

# Keeping the Agents in the Dark: Private Disclosures in Competing Mechanisms

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## Abstract :

We study the design of market information in games in which several principals contract with several privately informed agents. We investigate a new dimension of these games, namely, the possibility for the principals to asymmetrically inform the agents about how their mechanisms respond to their messages. We document two effects of such private disclosures. First, they raise the principals' individual payoff guarantees, protecting them against their competitors' threats. Second, by enlarging the set of incentive-compatible correlation patterns between the principals' decisions and the agents' types, they can be used to support equilibrium outcomes and payoffs that cannot be supported in their absence, no matter how rich the message spaces are allowed to be. These results challenge the folk theorems à la Yamashita (2010) and the canonicity of the universal mechanisms of Epstein and Peters (1999), calling for a novel approach to the analysis of these games. The one proposed here retains various elements of standard mechanism design theory while accommodating for competition in mechanisms and private disclosures.