

**Stony Brook University
The Graduate School**

Doctoral Defense Announcement

Abstract

Essays on Unawareness and Its Applications

By

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This dissertation extends the standard framework used in game theory and information economics to incorporate unawareness of decision makers. In the first essay, a classic example in the game theory literature is revisited to demonstrate the different implications of unawareness and imperfect information (impreciseness). In the second essay, an important stock market regulation on information disclosure is analyzed. I show that if small investors are aware of being less informed than a professional, the regulation aimed at improving market efficiency can increase the cost of information acquisition. Introducing asymmetric awareness also increases the explanation power of current theory on the empirical findings regarding the impact of the regulation. In the third essay, I study the equivalence of the notion of Cursed Equilibrium (Eyster and Ravin, 2005), where players do not fully anticipate the ability of other players using their information, and the notion of the equilibrium of games with unawareness, where players misunderstand other players' information. Since the first notion fits a broad range of experimental datasets better than the standard Bayesian Nash equilibrium, the second notion is also better. It also provides an alternative explanation for the winner's curse in auctions and other similar phenomena.

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