Nikolai Brandt

"Information and Dispersion of Conditional Expectations"
(joint work with B. Drees, B. Eckwert and F. Vardy)

Abstract:
We explore the intuitive idea that more information leads to greater dispersion of posterior beliefs about the expected state of the world. We consider three nested dispersion orders that are widely used in the literature, and derive information concepts compatible with these orders. Our results illustrate both the potential and the limitations of using dispersion orders as information concepts: while dispersion orders on conditional expectations of the state do not qualify as information concepts, strengthening the orders to include the conditional expectations of state utilities under any strictly increasing von-Neumann-Morgenstern utility function does give rise to bona fide information criteria.