

# Competitive Equilibria with Asymmetric Information: Existence with Entry Fees\*

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## Abstract

This paper studies competitive equilibria in economies characterized by the presence of asymmetric information, where non-exclusive contracts with payoffs dependent on the agents' private information are traded on competitive markets. For such economies competitive equilibria may not exist with linear prices. We show that (non-trivial) competitive equilibria exist, under general conditions, with two part tariffs, i.e. if the cost of trading each contract consists of an entry fee and a linear component in the quantity traded.

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