

**Authors**

Julian Jamison  
University of Exeter

Dean Karlan  
Northwestern University

**When Curiosity Kills the Profits:  
An Experimental Examination**

Julian Jamison\* and Dean S. Karlan<sup>†, ‡</sup>

May 2008

**Abstract**

Economic theory predicts that in a first-price auction with equal and observable valuations, bidders earn zero profits. Theory also predicts that if valuations are not common knowledge, then since it is weakly dominated to bid your valuation, bidders will bid less and earn positive profits. Hence, rational players in an auction game should prefer less public information. We are perhaps more used to seeing these results in the equivalent Bertrand setting. In our experimental auction, we find that individuals without information on each other's valuations earn more profits than those with common knowledge. However, given a choice between the two sets of rules, approximately half the individuals preferred to have the public information. We discuss possible explanations, including showing that there is a correlation between ambiguity aversion and a preference for having more information in the auction.

\*Brain and Creativity Institute, University of Southern California; julian@uci.edu

<sup>†</sup>Economics Department, Yale University; d.s.karlan@yale.edu

<sup>‡</sup>We thank Jim Eagle, Warwick, George Loewenstein, Richard Thaler, participants at an MIT Theory and Behavioral Lunch, an anonymous referee from the Russell Sage Behavioral Economics Roundtable, and especially two referees from this journal for useful suggestions concerning the design of the game. Jeff Butler was extremely helpful in programming the experiments. We thank the Russell Sage Behavioral Economics Program and Yale University for financial support. All errors are our own.

## When Curiosity Kills the Profits: An Experimental Examination

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July 01, 2009