

PhD/MA Seminar “Communication and Information Aggregation”

(SS 2017)

Course Description

In this seminar we will study two important and active fields of research both in micro theory and in experimental economics. We will study the key models of cheap talk and information aggregation and experimental tests of these models. An important area for applications of these models is political economy. We will also closely study behavioral interpretations of the experimental results, such as lying aversion and level-k-thinking. The seminar should be interesting both for students with a primary interest in theory but also some interest in theory testing and students mainly interested in experimental economics but also with some affinity for micro theory.

Assessment

Presentation

Review paper including the formulation of an own research idea

Participation

Contact

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Background Readings

- Austen-Smith, David, and Timothy J Feddersen. 2009. "Information aggregation and communication in committees." *Philosophical transactions of the Royal Society of London. Series B, Biological sciences* 364(1518): 763–9.
- Crawford, VP, and J Sobel. 1982. "Strategic Information Transmission." *Econometrica* 50(6): 1431–51.
- Farrell, J., & Rabin, M. (1996). Cheap talk. *The Journal of Economic Perspectives*, 10(3), 103–118.
- Fudenberg, Drew, and Jean Tirole. 1991. *Game Theory*. Cambridge, MA: MIT Press.
- Grossman, GM, and E Helpman. 2001, chapter 4. *Special Interest Politics*. Cambridge, MA: MIT Press.

Articles for presentations

Strategic Communication

- Battaglini, M. 2002. "Multiple Referrals and Multidimensional Cheap Talk." *Econometrica* 70(4): 1379–1401.
- Battaglini, M., & Makarov, U. (2014). Cheap talk with multiple audiences: An experimental analysis. *Games and Economic Behavior*, 83, 147–164.
- Cai, Hongbin, and Joseph Tao-Yi Wang. 2006. "Overcommunication in Strategic Information Transmission Games." *Games and Economic Behavior* 56(1): 7–36.
- Farrell, J., & Gibbons, R. (1989). Cheap talk with two audiences. *The American Economic Review*, 79(5), 1214–1223.
- Galeotti, A., Ghiglino, C., & Squintani, F. (2013). Strategic information transmission networks. *Journal of Economic Theory*, 148(5), 1751–1769.
- Krishna, Vijay, and John Morgan. 2001. "A Model of Expertise." *Quarterly Journal of Economics* 116(May): 747–75.
- Vespa, E., & Wilson, A. J. (2016). Communication with multiple senders: An experiment. *Quantitative Economics*, 7, 1–36.

Coordination through Communication

- Blume, A., & Ortmann, A. (2007). The effects of costless pre-play communication: Experimental evidence from games with Pareto-ranked equilibria. *Journal of Economic Theory*, 132(1), 274–290.
- Cooper, D. J., & Kühn, K.-U. (2014). Communication, renegotiation, and the scope for collusion. *American Economic Journal: Microeconomics*, 6(2), 247–278.

Ellingsen, T., & Östling, R. (2010). When Does Communication Improve Coordination? *American Economic Review*, 100(4), 1695–1724.

Behavioral Aspects in Communication Games

Charness, G, and M Dufwenberg. 2006. “Promises and Partnership.” *Econometrica* 74(6): 1579–1601.

Crawford, V. (2003). Lying for strategic advantage: Rational and boundedly rational misrepresentation of intentions. *American Economic Review*, 93(1), 133–149.

Kartik, Navin. 2009. “Strategic Communication with Lying Costs.” *Review of Economic Studies* 76(4): 1359–95.

Vanberg, C. (2008). Why Do People Keep Their Promises? An Experimental Test of Two Explanations. *Econometrica*.

Information Aggregation

Enke, B., & Zimmermann, F. (2015). Correlation Neglect in Belief Formation. *Discussion Paper*.

Meade, E., & Stasavage, D. (2008). Publicity of Debate and the Incentive to Dissent: Evidence from the US Federal Reserve. *The Economic Journal*, 118(2001), 695–717.

Levy, G., & Razin, R. (2015). Correlation Neglect, Voting Behavior, and Information Aggregation. *American Economic Review*, 105(4), 1634–1645.

Levy, G. (2007). Decision making in committees: Transparency, reputation, and voting rules. *The American Economic Review*, 97(1), 150–168.

Ortoleva, P., & Snowberg, E. (2015). Overconfidence in Political Behavior. *American Economic Review*, 105(2), 504–535.

Visser, B., & Swank, O. (2007). On Committees of Experts. *The Quarterly Journal of Economics*, (February), 337–372.

Further Readings

Chen, Y, N Kartik, and J Sobel. 2008. “Selecting Cheap-Talk Equilibria.” *Econometrica* 76(1): 117–36.

Farrell, J. 1993. “Meaning and Credibility in Cheap-Talk Games.” *Games and Economic Behavior* 5: 514–31.

Feddersen, Timothy, and Wolfgang Pesendorfer, 1998, “Convicting the Innocent: The Inferiority of unanimous Jury Verdicts under Strategic Voting”, *American Political Science Review*, 92:23-35.

Fehrler, Sebastian, and Niall Hughes, 2016. "How Transparency Kills Information Aggregation: Theory and Experiment".

Sobel, Joel. 2013. "Ten Possible Experiments on Communication and Deception." *Journal of Economic Behavior & Organization* 93(0905645): 408–13.