

Stephen Morris:

Talk 1: “Limits of Price Discrimination”

We analyze the welfare consequences of a monopolist having additional information about consumers' tastes, beyond the prior distribution; the additional information can be used to charge different prices to different segments of the market, i.e., carry out "third degree price discrimination." We show that the segmentation and pricing induced by the additional information can achieve every combination of consumer and producer surplus such that: (i) consumer surplus is nonnegative, (ii) producer surplus is at least as high as profits under the uniform monopoly price, and (iii) total surplus does not exceed the surplus generated by efficient trade.

Talk 2: “Information Design, Incomplete Information Correlated Equilibrium and Bayesian Persuasion”

Information Design is the problem of choosing the information structure for a fixed game in order to maximize the designer's objective. This talk will give an overview of approaches to information design. If the information designer has no more information than the players do, then all the designer can do is provide signals to allow the players to correlate their behavior. This information design problem then corresponds to classical work on incomplete information correlated equilibrium. If there is only one player, but the information designer has information that the one player does not have, then this problem is equivalent to the “Bayesian persuasion” problem that has been proposed by in recent work by Kamenica-Gentzkow and intensively studied in recent years. If there are both many players *and* the information designer has information that players do not collectively possess, then the outcomes correspond to information information correlated equilibria where a mediator (the information designer) can make recommendations based on information that players do not have. We call this solution concept “Bayes correlated equilibria” and clarify how it captures many player Bayesian persuasion and incomplete information correlated equilibrium with an informed mediator. We will discuss applications of information design and also how the price discrimination discussed in my other lecture fits in this framework.