

Information Revelation in Auctions*

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Abstract

Auction theory has emphasized the importance of private information to the profits of bidders. However, the theory has failed to consider the question of whether or not bidders will be able to keep their information private. We show that in a variety of contexts bidders will reveal all their information, even if this information revelation is (ex ante) detrimental to them. Similarly, a seller may reveal all her information even when this revelation lowers revenues. We also show that bidders may be harmed by private information.

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