

European University Institute

Daniel Monte
Microeconomics

Topics in Information Design under Constraints

This is an advanced course in economic theory. We will cover information design under constraints with a focus on the dynamic aspects of information design.

Evaluation: Presentations and Participation. The exact details will depend on the number of students enrolled.

Below is a tentative sequence of topics and relevant papers. Other papers will be added to the list. There will not be enough time to cover all the papers in this list. We will divide the course in lectures and presentations by students in which we will discuss the papers presented.

1- Information Transmission under Constraints

Bhaskar, V, and Caroline Thomas. 2018. "Community Enforcement of Trust with Bounded Memory." *The Review of Economic Studies*, 86(3): 1010–1032.

Kovbasyuk, Sergei and Giancarlo Spagnolo. Memory and markets. *Working Paper*, 2016.

Liu, Qingmin, and Andrzej Skrzypacz. 2014. "Limited records and reputation bubbles." *Journal of Economic Theory*, 151: 2–29.

Lorecchio, Caio and D. Monte "Information Design with Constrained Communication Rules," working paper, FGV.

Best, James, and Daniel Quigley. 2017. "Persuasion for the Long Run." Working paper.

Mathevet, Laurent, David Pearce, and Ennio Stacchetti. 2018. "Reputation and Information Design." WP, New York University.

Sims, C. A. (2003). Implications of rational inattention. *Journal of Monetary Economics* 50(3), 665–690.

Wei, D. (2020). Persuasion under costly learning. *Journal of Mathematical Economics*, 1–26.

Matyskova and Montes (2020) Bayesian Persuasion With Costly Information Acquisition, working paper.

Le Treust, M. and T. Tomala (2019). Persuasion with limited communication capacity. *Journal of Economic Theory* 184, 104940.

Lipnowski, E., L. Mathevet, and D. Wei (2020). Attention Management. *American Economic Review: Insights* 2 (1), 17–32.

2- Design of Credit Ratings and Recommendation Systems

Ekmekci, Mehmet. Sustainable reputations with rating systems. *Journal of Economic Theory*, 146(2):479–503, 2011.

Che, Yeon-Koo, and Johannes Horner. 2017. “Recommender Systems as Mechanisms for Social Learning.” *The Quarterly Journal of Economics*, 133(2): 871–925.

Horner, Johannes and Nicolas S Lambert. Motivational ratings. *Working Paper*, 2016.

Kremer, Ilan, Yishay Mansour, and Motty Perry. 2014. “Implementing the Wisdom of the Crowd.” *Journal of Political Economy*, 122(5): 988–1012.

Erik Lillethun. Optimal information design for reputation building. *Working Paper*, 2016.

Alex Smolin. Optimal feedback design. *Working Paper*, 2015.

Monte, Daniel, and Roberto Pinheiro, 2017. “Costly Information Intermediation as a Natural Monopoly,” Federal Reserve Bank of Cleveland, Working Paper no. 17-21.

Vong, Allen “Firm Certification,” working paper, Yale University.