

Title: Knowing your Lemon before you Dump It

Speaker: Alessandro Pavan, Northwestern University

Area: Economics

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Abstract:

In many games of interest (e.g., trade, entry, leadership, warfare, and partnership environments), one player (the leader) covertly acquires information about the state of Nature before choosing whether to engage with another player (the follower). The friendliness of the follower's reaction depends on his beliefs about what motivated the leader's choice to engage. We provide necessary and sufficient conditions for the leader's value of acquiring more information to increase with the follower's expectations. We then derive the economic implications of this characterization, focusing on three closely related topics (expectation traps, disclosure, and cognitive styles), and drawing policy implications.

Speaker Profile:



Alessandro Pavan is a Professor of Economics at Northwestern University. He received his Ph.D. in Economics at the University of Toulouse, France.

Alessandro's research concerns analyzing the role of information in strategic situations of interest to both micro and macro economists. In particular, his research focuses on global games, the social value of information and coordination, mechanism design, matching, and two-sided markets.

He has previously held editorial positions at reputed economic journals such as Review of Economic Studies, Theoretical Economics, and Journal of Economic Theory.

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