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## Group Decisions

**General:** Good group decisions effectively aggregate the (potentially) heterogeneous information and preferences of the group membership. When group members have different information, the ability to deliberate can potentially lead to better decisions. When group members have different preferences, however, they may be reluctant to share information. This course will examine several related aspects of group decision making. For the most part, the techniques will come from decision theory and non-cooperative game theory. Motivating examples come from the theory of elections, legislative decision making, and juries. Graduate level introductory microeconomics should be sufficient background.

**Logistics:** The class meets on Tuesdays and Thursdays from 9 until 11 from 16 January through 15 February. It should be easy to talk to me after class, by appointment, or by email (jsobelucsd.edu).

**Requirements:** Enrolled students must do three things. First, they must ask a substantive question relating to the course material (narrowly defined) and give a detailed answer to that question. (Sample question: “Feddersen and Pesendorfer’s model of the Swing-Voter’s Curse assumes uncertain about the number of voters. To what extent is this assumption necessary for their results? What alternative assumptions would suffice?”<sup>1</sup>) I hope that my lectures will contain enough examples of this type of question to make the assignment clear. Students cannot use questions that I have asked in class. Each student must supply a different question. Student should ask me their question (optimally, in class at the relevant time) before they write up their answer. You should be able to do this assignment using two or three pages.

Second, I will a few homework exercises that must be completed. I encourage you to work with at least one other classmate on these problems.

Third, students should submit a research paper on a topic related to the course material. In a five-week course, I cannot realistically demand much. An acceptable paper would include: a clear statement of a problem; an explanation of why the problem is interesting; a discussion of the extent to which the existing literature does and does not solve the problem; a model formulation (or, at least, a discussion of modeling options); precise conjectures about results; and a discussion of potential difficulties in conducting a complete analysis. The paper does not need to contain results. Topics of these papers must be broadly related to the course material and students must work independently. It would be wise to consult with me early about potential topics.

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<sup>1</sup>Unacceptable question: The course outline states that one question is required. The sample question actually contains two questions. How many questions are really required?”

**Topics and Readings:** What follows is a list of readings, divided into six topics. All aspects of this list are subject to change. The topics and the level of treatment will change to reflect the interests and abilities of the instructor (and, I hope, the students). I will try to announce lecture topics in more detail in advance.<sup>2</sup>

The first topic discusses voting as a way to aggregate information, primarily in a setting in which preferences are homogeneous. The central questions are whether strategic voters will truthfully reveal their information and whether the collective decision is optimal given the available information.

The second topic describes models of deliberation more broadly and investigates the extent to which differences in preferences interfere with perfect information aggregation. The literature compares the properties of different voting rules.

The third topic describes models of deliberation via cheap talk. An informed party (or parties) makes statements to a decision maker. Here decisions are always made using the preferences of the decision maker, but conflicts of interest may prevent full revelation of information.

The fourth topic discusses how outside opinion organizations or individuals might influence decision making. Most of the references below study the role of newspapers as a source of information for decision makers.

The fifth topic considers the implications of institutional environments for aggregating information prior to decision making.

The final topic discusses why deliberation may lead group decisions to be more extreme than the decisions of individual members of the group.

I think that I have copies of all of the cited articles. If you have difficulty finding them on your own, please ask for my help.

## 1. Voting and Information Aggregation

- (a) Austen-Smith and Banks [3]
- (b) Coughlan [10]
- (c) Feddersen and Pesendorfer [16]
- (d) Feddersen and Pesendorfer [17]
- (e) Feddersen and Pesendorfer [15]
- (f) McLennan [26]

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<sup>2</sup>In the first week of the class I will roughly follow the outline of lectures I gave in Paris. You can find a link to the slides on my UCSD webpage.

2. Deliberation
  - (a) Austen-Smith and Feddersen [4]
  - (b) Austen-Smith and Feddersen [5]
  - (c) Dekel and Piccione [12]
  - (d) Gerardi and Yariv [19]
  - (e) Laslier and Weibull [24]
  - (f) Meirowitz [27]
  - (g) Meirowitz [28]
  - (h) Gershkov and Szentes [20]
3. Debates and Cheap Talk
  - (a) Ambrus and Takahashi [1]
  - (b) Austen-Smith [2]
  - (c) Battaglini [6]
  - (d) Crawford and Sobel [11]
  - (e) Matthews [25]
  - (f) Chen, Kartik, and Sobel [9]
4. Design of Committee Rules
  - (a) Gilligan and Krehbiel [21]
  - (b) Gilligan and Krehbiel [22]
  - (c) Krishna and Morgan [23]
  - (d) Ottaviani and Sørensen [30]
5. Outside Influence
  - (a) Caillaud and Tirole [8]
  - (b) Ellman and Germano [14]
  - (c) Gentzkow and Shapiro [18]
  - (d) Mullainathan and Shleifer [29]
  - (e) Posner [31]
6. Polarization
  - (a) Brown [7]
  - (b) Eliaz, Ray, and Razin [13]
  - (c) Schkade, Sunstein, and Kahneman [32]
  - (d) Sobel [33]
  - (e) Stoner [34]

## References

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