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On the Impossibility of Informationally Efficient Markets

Sanford J. Grossman and Joseph E. Stiglitz

Equilibrium degree of disequilibrium: prices reflect the information of informed arbitrageurs

Still spend money/resources to obtain information

The more people that are informed, the price system will match its true better.

The number of informed individuals depends on: cost of information, how informative the price system is, if the information obtained is relevant to the individual

The more expensive the information, a smaller amount of individuals will be informed

If the quality of the information that is being sold increases, so will the price for that information

No noise in the price, prices convey all available information

Comparative Statics line up with the conjectures

I feel the conjectures are the most important things to understand in this paper

Has there ever been a competitive economy that is always in equilibrium, any economy?

Are there other papers on this subject that view how government regulation/ constraints affect equilibrium?