A Model of Persuasion with Boundedly Rational Agents

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Abstract

A new model of mechanism design with a boundedly rational agent is studied. A speaker presents a request to a listener who would like to accept the request only if certain conditions are met by the speaker's true profile. This persuasion situation is modeled as a leader-follower relationship. The listener first announces and commits to a persuasion rule, i.e., a set of conditions to be satisfied by the profile in order for him to be persuaded. Then, the speaker presents a profile, though not necessarily the true one. The speaker is boundedly rational in the sense that his ability to come up with a persuasive profile is limited and depends on the true profile and on the persuasion rule and the way in which it is framed. We fully characterize the circumstances under which the listener's goal can be achieved.