

# Selling Information\*

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## Abstract

We study a dynamic buyer-seller problem in which the good is information and there are no property rights. The potential buyer is reluctant to pay for information whose value to him is uncertain, but the seller cannot credibly convey its value to the buyer without disclosing the information itself. Information comes as divisible hard evidence. We show how and why the seller can appropriate a substantial fraction of the value through gradual revelation, and how the entire value can be extracted with the help of a mediator.

**Keywords:** value of information, dynamic game.

**JEL codes:** C72, D82, D83

## 1 Introduction

In the absence of intellectual property rights, it is difficult for the possessor of private information that is relevant to others' decisions to appropriate its value. First, the potential buyer must

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