ECON 321, Class 23: BP Section 23, Infomediaries

1. This is a short read, just the introduction and Section 23.1.1.

2. Do the model in 23.1.1 in Mathematica. To make the model simpler, you can set $s_0 = 1$, $c = 1$, $\gamma = 5$ (that's gamma), $\pi_0 = 100$, and you will only consider values of σ between $-1/20$ and $+1/20$. Make three graphs along the lines of Figure 23.1. Remember, there are n firms, n^* of them send messages, and the consumers actually process ϕ (phi) of the messages.