

Good Information cascade

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Preliminary and Incomplete

Abstract

In 2008 the FDA changed the guidelines for advisory committees, introducing simultaneous voting procedures instead of sequential voting procedures. As clarified by the FDA, this was in response to the literature regarding information cascade in sequential procedures. In a simple model we show the advantages resulting from information cascade. We analyze the incentives of heterogeneous experts in a committee to recommend honestly under simultaneous recommendations procedure and under sequential recommendations procedure. In addition for equilibrium behavior under each procedure the aggregate information a decision maker can achieve is analyzed. Our result shows that under sequential recommendations procedure only incompetent experts cascade while competent experts follow their private information, on the behalf of the decision maker.

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