

Speaker	Prof. Navin Kartik
Affiliation	Columbia University
Paper Title	Lemonade from Lemons: Information Design and Adverse Selection
Abstract	<p>A buyer makes a take-it-or-leave-it offer to a seller of a single good. It is common knowledge that there are gains from trade, but the two parties' values may be correlated (a la Akerlof 1970). We study the set of payoff vectors that can be implemented through joint information design of both parties. We establish, constructively, that the set is a triangle characterized by simple feasibility and individual-rationality constraints. We also investigate what is implementable using only information structures in which the seller is more informed than the buyer; alternatively, under a “no signaling” equilibrium restriction. We show that there is then no loss in providing the buyer with no information and only varying the seller's information. However, except in some notable special cases, these information structures do not implement all payoff vectors—in particular, they do not maximize the seller's payoff or minimize the buyer's payoff. Our model encompasses monopoly pricing, for which our results augment those of Bergemann, Brooks, and Morris (2015) and Roesler and Szentes (2017).</p>