Abstract

In 2008 the FDA changed the guidelines for advisory committees, replacing sequential voting procedures by simultaneous voting procedures. As clarified by the FDA, this was in response to the literature on information cascades arising from sequential procedures. In a simple model I show the advantages of an information cascade arising from a sequential procedure. Contrary to the above-mentioned literature, I show that a sequential procedure may yield more information than a simultaneous procedure. In particular, I compare the behavior of heterogeneous experts in committees using simultaneous and sequential voting procedures. In addition I analyze the aggregate information a decision maker can accumulate under each procedure. I show that under a sequential voting procedure only incompetent experts cascade while competent experts follow their private information. Cascading by incompetent experts makes it possible to identify competent experts, which in turn results in better aggregate information.