Department of Decision Sciences

Occasional Seminar

When is the Crowd Wise?

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Abstract

Consider a setting where many individuals make predictions over the (unknown) state of nature based on identical signals they receive independently conditional on the realized state. We refer to the joint distribution over the states and signals as an "information structure." We say that the crowd is wise if the collection of forecasts is sufficient to determine the state of nature, even without knowing the underlying information structure. An information structure is deemed identifiable if the crowd is wise in all states of nature. We characterize the set of identifiable information structures and propose a scheme that uniquely identifies the state of nature for the finite case.

Joint with Itai Arieli and Yakov Babichenko