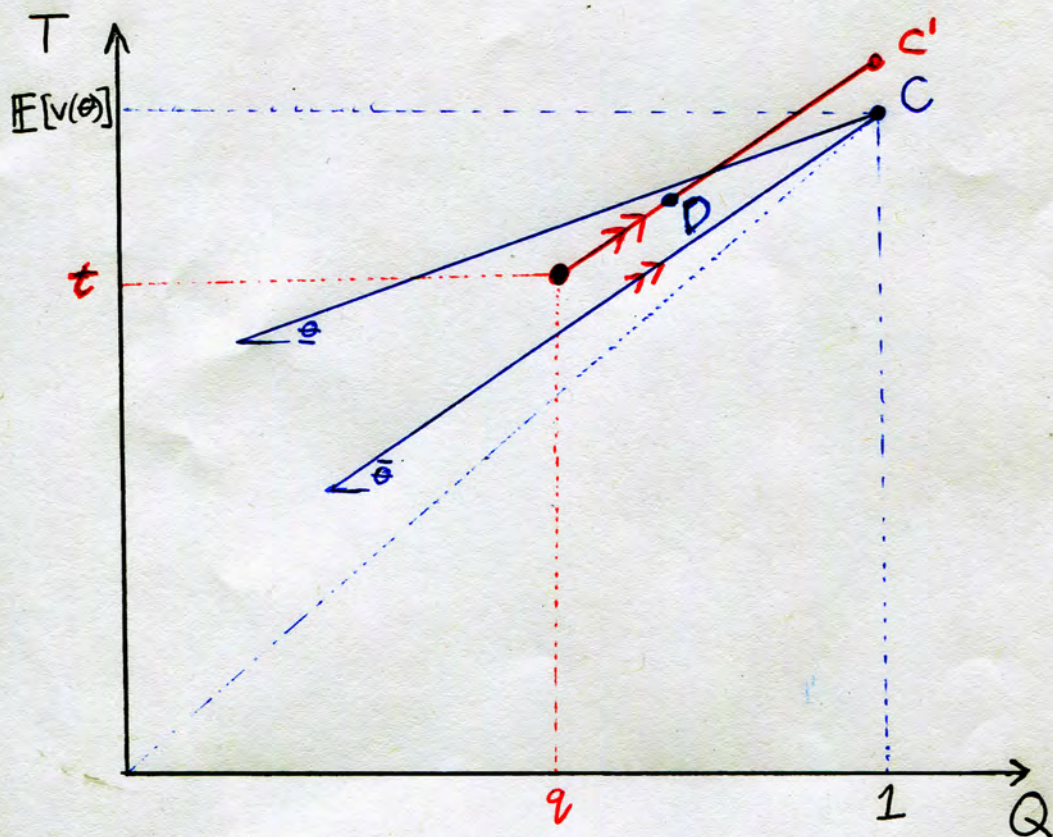


Q: Can random exclusivity help?



We are considering the mild adverse selection case.

A: It depends whether there is commitment to purchase the entire stock.

If there is, then a cream-skimming deviation (q, t) is not possible. After offering (q, t) if the buyer has to acquire the remaining $1-q$ units, this must be at least at the valuation of the high type $\bar{\theta}$. However then the low type will be attracted by this contract since $t > E[V(\theta)]q$.

Note that if the buyer is not committed to purchase the entire stock, but has to do so with some probability, then we can attain any outcome on the line joining (q, t) and C' (rather than just C'). There are points, such as D in the diagram where the low type would not be attracted by a cream-skimming deviation.