Equilibrium Selection in Monetary Search Models: An Experimental Approach

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Abstract

It is known that there exists a multiplicity (indeterminacy) of stationary equilibria in search models with divisible money. This paper investigate whether some specific stationary equilibrium is selected through economic experiments. We observe that in some treatments there is a tendency to converge to the most efficient equilibrium. However, as a whole, there remains some degree of indeterminacy.

Keywords: Real Indeterminacy, Random Matching, Money, Experiment, Equilibrium Selection.

JEL Classification Number: C91, C92, D51, D83, E40

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