

# Keisuke Teeple

## *Presentation Title*

### **Mean-Preserving Unawareness in General Equilibrium**

#### *Abstract*

Sufficient conditions for existence of equilibrium are provided for a general equilibrium with incomplete markets problem augmented with unawareness. In this setup agents do not perceive all states of the world, yet are correct in expectations. The First Fundamental Welfare Theorem fails due to both a default and pecuniary inefficiency, while the Second Fundamental holds for economies with no aggregate risk. Welfare is shown to not necessarily be monotonic in discovery, or the increasing of awareness.

#### *Keywords*

General equilibrium; Incomplete markets; Default; Unawareness

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