

A General Equilibrium Framework for The Market Viability Problem under Informational Asymmetries

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Abstract

The problem how we could describe situation like the market unraveling or the adverse selection under informational asymmetry in the general equilibrium framework (the *market viability problem*) is treated. In a recent paper, the authors give a simple general equilibrium production framework for this problem by using a special device named camouflaging technology to change problems under informational asymmetries into those under personal abilities to hide or modify information about their supplying goods. In this paper, we treat the problem with more standard devices and arguments based on the classical information set.

Keywords: General Equilibrium Model, Asymmetric Information, Adverse Selection, Market Unraveling, Market Viability Problem

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