

Title: Cuban Oranges and Rotten Cucumbers: Information Revelation and Bundling”, joint with Chris Woolnough.

Abstract: The paper examines information revelation and incentives to complete markets, in a model of strategic trade. It provides a tight condition on information structures (“competitive information”) so that prices aggregate information about the assets distributed among the traders. It also tightly characterizes environments in which competition does not provide incentives for strategic traders to issue assets that complete markets (“Cuban oranges and rotten cucumbers”). Towards those goals, in our model of strategic trade with multiple assets, factors, and asymmetrically distributed information, the paper establishes uniqueness and provides a closed form characterization of the linear equilibrium.