

# Can there be a market for cheap-talk information?: Some experimental evidence

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**Abstract:** We study experimentally a market for a horizontally differentiated good sold via a second price auction. Before the auctions, agents choose whether or not to acquire costly information about the good and then sell, or buy, cheap talk reports over the information acquired. In equilibrium information can be acquired, and reports are also sold, though they are noisy. In the laboratory we find that few reports are sold, mainly because the agents' reports diverge from what the theory predicts. On the one hand, agents tell the truth when the theory predicts they should be uninformative, but they also sometimes lie when they have no benefit by doing so. This latter feature is novel and we show that it is related to agents' social preferences.

Keywords: Experiment, Cheap talk, Auction, Information Acquisition, Information Sale

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