

Midlands Economics Theory and Applications (META) Workshop  
Abstracts of papers

**Chris Wallace (Leicester):**

***Persuasion and Pricing: Dynamic Trading with Hard Evidence (joint work with Peter Eso)***

Abstract: In a simple trading game, the buyer and seller have repeated opportunities to acquire and disclose hard (verifiable) evidence about the value of the tradable good. The parties disclose individually favourable information, but conceal information which is beneficial to the other side. In a leading case of interest, the equilibrium is characterized by periods of skimming (offers accepted only by informed buyers) punctuated by a single settling period in which agreement is reached for sure. The length of delay until agreement is decreasing in the abilities of the trading parties to identify the good's value, but increasing in their impatience. The inefficiency resulting from the delay before settlement is analysed, along with the effect of over-optimism (and over-pessimism) among the trading parties.