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INTERACTIVE UNAWARENESS

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Abstract

The standard state-spaces of asymmetric information preclude non-trivial forms of unawareness (Dekel, Lipman and Rustichini, 1998). We introduce a generalized state-space model that allows for non-trivial unawareness among several individuals, and which satisfies strong properties of knowledge as well as the desiderata on unawareness proposed this far in the literature.

Keywords: unawareness, awareness, knowledge, interactive epistemology, speculative trade, bounded perception.

JEL Classification: C70, C72, D80, D82.

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