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Epsilon cores of games with limited side payments Nonemptiness and equal treatment.

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Abstract

We introduce the concept of a parameterized collection of games with limited side payments, ruling out large transfers of utility. With convexity of the payoff set of the grand coalition, we show that (1) a game with limited side payments has a nonempty epsilon-core and (2) when some degree of side-paymentness within nearly effective small groups is assumed and large transfers are prohibited, then all payoffs in the epsilon-core treat similar players similarly. A bound on the distance between epsilon-core payoffs of any two similar players is given in terms of the parameters describing the game. These results add to the literature showing that large games with small effective groups have the properties of competitive markets. For prior equal treatment results for large games see especially Wooders (1980,1994a,b), Shubik and Wooders (1982) and Wooders (1983, Theorem 3) available at <http://www.warwick.ac.uk/fac/soc/Economics/wooders/>.

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