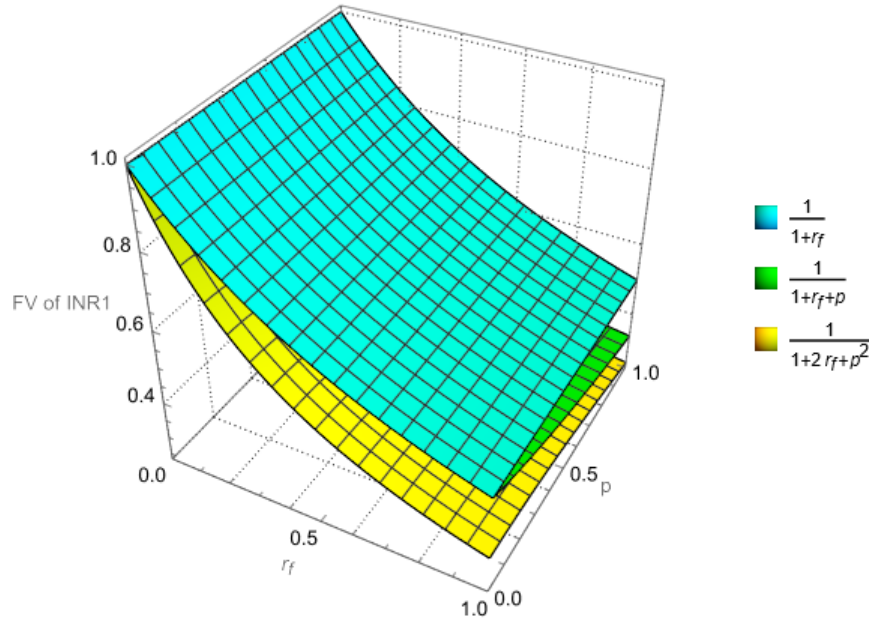In a previous paper, I've described the alternative three discount factor theorem, its implication and the question it poses.
In this paper, I describe the ideal three discount factor theorem, its implication and the question it poses.

The ideal three discount factor theorem

The ideal three discount factor theorem states

$$\frac{1}{1+r_f} = \frac{1}{1+r_f+p} = \frac{1}{1+2r_f+p^2} \iff (r_f = 0) \wedge (p = 0)$$

The implication of the ideal three discount factor theorem

The implication of the ideal three discount factor theorem is that **exactly** three discount factors are **sufficient** to obtain **exactly** one economy with a zero risk-free rate and a zero risk premium.

The question the ideal three discount factor theorem poses

Should we eliminate the remaining economies or not?
That's the question the ideal three discount factor theorem poses!

The End