

# INDIRECT PERSUASION

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## ABSTRACT

We provide an organizational economics foundation for commitment to information structures in persuasion. An uninformed principal faces a joint screening-and-persuasion problem: she wants to influence a receiver's beliefs about a payoff-relevant state using information elicited from a privately informed agent. The principal cannot act as an intermediary that commits to an optimal garbling of the agent's private communications; instead, the agent's messages are all publicly observed by the receiver. We show that the principal can still (indirectly) implement the optimal unconstrained intermediation scheme. Commitment only to an employment contract with the agent suffices for optimal persuasion of the receiver. We apply our result to the context of a brokerage contracting with a sell-side analyst, where private communication is constrained by conflict-of-interest regulations. We show that a public communication scheme—which closely corresponds to the investment ratings schemes observed in practice—can sidestep these regulations.

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