

# **Tomasz Sulka**

## *Presentation Title*

### **Dynamic Model Persuasion**

(with Mats Köster)

## *Abstract*

We study dynamic model persuasion by extending the framework of Schwartzstein and Sunderam (2019). A strategic persuader proposes 'models of the world', i.e. likelihood functions that the receiver applies to past (unbiased) data to forecast future outcomes. The basic trade-off in dynamic model persuasion is that over-fitting the model to data available today makes it more likely to be falsified tomorrow, which harms the persuader's credibility and limits her future influence on the receiver's action. Using financial advice as our leading example, we find that if a strategic persuader competes with a non-strategic truth-teller, the degree of over-fitting is non-monotonic in the punishment implied by such 'dynamic persuasion constraint'. Competition between strategic persuaders does not eliminate the adverse effects of model persuasion, but rather exacerbates over-fitting. Generalising these insights is currently work in progress.

## *Keywords*

Model persuasion; dynamic persuasion

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