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Presentation Title

Persuading a Receiver With a Simplistic Worldview

Abstract

In a persuasion model, we show that the receiver's ignorance regarding the correlation between the dimensions of the state of the world can benefit her. The receiver chooses a binary action and the preferences of the sender and receiver regarding that choice depend on different dimensions of the two-dimensional state of the world. The receiver has a “simplistic worldview”: her prior belief is such that she perceives the two dimensions of the state of the world as independent when they are correlated. We characterize the condition on state of the world distribution that pins down if the posterior of the receiver with a simplistic worldview is either less or more optimistic than the true one. Receiver's simplistic worldview either restricts or expands what sender can do and induces a welfare redistribution either from sender to receiver or from receiver to sender, respectively.

Keywords

Bayesian persuasion, misspecified prior, correlation neglect

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