Summary of dissertation:

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Essays on Strategic Forecasting and Hyperbolic Discounting

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My dissertation consists of three papers.

1. Strategic Forecasting among Experts.
   This paper analyzes the strategic forecasting behavior of financial analysts and other experts. Contrary to the existing models, we do not assume that all events are equally easy or difficult to forecast. We find that when experts are paid according to their reputation, they bias their forecasts in direction of the events which are relatively easy to forecast for good experts and difficult to forecast for bad experts. As a result, experts anti-herd the consensus forecast, i.e. they release forecasts that excessively contradict the public information. This model also predicts that experienced experts release less conservative forecasts than young ones. These results are consistent with recent empirical evidence.

   It is empirically established that macroeconomic and financial forecasts are biased. In this paper, we show that the size of this bias can be reduced significantly by asking to the forecasters to detail their forecasts. In a simple career concern model, we indeed find that multivariate (i.e. detailed) forecasts increase the incentive to release truthful forecasts and reduce the herd behavior incentives. As a result, truthtelling is more likely to occur when forecasts are detailed.

3. Partial Naivety and Self-Control.
   In a simple procrastination model, we analyze the intertemporal tradeoffs of a procrastinator who is partially unaware of his self-control problems. Contrary to fully naive or sophisticated agents, he does not know whether his is time-inconsistent or not. This uncertainty allows him to learn with time whether he is time-inconsistent or not by observing his past behavior. We find that this learning process incites the agent to behave inefficiently. Specifically, we first show that the anticipation of future learning allows the agent to procrastinate more in the present. Second, it turns out that he manipulates his future beliefs by picking a sophistication enhancing behavior. We finally show that pessimistic agents perform better than realistic ones and that ignorance can be preferred to learning.