

Sequential Voting and Forward Herding *

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Abstract

Imperfectly informed agents publicly and sequentially cast a vote for either of two alternatives. We investigate situations where pieces of their private information are correlated to one another and different in precisions. We find that even though the agents share the common interest, there always exists an equilibrium involving forward herding such that an agent chooses the same vote as the previously casted vote unless she has a very informative signal (a strong signal). There can also exist an equilibrium involving sincere (naive) voting such that an agent chooses her vote based on her private information, independently of past votes. Further, the forward herding equilibrium can be more efficient than the sincere voting equilibrium under some conditions regarding signal distributions. Relatedly, contrary to implications by Dekel and Piccione (2002) which focused on independent signals, sequential voting can be more efficient than simultaneous voting in aggregating information in group decisions.

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Keywords: Correlated Signals, Herding, Information Aggregation, Sequential versus Simultaneous Voting

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