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Title: Information Aggregation and Countervailing Biases in Organizations

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Abstract: A decision maker relies on an agent for decision-relevant information. We consider two dimensions of biases---one over projects (project bias) often assumed in cheap talk models à la Crawford and Sobel (1982) and the other over the outside option (pandering bias) scrutinized in Che, Dessen and Kartik (2013). The two biases counteract each other. This effect is more significant as payoffs to different projects are more highly negatively correlated. As a result, a larger project bias can facilitate cheap talk communications and benefit the players. Due to this correlation-driven countervailing biases, the comparison between veto-based delegation and non-delegation is not trivial.