General Equilibrium Dynamics with Social Coalition Structures

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Abstract

We incorporate the social coalition structure and coalitional equilibrium concept into a dynamic market equilibrium framework. The model presented here describes multiple coalition structures coexisting in a society with different purposes and mutual financial relations, together with a dynamic feature of the financial market that may affect and/or result from agents' preferences and expectations with or without unexpected defaults. For example, *indirect financial structure* of banks and large companies, *fiat money* issued by different governments, *non-profit organizations*, *conglomerates*, *holding companies*, etc., would be properly characterized as a kind of stable coalition structural entity under the general equilibrium theory.

Keywords : Social Coalitional Equilibrium, General Equilibrium, Coalition Structure, Financial Structure, Hybrid Equilibrium

JEL Classification: C62, C71, C72, D52, G00, G33

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