How to disseminate public information; Which is preferred, Separate Information or Aggregate Information

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Abstract

We study how to disseminate public information. Particularly, we compare the three announcement policies exercised by the authorities who manage multi-region and maximize social welfare. The first is separate information announcement. The second is aggregate information announcement. The third is no-announcement. Aggregate information is degraded information than separate information about economic fundamentals. However, each agent converts purely public information into imperfect public information personally. This makes the agent behavior dispersed and social welfare can be improved in the situation of strategic complementarities. Moreover, when the agents know little about other region, then the effect becomes stronger.

Keywords: Information structure; Separate information; Aggregate information; Public announcement; Social welfare

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